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AURA ENERGY TAKES POSITION IN A SABKHA (SALT PAN) IN MAURITANIA WITH POTENTIAL TO HOST MULTIPLE MINERALS

POTENTIAL SODA ASH SOURCE FOR TIRIS LEACHING AGENT

SABKHAS ARE A KNOWN POTENTIAL LITHIUM SOURCE

- **Aura Energy's continued review into other mineral opportunities within Mauritania has identified a Sabkha-hosted soda ash and lithium prospect**
- **Large scale Sabkha area of 85 km²**

Aura Energy Limited (AEE) is pleased to announce that as part of a continual review of mineral opportunities in Mauritania it has taken a position in 2 large Sabkhas (salt pans) in the region of its Tiris Uranium Project with a view to exploring this formation for soda ash and other minerals. Soda ash is the leach agent proposed for Tiris and if the source were confirmed it would provide significant benefits to the Tiris project economics.

Importantly Sabkha's are known sources of other minerals including lithium.

The Sabkha was identified by the Independent Expert, Wardell Armstrong's (WAI) geological consultant Greg Moseley who is conducting a review of Aura Energy's projects, as part of the Competent Persons Report for its AIM listing. Mr Moseley has previously conducted reviews of lithium and other valuable salts potential in Sabkhas and is currently involved in such a review elsewhere in Africa.

The WAI review noted;

“On the return trip from the Tiris East uranium project, the route crosses a very wet clay-rich “pan” or Sabkha. The surface and geological setting of the pan was strongly reminiscent of pans known to Mr Moseley in other parts of Africa that are being investigated for lithium and other valuable salts.”

WAI’s full review of the Sabkha is attached in Appendix 1.

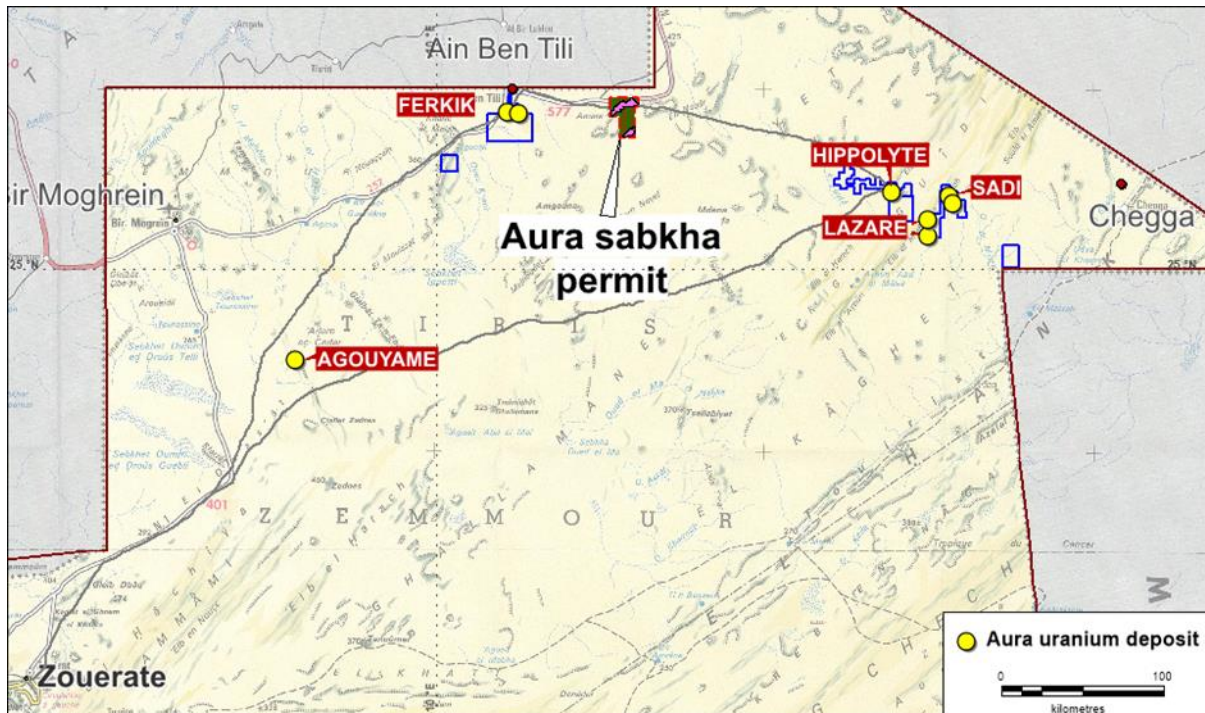


Figure 1: Location of the Sabkha relative to the Aura Uranium Exploration Licences

