DECEMBER QUARTERLY REPORT: 29 January 2015

KEY POINTS

- Reguibat project renamed the **Tiris Project**
- Tiris Feasibility Study commenced with key team members confirmed
- Outstanding results achieved from new Tiris beneficiation testwork
- Resource drilling campaign at Tiris planned for February 2015
- Drilling on new prospects in Mauritania also planned in same programme
- Drilling planned for Häggån Project
- Peter Reeve appointed as Executive Chairman
- Bob Beeson has stepped down as Managing Director, and retains a Non-Executive Director role

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PROJECTS OVERVIEW

TIRIS PROJECT, MAURITANIA (AURA 100%)

To simplify the naming conventions of the Mauritanian projects, the Company has changed the name of the Reguibat Project to the **Tiris Project**, and also renamed the separate deposits that comprise the Tiris Project. The updated deposit names are indicated in Figure 1 below. Also See Page 10 for deposit name explanation.

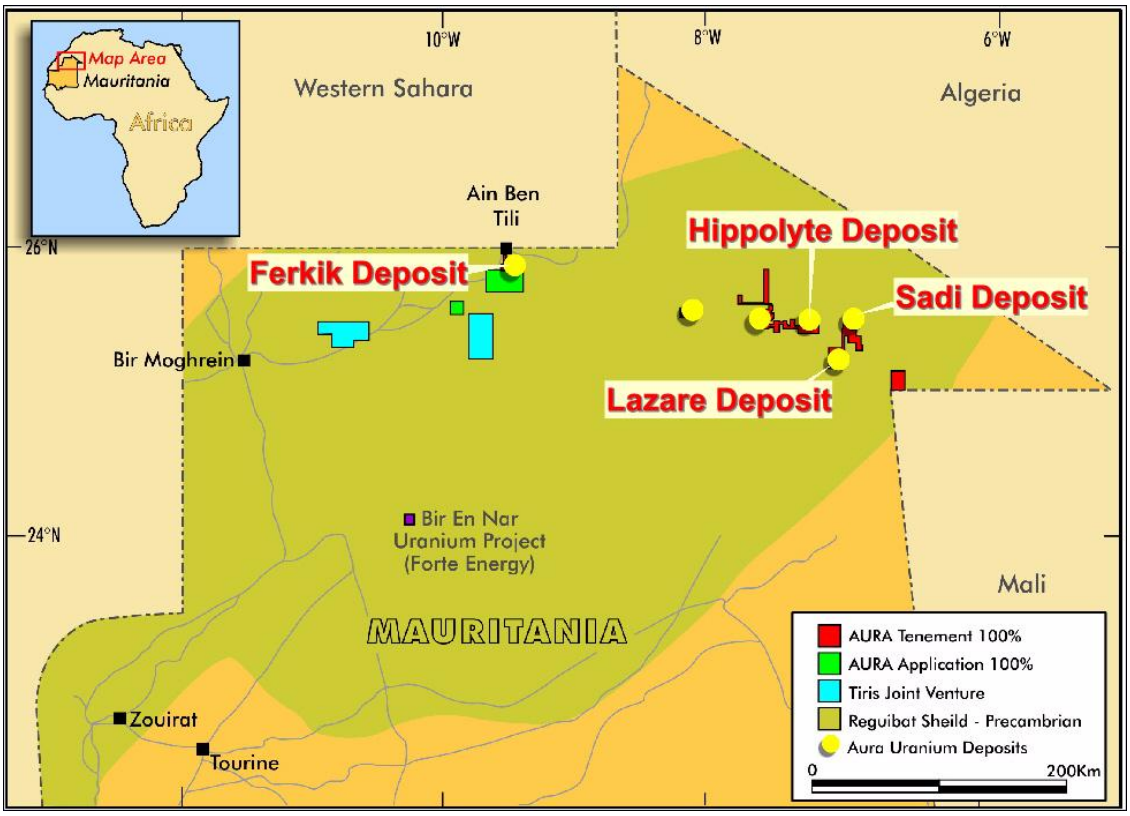


Figure 1: Tiris Project deposit naming convention

Aura Energy Limited (AEE-ASX) recently commenced the Feasibility Study for the development of the Tiris Uranium Project and early stages of the study are well advanced with many planning activities completed.

General activities undertaken during the quarter included:

- Development of a comprehensive staged budget for the study;
- Development of a study schedule; and
- Review of proposals for the environmental works required for the Study.

