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energy

AURA ENERGY LIMITED

**Interim Financial Report
for the half-year ended
31 December 2022**

ABN 62 115 927 681

Aura Energy Limited

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Interim financial report - 31 December 2022

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Directors	Mr Philip Mitchell <i>Non-Executive Chairman</i> Dr Warren Mundine <i>Non-Executive Director</i> Mr Bryan Dixon <i>Non-Executive Director</i> Mr Patrick Mutz <i>Non-Executive Director</i> Mr David Woodall (appointed 17 October 2022) <i>Managing Director & CEO</i>
Secretary	Mr Phillip Hains
Principal registered office in Australia	Suite 1, Level 3 62 Lygon Street Carlton Victoria 3053 Australia +61 3 9824 5254
Share and debenture register	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA
Auditor	Hall Chadwick WA Audit Pty Ltd 283 Rokeby Road Subiaco WA 6008
Solicitors	Dentons Australia Limited 77 Castlereagh St Sydney NSW 2000
Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
Nominated adviser	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London United Kingdom W1S 2PP
Joint brokers	SP Angel Corporate Finance LLP WH Ireland Limited
Stock exchange listings	Australian Securities Exchange (ASX) and AIM Market of the London Stock Exchange
Website	www.auraenergy.com.au

Review of operations and activities

Financial review

Aura Energy Limited ("Aura", or the "Company") has reported a loss for the half-year ended 31 December 2022 of \$3,316,842 (31 December 2021: \$624,048). As at 31 December 2022, the consolidated entity's net assets decreased to \$33,146,135 compared with \$33,614,450 as at 30 June 2022, including cash reserves of \$6,203,179 (30 June 2022: \$9,950,777).

Review of operations

The Company is an ASX and AIM listed resources company, transitioning from exploration to production from the Tiris Uranium Project in Mauritania and ongoing development of the Häggån Vanadium Polymetallic Project, Sweden. The Company also holds gold and base metals projects in Mauritania.

During the six-month period to 31 December 2022 (the "Period"), Aura completed product analysis and infill drilling activities at its flagship Tiris Project in Mauritania, and accelerated the transition to development activities under a revised strategy, with multiple milestones due to be reached in the second half of FY23.

Tiris Uranium Project ("Tiris" or the "Project"), Mauritania

The Tiris project is the Company's flagship project.

Demand for uranium is expected to grow significantly over the next two decades. The Company has the potential to develop a low-capital/low-operating-cost mining project for the benefit of the Company's shareholders and the Mauritanian people. The World Nuclear Association (WNA) has reported that there are currently 60 nuclear reactors under construction around the world, 104 nuclear reactors in the planning phase and 338 nuclear reactors being evaluated and proposed around the world by various governments and entities. The WNA reports that approximately half of the forecast growth in nuclear power generation will be in China.

During the Period, the Company:

- Completed 11,600 metres of infill drilling program, which increased Measured & Indicated Resources by 52% to 58.9 million pounds of U₃O₈, 113 million tonnes at 236 ppm U₃O₈ at a 100 ppm cut-off grade.
- Completed initial radiometric fieldwork with the goal of growing resources.
- The Australian Nuclear Science and Technology Organisation (ANSTO) undertook, leaching, Ion Exchange and purification tests on pilot plant products in Sydney and confirmed that the uranium product planned to be produced at the Tiris Project will meet ASTM International specifications (there are approximately 12,500 global standards set by this international body which has 140 countries as members). These beneficiation trials have cleared the way for marketing discussions with downstream nuclear utilities and converters.
- Submitted management plans for authorisation of uranium production and export to the National Authority for Radiation-protection, Safety and Nuclear Security ("ARSN") in Mauritania.

The Company:

- Progressed, on schedule, the optimisation of the Tiris project feasibility study, which is assessing the feasibility to increase the annual production target of U₃O₈. The Company's goal is to complete the optimisation feasibility study during the January-March 2023 quarter which will provide key inputs for the Front-End Engineering and Design ("FEED") studies.
- Commenced the FEED studies.

