

Aura Energy Limited
(ACN 115 927 681)

Half-Year

31 December 2019

Corporate Directory

Directors

PD Reeve	Executive Chairman
R Beeson	Non-Executive Director
JL Bennett	Non-Executive Director (appointed 6 January 2020)
BF Fraser	Non-executive Director (resigned 18 November 2019)
JC Perkins	Non-Executive Director

Company Secretary

JM Madden

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Nominated Advisor

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Joint brokers

SP Angel Corporate Finance LLP
WH Ireland Limited

Auditor

Bentleys
Level 3, London House
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Solicitors

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Dear Shareholder

During the December Half 2019, Aura continued to advance its exploration and development projects. With the Group's key projects being Tiris Uranium Project, the Häggån Vanadium Project and our exploration tenements for gold, base and battery metals, Aura conducted a range of activity in relation to these projects.

Whilst the company had success from a business building point of view, Aura had a poor equity market response, resulting in a low share price. Whilst Aura conducted significant business during the half year, sustained shareholder activation was a distraction for management, the board and for shareholders alike.

The low resulting share price has drastically increased the cost of equity for Aura, contributing to significant dilution in the company.

Aura's development projects were again active with the key events as follows:

- After Aura secured two highly prospective gold exploration licenses near the massive Kinross Tasiast project, the company signed a deal on additional on-strike tenements to expand its potential in the region
- Aura announced the completion of its Tiris Uranium Project Definitive Feasibility Study. The project has excellent financial metrics and supports our ongoing position that "Tiris remains one of the most compelling uranium development projects in the world"
- Following definition of the Häggån Vanadium Project high grade zone Aura pursued the drill out to a Measured and Indicated Resource which was completed in August 2019
- Aura appointed SP Angel as its new AIM Nomad for its London listing
- Following the appointment of our London-based advisors to obtain low-cost Export Credit Finance support for both Tiris and Häggån, Aura received a strong initial response and has continued that process
- The company conducted reinterpretation of the gold and base metal properties at its Tasiast South Project with excellent response
- Aura achieved excellent leach test results for Häggån Vanadium as part of the Häggån Vanadium Scoping Study test work and these materially enhanced the project metrics
- The Häggån Vanadium Scoping Study was completed in September with the study release the subject of ongoing discussions with the ASX

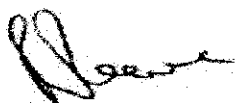
Aura continues to press for the release of the Häggån Project Study as soon as possible. This remains an important step for the company's most valuable project and its ambition to pursue battery manufacturing initiatives with that project.

Following the company's re-evaluation of Aura's gold prospects, the company deems these projects to be a key asset and discussions continue with multiple parties on advancing these prospects.

The company continues to seek more optimum corporate structures for both the Häggån Vanadium Project and the gold tenements to place both on a stronger independent funding footing, whether that be in an IPO, reverse takeover or corporate transaction.

Aura will continue to pride itself on real advancement of the projects it has already discovered in-house and this has been achieved with the excellent technical team it has assembled over the years.

Yours sincerely



PD Reeve
Executive Chairman

Tiris uranium project

The Group completed the Tiris Definitive Feasibility Study (DFS) and confirmed the Tiris Uranium Project as a low capital cost and low operating cost development opportunity (see ASX Announcement, dated 29 July 2019).

In the current uranium market environment, a key attribute of any new uranium project is the capital cost of development. The objective of the Group through the DFS was to put forward a low capital cost project whilst ensuring a robust development design. With a \$US62.9 million capital cost that includes 85% of the capital estimate based on supplier quotations, the Tiris uranium project is the lowest capital cost uranium project amongst a peer group that the Group identified for comparison. identified,

A number of very good in-situ leach projects state low upfront capital, however, these projects require a 'repeat development capital' in their early years which, it could be argued, require disclosure as part of the initial capital in order to support the proposed development capital.

The capital cost is exceptionally important as it signals the do-ability of the project and Tiris' small footprint and low capital cost make it poised for quick development as soon as financing is achieved in an improved pricing environment.

The All-In Sustaining Cash Cost of \$US29.81/lb U₃O₈ is extremely competitive when compared to our uranium development peers. The benefits of shallow mining and the simple beneficiation stage in the process phase lead to lower operating cost.

There is potential for further upside with further exploration likely to expand resources to enable a production rate of 3 million pounds U₃O₈ per annum. In addition, there is significant potential to recover vanadium and through optimisation of initial mining and processing operations. The Group is also confident that the operating team will be able to improve the project and financial outcomes in the production phase.

Aura is continuing to seek to further optimisation of the capital cost, improve elements of the process to reduce operating cost, and to validate the vanadium recovery option. In parallel, the promising start to the Export Credit Agency Finance process will intensify in the coming months as the ECA finance short-list is finalised.

Engineering company Mincore Pty Ltd provided the capital cost estimate for the Tiris uranium project. The capital cost estimate includes the scope of the facilities and services required to design, purchase and construct the entire project, up to practical completion and handover to the operations team.

Table 1
Capital Costs

	Cost/US\$ Millions
Mining (Contract Mining)	0.00
Process plant	25.01
Infrastructure	17.88
EPCM	4.45
Owner's cost	10.02
Contingency	5.57
	<u>62.94</u>

The capital cost estimate assumes that the Group will enter into a contract mining arrangement. The estimate for infrastructure includes the costs of supporting a contract mining operation with workshops and other facilities. The mine plan has been based on no pre-stripping as the mineralisation at the start of operations outcrops at the surface.

REVIEW OF EXPLORATION ACTIVITIES

Operating costs include royalties, sustaining capital over the life of the mine, insurances and transportation of final product.

Table 2 sets out the operating costs on an annualised basis.

Table 2
Operating Costs

	Cost/US\$/pound
Mining (Contract Mining)	7.16
Labour	3.68
Power	4.57
Reagents	3.95
Maintenance	2.28
G&A	3.80
	25.43
Sustaining capital	4.38
All-in sustaining cost	29.81

The Tiris uranium project operating parameters and financial outcomes are set out in the following Tables 3 and 4..

Table 3
Operating Parameters

	Key assumptions	Metric
Resource	Life of mine (LoM)	15 years
	Beneficiation plant/throughput	1.25 Mt/year
	LoM uranium grade	364 ppm U ₃ O ₈
Production	Uranium recovery	86.1%
	Average annual production	823,000 pounds
	LoM uranium production	12.4 million pounds

Table 4
Financial Outcome

	Parameter	US\$	A\$
Capital	Mine, plant, infrastructure and indirect costs	57.4	88.3
	Contingency	5.6	8.6
	Total	62.9	96.8
Operating	USD/AUD		.65
	Cash costs	25.43	36.33
	AISC	29.81	42.56
Financials	Modelling price	60.00	86.00
	NPV8 (after tax)	89.9 million	128 million
	IRR	26%	26%
	LoM cashflows	289 million	413 million
	Annualised cashflows	19.2 million	27.4 million
	Project payback	3.25 years	3.25 years

During the half-year, the Group commenced a water drilling programme. Prior to the suspension of the water drilling programme, two of the five targets tested reported significant water flows. The water drilling programme is designed to test water targets within a 30-kilometre radius of the proposed plant site for the Tiris uranium project. The Group believes the results achieved prior to the suspension of the programme confirm the long held view that significant water exists within the Oued El Foule depression that was initially discovered in a number of the deeper drill holes undertaken as part of the exploration drilling programme to generate the mineral resource.

As stated above, with limited funding available to the Group during the first-half, the water drilling programme was suspended. In addition, the Group deferred a number of optimisation programmes previously outlined to the market.

From an Export Credit Agency perspective, SD Capital Advisory Limited and GKB Ventures Limited submitted their ECA Finance Report and have recommended to the Group that it commences discussions with two government Export Credit Agencies.

Haggan vanadium project

The Group submitted its Haggan Vanadium Project Scoping Study to the Australian Securities Exchange in September 2019. Following a series of discussions the Group conducted more metallurgical testwork and revised its submission.