The Sabkhas which are 165 km from Hippolyte are large on a relative basis covering an area of over 85 km². Sabkha is an Arabic name for a salt-flat that has come into general use in sedimentology. They are also known as “Salars” in South America and generically as salt pans or flats. The valuable salts can occur in the Sabkha environment either in clays at or near surface or in brine reservoirs deeper in the lake sediments.

The location of the Sabkha between Aura’s Tiris Project East and West tenements provide a favourable location should a source of soda ash (Na₂CO₃) be identified. Aura’s 2014 Scoping Study identified the need for up to 16,000 tonnes of soda ash which, including transport, would account for approximately 25% of Tiris’ operating costs. Utilising a nearby source of soda ash has the potential to significantly reduce these costs. Additionally potential for revenue from other minerals such as lithium or back-loading soda ash to port for export would further reduce the Tiris operating cost.

Similar to Aura’s recent gold acquisition of the Tasiast South prospect the location of the Sabkha soda ash and lithium prospect means that the exploration/evaluation of the prospect can be managed efficiently within the company’s existing management resources without distraction from Aura’s core uranium focus. In fact it forms a key synergy with the

Tiris Uranium Project development given its potential impact on the project via logistical simplification and the potential for lowering operating costs on Tiris even further.

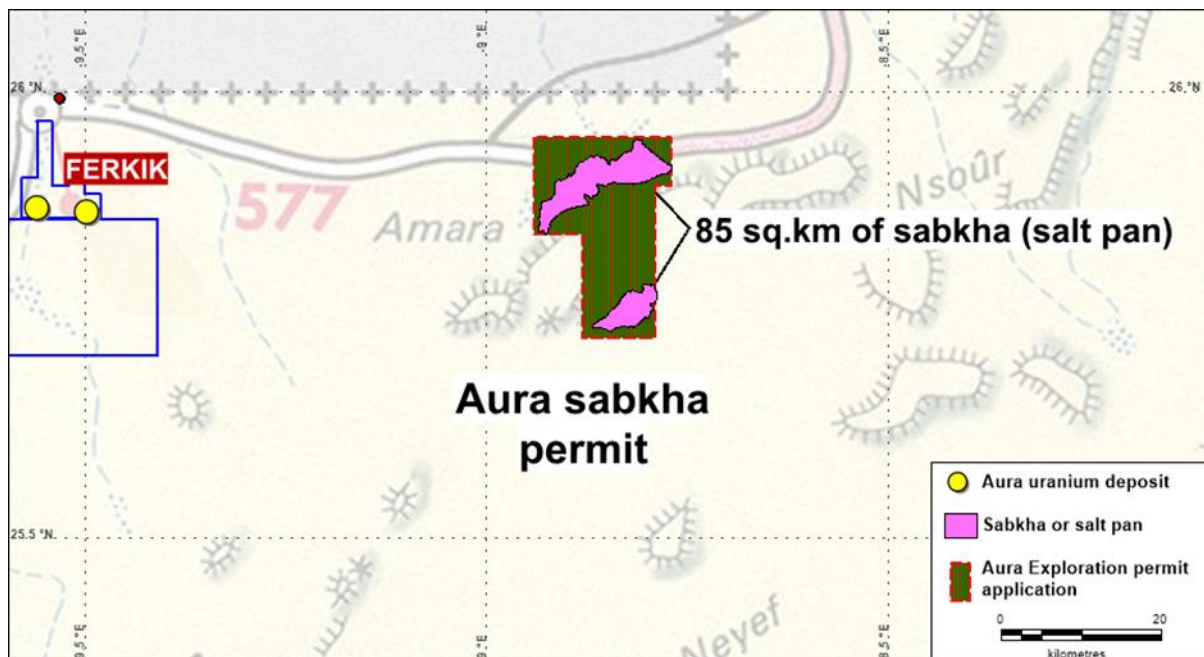


Figure 2: Location of the Sabkha relative to the Aura Uranium Exploration Licences

The Sabkha concerned, appears to exhibit many of the characteristics required when considering the potential for the associated economic mineralisation, e.g. closed drainage basin, favourable geological environment, arid climate.