Subsequently to the Period end, the Company executed a 30-year Mining Convention with the Government of Mauritania a 30-year Mining Convention for the Tiris project. The Convention was announced on 1 February 2023. This agreement confirms the security of tenure and the fiscal stability that enables the development of the Tiris Project and near-term uranium production.

Review of operations and activities

Review of operations (continued)

Häggån Polymetallic Project ("Häggån Project"), Sweden

The Häggån Project contains a world-class vanadium resource and has the potential to contribute to development as a significant battery metals hub in Europe. The polymetallic nature of the project would also result in the recovery of nickel, molybdenum, and uranium. Recovery of by-products will be assessed as the project proceeds, dependent on economic viability and permitting requirements. The Swedish Parliament is currently debating the present restrictions on uranium production and whether they should be rescinded. National elections were held in Sweden in September 2022 and energy security was a central issue during the election campaign. The newly elected parties have stated their intent to remove the present ban on uranium mining and to support the streamlining of permitting battery metal projects.

The focus of the Company is to progress the conversion of the exploration licenses into an exploitation permit to progress the approvals to develop the Häggån Project in 2024. The exploitation permit requires the completion of a technical study, an industry-standard geological resource and an initial environment assessment including the commencement of baseline environmental monitoring.

During the Period, the Company:

- Progressed the economic study into the development and production at the Häggån Project key to obtaining the exploitation permit.
- Progressed strategies for the Häggån Project to support Sweden's industrial decarbonisation strategy through an integrated value chain from primary production to V₂O₅ electrolyte and potential expansion of their nuclear energy capacity.
- Development of enhanced consultation and collaboration strategies for all stakeholders at the national, regional, SAMI peoples and community levels.

Gold and base metals assets, Mauritania

The Company has fulfilled its expenditure obligation to earn a 70% equity interest in Nomads Mining sarl which holds the Nderk tenement. At this time, the Company is in the process of completing the documentation to register its 70% equity interest.

Applications for the second exploration period under the granted exploration tenements held by Tiris International Mining Company sarl ("TIMCO") are awaiting approval from the Ministry of Petroleum, Energy and Mines ("MPEM") and, based on discussions with MPEM are expected in the second half of 2023.

Corporate

On 17 October 2022, David Woodall was appointed as Managing Director and Chief Executive Officer. Mr Woodall brings over 30 years of international mining experience across technical, managerial, consulting, executive and director roles to the Company.

Dr Will Goodall, who had held the position of acting CEO, has accepted the role of Chief Operating Officer with effect from 17 October 2022.

The directors present their report on the consolidated entity consisting of the Company and its controlled entities at the end of, or during, the half-year ended 31 December 2022. Financial comparisons used in this report are of results for statements of profit and loss and cash flow for the half-year ended 31 December 2021 (the prior corresponding period) and the statement of financial position for 30 June 2022.

Directors and company secretary

The following persons held office as directors of the Company during the financial period:

Mr Philip Mitchell
Dr Warren Mundine
Mr Bryan Dixon
Mr Patrick Mutz
Mr David Woodall (appointed 17 October 2022)

Principal activities

The principal activities of the consolidated entity during the financial Period were the exploration and evaluation of uranium and vanadium in Mauritania and Sweden.

There was no significant change in the nature of these activities during the Period.

Dividends

No dividends have been paid or declared by the Company for the current financial period. No dividends were paid for the previous financial period.

Events since the end of the reporting period

Exercise of options

Between the period end and the date of this report, shareholders have exercised 1,910,877 options at an exercise price of \$0.052 and 1,923,076 options at an exercise price of \$0.104, raising a total of \$299,366 in funds.

Mining Conventions signed with the Government of Mauritania

The Company announced on 1 February 2023, that it had obtained the Mauritanian Government's approval and had executed mining conventions providing tenure security and fiscal certainty for an initial 30-year period.