The Scoping Study was based on the substantial drilling programme undertaken between November and 2018 and March 2019 which resulted in a new global resource estimate of 2 billion tonnes averaging approximately 0.3% V₂O₅, containing 13.3 billion pounds of V₂O₅ at a cut-off grade of 0.2% V₂O₅. The global resource included 320 million pounds of Indicated Resource (see ASX Announcements, dated 19 August 2019 and 10 October 2019) and, more importantly, with this Indicated Resources were 42 million tonnes V₂O₅ at 0.35%, using a 0.2% V₂O₅ cut-off grade, in a coherent near-surface zone.

Based on recently revised criteria for funding estimates set by the Australian Securities & Investments Commission (ASIC) under its Forward Looking Statement paper (INFO 214), the Group has not been able to release the full economic details from the Scoping Study. ASIC has set a market capitalisation/funding multiple which the Group is too small to meet. The board of directors believes that any announcement that does not disclose the economic outcomes of the Haggan Vanadium Project Scoping Study will not provide important information that shareholders should have.

Notwithstanding the above, the additional metallurgical work that the Group undertook at the request of the ASX to confirm metallurgical results for the recovery of vanadium exceeded the extrapolation estimate from the previous testwork and therefore, enhanced economics of the Haggan Vanadium Project.

The 2019 revised Resource Estimate of the Haggan Vanadium Project is set out in Table 5.

V ₂ O ₅ cut-off grade	Resource	Mt/Ore	V ₂ O ₅ /%	Mo/ppm	Ni/ppm	Zn/ppm	K ₂ O/%	Millions/ pounds V ₂ O ₅
0.10%	Indicated	45	0.34	213	365	501	4.11	332
	Inferred	2,053	0.27	200	312	433	3.73	14,873
0.20%	Indicated	42	0.35	217	375	512	4.13	320
	Inferred	1,963	0.30	212	337	463	3.80	13,010
0.30%	Indicated	31	0.38	223	398	536	4.23	258
	Inferred	954	0.35	226	374	503	3.95	7,390
0.40%	Indicated	11	0.44	225	429	580	4.46	101
	Inferred	113	0.43	232	419	562	4.25	1,072

The Häggån Vanadium Project is a large polymetallic deposit containing significant economically-attractive levels of V (vanadium), Ni (nickel), Zn (zinc), Mo (molybdenum) and other metals. Resource estimates have previously been conducted and reported over a number of years, including 2010, 2011, 2012 and 2018 and again from the recently completed infill-drilling programme.

Tasiast South gold

The Group commenced a limited field work programme during the first half, including field inspections, geological mapping of structures and the review and confirmation of previous drilling data for both gold and nickel-cobalt projects.

The tenements, with a total area of 435 km², are in a highly prospective area lying on two lightly explored mineralised greenstone belts in Mauritania. The areas lie along strike from the giant +20 million-ounce Tasiast Gold Mine owned by Kinross, where Franco Nevada own a royalty, and also along strike from Tijirit gold deposits owned by Algold.

The Group maintains that these tenements, with the single large Tasiast gold mine along strike, and strong base and battery metal results from limited previous exploration, represent some of the best under-explored greenstone belt targets in the world.

The Group has completed compilation and re-interpretation of data gathered from previous exploration campaigns, which has highlighted the following;

1. Additional gold intersections on the Ghassariat Prospect some 1.5 kms from a previously-defined mineralised section, indicating potential for a large mineralised gold system
2. Existence of a large untested magnetic anomaly on the Bella Prospect interpreted to reflect an unusually large ultramafic complex prospective for nickel and cobalt. This has been tested so far only by a single line of bedrock drilling near its southern margin and this yielded strong nickel and cobalt values
3. This complex within Bella has 5 additional lines of previously proposed drilling across magnetic highs which were not executed by the previous owners
4. Strong, previously unreported, nickel/cobalt/copper values on the Taet permit
5. The Taet intercepts include strong copper values which may indicate the presence of nickel sulphides

Corporate

The Group entered into a factoring arrangement with Lind Global Macro Fund LP to fund research and development expenditure during the first half and repaid the amount borrowed from the rebate received from the Commonwealth of Australia. In addition, the Group entered into a Follow-on Convertible Security Facility Agreement for \$350,000 on November 2019. The face value of the facility is \$420,000.

During the first half, Lind converted \$700,000 of convertible notes issued under the Replacement Convertible Security Facility, approved by shareholders on 19 June 2019, into fully paid ordinary shares. The Replacement Convertible Security Facility was reduced from \$2,400,000 to \$1,700,000 and this increased to \$2,120,000 through the drawdown of the Follow-on Convertible Security Facility Agreement.

The Group also extinguished a number of contractual arrangements for advisors and suppliers by way of the issue of fully paid ordinary shares. In total, the group extinguished outstanding obligations by \$373,035 through the issue of fully paid ordinary shares.

The Company has lodged a writ with the Supreme Court of Victoria against Pre-emptive Trading Pty Ltd in relation to an alleged failure of Pre-emptive Trading Pty Ltd to fulfil its obligations under an irrevocable acceptance made pursuant to a Share Placement on 5 February 2019. Mr JL Bennett, now a non-executive director of the Company, is the principal for Pre-emptive Trading Pty Ltd.

The Company has lodged with the Kingdom of Sweden a claim for compensation for the alleged expropriation of its rights to mine and produce uranium concentrate from the tenements held by Vanadis Battery Metals AB, a controlled entity of the Company.

Operating Results

The Group recorded a net loss after tax of \$1,231,480 for the half-year ended 31 December 2019 (the net loss after tax for the previous half-year was \$1,399,044). The lower net loss for the half-year was due to receipt of the Commonwealth of Australia rebate for research and development and lower share-based payments partly offset by higher finance costs, consulting charges and share registry costs.

The net loss for the previous year included an impairment charge associated with the relinquishment of the Marby tenement in Sweden.

State of affairs of the Company

No significant changes in the Company's state of affairs occurred during the financial year.

Dividends

No dividends were declared and paid during the year.

Events After Balance Date

The Company has made the following issues of shares following the end of the half-year 31 December 2019:

- 105,416,667 fully paid ordinary shares were issued to subscribers in Australia and the United Kingdom to a Private Placement on 14 January 2020 at 0.45 cents per share which raised \$474,375.
- 11,164,037 fully paid ordinary shares were issued to SD Capital Advisory Limited and GKB Ventures Limited on 10 February in lieu of financial advisory services (1 September 2019 to 31 December 2019) pursuant to a Letter of Engagement, dated 25 January 2019, to assist with the securing funding for the Tiris and Haggan projects from Export Credit Agencies.
- 48,750,000 fully paid ordinary shares to Lind Global Macro Fund LP on conversion of \$146,250 in convertible notes on 18 February 2020 at a share price of 0.3 cents per share under the terms and conditions of the Replacement Convertible Security Facility Agreement, dated 19 June 2019, and the Replacement Follow-on Convertible Security Facility Agreement, dated 31 January 2020.
- 4,193,788 fully paid ordinary shares were issued to SD Capital Advisory Limited and GKB Ventures Limited on 4 March 2019 in lieu of financial advisory services (1 January 2020 to 28 February 2020) pursuant to a Letter of Engagement, dated 25 January 2019, to assist with the securing funding for the Tiris and Haggan projects from Export Credit Agencies.
- 50,000,000 fully paid ordinary shares to Lind Global Macro Fund LP on conversion of \$200,000 in convertible notes on 9 March 2020 at a share price of 0.4 cents per share under the terms and conditions of the Replacement Convertible Security Facility Agreement, dated 19 June 2019, and the Replacement Follow-on Convertible Security Facility Agreement, dated 31 January 2020.

Environmental regulations

The Company completed exploration and evaluation activities in Sweden to enhance the resource and suspended water drilling. Both countries have environmental regulation for the conduct of exploration activities. The Company proposes to cap drill holes in Sweden as well as Mauritania that arose from the latest drilling campaigns. The capping will result in the Company complying these environmental regulations in the conduct of all field activities.