The main areas of technical and project related work have been:

- Awarding of the drilling programme to upgrade resources to Measured and Indicated Resource status, focusing on the Hippolyte deposit where 17 million tonnes of mineralisation at 360ppm U3O8 have been estimated by Coffey Mining
- The program will also include reconnaissance drilling at its 100% owned Ageulet permit and the two Azizi Joint Venture permits
- Beneficiation testwork has commenced on samples from Zone 1 of the Hippolyte deposit 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. The programme to test upgrading will provide additional samples for leaching testwork at the Australian Nuclear Science and Technology laboratory (ANSTO) at Lucas Heights in Sydney.
- Planning of a programme to target water sources for the Project.
- Discussions are being held with groups that can provide the required environmental and social studies.
- Strong progress in discussions with senior Mauritanian government officials at both national and provincial level concerning the project Feasibility Study and development aspects for the Tiris project.

Geology

A contract was awarded to Australian contractor Wallis Drilling for a 5,000 metre drilling programme on the Tiris Project. The drilling is aimed principally at upgrading a substantial part of the Tiris Project resources to JORC Indicated and Measured Resource status.

In addition to the resource drilling, three previously undrilled targets will be tested to determine the extent of uranium mineralisation detected by surface sampling and radiometric surveys. They are the Ageulet prospect and two as yet unnamed targets in the Tiris Joint Venture. See Figure 2.

The drill rig is scheduled to arrive on site in mid February and the drilling programme will take approximately one month.

A further ground water desk study was carried out by consultants, compiling all known existing groundwater data in the vicinity of the Aura uranium resources and including an analysis of regional geophysical data to identify potential water bearing structures and locations.

The study identified 18 targets for ground geophysical follow-up, prior to drill testing.

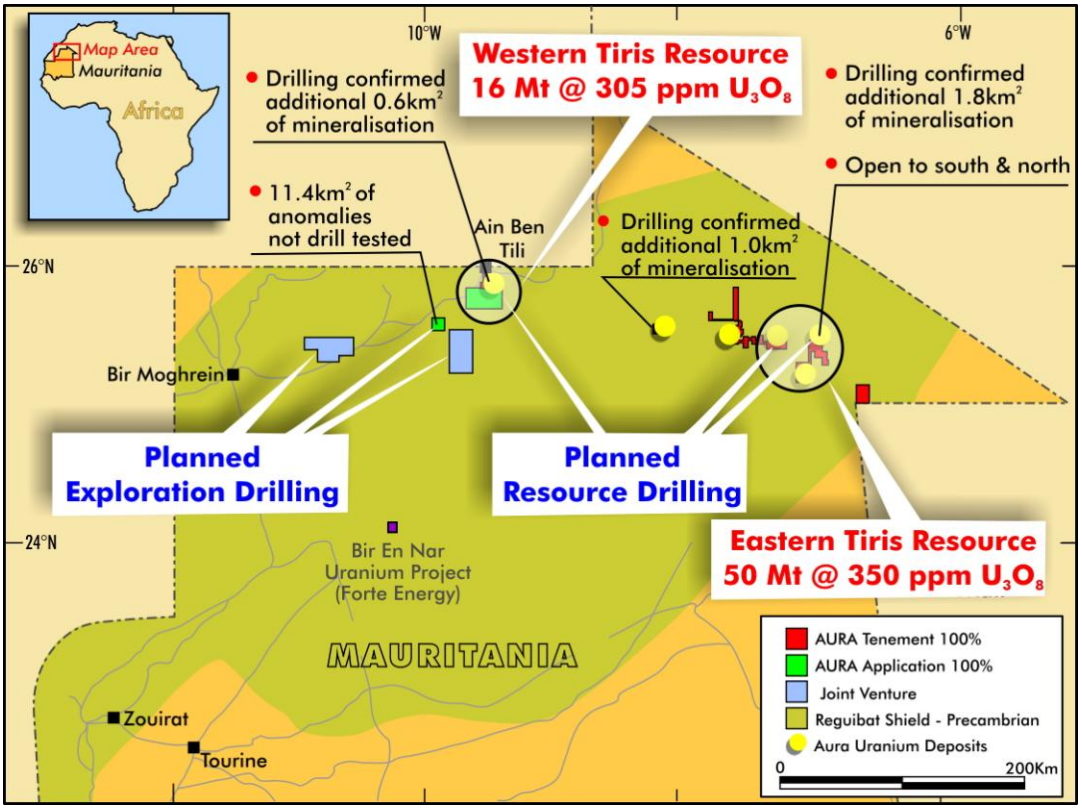


Figure 2: Tiris Project area showing location of planned February 2015 drilling

Metallurgy

Detailed planning for the metallurgical testwork program for the Tiris Feasibility Study was completed during the quarter and initial stages of the program commenced. Testwork to confirm the upgrade factors and uranium leach recovery for material from the Hippolyte deposit was initiated at Australian Minmet Metallurgical Laboratories (AMML) and ANSTO with excellent results.