Consequently, the exploration potential for the two possible styles of mineralisation, viz: surficial lithium (-sodium-potassium-boron)-rich clays or brine “pools” deeper within the enclosed basin, appears to be good.

Peter Reeve, Aura Energy's Executive Chairman said “Aura remains extremely fortunate to have such a high quality assembly of both internal and external technical professionals to advance its project development aspirations. The identification of this Sabkha is another step forward for Aura in Mauritania. The potential to lower costs via a local source of soda ash for the Tiris project is significant for this already high margin project”.

“In addition, to have the possibility of uncovering a co-incident lithium source from the Sabkha that Aura has been able to secure, given the extraordinary environment for that element at present, underscores Aura’s commitment to maintaining both its brief to identify new opportunities and its strong technical team despite the downturn in the sector”.

“Aura will evaluate this soda ash and lithium prospect with vigour”, Mr Reeve continued.

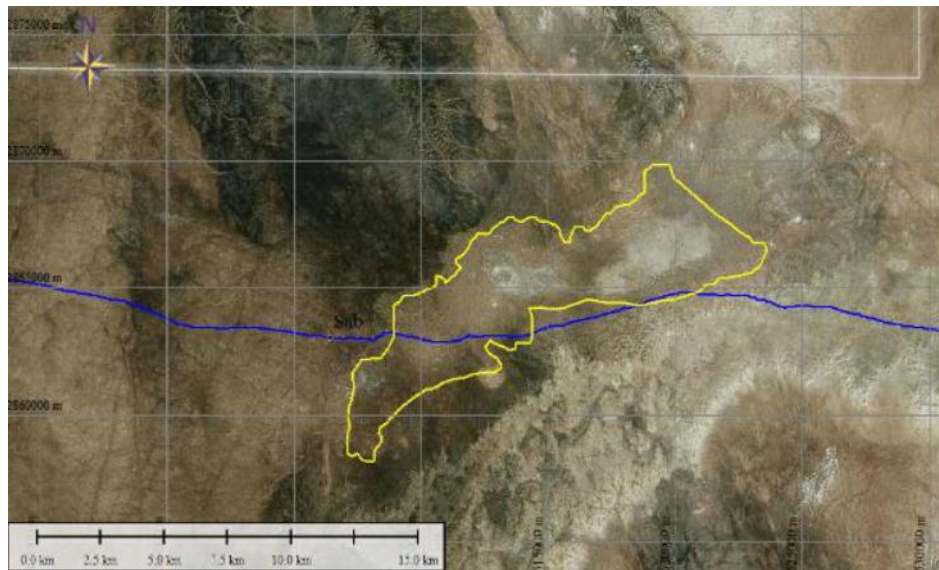


Figure 3: Satellite Image of the Sabkha (yellow outline) GPS track of the CPR site visit in blue

Aura's Sabkha soda ash and lithium prospect has the following attributes;

- Prospect is located in the centre of Aura's Tiris Project area
- The Sabkhas area is large at 85 km² relative to typical Sabkhas
- If a soda ash source is revealed it could reduce operating costs significantly for Tiris
- Lithium is a known co-product in such Sabkhas
- Wardell Armstrong's consultant who identified the prospect is experienced in these occurrences and is currently evaluating similar lithium bearing Sabkhas in other regions of Africa
- The initial evaluation cost for the Sabkha is inexpensive

Future Work Program and Other Opportunities

Next steps envisaged for evaluation of the Sabkha include:

- Limited surface pitting/sampling and assay of the Sabkha to establish the potential
- Shallow auger drilling – probably hand augering to 3-4 metres to confirm the pit results.