Shareholders' Agreement signed with Agence Nationale de Recherches Géologiques et du Patrimoine Minier ("ANARPAM")

The Company announced on 1 February 2023, that its subsidiary, Tiris Ressources SA ("Tiris SA"), and the Mauritanian Government's State Owned Enterprise (SOE) ANARPAM, had signed a Shareholders' Agreement. The Agreement creates a long-term partnership with Mauritania in the development and operation of the Tiris Project. In the agreement, ANARPAM will be a 15% shareholder in Tiris SA with an option to acquire at an independent market price an additional 5%. These arrangements are consistent with the Mauritanian Mining Code which provides for up to 20% Mauritanian Government ownership.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected the consolidated entity's operations, results or state of affairs, or may do so in future periods.

Proceedings on behalf of the consolidated entity

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.

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 6.

This report is made in accordance with a resolution of directors.

A handwritten signature in blue ink, appearing to read 'David Woodall', is positioned above the printed name and title.

Mr David Woodall
Managing Director & CEO

16 March 2023

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the review of the financial statements of Aura Energy Limited for the half year ended 31 December 2022, 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


HALL CHADWICK WA AUDIT PTY LTD


D M BELL CA
Director

Dated this 16th day of March 2023
Perth, Western Australia

Aura Energy Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year 31 December 2022

		Consolidated entity		31 December 2022	31 December 2021
	Notes			\$	\$
Other income	3		-	92,496	
Other gains/(losses) – net	3		(129,426)	44,822	
Employee benefits			(398,293)	(223,034)	
General and administration expenses	3		(1,151,054)	(473,124)	
Share-based payments	6(c)		(1,221,745)	(62,160)	
Operating loss			(2,900,518)	(621,000)	
Finance income			24,112	29	
Finance expenses			-	(4)	
Finance costs - net			24,112	25	
Loss before income tax			(2,876,406)	(620,975)	
Income tax expense			-	-	
Profit from continuing operations			(2,876,406)	(620,975)	
Profit/(loss) from disposal group	7		(440,436)	(3,073)	
Loss for the Period			(3,316,842)	(624,048)	
Profit is attributable to:					
Owners of Aura Energy Limited			(3,304,204)	(624,048)	
Non-controlling interests			(12,638)	-	
			(3,316,842)	(624,048)	
Other comprehensive income					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations			9,696	66,676	
Total comprehensive loss for the Period			(3,307,146)	(557,372)	
Total comprehensive income for the Period is attributable to:					
Owners of Aura Energy Limited			(3,294,789)	(557,372)	
Non-controlling interests			(12,357)	-	
			(3,307,146)	(557,372)	
			Cents	Cents	
Loss per share for profit attributable to the ordinary equity holders of the Company:					
Basic/diluted loss per share			(0.64)	(0.16)	

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Aura Energy Limited
Condensed consolidated statement of financial position
As at 31 December 2022

		Consolidated entity	
		31 December	30 June
		2022	2022
Notes		\$	\$
ASSETS			
Current assets			
	Cash and cash equivalents	5(a) 6,203,179	9,950,777
	Other receivables	34,480	21,501
	Other current assets	186,978	155,246
	Assets classified as disposal group	7 2,333,331	2,453,620
	Total current assets	8,757,968	12,581,144
Non-current assets			
	Exploration and evaluation	4 25,570,326	22,323,176
	Plant and equipment	3,791	4,557
	Total non-current assets	25,574,117	22,327,733
	Total assets	34,332,085	34,908,877
LIABILITIES			
Current liabilities			
	Trade and other payables	5(b) 1,012,448	1,201,706
	Employee benefit obligations	47,061	14,947
	Other current liabilities	667	1,067
	Liabilities directly associated with assets classified as disposal group	7 125,774	76,707
	Total current liabilities	1,185,950	1,294,427
	Total liabilities	1,185,950	1,294,427
	Net assets	33,146,135	33,614,450
EQUITY			
	Share capital	6(a) 71,533,328	69,357,543
	Other equity	314,346	314,346
	Other reserves	6(b) 4,619,286	3,946,825
	Accumulated losses	(43,545,041)	(40,240,837)
	Non-controlling interests	224,216	236,573
	Total equity	33,146,135	33,614,450