A total of 57 samples from three (3) pods that had been sourced from the trench sampling program completed in 2012 were analysed by scrubbing and screening to assess potential for increasing the uranium grade.

The scrubbing and screening test work confirmed that upgrade factors on U_3O_8 concentration of between **3.8 and 8.7** could be readily achieved at a cut size of **75µm.**

This has resulted in rejection of between **78% and 90%** of the mass (as waste) and retention of between **75% and 89%** of the U_3O_8. See Table 1.

These results gave a feed grade to uranium leach of between **2225ppm* U_3O_8 and 3232ppm U_3O_8** from head grades of between 301ppm U_3O_8 and 560ppm U_3O_8.

This testwork compares very favorably with results for the previous testwork on the same zone where an upgrade factor for the uranium grade of **5.2** was achieved at the same cut size with **83%** mass rejection and **90%** U_3O_8 retention.

Table 1 - Scrubbing and screening testwork on Tiris Zones 1, 3 and 4 trench samples

	Screen @ 75µm					
Ore Zone	Depth	Head grade	Upgrade factor	Mass Rejected	U_3O_8 retained	Beneficiated Grade
	Metres	*U_3O_8 (ppm)*	*x*	*%*	*%*	*U_3O_8 (ppm)*
1	0.5 - 1	460	**5.7**	85	87	**2628**
1	1.0 - 2	372	**8.7**	90	89	**3232**
3*	0 - 0.5	301	**3.8**	78	81	**1150**
3	0.5 - 1	560	**4.0**	80	78	**2225**
4	0.5 - 1	529	**4.6**	84	75	**2423**
4	1.0 - 2	401	**5.8**	88	73	**2343**

* Zone 3 0-0.5m composite sample not included as it is not comparable to other composites due to depth.

Further leach tests were also completed at ANSTO on composites of -300µm material from Zones Pods 1 and 4. These confirmed that uranium recovery of between 93% and 95% could be achieved using standard alkaline leach conditions with less than 12 hours residence time.

Preliminary mineralogical analysis of leach feed samples was undertaken at ANSTO, confirming the deportment of uranium as carnotite and its fine-grained nature.

Planning is underway and equipment has been purchased for a program to measure the uranium upgrade in all resource samples planned in the upcoming drilling program. This will provide Aura with a comprehensive geometallurgical database of initial mining targets, allowing targeted testwork to be undertaken through the Feasibility Study which will significantly reduce technical risk. This database will essentially provide a 3D map of the Tiris deposits for each 1 metre vertical composite in every drill hole post simulated scrubbing and screening and will illustrate the grade increase across the entire deposit.

A preliminary operating process model was established based on parameters defined in the initial testwork program. This will be further developed to provide a basis for assessing key parameters at all stages through the feasibility program.

Tiris Feasibility Study Team

The project team has been confirmed as;

- **George Widelski** – Project Study Manager

  George has over 40 years' experience in the metallurgical and mineral processing industries in Australia, North and South America, Africa, Europe and Asia. His project and study involvement has included gold, silver, copper, lead, zinc, uranium and mineral sands. George was a senior metallurgical consultant with Hatch and Fluor providing metallurgical and engineering support to projects, feasibility studies and worked with Bechtel in Chile as the manager of the global Copper Centre of Excellence. He has worked on several project developments in various parts of Africa and has worked with both large and junior resource companies.

- **Neil Clifford** – Geology and Mauritanian Country Manager

  Neil Clifford is a geologist with extensive and successful experience in international minerals discovery and deposit evaluation. He has played key roles in the discovery of at least 9 major mineral deposits in Australia, South America and Africa, for a variety of commodities including gold, uranium, copper and tin. These discoveries have included 20 million ounces of gold and seven have subsequently become mines. He played the lead role in the discovery of Aura's Tiris uranium deposits in Mauritania. He has held senior management positions in Australia and in Europe including roles as Exploration Manager with Billiton, Acacia Resources, and AngloGold. He has been involved in West Africa since 2005.