The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of

corporations. At the current stage of development, the directors have determined that the NGER Act has no effect on the Company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises

Options

On 21 July 2019 (see ASX Announcement, dated 21 July 2019), the Group issued 15,430,919 loyalty options to shareholders that subscribed to the rights issue (see ASX Announcement 21 June 2019). The loyalty options expire on 21 July 2020 and are exercisable at 2.2 cents per option over ordinary share. The loyalty options were issued at 0.5 cents per option over ordinary share and raised \$78,167 financial year and there were no options outstanding at the date of this report.

At the date of this report, the unissued ordinary shares of the Company under options (listed and unlisted) are as follows:

Grant date	Expiry date	Exercise Price	Option Number
18 July 2019	18 July 2020	\$0.0220	15,430,919
30 April 2019	30 April 2022	\$0.0160	62,500,000
30 September 2019	31 July 2021	\$0.0220	11,604,161
30 September 2019	31 July 2020	\$0.0220	19,544,508
18 November 2019	18 November 2022	\$0.0075	20,000,000
			<u>129,079,588</u>

Proceedings on behalf of the Group

The Company has lodged a writ with the Supreme Court of Victoria against Pre-emptive Trading Pty Ltd in relation to an alleged failure of Pre-emptive Trading Pty Ltd to fulfil its obligations under an irrevocable acceptance made pursuant to a Share Placement on 5 February 2019. Mr JL Bennett, a non-executive director of the Company, is the principal for Pre-emptive Trading Pty Ltd.

The Company has also lodged with the Kingdom of Sweden a claim for compensation for the alleged expropriation of its rights to mine and produce uranium concentrate from the tenements held by Vanadis Battery Metals AB, a controlled entity of the Company.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10



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To The Board of Directors

**Auditor's Independence Declaration under Section 307C of the
Corporations Act 2001**

As lead audit partner for the review of the financial statements of Aura Energy Limited for the half year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 12th day of March 2020

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
& OTHER COMPREHENSIVE INCOME**

	Note	For the six months 31 December	
		2019	2018
		\$	\$
Total revenue and other income		286,542	16,640
Expenditure			
Accounting and audit fees		16,192	16,655
Computers and communications		14,693	11,882
Depreciation		2,125	3,623
Employee benefits		446,949	428,114
Exploration expenditure related to project generation		-	28,721
Exchange fluctuations		1,754	(35,617)
Financing costs		292,929	-
Impairment of exploration and evaluation expenditure		39,655	178,087
Insurances		40,431	31,717
Consulting fees and corporate advisory		296,370	130,555
Government and public relations		13,120	89,256
Rent and utilities		40,122	33,266
Share-based payments	16	163,629	345,001
Share registry and listing fees		112,084	74,367
Travel and accommodation		12,069	36,607
Other		25,900	43,450
Total expenditure		1,518,022	1,415,684
Loss before tax for year		(1,231,480)	(1,399,044)
Income tax (expense)/benefit		-	-
Net loss attributable to shareholders		(1,231,480)	(1,399,044)
Total comprehensive income for the year attributable to:			
Foreign currency movement		48,774	283,461
Other comprehensive income for the year, net of tax		48,774	283,461
Total comprehensive income for the year		(1,182,706)	(1,115,583)
Earnings per share			
Basic loss per share (cents per share)		(0.096)	(0.013)
Diluted loss per share (cents per share)		(0.096)	(0.013)

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2019	30 June 2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	163,071	812,296
Trade and other receivables	5	28,709	37,294
Financial assets	6	91,866	57,710
Total current assets		283,646	907,300
Non-current assets			
Plant and equipment		1,939	4,064
Exploration and evaluation	7	21,936,812	21,008,293
		21,938,751	21,012,357
Total assets		22,222,397	21,919,657
Liabilities			
Current liabilities			
Trade and other payables	8	790,195	464,959
Provisions		97,256	63,499
Financial liabilities	9	235,556	266,667
Vendor consideration	10	71,911	71,295
Borrowings	11	801,245	694,215
Total current liabilities		1,996,163	1,560,635
Non-current liabilities			
Borrowings	11	400,622	694,216
Provisions		18,418	15,341
		419,040	709,557
Total liabilities		2,415,203	2,270,192
Net assets		19,807,194	19,649,465
Equity			
Contributed equity	12	47,465,963	46,315,150
Reserves	13	1,414,436	1,273,829
Accumulated losses	14	(29,073,205)	(27,939,514)
Total equity		19,807,194	19,649,465

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Other Contributed Capital	Share-based Payments Reserve	Translation Reserve	Accumulated Losses	Equity
	Note 12	Note 13	Note 13	Note 13	Note 14	
	\$		\$		\$	\$
As at 1 July 2018	44,698,295	-	353,929	284,458	(25,043,252)	20,293,430
Transactions with owners in their capacity as owners of the Company						
Share issues	49,788	-	-	-	-	49,788
Exercise of options over ordinary shares	40,000	-	-	-	-	40,000
	89,788	-	-	-	-	89,788
Net loss for the period	-	-	-	-	(1,399,044)	(1,399,044)
Other comprehensive income	-	-	-	283,461	-	283,461
Total comprehensive income	-	-	-	283,461	(1,399,044)	(1,115,583)
Movements in reserves						
Performance shares issued during financial period	385,000	-	(385,000)	-	-	-
Performance shares converted during the financial period	-	-	312,083	-	-	312,083
As at 31 December 2018	45,173,083	-	281,012	567,919	(26,442,296)	19,579,718
As at 1 July 2019	46,315,150	-	855,670	418,159	(27,939,514)	19,649,465
Transactions with owners in their capacity as owners of the Company						
Contributions from loyalty options	-	78,167	-	-	-	78,167
Conversion of convertible notes into ordinary shares	700,000	-	-	-	-	700,000
Share-based payments to contractors and consultants	268,035	-	-	-	-	268,035
Conversion rights recognised as equity	77,778	-	-	-	-	77,778
	1,045,813	78,167	-	-	-	1,123,980
Net loss for the period	-	-	-	-	(1,231,480)	(1,231,480)
Other comprehensive income	-	-	-	48,774	-	48,774
Total comprehensive income	-	-	-	48,774	(1,231,480)	(1,182,706)
Movements in reserves						
Options issued during financial period	-	-	52,826	-	-	52,826
Options expired during financial period	-	-	(97,789)	-	97,789	-
Performance shares issued during financial period	-	-	163,629	-	-	163,629
Performance shares converted during the financial period	105,000	-	(105,000)	-	-	-
As at 31 December 2019	47,465,963	78,167	869,336	466,933	(29,073,205)	19,807,194

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months 2019	2018
		\$	\$
Cash flows from/(used) in operating activities			
Payments to employees and suppliers		(605,315)	(1,158,725)
Payments for exploration and evaluation		(736,865)	(1,086,131)
Research and development rebate from Commonwealth of Australia		285,168	-
Interest paid		(11,250)	-
Interest received		1,374	7,299
Net cash flows from/(used) in operating activities	18	(1,066,888)	(2,237,557)
Cash flows from/(used) in investing activities			
Purchase of plant and equipment		-	(1,500)
Net cash flows from/(used) in investing activities		-	(1,500)
Cash flows from financing activities			
Proceeds from loyalty options programme		78,167	-
Exercise of options		-	40,000
Funding research and development expenditure		250,000	-
Repayment of funding of research and development expenditure		(250,000)	-
Proceeds from convertible note		350,000	-
Commitment fee paid		(8,750)	-
Net cash flows from/(used) in financing activities		419,417	40,000
Net cash flows		(647,471)	(2,199,057)
Cash and cash equivalents as at the start of the financial period		812,296	2,844,169
Changes in foreign currency held		(1,754)	35,617
Cash and cash equivalents as at the end of the financial period	4	163,071	680,729

The accompanying notes form part of these financial statements

Note 1 Corporate information

These are the consolidated financial statements and notes of Aura Energy Limited and controlled entities ("Consolidated Group" or "Group"). Aura Energy Limited is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of the parent entity, Aura Energy Limited, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

a. Basis of preparation

i. Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements were authorised for issue on 12 March 2020 by the directors of the Company.

ii. Financial position

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

iii. Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of \$1,231,480 (2018: \$1,399,044) and a net cash out-flow from operating activities of \$1,066,888 (2018: \$2,237,557).

