Quarterly Activities Report

September 2014

KEY POINTS

- Rights issue raises $1.58 million
- Strong government support for Reguibat Project during visit to Mauritania
- Positive uranium price move in short and medium terms encouraging
- Beneficiation testwork for the Reguibat Feasibility Study commenced

HIGHLIGHTS

- **Aura received strong support from a rights issue in the quarter, with >50% of the rights being taken up by shareholders, and the shortfall placed to new and existing shareholders**
- **Initial work in the Reguibat Uranium Project Feasibility Study has commenced, with further beneficiation and leaching testwork in progress, and advanced planning for a drilling programme to upgrade resources to Measured and Indicated Resource status**
- **Aura's presentation at the Mauritanides 2014 Conference in Nouakchott was well received by stakeholders including a presentation to the Mauritanian President and Ministers.**

PROJECT OVERVIEWS

REGUIBAT PROJECT, MAURITANIA (AURA 100%)

Aura Energy Limited (AEE-ASX) recently completed a key milestone in the development of the Reguibat Uranium Project with the completion of the Reguibat Scoping Study, which has indicated that the Project will generate a high return with strong long term cash flows.

The Reguibat Project is based on a major greenfield uranium discovery in Mauritania, with 49 Mlb U_3O_8 in current resources. The project has several natural attributes which will allow low capital cost and operating cost. These attributes are:

- Flat-lying near surface mineralisation within unconsolidated gravels;
- Low cost mining with no blasting and minimal overburden;
- Mineralisation amenable to simple beneficiation providing up to 700% upgrade;
- Very small leaching capacity required due to beneficiation;
- Leach feed grades anticipated to be 2,000- 2,500 ppm U_3O_8;
- Leach feed grades very high compared with current open pit uranium mining projects.

The conceptual 1 Mtpa mine and plant project described in this Scoping Study was designed to take full advantage of these unusual characteristics, whilst providing a low capital cost and rapid project development and construction.

With beneficiation resulting in leach feed upgrades of up to 700% the Reguibat Scoping Study was designed to provide a cost effective project of a small initial scale, a small footprint and a low infrastructure requirement. Significantly, a water study by Golders has indicated that potential sources of water in the immediate vicinity will satisfy the demands of the project.

Importantly the Study, which indicates 11 million pounds of uranium will be produced over an initial mine life of 15 years, only utilises 20% of the known Global Mineral Resource.

The study estimates of capital and operating costs were independently verified as being in line with expected costs for a 1 Mtpa uranium process plant at a scoping level by Tenova Mining & Minerals (Australia.) Pty Ltd (Bateman).

Reguibat Feasibility Study

Aura has moved into the Feasibility Study for the Reguibat Project following the positive outcome from the Scoping Study.

The detailed programme and budget for the Reguibat Feasibility Study is still under development, but the initial phases of work have commenced. These include:

- Tenders have been requested for a drilling programme to upgrade resources to Measured and Indicated Resource status; this work will focus on Zone A, where 17

million tonnes of mineralisation at 360ppm U3O8 have been estimated by Coffey Mining

- In addition Aura will carry out reconnaissance drilling at its 100% owned Aguelet permit and the two Tiris Joint Venture permits; the programme will also test potential extensions of the Zone A and Zone C mineralisation
- Beneficiation testwork has commenced on samples from Zone A at the AMML Laboratories at Gosford in New South Wales; this work will further assess the consistency of the excellent results obtained from this and other zones previously. It is anticipated that the results of this testwork will be available in November.
- The beneficiation programme will provide additional samples for leaching testwork at the Australian Nuclear Science and Technology laboratory (ANSTO) at Lucas Heights in Sydney.
- A programme to target water sources for the Project will commence in November
- Discussions are being held with groups that can provide the required environmental and social studies.

Mauritanides Conference, Nouakchott

Approximately 2,000 participants from 100 companies, representing over 20 countries, attended the Mauritanides Conference in Nouakchott. The Conference provides a venue for participants and investors in the oil and mining sectors of Mauritania.

Aura presented the Reguibat Project at the conference, and had meetings with the President of Mauritania, Ministers and senior government officials.

Aura received strong support to progress the Project from senior government officials, and the steps being made to commence the Feasibility Study for the Project. Mauritania has a strong mining industry, being a major iron ore exporter through SNIM, the Mauritanian government company. In addition Kinross (gold) and First Quantum (copper-gold) are mining in the country, and Glencore commencing a major iron ore development
.
Mauritania recently ranked sixteenth as a mining destination in a survey by Resource Stocks magazine, just behind Australia and ahead of well-known jurisdictions such as Mexico, Zambia, Burkina Faso, Peru and Mali.

HÄGGÅN PROJECT, SWEDEN (AURA 100%)

Häggån is a very large uranium project in Central Sweden, located in a sparsely populated area of swamp and forest which has been subject to generations of commercial forestry. Sweden has a current and active mining industry, with a clear regulatory position and a well-established path from exploration to mining.

The Häggån resource of 803 million pounds uranium places it in the top two largest undeveloped uranium resources globally.

The Scoping Study completed in 2012 suggests that the Häggån Project has excellent potential to become a major, low cost producer of uranium, with by-product nickel and other metals.