Given the limited scope and low cost of the initial evaluation phase Aura hopes to conduct this program in the third quarter 2016 with initial results soon after that.

Mauritania

Mauritania has a long history of mining, a favourable and well administered Mining Act, and a government supportive of foreign investment.

Aura continues to enjoy an excellent rapport with the Mauritanian government and mining departments which enthusiastically embrace exploration and mining development. The country remains peaceful and stable with a modern user-friendly fiscal regime.

Aura has been active in the country since 2007.

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Appendix 1 – Wardell Armstrong Report Extract

AURA ENERGY LIMITED
COMPETENT PERSONS REPORT ON THE AURA ENERGY LTD URANIUM PROJECTS
IN MAURITANIA AND SWEDEN, AND OTHER EXPLORATION TARGETS
 June 2016

Other Aura Exploration Projects in Mauritania (Extract Report)

Sabkha Deposits

On the return trip from the Tiris East uranium project, the route crosses a very wet clay-rich “pan” or sabkha. The surface of the pan was strongly reminiscent of pans known to Mr Moseley in other parts of Africa that are being investigated for lithium and other valuable salts.

Sabkha is an arabic name for a salt-flat that has come into general use in sedimentology. They are also known as “salars” in South America and generically as salt pans or flats. They often contain valuable salts (s.l.) such as soda ash (sodium carbonate) and lithium, potassium and boron salts.

In this particular case, the soda ash would be a boost to the economics of the uranium projects in Mauritania as NaCO_3 may well be of use in the alkali leach process.

The valuable salts can occur in the sabkha environment either in clays at or near surface or in brine reservoirs deeper in the lake sediments. Obviously, at this stage in the economic cycle, lithium would also be a valuable addition to Aura’s exploration portfolio. Figure X.X below shows the position of the Sabkha relative to the Aura uranium exploration licences and the regional geology.

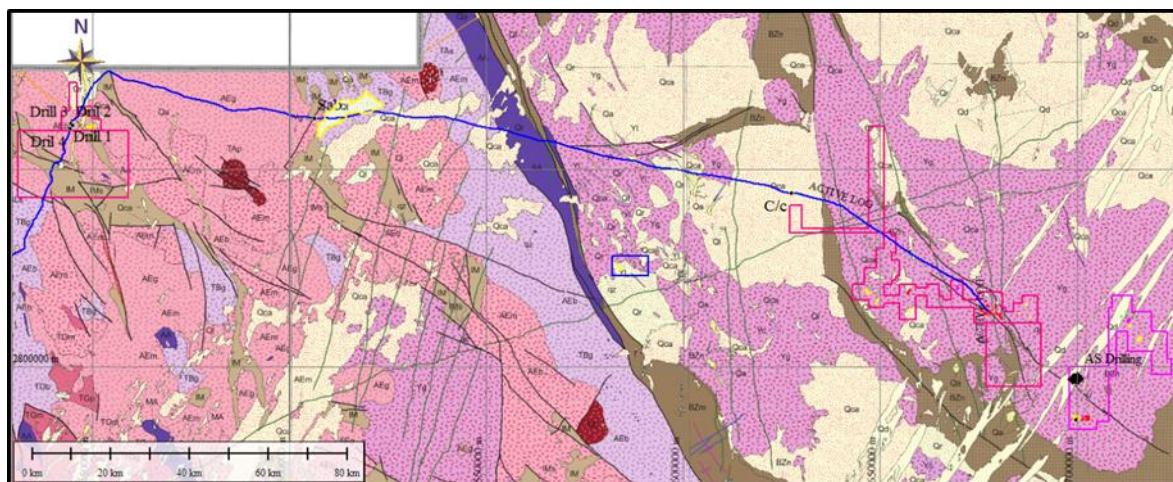


Figure 4.73: Location of the Sabkha relative to Aura Uranium Exploration Licences and Regional Geology

The sabkha concerned appears to exhibit many of the characteristics required when considering the potential for the associated economic mineralisation, e.g. closed drainage basin, favourable geological environment, arid climate.