As at 31 December 2019, the Group had working capital of negative \$675,716 (30 June 2019: \$307,547) (excluding financial liabilities and the current portion of the convertible note facility).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets or by other means, and by managing cash flows in line with available funds, and/or the successful development of the Group's exploration assets. Subsequent to the end of the financial period, the company has raised \$474,375 from a private placement in January 2020 as detailed in note 17 and the Company is looking to secure for further raising within one to two weeks. These conditions indicate a material uncertainty that may cast doubt about the ability of the Group to continue as a going concern.

Based upon cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate, including the meeting of exploration commitments. In addition, given the Group's history of raising funds to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

iv. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment.

v. Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Note 2 Basis of preparation and accounting policies

A controlled entity is any entity over which Aura Energy Limited has the power to govern the financial and operating policies to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. A list of controlled entities is contained in Note 15 Controlled entities in the financial statements.

All inter-group balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

The accounting policies applied by the Group in preparing the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2019.

Key accounting policies and new accounting policies are as follows:

a. Business combinations

Business combinations occur when an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

- (i) The Group raising sufficient additional funding from shareholders or other parties;
- (ii) The group converting existing loans to equity and if necessary, deferring deferred payment arrangements; and
- (iii) The Group reducing expenditure in line with available funding.

b. Exploration and development expenditure

i. Recognition and measurement

Exploration, evaluation, and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

ii. Subsequent measurement

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

iii. Site restoration and rehabilitation

Costs of site restoration will be provided over the life of the project, when such costs are incurred, or the Group becomes liable pursuant to a development agreement with government agencies. In the exploration and evaluation phase, all drill holes are collared, and any site disturbance is restored with the costs incorporated in the costs of exploration and evaluation. Site restoration costs will include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

c. Financial instruments

i. Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss.

Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iii. Classification and subsequent measurement

(1) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short borrowings in current liabilities on the Statement of financial position.

(2) Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(3) Trade and other receivables

Trade and other receivables are stated at amortised cost. Receivables are usually settled within 30 to 90 days.

Collectability of trade and other debtors is reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

(4) Trade and other payables

Trade payables and other payable are recognised when the Group becomes obligated to make future payments resulting from the purchase of goods and services which are unpaid and stated at their amortised cost.

The amounts are unsecured and are generally settled on 30-day terms.

(5) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(6) Share capital

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

iv. Amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

v. Fair value

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

vi. **Effective interest method**

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

d. **New policies-Leases**

The Group has applied AASB 16 *Leases* to its lease obligations. Under this new standard, the group is required to recognise all right of use assets and lease liabilities, except for short-term (12 months or fewer) and low value leases, on the balance sheet. The lease liability is initially measured at the present value of future lease payments for the lease term. Where a lease contains an extension option, the lease payments for the extension period will be included in the liability if the Group is reasonably certain that it will exercise the option. The liability includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right of use asset at initial recognition reflects the lease liability, initial direct costs and any lease payments made before the commencement date of the lease less any lease incentives and, where applicable, provision for dismantling and restoration.

The Group has recognised depreciation of right of use assets and interest on lease liabilities in the statement of comprehensive income over the lease term. Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest portion (which the Group presents in operating activities) in the cash flow statement.

The Group has measured the rights to use as if AASB 16 has applied since the commencement date of the lease arrangements and used the incremental borrowing rate at the date of transition. Under this approach the Group has capitalised the rights to use and recorded the present value of obligations to pay as a liability by applying a single incremental borrowing rate with an adjustment to the opening balance of accumulated losses.

The Group has assessed the financial implications of application of AASB 16 *Leases* and with fourteen months to the end of the lease, the financial effect was not material.

Note 3 Segment reporting

i. *Identification of reportable segments*

The Group operates predominantly in the mining industry. This comprises exploration and evaluation of uranium projects. Inter-segment transactions are priced at cost to the Consolidated Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on the three principal projects – uranium, vanadium and gold and base metals. The Group also maintains a corporate function primarily responsible for overall management of the operating segments, raising capital and distributing funds to operating segments.

Corporate expenses include administration and regulatory expenses arising from operating an ASX listed entity.

Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements. Financial assets including cash and cash equivalents, and investments in financial assets, are reported in the Treasury segment.

ii. *Basis of accounting for purposes of reporting by operating segments*

(1) *Accounting policies adopted*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unless stated otherwise, all amounts reported to the board of directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(2) Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The board of directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(3) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable based on their nature and physical location.

(4) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(5) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Non-exploration impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities

NOTES TO THE CONSOLIDATED INETRIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2019

	Uranium	Vanadium	Base Metals & Gold	Corporate	Total
	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-
Segment result	4,410	(105,173)		286,542	185,779
Amounts not included in segment results but reviewed by the boards: <i>Expenses not directly allocable to identifiable segments</i>					
Administration expenses				(776,926)	(776,926)
Depreciation				(2,125)	(2,125)
Employee expenses				(446,949)	(446,949)
Exchange fluctuation				(1,754)	(1,754)
Project generation costs				-	-
Share-based payments				(163,629)	(163,629)
Other				(25,876)	(25,876)
Loss after income tax				<u>(1,231,480)</u>	<u>(1,231,480)</u>
As at 31 December 2019					
Segment assets	14,263,284	7,094,696	603,698	260,719	22,222,397
Segment liabilities	94,857	43,303	71,911	2,205,132	2,415,203
Segment asset increases for the period:					
Capital expenditure	471,291	387,772	109,111	-	968,174
Impairment of exploration assets	-	(39,655)	-	-	(39,655)
	471,291	348,117	109,111	-	928,519

NOTES TO THE CONSOLIDATED INETRIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2018

	Uranium	Vanadium	Base Metals & Gold	Corporate	Total
	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-
Segment result	9,341	(178,087)	-	7,299	(161,447)
Amounts not included in segment results but reviewed by the boards: <i>Expenses not directly allocable to identifiable segments</i>					
Administration expenses				(460,730)	(460,730)
Depreciation				(3,623)	(3,623)
Employee expenses				(428,114)	(428,114)
Exchange fluctuation				35,617	35,617
Project generation costs				(28,721)	(28,721)
Share-based payments				(345,001)	(345,001)
Other				(7,025)	(7,025)
Research and development rebate from Commonwealth of Australia				-	-
Loss after income tax					(1,399,044)
As at 30 June 2019					
Segment assets	13,786,983	6,860,687	494,587	777,400	21,919,657
Segment liabilities	152,701	53,450	71,295	1,992,746	2,270,192
Segment asset increases for the period:					
Capital expenditure	2,168,212	1,100,746	258,787	-	3,527,745
Impairment of exploration assets	-	(179,152)	-	-	(179,152)
	2,168,212	921,594	258,787	-	3,348,593

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

Note 4 Cash and cash equivalents

	31 December 2019	30 June 2019
	\$	\$
Cash at bank	163,071	812,296

Note 5 Receivables-current

	31 December 2019	30 June 2019
	\$	\$
Value-added tax receivables	24,809	37,294
Other	3,900	-
	<u>28,709</u>	<u>37,294</u>

Value-added tax is the generic term, for broad-based consumption taxes that the Group is exposed to in Australia (GST); Mauritania (VAT) and Sweden (MoMS).

Receivables are non-interest bearing and are generally on 30 to 90-day terms.