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Aura Energy Limited
Condensed consolidated statement of changes in equity
For the half-year 31 December 2022

Consolidated entity	Attributable to owners of Aura Energy Limited				Total equity \$
	Share capital \$	Other equity \$	Other reserves \$	Accumulated losses \$	
Balance at 1 July 2021	56,227,736	314,346	2,065,843	(36,607,011)	22,000,914
Loss for the Period	-	-	-	(624,048)	(624,048)
Other comprehensive income	-	-	66,676	-	66,676
Total comprehensive income/(loss) for the Period	-	-	66,676	(624,048)	(557,372)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	(228,936)	-	-	-	(228,936)
Options issued	-	-	2,030,390	-	2,030,390
Options exercised	1,931,993	-	(454,041)	-	1,477,952
Performance shares converted	175,000	-	(175,000)	-	-
Loan funded securities	-	-	62,160	-	62,160
	1,878,057	-	1,463,509	-	3,341,566
Balance at 31 December 2021	58,105,793	314,346	3,596,028	(37,231,059)	24,785,108

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Aura Energy Limited
Condensed consolidated statement of changes in equity
For the half-year 31 December 2022
(continued)

	Attributable to owners of Aura Energy Limited				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Other equity \$	Other reserves \$	Accumulated losses \$			
Consolidated entity							
Balance at 1 July 2022	69,357,543	314,346	3,946,825	(40,240,837)	33,377,877	236,573	33,614,450
Loss for the Period	-	-	-	(3,304,204)	(3,304,204)	(12,638)	(3,316,842)
Other comprehensive income	-	-	9,415	-	9,415	281	9,696
Total comprehensive income/(loss) for the Period	-	-	9,415	(3,304,204)	(3,294,789)	(12,357)	(3,307,146)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	(11,498)	-	-	-	(11,498)	-	(11,498)
Share-based payments	243,000	-	-	-	243,000	-	243,000
Options exercised	1,944,283	-	(558,699)	-	1,385,584	-	1,385,584
Loan funded securities	-	-	1,221,745	-	1,221,745	-	1,221,745
	2,175,785	-	663,046	-	2,838,831	-	2,838,831
Balance at 31 December 2022	71,533,328	314,346	4,619,286	(43,545,041)	32,921,919	224,216	33,146,135

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Aura Energy Limited
Condensed consolidated statement of cash flows
For the half-year 31 December 2022

		Consolidated entity	
		31 December	31 December
		2022	2021
Notes		\$	\$
Cash flows from operating activities			
	Payments to suppliers and employees (inclusive of GST)	(1,449,937)	(1,200,788)
	Interest received	24,112	29
	Net cash outflow from operating activities	<u>(1,425,825)</u>	<u>(1,200,759)</u>
Cash flows from investing activities			
	Payments for property, plant and equipment	-	(3,010)
	Payments for exploration and evaluation	(4,295,300)	(1,461,292)
	Net cash outflow from investing activities	<u>(4,295,300)</u>	<u>(1,464,302)</u>
Cash flows from financing activities			
	Proceeds from issues of shares and other equity securities	-	2,005,390
	Share issue transaction costs	(11,498)	(453,226)
	Repayment of borrowings	-	(312,500)
	Exercise of options	1,385,184	1,477,952
	Net cash inflow from financing activities	<u>1,373,686</u>	<u>2,717,616</u>
	Net (decrease)/increase in cash and cash equivalents	(4,347,439)	52,555
	Cash and cash equivalents at the beginning of the financial period	10,706,700	3,206,855
	Effects of exchange rate changes on cash and cash equivalents	(33,870)	3,459
	Cash and cash equivalents at end of the Period	<u>6,325,391</u>	<u>3,262,869</u>
	5(a)		

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated financial statements of the Aura Energy Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Aura Energy Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The Interim Financial Statements have been approved and authorised for issue by the board on 16 March 2023.