Small throughput option

Aura considered it prudent, given the current market conditions, to reassess the May 2012 Häggån Scoping Study, which was based on a conceptual 30Mtpa operation, with smaller options which are more likely to attract funding than a project with a high initial capital cost.

Aura has considered three smaller size options: 3.5Mtpa, 5.0 Mtpa and 7.5 Mtpa, in order to provide a number of additional development alternatives with a substantially lower front end capital cost requirement. As Table 1 highlights the upfront capital costs are significantly reduced at all the modelled scales with operating costs remaining low in all cases.

This analysis of lower throughput options for Häggån underlines the exceptional financial robustness of this remarkable project even at substantially lower levels of initial capital investment.

Aura has assumed similar metal recoveries to that used in the 2012 Scoping Study, namely 75% for uranium, 60% for nickel, and 25% for molybdenum. This gives U3O8 production in the range of 1.0-2.0 million lbs per annum for the mill capacities considered, as indicated in Table 1.

Range of upfront capital costs at 3.5, 5.0 and 7.5 Mtpa and metal production of uranium, nickel and molybdenum* +/- 35% accuracy level)

MTPA	APPROX CAPEX*	OPCOST	U3O8	Mo	Ni
	$m	US$/lb.	Mlbs	Mlbs	Mlbs
3.5	150	21.00-25.00	1.0	0.4	1.7
5	190	18.00-22.00	1.4	0.6	2.4
7.5	250	18.00-22.00	2.1	1.0	3.6
30.0	540	13.50	7.8	4.3	14.8

Project summary

The Häggån Project is a giant multi-metal deposit which is underpinned by a huge uranium resource. The main metals in the current resources are:

- 803Mlbs U_3O_8 inferred resource (2.35Bn tonnes @ 155 ppm U_3O_8)
- Nickel – 1,640Mlbs
- Zinc – 2,230Mlbs
- Molybdenum – 1,070 Mlbs

Aura's discovery that the mineralisation is ideally suited to bioleach metal extraction was the major breakthrough to creating a robustly economic project. Bioleaching, including bioheap leaching, is a proven technology widely used in copper and gold industries, but has had limited prior application to the uranium industry.

RIGHTS ISSUE SUCCESSFULLY COMPLETED

Aura received strong support for its 1 for 4 Renounceable Rights Issue. The non-renounceable rights issue raised a total of $1,572,855 before costs.

Rights Issue Summary;

- $804,181 (26,806,036 shares) was raised from the rights
- Placing of the shortfall of 25,622,474 shares was oversubscribed, and was taken up by existing large Aura shareholders and by a range of new investors

URANIUM PRICE INCREASE

This quarter has seen a 26% increase in the spot price of uranium from US$28.10/lb to $35.50/lb. This is a major change from the declining prices that uranium has experienced over the previous year. The mid-term price has also increased, which is another strong positive indication.

The increase is considered to be related to increased activity in the short and mid-term markets. Utilities have returned to the market seeking future uranium supply.

In the medium to long term, Aura sees a very positive market for uranium. Developing countries are leading the biggest nuclear power plant construction boom in more than two decades. Almost two-thirds of the 70 reactors currently under construction worldwide, the most since 1989, are located in China, India, and the rest of the Asia-Pacific region. China plans to complete 29 new reactors from 2018-2030, doubling its fleet to 49. This massive increase in demand will greatly exceed current sources of supply.

Furthermore, this week has seen the final government approval for the restart of the first two reactors in Japan.

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HAGGAN RESOURCE STATEMENT

Category	Size	U_3O_8	Mo	V	Ni	Zn
	Mt	ppm	ppm	ppm	ppm	ppm
Inferred	2,350	155	207	1,519	316	431

Cut-off grade: 100ppm U_3O_8

Competent Persons for Häggån Resource

Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Beeson is a member of the Australian Institute of Geoscientists. Dr Beeson takes responsibility for the requirement of "reasonable prospects for eventual economic extraction" for the reporting of Häggån Resources at the quoted cut-off grades.

Mr. Arnold van der Heyden takes responsibility for estimation of uranium and associated metals in the Häggån Resource. Mr. van der Heyden is a director of H&SC and is a competent person in the meaning of JORC having had around thirty years relevant experience in exploration and estimation of uranium and other metal resources in many parts of the world. He is a member of the Australian Institute of Geoscientists. Mr. van der Heyden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

REGUIBAT RESOURCE STATEMENT

Category	Lower Cut-off	Tonnes	Grade	Contained U_3O_8
	ppm U_3O_8	Mt	ppm U_3O_8	Mlb
Inferred	100	66.0	334	49.0

Cut-off grade: 100ppm U_3O_8

Competent Persons for Reguibat Resource

The Competent Person for the Reguibat Resource estimation and classification is Mr Oliver Mapeto from Coffey Mining.
The Competent Person for the drill hole data and data quality is Dr Robert Beeson from Aura Energy.

The information in the report to which this statement is attached that relates to the Mineral Resource and is based on information compiled by Oliver Mapeto. Oliver Mapeto has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. The qualifies Mr Mapeto as a Competent Person as defined in the 2004 edition of the " Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' Mr Mapeto is a Member of The Australasian Institute of Mining and Metallurgy. Mr Mapeto consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Beeson is a member of the Australian Institute of Geoscientists.