Note 6 Other current assets

	31 December 2019	30 June 2019
	\$	\$
Bonds	91,866	57,710

Note 7 Exploration and evaluation

	31 December 2019	30 June 2019
	\$	\$
At start of financial year	21,008,293	17,687,868
Expenditure capitalised during the financial year	958,037	3,359,505
Effect of exchange rate changes on exploration and evaluation assets	10,137	140,072
Impairment	(39,655)	(179,152)
At end of financial year	<u>21,936,812</u>	<u>21,008,293</u>

The carrying value of exploration and evaluation expenditure at balance date is represented by the following projects:

Tiris uranium	14,251,250	13,779,959
Haggan vanadium	7,081,864	6,733,747
Tasiast South gold	603,698	494,587
	<u>21,936,812</u>	<u>21,008,293</u>

a. The value of the Group interest in exploration expenditure is dependent upon:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

- The continuance of the Group's rights to tenure of the areas of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties may be subjected to claim(s) under Native Title (or jurisdictional equivalent), or contain sacred sites, or sites of significance to the indigenous people of Sweden and Mauritania.

As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

The Company received exploitation licences for the Ain Sder and Oued El Foule Est on 9 February 2019 by the government of its review of the applications. The Group is in discussions with the government to secure an exclusivity over the Oum Ferkik tenement. The carrying value of the Oum Ferkik tenement is \$2.6million.

Note 8 Payables-current

	31 December 2019	30 June 2019
	\$	\$
Trade payables	289,665	145,883
Accrued expenses	498,957	303,040
Other taxes payable	1,573	16,036
	<u>790,195</u>	<u>464,959</u>

Trade payables are non-interest bearing and arise from the usual operating activities of the Group. Trade and other payables are usually settled within the lower of terms or 30 days.

Due to the short-term nature of these payables, the carrying amounts recorded in the financial statements for trade payables and other payables are the fair values.

Note 9 Financial liabilities

	31 December 2019	30 June 2019
	\$	\$
Opening balance	266,667	-
Conversion rights issued	46,667	266,667
Conversion rights transferred to equity	(77,778)	-
Closing balance	<u>235,556</u>	<u>266,667</u>

On 30 April 2019, the Group entered into a Convertible Security Financing Agreement with Lind Global Marco Fund LP for proceeds (before costs) of A\$2,000,000. On 19 June 2019, shareholders approved the Replacement Convertible Security Financing Agreement on the same and terms and conditions. The Group entered into a Follow-on Convertible Security Facility Agreement with Lind Global Macro Fund LP on 18 November 2019 for proceeds (before costs) of A\$350,000.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

The Group has applied AASB 9 *Financial Instruments* to account for Convertible Security Facility Agreement and therefore, has recorded the amount due on maturity of both convertible note facilities above on a present value basis and recognised the implicit value of conversion rights granted to Lind Global Macro Fund LP.

As a result of the conversion by Lind of \$700,000 in convertible notes during the half-year ended 31 December 2019, the Group transferred a proportion of the conversion rights recognised as an other financial liability as equity. The remainder of the conversion rights will be transferred to equity as and when Lind exercises its conversion rights.

Note 10 Vendor obligations

	31 December 2019	30 June 2019
	\$	\$
Vendors of Nomads Mining Company sarl	71,911	71,295

On 11 June 2019, the Group executed a Binding Term Sheet (see ASX Announcement, dated 11 June 2019) with the shareholders of Nomads Mining Company sarl, an entity incorporated in Mauritania, to acquire a 70% equity interest in Nomads Mining Company sarl and on 26 June 2019 the Group and the shareholders of Nomads Mining Company sarl executed a Farm-in and Joint Venture Agreement. Under the terms and conditions of the above agreement, the Group agreed to the shareholders an entry fee of US\$150,000 with US\$25,000 payable in cash and the balance in fully paid ordinary shares in the Company. The Entry Fee was payable over 12 months in three equal instalments of US\$50,000 on 26 June 2019, US\$50,000 on 26 December 2019 and US\$50,000 on 26 June 2020.

The Company extinguished its cash obligations of 4 July 2019 and share obligation on 12 July 2019. With limited placement capacity available to the Company under ASX Listing Rule 7.1, the Company sought and received approval from Nomads to extend the due date. The Company has since this time negotiated a Deed of Variation to the Farm-in and Joint Venture Agreement and is awaiting execution by Nomads Mining Company sarl. The revised terms the Company will pay US\$30,000 in cash within seven days of execution of the Deed of variation and US\$20,000 in cash by no later than 22 April 2020.

Nomads Mining Company sarl is the holder of Exploration Licence 2688 Nderik.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

Note 11 Borrowings

	31 December 2019	30 June 2019
	\$	\$
Convertible note		
Current portion	801,245	694,215
Non-current portion	400,622	694,216
	<u>1,201,867</u>	<u>1,388,431</u>
Opening balance	1,388,431	-
Notes issued	350,000	2,000,000
Conversion rights	(46,667)	(266,667)
Options over ordinary shares	(52,826)	(429,200)
Conversion into ordinary shares	(700,000)	-
Finance cost	262,929	84,298
Closing balance	<u>1,201,867</u>	<u>1,388,431</u>
Present value	1,201,867	1,388,431
Finance costs	918,133	1,011,569
Future value	<u>2,120,000</u>	<u>2,400,000</u>

On 30 April 2019, the Group entered into a convertible note agreement with Lind Global Macro Fund, LLP (see ASX Announcement, dated 30 April 2019). Pursuant to the terms and conditions the Group issued a convertible note with a face value of \$2,400,000 to the Investor with proceeds before costs of \$2,000,000.

On 19 June 2019, the Company held a general meeting to seek approval for, amongst other resolutions, the issuance of the Replacement Convertible Note to the Investor. All resolutions were passed at the general meeting (see ASX Announcement, dated 20 June 2019).

Under the terms and conditions, Lind Global Macro Fund LP is entitled to convert a maximum of \$100,000 of convertible notes each month at 1.6 cents per share or 90% of the average 5 daily VWAPs chosen by Lind from the daily VWAPs for the 20 trading Days immediately prior to the conversion notice date.

The Group also issued Lind 50,000,000 Collateral Shares and 62,500,000 options over ordinary shares. On the Group fulfilling its obligations under the convertible note and repaying the convertible note in full by way of the issue of shares or payment of cash, Lind Global Macro Fund LP will transfer that number of Collateral Shares to the Group for no consideration to or at the direction of the Company; or, subject to the shares trading on ASX on the relevant day and trading for at least 5 trading days prior to payment, pay the Company in immediately available funds an amount equal to the outstanding Collateral Shareholding number multiplied by the Collateralisation Price.

The options over ordinary shares expire 3 years from the date of issue and have an exercise price of 1.6 cents per option over ordinary share.

On 18 November 2019, the Group entered into a Follow-on Convertible Security Facility Agreement with Lind Global macro Fund Ltd (see ASX Announcement, dated 18 November 2019). Under the terms and conditions, the Group secured proceeds before costs of \$350,000 for a convertible note with a face value of \$420,000. The Group also issued Lind 8,750,000 Collateral Shares and 20,000,000 options over ordinary shares as part of the terms and conditions to secure the additional funding. The terms and conditions governing the Collateral Shares were the same as those issued under the Replacement Convertible Facility Agreement and the options over

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

ordinary shares were issued for three years from the date of issue being 18 November 2019 with an expiry price of 0.754 cents per option over ordinary share. Since balance date, Lind Global Macro Fund LP has converted six tranches of convertible notes into fully paid ordinary shares in Aura Energy Limited. Accordingly, the Replacement Convertible Facility Agreement note has been reduced from \$2,400,000 to \$1,700,000 whilst the Follow-on Convertible Facility Agreement is \$420,000.

The Company has issued 156,349,219 fully paid ordinary shares (see ASX Announcements, dated 12 July 2019, 4 September 2019, 25 September 2019, 27 October 2019, 20 December 2019 and 23 December 2019) on the conversion of \$700,000 in convertible notes.