(a) New and amended standards adopted by the consolidated entity

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Financial Reporting Standards (IFRS) and the International Accounting Standards Board (IASB) that are mandatory for the current reporting Period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) 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 consolidated entity incurred a loss for the Period of \$3,316,842 (31 December 2021: \$624,048) and a net cash outflow from operating and investing activities of \$5,721,125 (31 December 2021: \$2,665,061).

As at 31 December 2022, the consolidated entity had surplus working capital of \$7,572,018 (30 June 2022: \$11,286,717).

Management has prepared a cash forecast for the next 12-month period from the date of signing this financial report which the directors have reviewed and believe reflects all commitments of the consolidated entity (excluding discretionary expenditures) and working capital requirement.

As the consolidated entity transitions to development with the development of the Tiris Project, the board of directors believe the consolidated entity will be able to secure the necessary funding to bring about this outcome.

2 Segment information

(a) Description of segments and principal activities

The consolidated entity operates predominately in the mining industry. This comprises exploration and evaluation of various projects. Inter-segment transactions are priced at cost to the consolidated consolidated entity.

The consolidated entity 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 project - uranium, vanadium and gold and base metals. The consolidated entity 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 Corporate segment.

(b) Financial breakdown

The segment information for the reportable segments for the half-year 31 December 2022 is as follows:

Consolidated entity	Uranium	Vanadium	Gold and base	Corporate	Total
31 December 2022	\$	\$	metals	\$	\$
			\$		
Realised & unrealised gains/(losses)	(83,890)	(44,195)	2,137	(3,478)	(129,426)
Total income	(83,890)	(44,195)	2,137	(3,478)	(129,426)
Employee benefits	-	-	-	(398,293)	(398,293)
General & administration expenses	(364)	(31,167)	-	(1,119,523)	(1,151,054)
Finance costs	(365,066)	(217,987)	-	607,165	24,112
Share-based payments	-	-	-	(1,221,745)	(1,221,745)
Profit/(loss) from disposal group	-	-	(197,947)	(242,489)	(440,436)
Loss for the Period	(449,320)	(293,349)	(195,810)	(2,378,363)	(3,316,842)
As at 31 December 2022					
Assets					
Segment assets	18,767,397	6,802,929	2,208,586	6,553,173	34,332,085
Total assets	18,767,397	6,802,929	2,208,586	6,553,173	34,332,085
Liabilities					
Trade and other payables	-	-	-	1,012,448	1,012,448
Provisions	-	-	-	172,835	172,835
Financial liabilities	-	-	-	667	667
Total liabilities	-	-	-	1,185,950	1,185,950

2 Segment information (continued)

(b) Financial breakdown (continued)

The segment information for the reportable segments for the half-year 31 December 2021 is as follows:

Consolidated entity 31 December 2021	Uranium \$	Vanadium \$	Gold and base metals \$	Corporate \$	Total \$
Segment income	-	-	-	92,496	92,496
Realised & unrealised gains/(losses)	289,376	(230,428)	7,297	(21,423)	44,822
Total income	289,376	(230,428)	7,297	71,073	137,318
Employee benefits	-	-	-	(223,034)	(223,034)
General & administration expenses	(69)	(11,855)	(131)	(461,044)	(473,099)
Share-based payments	-	-	-	(62,160)	(62,160)
Loss for the Period	289,307	(242,283)	7,166	(675,165)	(620,975)

As at 30 June 2022

Assets					
Segment assets	15,680,668	6,642,508	1,694,213	10,891,488	34,908,877
Total assets	15,680,668	6,642,508	1,694,213	10,891,488	34,908,877
Liabilities					
Trade and other payables	-	-	-	1,201,706	1,201,706
Provisions	-	-	-	91,654	91,654
Financial liabilities	-	-	-	1,067	1,067
Total liabilities	-	-	-	1,294,427	1,294,427

3 Other income and expense items

(a) Other income

	Consolidated entity 31 December 2022 \$	31 December 2021 \$
Other income	-	92,496

(b) Other gains/(losses)