Consequently, the exploration potential for the two possible styles of mineralisation, *viz*: surficial lithium (-sodium-potassium-boron)-rich clays or brine “pools” deeper within the enclosed basin, appears to be good.

Obviously, the brine pools would be the preferred style if it were present – a large proportion of lithium (and other salts) production is from salar-hosted brines within the so-called “lithium triangle” of Chile, Argentina and Bolivia, but clay mineralisation is beginning to become important as the metallurgical issues are slowly being resolved. The WAI geologist is involved in a lithium-clay deposit in another African country and has experience in working in this geological environment.

As noted above, the sabkha certainly has many of the favourable characteristics that suggest the potential for economic mineralisation. Not the least of these of course, is size. The following figures demonstrate this and the physiography of the surrounding area.

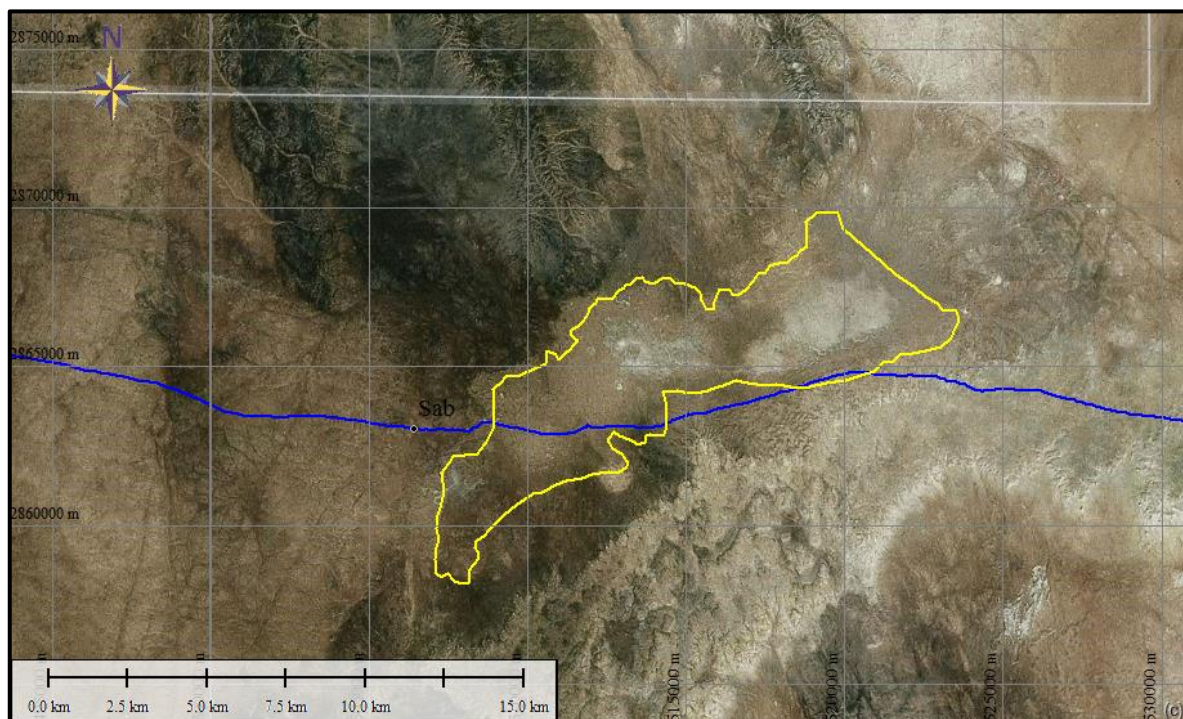


Figure 4.74: Satellite Image of the Sabkha (outlined in yellow). GPS track of the CPR site visit shown in blue

The sabkha has an area of ~60 km² which gives very good potential for a very significant tonnage of clays plus sufficient size to host significant brine pools. A combination of the physiographic map with a DEM also highlights the size and characteristics of the sabkha (see Figure X.X below):