Grant date	Details	Exercise Price (cents)	Share Price @ date of grant (cents)	Expected Volatility	Expiry Date	Risk-free Interest rate	Value/ option	Number/ options
30/4/2019	Convertible Security Facility Follow-on	1.6000	1.0000	100%	30/04/2022	1.75%	429,200	62,500,000
18/11/2019	Convertible Security Facility	0.754	0.5000	100%	18/11/2022	1.51%	52,826	20,000,000

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

Note 12 Contributed equity

a. Equity raised during the financial year

		31 December 2019 \$	30 June 2019 \$
The Company has issued share capital amount to 1,423,940,558 (2019: 1,223,891,343) fully paid ordinary shares at no par value		47,465,963	46,315,108
Equity raised during the financial year			
At the beginning of the reporting period		46,315,150	44,698,295
Shares issued during the reporting period			
2,000,001 shares issued on 19 September 2018	a	-	40,000
1,441,425 shares issued on 19 September 2018	b	-	33,081
852,381 shares issued on 19 November 2018	c	-	16,707
17,500,000 shares issued on 4 January 2019	d	-	385,000
20,750,000 shares issued on 12 February 2019	e	-	332,000
4,687,500 shares issued on 25 February 2019	f	-	75,000
13,687,000 shares issued on 22 March 2019	g	-	219,000
26,890,922 shares issued on 22 April 2019	h	-	322,691
50,000,000 shares issued on 30 April 2019	i	-	-
4,600,229 shares issued on 22 May 2019	j	-	63,483
2,261,872 shares issued on 29 May 2019	k	-	21,777
9,828,718 shares issued on 29 May 2019	l	-	108,116
11,111,111, shares issued on 12 July 2019	m	100,000	-
5,000,000 shares issued on 12 July 2019	n	105,000	-
3,251,773 shares issued on 12 July 2019	o	36,127	-
1,893,233 shares issued on 12 July 2019	p	21,564	-
1,931,218 shares issued on 12 August 2019	q	21,475	-
14,285,715 shares issued on 4 September 2019	r	100,000	-
2,041,281 shares issued on 4 September 2019	s	22,209	-
16,666,667 shares issued on 24 September 2019	t	100,000	-
18,811,259 shares issued on 24 September 2019	u	150,490	-
2,021,250 shares issued on 24 September 2019	v	16,170	-
14,285,715 shares issued on 27 October 2019	w	100,000	-
8,750,000 shares issued on 18 November 2019	x	-	-
33,333,334 shares issued on 20 December 2019	y	100,000	-
66,666,668 shares issued on 23 December 2019	z	200,000	-
		1,073,035	1,616,855
Transaction costs relating to share issues		-	-
		1,073,035	1,616,855
Conversion rights transferred to equity		77,778	-
At the reporting date		47,465,963	46,315,150

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

		31 December 2019 Number	30 June 2019 Number
Ordinary shares on issue at the start of the reporting date		1,223,891,343	1,069,390,795
Shares issued during reporting period			
2,000,001 shares issued on 19 September 2018	a	-	2,000,001
1,441,425 shares issued on 19 September 2018	b	-	1,441,425
852,381 shares issued on 19 November 2018	c	-	852,381
17,500,000 shares issued on 4 January 2019	d	-	17,500,000
20,750,000 shares issued on 12 February 2019	e	-	20,750,000
4,687,500 shares issued on 25 February 2019	f	-	4,687,500
13,687,000 shares issued on 22 March 2019	g	-	13,687,500
26,890,922 shares issued on 22 April 2019	h	-	26,890,922
50,000,000 shares issued on 30 April 2019	i	-	50,000,000
4,600,229 shares issued on 22 May 2019	j	-	4,600,229
2,261,872 shares issued on 29 May 2019	k	-	2,261,872
9,828,718 shares issued on 29 May 2019	l	-	9,828,718
11,111,111, shares issued on 12 July 2019	m	11,111,111	-
5,000,000 shares issued on 12 July 2019	n	5,000,000	-
3,251,773 shares issued on 12 July 2019	o	3,251,773	-
1,893,233 shares issued on 12 July 2019	p	1,893,233	-
1,931,218 shares issued on 12 August 2019	q	1,931,218	-
14,285,715 shares issued on 4 September 2019	r	14,285,715	-
2,041,281 shares issued on 4 September 2019	s	2,041,281	-
16,666,667 shares issued on 24 September 2019	t	16,666,667	-
18,811,259 shares issued on 24 September 2019	u	18,811,250	-
2,021,250 shares issued on 24 September 2019	v	2,021,250	-
14,285,715 shares issued on 27 October 2019	w	14,285,715	-
8,750,000 shares issued on 18 November 2019	x	8,750,000	-
33,333,334 shares issued on 20 December 2019	y	33,333,334	-
66,666,668 shares issued on 23 December 2019	z	66,666,668	-
		200,049,215	154,500,548
At the reporting date		1,423,940,558	1,223,891,343

The details of each issue of shares are as follows:

- a Exercise of options over ordinary shares (expiry 15 November 2018)
- b Issue of shares for settlement of supplier obligations
- c Issue of shares for settlement of supplier obligations
- d Conversion of performance shares into ordinary shares
- e Issue of shares pursuant to private placement
- f Issue of shares pursuant to private placement
- g Issue of shares under terms and conditions of share purchase plan
- h Issue of shares for settlement of supplier obligations
- i Issue of collateral shares to Lind Global Macro Fund LP
- j Issue of shares for services under Letter of Engagement
- k Issue of shares for services under Letter of Engagement
- l Issue of shares pursuant to securing option of gold exploration licence in Mauritania
- m Issue of shares on conversion of convertible notes
- n Conversion of performance shares into ordinary shares
- o Issue of shares on execution of Farm-in and Joint Venture Agreement
- p Issue of shares pursuant to Letter of Engagement
- q Issue of shares pursuant to Letter of Engagement
- r Issue of shares on conversion of convertible notes
- s Issue of shares pursuant to Letter of Engagement
- t Issue of shares on conversion of convertible notes
- u Issue of shares pursuant to drilling contract

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

- v Issue of shares to broker under previous Nominated Advisor Agreement
- w Issue of shares on conversion of convertible notes
- x Issue of shares pursuant to terms of Follow-on Convertible Facility
- y Issue of shares on conversion of convertible notes
- z Issue of shares on conversion of convertible notes

Ordinary shares

Ordinary shares have the rights to receive dividends as declared and, in the event of winding up, participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, the shares held.

Each fully paid ordinary share carries one vote.

Ordinary shares issued to shareholders since incorporation have had no par value.

Options over ordinary shares

There are no options over ordinary shares on issue.

Performance shares

At the general meeting of shareholders on the 30 November 2017, the Executive Chairman of the Company was awarded 35,000,000 performance shares with 17,500,000 vesting on 30 November 2018 and the remainder on the 30 November 2019.

On 17 June 2018, Messrs NJ Clifford, WR Goodall and JM Madden were awarded 5,000,000 performance shares with 33.3% vesting on 17 June 2019, 33.3% vesting on 17 June 2020 and 33.4% vesting on 17 June 2021.