- **Will Goodall** – Metallurgy Study Manager

  Dr Will Goodall is a metallurgist with extensive experience in project development and optimization across a range of commodities for both junior and major mining companies, including Barrick Gold, Newcrest Mining, Harmony Gold, Eldorado Gold, Vedanta and First Quantum Minerals. He has managed large scale process development and testwork programs in bio-extraction of uranium, calcrete uranium, tin, copper and gold projects. This included the development of efficient recovery processes for uranium and other metals from the Häggån polymetallic deposit, Sweden. Dr Goodall has held research leadership roles in collaborative research projects with AMIRA International and the University of Queensland in geometallurgy and published extensively in peer-reviewed journals. As an expert in mineralogical characterisation and geometallurgy Dr Goodall brings a unique range of complementary skills to the team.

HÄGGÅN PROJECT, SWEDEN (AURA 100%)

The Häggån Project has an Inferred Resource of 803 million pounds of U_3O_8. Scoping studies previously completed by Aura have indicated that the Häggån Project can be a low cost uranium producer.

Häggån project work during the quarter consisted of planning for a drilling program in the March 2015 quarter and permit renewal activities.

A small drilling programme of two holes is planned for the Company's two key permits, Häggån Nr 1 and Marby 1.

2015 PLANNED ACTIVITIES AND TARGETS

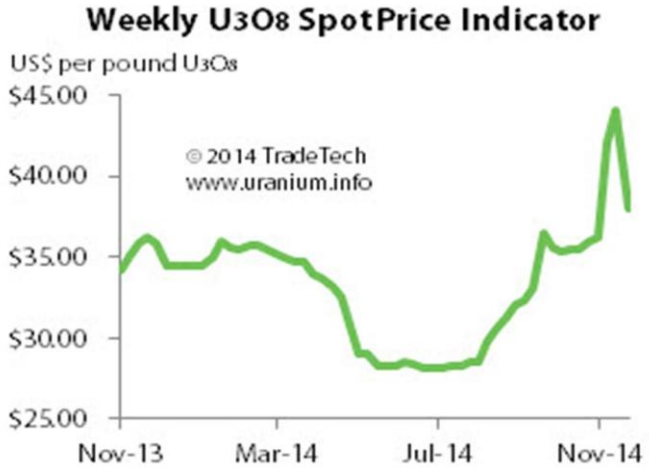
Aura has positioned itself to transition from explorer status to developer and producer over the coming few years. In this sense the 2015 calendar year marks the beginning of that transition with important steps towards development of the Tiris Project.

The key focus and activities for the coming calendar year are as follows;

- Progress the Tiris Project Feasibility Study to approximately 50% completion including environmental baseline and evaluation studies, finalisation of the water studies, logistics and marketing studies and completion of the majority of plant design.
- Development of sustainable funding sources.
- Development of strong relationships with the broad investment community both domestically and internationally
- Strengthen and develop the Aura management team to enable project development.
- High level progression of the Häggån Project
- Strengthening of broad relationships in both Mauritania and Sweden.

URANIUM SECTOR AND PRICE

The price of uranium has rebounded from the lows of US$28/lb to reach a recent 52-week high of US$44/lb and the last traded price was US$36.75/lb. This increase is leading market analysts to conclude that the fundamentals for uranium are improving. Japan's announcement of the first of its reactor restarts has also proved important to the overall market sentiment which has lead to a number of utilities to venture back in the market for uranium.



In addition the Chinese President's made the important declaration at the recent G20 in Australia that China will cap carbon emissions and increase zero-emission energy to 20 per cent of its energy mix by 2030. It is likely that the Chinese will need to rely on can a significantly higher component of nuclear power to achieve its lower carbon emissions targets.

On the supply side of the uranium market it is becoming apparent that the extreme paucity of new uranium supply contracts executed in 2013 and 14 is now beginning to result in new contracts being signed, and this is expected to place some upward pressure on long term contract prices. Contract trade initiations over the past few years have been significantly lower than historical contracting activity. This may indicate that some utilities which are exposed in their contract books over the medium and long term, and will be looking to sign new supply contracts in the near term.

CORPORATE SNAPSHOT – AURA ENERGY

At the end of the quarter Aura has cash on end of $1.293 million and no debt.