	Consolidated entity 31 December 2022 \$	31 December 2021 \$
Net gain/(loss) on foreign currency	(129,426)	44,822

3 Other income and expense items (continued)

(c) Breakdown of expenses by nature

	Consolidated entity	
	31 December 2022	31 December 2021
	\$	\$
General and administration expenses		
Accounting and audit	(213,577)	(111,207)
Computers and communication	(49,757)	(13,904)
Consulting	(277,116)	(58,687)
Depreciation	(766)	(506)
Insurance	(92,729)	6,313
Investor relations	(122,884)	(56,535)
Legal	(23,495)	(85,673)
Listing and share registry	(75,079)	(131,488)
Occupancy	(12,150)	(10,393)
Travel and entertainment	(195,719)	(8,670)
Other	(87,782)	(2,374)
	<u>(1,151,054)</u>	<u>(473,124)</u>

4 Exploration and evaluation

Consolidated entity	Tiris uranium	Haggan Tasiast South		Total
	\$	vanadium	gold	
	\$	\$	\$	\$
Half-year ended 31 December 2022				
Opening net book amount	15,680,668	6,642,508	-	22,323,176
Expenditure capitalised during the financial period	2,979,901	188,330	510,243	3,678,474
Exchange differences	106,828	(27,909)	4,130	83,049
Assets transferred to disposal group	-	-	(514,373)	(514,373)
Closing net book value	<u>18,767,397</u>	<u>6,802,929</u>	<u>-</u>	<u>25,570,326</u>

The value of the consolidated entity's interest in exploration expenditure is dependent upon:

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

The consolidated entity'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.

On 22 May 2018, the consolidated entity lodged exploitation applications for Ain Sder, Oued El Foule and Oum Ferkik.

4 Exploration and evaluation (continued)

In 2018, Tiris Ressources SA ("Tiris SA"), a controlled entity of the Company, was granted by the Council of Ministers two exploitation licences covering the exploration tenements known as Ain Sder and Oued El Foule Est. As stated above, on 1 February 2023, Tiris SA executed with the Government of Mauritania two Mining Conventions for the Ain Sder and Oued El Foule Est exploitation tenements. The Company was advised by the Government of Mauritania that the exploitation licence over the Oum Ferkik exploration tenement will be issued to Tiris SA following the Council of Ministers' approval for the re-opening of the Mining Cadastre. At this time, the Minister of Petroleum, Mines and Energy to be able to issue the exploitation licence this is expected before Q4 2022/23.

The board of directors have received legal advice that its rights to the Oum Ferkik exploitation licence remains enforceable as Tiris SA had complied with all its legal obligations under the Mining Code and accordingly, the delay in granting the exploitation licence relates to MPEM administrative issues.

The pandemic delayed negotiations of exclusivity over the Oum Ferkik tenement and as a consequence, the board of directors decided to recognise an impairment of the carrying value of the Oum Ferkik tenement of \$2.508 million in prior years notwithstanding the MPEM had not undertaken any action that would remove the rights of TIRIS to the Oum Ferkik tenement.

On 20 June 2022, the exploration tenements for Hadeibet Bellaa and Touerig Taet, held by TIMCO, completed their first exploration period and applied under the Mining Code for a second 3-year exploration period. The Company paid the renewal fees and the first year's surface fee for the second 3-year exploration period in accordance with the regulatory provisions. The Company has received confirmation from the MPEM that the issue of the second exploration period licenses will follow the normal route and will be issued in the near term.

Similarly, the consolidated entity has applied for and paid the fees for the second 3-year exploration period for the Nderk exploration term which is held by Nomads Mining sarl. As stated above the consolidated entity has extinguished its exploration obligation to earn a 70% equity interest in Nomads Mining sarl and is in the process of completing documentation to bring about this outcome.

MPEM has advised that the second exploration period licence for the Nderk exploration tenement will be issued on the same basis as the Hedeibet Bellaa and Touerig Taet second exploration period licences.