The Group has accounted for the above-mentioned performance shares in accordance with AASB 2 Share-based payments.

b. Options over ordinary shares and performance shares on issue

The total number of options and performance shares on issue is as follows:

	31 December 2019	30 June 2019
	No	No
Performance shares	27,500,000	27,500,000
Unlisted options over ordinary shares	129,079,588	214,815,732
Unlisted warrants over ordinary shares	-	6,578,699
	<u>156,579,588</u>	<u>248,894,431</u>

Note 13 Reserves

a. Share-based payments reserve

	31 December 2019	30 June 2019
	\$	\$
Opening balance	855,670	280,638
Issue of options	52,826	429,200
Issue of performance shares	163,629	530,832
Expiry of options	(97,789)	-
Conversion of performance shares	(105,000)	(385,000)
Closing balance	<u>869,336</u>	<u>855,670</u>

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

b. Translation

	31 December 2019	30 June 2019
	\$	\$
Opening balance	418,159	357,749
Translation of foreign currency financial statements into the functional currency	48,774	60,410
Closing balance	466,933	418,159

c. Other contributed equity

	31 December 2019	30 June 2019
	\$	\$
Loyalty options acquired by shareholders	78,167	-

Note 14 Accumulated losses

	31 December 2019	30 June 2019
	\$	\$
Balance at start of the financial period	(27,939,514)	(25,043,252)
Net loss for the year	(1,231,480)	(2,896,262)
Options expired during the year	97,789	-
	(29,073,205)	(27,939,514)

Note 15 List of controlled entities

The financial statements include the financial statements of the parent entity and the controlled entities listed in the following table:

Name	Country of Incorporation	31 December 2019	30 June 2019
Vanadis Battery Metals AB	Sweden	100%	100%
Aura Energy Mauritania Pty Ltd	Australia	100%	100%
Tiris Ressources SA	Mauritania	85%	85%
Tiris International Mining Company sarl	Mauritania	100%	100%

Note 16 Share-based payments

	31 December 2019	31 December 2018
	\$	\$
Performance shares	163,629	312,083

a. On 30 November 2017, shareholders approved the award of 35,000,000 performance shares to Mr PD Reeve pursuant to an amendment to the Contract of Employment agreed between the Company and Mr PD Reeve on 9 February 2015:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

The following tranches set out the vesting periods for the award of performance shares to Executive Chairman and Managing Director of the Company:

- 17,500,000 will vest on 30 November 2018.
- 17,500,000 will vest on 30 November 2019.

The final tranche of performance shares awarded to Mr PD Reeve vested on 30 November 2019 but have not been converted into fully paid ordinary shares as at the end of the financial period 31 December 2019.

\$132,129 (2018: \$266,583) was the deemed cost of the performance shares for the financial year. The performance shares hold no voting or dividend rights and are not transferable.

b. On 17 June 2018, the Company approved the award of 17,500,000 performance shares to Messrs NJ Clifford and JM Madden and Dr WR Goodall with the board of directors ratifying the award on 4 September 2018. The performance shares were awarded under the Employee Share Plan..

The following tranches set out the vesting periods for the award of performance shares to the above-mentioned management of the Company:

- 5,000,000 will vest on 17 June 2019.
- 5,000,000 will vest on 17 June 2020.
- 5,000,000 will vest on 17 June 2021.

5,000,000 performance shares vested on 17 June 2019 and were converted into fully paid ordinary shares on 12 July 2019.

\$31,500 (2018: \$45,500) was the deemed cost of the performance shares for the financial year. The performance shares hold no voting or dividend rights and are not transferable.

c. Summary of options over ordinary shares issued as share-based payments

	31 December 2019		31 December 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at start of the financial period	168,236,144	0.0275	131,275,807	0.1018
Issued				
18 Jul 2019	15,430,919	0.0220	-	-
30 Sep 2019	11,604,161	0.0220	-	-
30 Sep 2019	19,544,508	0.0220	-	-
18 Nov 2019	20,000,000	0.0075	-	-
Exercised	-	-	(2,000,001)	(0.0200)
Expired				
30 Sep 2019	(96,815,790)	(0.0330)	(16,960,944)	(0.0250)
30 Sep 2019	(5,000,000)	(0.0330)	-	-
30 Sep 2019	(2,747,788)	(0.0330)	-	-
30 Sep 2019	(1,172,566)	(0.0330)	-	-
Outstanding at the end of the financial period	129,079,588	0.0169	112,314,862	0.0275
Exercisable	129,079,588	0.0169	112,314,862	0.0275

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

6,578,699 warrants over ordinary shares issued WH Ireland Limited on 12 September 2016 expired during the first half of the financial period ended 31 December 2019.

d. Summary of performance shares issued as share-based payments

	31 December 2019		31 December 2018	
	Number of performance shares	Weighted average price	Number of performance shares	Weighted average price
Outstanding at start of the financial period	27,500,000	0.0220	32,500,000	0.0220
Issued	-	-	-	-
Converted	-	-	-	-
Outstanding at the end of the financial period	27,500,000	0.0220	32,500,000	0.0220
Convertible at period end	17,500,000	0.0210	-	-

e. Fair value of warrants granted

Aura Energy Limited granted WH Ireland on 12 September 2016 6,578,699 3-year warrants at an exercise price of 2 cents per warrant over ordinary share. These warrants expired during the half-year ended 31 December 2019.

Note 17 Events after balance date

The Company has made the following issues of shares following the end of the half-year 31 December 2019:

- 105,416,667 fully paid ordinary shares were issued to subscribers in Australia and the United Kingdom to a Private Placement on 14 January 2020 at 0.45 cents per share which raised \$474,375.
- 11,164,037 fully paid ordinary shares were issued to SD Capital Advisory Limited and GKB Ventures Limited on 10 February in lieu of financial advisory services (1 September 2019 to 31 December 2019) pursuant to a Letter of Engagement, dated 25 January 2019, to assist with the securing funding for the Tiris and Haggan projects from Export Credit Agencies.
- 48,750,000 fully paid ordinary shares to Lind Global Macro Fund LP on conversion of \$146,250 in convertible notes on 18 February 2020 at a share price of 0.3 cents per share under the terms and conditions of the Replacement Convertible Security Facility Agreement, dated 19 June 2019, and the Replacement Follow-on Convertible Security Facility Agreement, dated 31 January 2020.
- 7,193,788 fully paid ordinary shares were issued to SD Capital Advisory Limited and GKB Ventures Limited on 4 March 2019 in lieu of financial advisory services (1 January 2020 to 28 February 2020) pursuant to a Letter of Engagement, dated 25 January 2019, to assist with the securing funding for the Tiris and Haggan projects from Export Credit Agencies.
- 50,000,000 fully paid ordinary shares to Lind Global Macro Fund LP on conversion of \$200,000 in convertible notes on 9 March 2020 at a share price of 0.3 cents per share under the terms and conditions of the Replacement Convertible Security Facility Agreement, dated 19 June 2019, and the Replacement Follow-on Convertible Security Facility Agreement, dated 31 January 2020.

Note 18 Cash flow statement reconciliation

	31 December 2019	31 December 2018
	\$	\$
Net loss after tax	(1,231,480)	(1,399,044)
<i>Adjusted for:</i>		
Depreciation	2,125	3,624
Exchange fluctuation	1,754	(35,617)
Exploration and evaluation expenditure capitalised and included in operating cash flows	(736,865)	(1,086,131)
Finance costs	292,929	-
Impairment	39,655	178,087
Share-based payments	245,047	361,871
Provisions	36,834	25,361
Other	17,095	-
<i>Changes in other current assets and current liabilities</i>		
Current assets		
Receivables	(25,571)	(126,452)
Current liabilities		
Payables	291,589	(159,256)
	<u>(1,066,888)</u>	<u>(2,237,557)</u>

Note 19 Contingent liabilities

Global Coal Management plc

On 15 October 2010, the Company and Global Coal Management plc entered into a Share Sale and Purchase Agreement which resulted in the Company acquiring all the shares on issue in GCM Africa Uranium, the entity which held the beneficial interest of GCM in the above-mentioned research permits in Mauritania.

The Company paid GCM US\$100,000 on execution of the Share Sale and Purchase Agreement; US\$472,183 in cash plus 2,000,000 fully paid ordinary shares in the Company on completion (due diligence); and, US\$500,000 on the first anniversary of completion.

The Company also agreed to pay a contingent consideration:

- US\$2,000,000 (in cash and shares as determine by the Company) on the delineation of 75 million pounds or more Initial Resource (not defined in the Letter Agreement) under the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves; and
- US\$400,000 in cash and 400,000 fully paid ordinary shares in the Company for each Subsequent Resource of 6,500,000 pounds up to a maximum of US\$4,000,000 in cash and 4,000,000 in fully paid ordinary shares.

The obligations to make the contingent consideration payments are held by the Company and the contingent consideration is only payable if the Initial Resource and Subsequent Resource are achieved within 10 years of the date of the Share Sale and Purchase Agreement. Accordingly, the obligation to pay the contingent consideration expires on 15 October 2020.