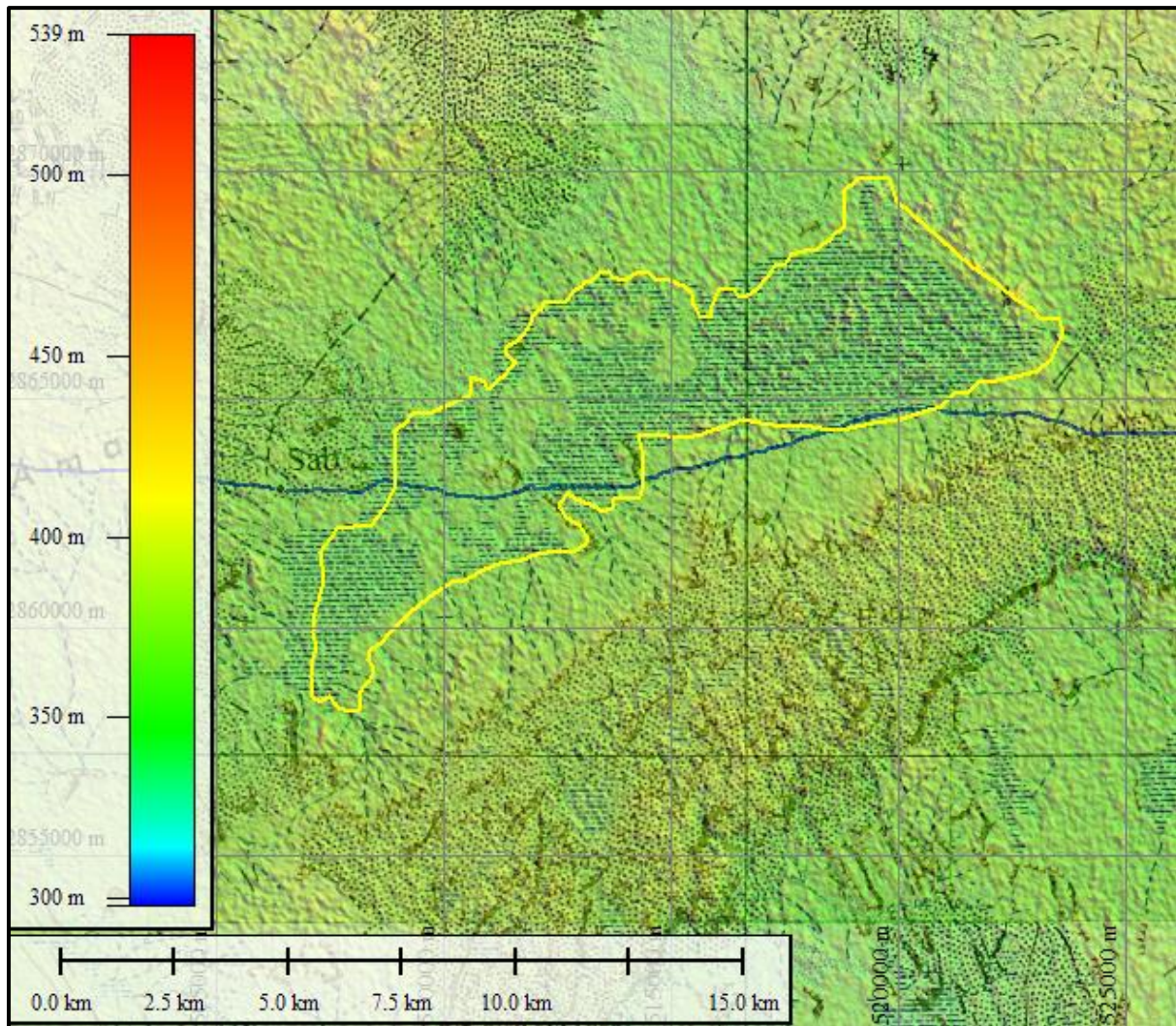


Figure 4.75: Physiographic/DEM Map of the Sabkha indicating the presence of marshy ground

Initial exploration/evaluation of this interesting target can be undertaken at a very low cost in terms of both time and money and this could be done as a matter of priority.