5 Financial assets and financial liabilities

(a) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Consolidated entity	
	31 December	30 June
	2022	2022
	\$	\$
Current assets		
Cash and cash equivalents	6,203,179	9,950,777
Cash at banks attributable to disposal group	122,212	755,923
Cash and cash equivalents	6,325,391	10,706,700

(i) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

(b) Trade and other payables

	Consolidated entity	
	31 December	30 June
	2022	2022
	\$	\$
Trade payables	525,043	251,814
Accrued expenses	462,463	938,297
Payroll tax and other statutory liabilities	24,942	7,926
Other payables	-	3,669
	1,012,448	1,201,706

6 Equity

(a) Share capital

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$	30 June 2022 \$
Ordinary shares				
Fully paid	554,630,887	503,825,028	71,533,328	69,357,543
Total share capital	554,630,887	503,825,028	71,533,328	69,357,543

(i) Movements in ordinary shares:

	Number of shares	Total \$
Balance at 1 July 2022	503,825,028	69,357,543
Shares issued at \$0.052 in lieu payment of services (19 Jul 2022)	2,160,000	243,000
Shares issued on exercise of options during the period	26,645,859	1,944,283
Directors' loan funded shares issued (21 Dec 2022)	22,000,000	-
Less: Transaction costs arising on share issues	-	(11,498)
Balance at 31 December 2022	554,630,887	71,533,328

(b) Other reserves

The following table shows a breakdown of the condensed consolidated statement of financial position line item 'other reserves' and the movements in these reserves during the Period. A description of the nature and purpose of each reserve is provided below the table.

	Share-based payments \$	Foreign currency translation \$	Total other reserves \$
At 1 July 2022	3,146,839	799,986	3,946,825
Currency translation differences	-	9,415	9,415
Other comprehensive income	-	9,415	9,415
Options exercised	(558,699)	-	(558,699)
Loan funded securities	1,221,745	-	1,221,745
At 31 December 2022	3,809,885	809,401	4,619,286

6 Equity (continued)

(b) Other reserves (continued)

(i) Nature and purpose of other reserves

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options and loan funded shares issued to key management personnel, other employees and eligible contractors.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(c) Share based payments

During the financial period ended 31 December 2022 \$1,221,745 (31 December 2021: \$62,160) has been recognised as a share-based payment expense incurred from 20 million and 22 million loan funded shares which were granted in December 2021 and November 2022, respectively.

At the AGM on 29 November 2022 the shareholders approved the issue of loan funded shares to (2022 Loan Funded Shares). The 2022 Loan Funded Shares have the following vesting conditions:

- Tranches 1, 2 and 3:
 - Continuous employment/engagement with the Group; and
- Tranche 1:
 - when the daily VWAP of the Group's shares meets the share price performance hurdle of \$0.50 on 10 days on any 20 sequential trading days; and
 - eligible to vest 12 months after grant date;
- Tranche 2:
 - when the daily VWAP of the Group's shares meets the share price performance hurdle of \$0.75 on 10 days on any 20 sequential trading days; and
 - eligible to vest 24 months after grant date;
- Tranche 3:
 - when the daily VWAP of the Group's shares meets the share price performance hurdle of \$1.00 on 10 days on any 20 sequential trading days; and
 - eligible to vest 36 months after grant date.

The loan funded shares granted have been valued using a Monte Carlo Simulation, taking into account the terms and conditions upon which the loan funded shares were granted. The valuation of 2022 Loan Funded Shares is summarised as follows:

2022 Loan Funded Shares			
Key Management Personnel	Tranche 1	Tranche 2	Tranche 3
Share price hurdle	\$0.50	\$0.75	\$1.00
Share price at grant date	\$0.25	\$0.25	\$0.25
Grant date	29 November 2022	29 November 2022	29 November 2022
Expected volatility	82%	82%	82%
Expiry date	29 November 2027	29 November 2027	29 November 2027
Expected dividends	-	-	-
Risk Free interest rate	3.18%	3.18%	3.24%
Value per loan share	\$0.0765	\$0.0874	\$0.0991
Number of loan shares	8,800,000	6,600,000	6,600,000

7 Disposal group

(a) Description

The consolidated entity announced on 22 November 2021 its intention to spin-out Archaean Greenstone Gold Limited (Archaean), TIMCO and its 70% equity interest in Nomads Mining sarl. The disposal-controlled entity, Archaean Gold Pty Ltd, contains all of the consolidated entity's interest in the above-mentioned entities.