During the quarter, changes were made at the Executive Management and Board level to reflect the commencement of Aura's transition from an exploration company to a uranium developer. As part of these changes Dr Bob Beeson retired as CEO and Managing Director and the existing Chairman, Mr Peter Reeve, has assumed the role of Executive Chairman and CEO of the Company. Dr Bob Beeson, who founded the Company, will continue on the Board as a Non-Executive Director.

Mr Reeve is an experienced CEO in the development and growth of listed mining companies and has been involved in raising over $1 billion in equity funding for both large and midcap mining companies. In undertaking this dual role Peter's past exposure to the governance requirements will be important in guiding Aura's future. Peter was a Resource Fund Manager and Resources Corporate Finance Director at J B Were & Son and more recently he was Chief Executive Officer of Ivanhoe Australia Ltd from its inception. Peter, who has been Chairman of Aura since July 2013, is a professional metallurgist and has held positions with Rio Tinto, Billiton Australia and Newcrest Mining

Code:	AEE (ASX)
Shares on issue:	274,471,428
Options on issue:	46,084,297

Board of Directors:

Peter Reeve	Executive Chairman
Bob Beeson	Non-Executive Board Member
Brett Fraser	Non-Executive Board Member
Jules Perkins	Non-Executive Board Member

Website: www.auraenergy.com.au (Under Reconstruction)

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NEW REGUIBAT DEPOSIT NAMES

In order to simplify the naming convention of the Mauritanian projects Aura has decided to change the name of the Reguibat project and also change the separate deposit names.

The project will now be called the Tiris Project.

Tiris refers to a desert plain of the Sahara.

The individual deposits of the Tiris Project will now be named after members of the Carnot family as shown in Figure 1.

The Carnot family were a famous family of French scientists, mining engineers, and political leaders. Marie-Adolphe Carnot was a professor and mining engineer after which Carnotite was named given his dedication to the mining industry and mineral science.

His brother Sadi Carnot was President of France in 1830s and his father, Lazare Hippolyte Carnot, served as the French Education Minister. His Uncle, also Sadi Carnot, is known as the founder of thermodynamics.

Competent Persons for Tiris Metallurgical Testwork

The Competent Person for the Tiris Metallurgical Testwork is Dr Will Goodall.

The information in the report to which this statement is attached that relates to the testwork and is based on information compiled by Dr Will Goodall . Dr Will Goodall has sufficient experience which is relevant to the testwork program and to the activity which he is undertaking. The qualifies Dr Will Goodall as a Competent Person. Dr Will Goodall is a Member of The Australasian Institute of Mining and Metallurgy. Dr Will Goodall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ABOUT AURA ENERGY'S PROJECTS

TIRIS PROJECT, MAURITANIA (AURA 100%)

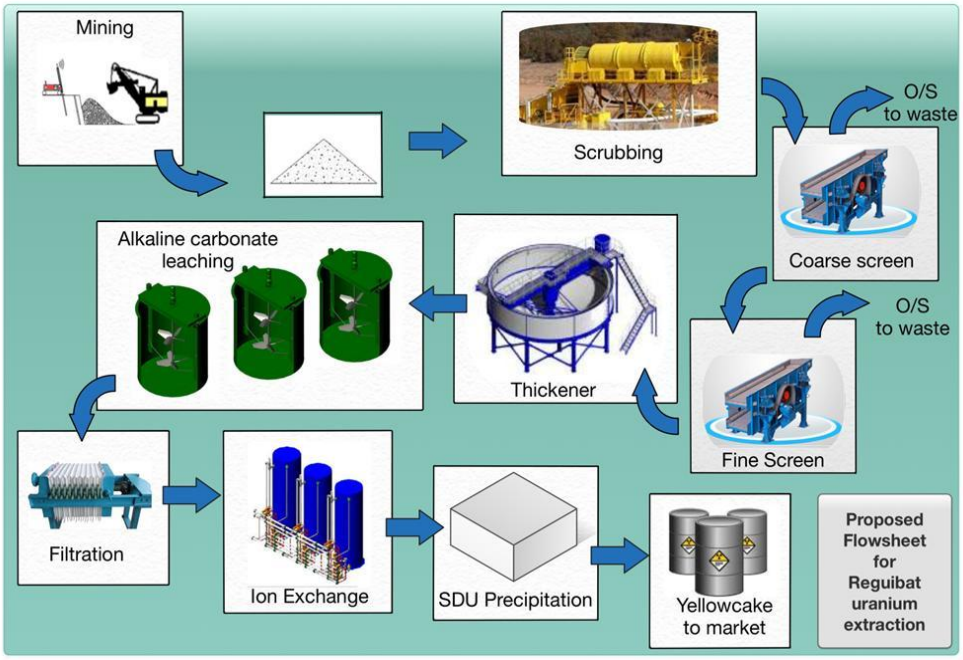
The Tiris Uranium Project is based on a major greenfields uranium discovery in Mauritania, with 49 Mlb U_3O_8 in current resources from 66 million tonnes @ 334 ppm U_3O_8. The project has several natural attributes which result in low capital and operating costs. These attributes are:

- Shallow flat-lying surface mineralisation (only 1-5 metres) within unconsolidated gravels
- Low cost mining with no blasting and negligible overburden
- Uranium ore can be simply (wash and screen) upgraded by up to 700%; from 335 ppm to 2500ppm
- Leads to a very small plant, small footprint and minimal supporting infrastructure
- Leach feed grade 2,000-2,500 ppm U_3O_8 with 94% leaching recovery in 4 hours

The conceptual 1 Mtpa mine and plant project described in the Scoping Study was designed to take full advantage of these unusual characteristics, whilst providing a low capital cost and rapid project development and construction. Significantly, a water study by Golders has indicated that potential sources of water in the immediate vicinity will satisfy the demands of the project.

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 resulted in the following outputs;

- Low capital cost – US$45 million
- Low operating cost – A$30/lb
- Easily scalable
- Mining at ~120 tph (1.0 Mtpa)
- Small 25 tph leach facility
- Mined grade >420ppm U_3O_8 for 15 years
- Produce 0.7-1.1 Mlbs U_3O_8 per year
- Expand project from cashflow
- Targeting a 100Mlb uranium Resource in region



HÄGGÅN PROJECT, SWEDEN (AURA 100%)

Häggån is located in central Sweden and is one of the largest undeveloped uranium projects in the world. The project has a resource of 803 million pounds uranium with significant base metal by-products.

Sweden remains a nuclear friendly jurisdiction with 10 operating nuclear power reactors. In 2013, Sweden generated 152.5 TWh, of which 65.8 TWh (43%) was from nuclear and 61.3 TWh (40%) from hydro. Sweden imports most of its nuclear fuel, including all enrichment. It is one of the few countries that has the opportunity, within its sovereign borders, to be vertically integrated from nuclear power generation down to the U3O8 fuel source. Public opinion polls in the last few years had shown steady majority (over two-thirds) support for nuclear power(1).

The Häggån project is located in a sparsely populated area of swamp and forest used mainly for commercial forestry. Sweden's has a current and active mining industry, with a clear regulatory position and a well-established path from exploration to production.

A Scoping Study was completed in May 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. Aura's discovery that the mineralisation is ideally suited to bioleach metal extraction was the major breakthrough to creating a robust and economic project. Bioleaching, including bioheap leaching, is a proven technology widely used in copper and gold industries with some application to the uranium industry.

The Häggån Inferred Resource contains **2.35 billion tonnes** at the grades shown in the table below. Metal content is also shown.

Metal	Grade	Content
U_3O_8	ppm	M lbs
U_3O_8	155	803
Ni	316	1640
Zn	431	2230
Mo	207	1070
V	1519	7870

The project contemplated in the Scoping Study was a large scale heap leach with recovery of base metals as separate and high purity sulphide precipitates. The Scoping Study outcomes were as follows;

- Capital cost – US$540 million
- Low operating cost – A$13.50/lb U_3O_8
- Mining rate 30 Mtpa
- Mined grade 160 ppm U_3O_8 for 30 years
- Production 7.8 Mlbs U_3O_8 per year

Last year the Aura considered it prudent, given the current market conditions, to reassess the May 2012 Häggån Scoping Study, on smaller scales more likely to attract funding. The company considered three smaller size options; 3.5 Mtpa,
5.0 Mtpa and 7.5 Mtpa, which could be used provide a staged development alternative with a substantially lower front end capital cost requirement. The 5.0 Mtpa project option had the following metrics;

- Capital cost – US$190 million
- Low operating cost – A$18-22/lb U_3O_8
- Mining rate 5 Mtpa
- Mined grade 160 ppm U_3O_8
- Production 1.4 Mlbs U_3O_8 per year

(1) http://www.world-nuclear.org/info/Country-Profiles/Countries-O-S/Sweden/