Servico sari

The Group executed a Letter Option Agreement with Servico sari on 29 May 2019 over a tenement prospective for gold within the vicinity of tenements held by the Group through its controlled entity Tiris International Mining Company Sarl. Under the terms and conditions of the Letter Option Agreement, the Company agreed to pay service:

- US\$25,000 in cash; and

- US\$75,000 in fully paid ordinary shares.

on execution of the Letter Option Agreement.

On or prior to each anniversary of the commencement date and for a period of five years Aura must inform Servico whether it wishes to continue to hold its Option or terminate the Option. If the Group elects to continue to hold its Option by way of written notice to Servico on each anniversary date after the commencement it will pay Servico US\$25,000, at Aura's election, in either cash or fully paid ordinary shares. (If Aura holds the Option for the duration of the Option Period set out in this Agreement it will make total payments to Servico of US\$125,000.) If the Group elects to terminate its Option, it must inform Servico within seven days of its decision and arrange for its legal representative in Mauritania to return to Servico the share transfer book and the Tenement title documents.

On termination of the Option Servico is free to explore and exploit the tenement at its own cost and the rights and obligations of the Group under this Agreement will cease

If the Group elects to exercise its Option and notifies Servico in writing of this decision to exercise the Option:

- Servico must transfer the tenement to a nominated Mauritanian-incorporated entity of the Group within 30-days of the written notice; and
- Aura must pay Servico US\$500,000, at Group's election, by way of cash or in fully paid ordinary shares within 30-days of the notice and issue Servico with shares in the nominated Mauritanian incorporated entity equal to 30 per cent of the paid-up capital of the Mauritanian entity.

If mining and treatment are undertaken on the tenement by the joint venture and Aura is a 70% party to the Joint Venture, Servico will be entitled to a royalty equal to US\$1,000,000 for every 200,000 ounces of gold produced from mining and treatment of minerals extracted from the tenement (or US\$5 per ounce of gold produced from mining and treatment of minerals extracted from the tenement). If mining and treatment are undertaken on the tenement by the joint venture and the Group is a 70% party to the Joint Venture, Servico will be entitled to a one-off payment of US\$1,000,000 from the first US\$1,000,000 of gold proceeds.

If a party to the joint venture is unable to fund its share of developing of mining and treatment, the non-defaulting parties will have rights to dilute the defaulting venturer.

Geogruppen I Goteburg AB and Met Forages sarl

The Company executed a Drilling Services Agreement with Geogruppen on 14 February 2019 and a Drilling Services Agreement with Met Forages on 8 August 2019. Geogruppen and Met Forages agreed to have drilling invoices settled by way of the issue of fully paid ordinary shares in the Company. The Company agreed to pay the face value of all Swedish Kroner and US dollar invoices submitted by Geogruppen and Met Forages, respectively, and therefore, any difference between the proceeds on sale of its shares and the face value of the invoices will be reimbursed by the Company.

At the date of this annual report, both Geogruppen and Met Forages have not sold any shares issued to each party under their respective Drilling Settlement Agreements.

Nomads Mining Company sarl

On 11 June 2018, the Group executed a Binding Term Sheet (see ASX Announcement, dated 11 June 2019) with the shareholders of Nomads Mining Company sarl, an entity incorporated in Mauritania, to acquire a 70% equity interest in Nomads Mining Company sarl and on 26 June 2019 the Group and the shareholders of Nomads Mining Company sarl executed a Farm-in and Joint Venture Agreement.

Under the terms and conditions of the above agreement, the Group agreed to pay the shareholders of Nomads an entry fee of US\$150,000. The first entry fee of US\$25,000 in cash and the Australian dollar equivalent of US\$25,000 in fully paid ordinary shares was paid on execution of the agreement. The second instalment of the entry fee (US\$50,000) is payable, no later than six months after the date of execution and third instalment of the entry fee (US\$50,000) by way of either cash or fully paid ordinary is payable no later than twelve months from the date of execution. The second and third instalment fees are conditional on the Group continuing to exploration the ground held by Nomads.

On completion of US\$1,000,000 exploration programme (the Farm-in Commitment) on the tenement held by Nomads, the shareholders of Nomads will assign 70% of their uncertificated equity interest in Nomads to the Group. On the Group is assigned the uncertificated equity interest is assigned the shareholders of Nomads, comprising the group and the existing shareholders of Nomads, will form a joint venture with the Group to be appointed manager.

The Group will provide the shareholders of Nomads with a free-carry through to development and a deferred carry following the decision to mine. The deferred carry is repayable with interest out of dividends declared by nomads once in operations.

Tiris International Mining Company sari

On 25 June 2016, the Group Tiris International Mining Company sari ("TIMCO") and Sid Ahmed Mohamed Lemine Sidi Reyoug executed the Tasiast South sale and purchase agreement. On 2 April 2019, TIMCO was granted tenements 2457 (Hadeibet Bellaa) and 2458 (Touerig Taet) by the Ministry of Petroleum Energy and Mines.

Under the terms and conditions of the agreement if the Group proves up an 'Indicated Resource' greater than one million ounces of gold it will be required to pay Sid Ahmed Mohamed US\$250,000 and, on commencement of production, Aura is required to pay Sid Ahmed Mohamed US\$5/ounce of gold and a 0.4% net sales revenue royalty on other commodities with total royalty payments capped to a maximum of US\$5 million.

Note 20 Financial instruments

The Group's financial instruments consist of financial assets and liabilities which are measured at amortised cost including trade and other receivables and trade payables and convertible notes.

The carrying value of the financial assets and liabilities include these condensed consolidated interim financial statements approximate their fair value.

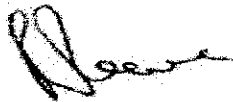
DIRECTORS' DECLARATION

In accordance with a resolution of the board of directors of Aura Energy Limited, I state that:

In the opinion of the board of directors:

- (a) financial statements, the accompanying notes to the financial statements and the additional disclosures set out in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of their performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board, as disclosed in Note 1a; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors



PD Reeve
Executive Chairman
12 March 2020

Independent Auditor's Review Report

To the Members of Aura Energy Limited

We have reviewed the accompanying half-year financial report of Aura Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Bentleys Audit & Corporate
(WA) Pty Ltd

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Independent Auditor's Review Report

To the Members of Aura Energy Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aura Energy Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(iii) in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$1,231,480 during the half year ended 31 December 2019. As stated in Note 1(III), these events or conditions, along with other matters as set forth in Note 1(III), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

A handwritten signature in cursive script that reads 'Bentleys'.

BENTLEYS
Chartered Accountants

A handwritten signature in cursive script that reads 'Mark DeLaurentis'.

MARK DELAURENTIS CA
Partner

Dated at Perth this 12th day of March 2020

ADDITIONAL INFORMATION REQUIRED BY ASX LISTING RULES

Tenement report

Country	Tenement Number	Name	Grant/ Application date	Expiry date	kms/sq	Holder	Equity
Mauritania	2491C4	Ain Sder	8/02/2019	Exploitation Licence	190	Tiris Ressources SA	85%
	2492C4	Oued El Foule Est	8/02/2019	Exploitation Licence	207	Tiris Ressources SA	85%
	561	Oum Ferkik	16/04/2008	Subject to exclusivity	60	Aura Energy Limited	100%
	2365	Oued el Foule Sud	19/02/2018	negotiation	224	Aura Energy Limited	100%
	2366	Agouyame	19/02/2018	19/02/2021	34	Aura Energy Limited	100%
	2457	Hadeibet Bellaa	2/04/2019	2/04/2022	41	Tiris International Mining	100%
Sweden	2458	Touerig Taet	2/04/2019	2/04/2022	134	Tiris International Mining	100%
	2007-243	Haggan nr 1	28/08/2007	28/08/2022	18.3	Vanadis Battery Metals AB	100%
	2018-9	Mockelassen nr 1	21/01/2019	21/01/2022	17.6	Vanadis Battery Metals AB	100%
	2018-7	Skallbde nr 1	20/01/2019	20/01/2022	7.8	Vanadis Battery Metals AB	100%