The statement of profit or loss and other comprehensive income for the prior Period has been reclassified to reflect this disposal group.

(b) Financial performance and cash flow information

The results of the disposal group, which have been included in the loss for the Period, were as follows:

	Consolidated entity	
	31 December	31 December
	2022	2021
	\$	\$
Expenses on disposal group	(440,436)	(3,073)
Income tax expense	-	-
Loss of the disposal group	(440,436)	(3,073)

During the current Period, the disposal group accounted for \$390,418 to the consolidated entity's net operating cash flows, paid \$510,243 in respect of investing activities and paid no cash in respect of financing activities.

(c) Assets and liabilities of disposal group classified as disposal group

The spin-out is consistent with the consolidated entity's long-term policy to focus its uranium and vanadium assets.

The entities which are expected to be spun-out within the next 12 months, have been classified as a disposal group and presented separately in the consolidated statement of financial position.

The following assets and liabilities were classified as the disposal group as at 31 December 2022:

	Consolidated entity	
	31 December	30 June
	2022	2022
	\$	\$
Assets		
Cash at banks attributable to disposal group	122,212	755,923
Tasiast South Gold project exploration and evaluation	2,211,119	1,697,697
Assets classified as disposal group	2,333,331	2,453,620
Liabilities		
Trade and other payables	125,774	76,707
Liabilities directly associated with assets classified as disposal group	125,774	76,707
Net assets directly associated with disposal group	2,207,557	2,376,913

8 Interests in other entities

(a) Subsidiaries

The consolidated entity's subsidiaries at 31 December 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the consolidated entity, and the proportion of ownership interests held equals the voting rights held by the consolidated entity. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the consolidated entity	
		31 December 2022	30 June 2022
		%	%
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
Archaean Greenstone Gold Limited	Australia	100	100
Tiris Zemmour Resources Pty Ltd *	Australia	100	-
North-East Resources Pty Ltd *	Australia	100	-

* On 26 October 2022, the consolidated entity incorporated Tiris Zemmour Resources Pty Ltd and North-East Resources Pty Ltd.

9 Events occurring after the reporting period

Exercise of options

Between the period end and the date of this report, shareholders have exercised 1,910,877 options at an exercise price of \$0.052 and 1,923,076 options at an exercise price of \$0.104, raising a total of \$299,366 in funds.

Mining Conventions signed with the Government of Mauritania

The Company announced on 1 February 2023, that it had obtained the Mauritanian Government's approval and had executed mining conventions providing tenure security and fiscal certainty for an initial 30-year period.

Shareholders' Agreement signed with Agence Nationale de Recherches Géologiques et du Patrimoine Minier ("ANARPAM")

The Company announced on 1 February 2023, that its subsidiary, Tiris Ressources SA ("Tiris SA"), and the Mauritanian Government's State Owned Enterprise (SOE) ANARPAM, had signed a Shareholders' Agreement. The Agreement creates a long-term partnership with Mauritania in the development and operation of the Tiris Project. In the agreement, ANARPAM will be a 15% shareholder in Tiris SA with an option to acquire at an independent market price an additional 5%. These arrangements are consistent with the Mauritanian Mining Code which provides for up to 20% Mauritanian Government ownership.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected the consolidated entity's operations, results or state of affairs, or may do so in future periods.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Aura Energy Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Mr David Woodall
Managing Director & CEO

16 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AURA ENERGY LIMITED

Conclusion

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 2022, 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 summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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 the Consolidated Entity does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year 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 2022 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*.

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.



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 16th day of March 2023
Perth, Western Australia

