

25 JULY 2016

**UPDATE ON TIRIS DEVELOPMENT  
MEMORANDUM of UNDERSTANDING**

**CHINA ENERGY ENGINEERING GROUP GUANGDONG POWER  
ENGINEERING COMPANY LTD (GPEC)**

**CHINA'S DEMAND FOR URANIUM REMAINS HIGH**

Aura Energy Limited (AEE) is pleased to advise that negotiations on its engineering and equipment purchase agreement with China Energy Engineering Group Guangdong Power Engineering Company Ltd (GPEC), as described in the GPEC Development Memorandum of Understanding (MoU), have continued to the next stage.

As previously advised Aura Energy entered into the Development MoU with GPEC on 4<sup>th</sup> February 2016 which outlined that GPEC would provide certain engineering, equipment supply services and possible finance provision for development of Aura's Tiris Uranium Project in Mauritania.

As part of that MoU Aura Energy was required to supply GPEC with a detailed engineering contract covering all aspects of the GPEC's Engineering Procurement and Construction Management (EPCM) role. This was provided several weeks ago and has been under active review.

Aura Energy was advised last week that the engineering contract was now in detailed evaluation with five separate departments within GPEC and is progressing through GPEC's required internal processes.

“Aura continues to pursue several parallel strategies to ensure development of the Tiris Uranium Project and generally for the realisation of tangible shareholder value from its expanding portfolio. The MoU with GPEC is an important aspect of this search as it not only provides a very cost effective development option for the high margin Tiris project but also provides Aura, and the Tiris Project broad exposure to the extraordinary expansion of the Chinese nuclear industry”, Peter Reeve, Aura's Executive Chairman said.

“The GPEC Engineering MoU has the potential to have a sustained impact on Aura’s drive to deliver cashflow from the Tiris project in the shortest possible timeframe”, Mr Reeve continued.

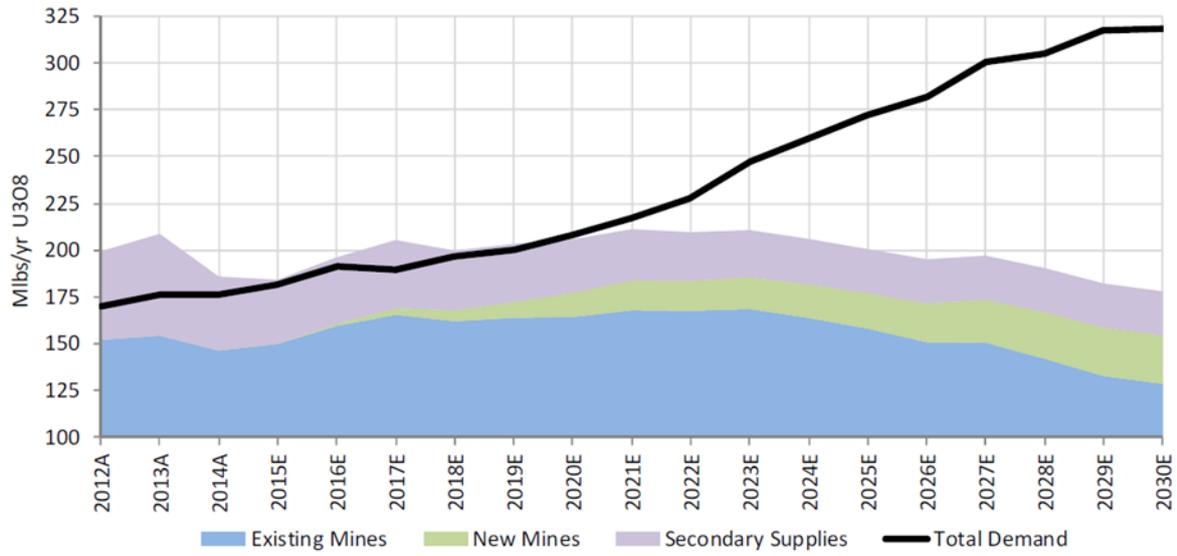
Aura’s Development MoU outlines for GPEC to provide the following main elements:

- EPCM services for the Tiris Project
- Equipment financing for service of the Tiris Project
- Procurement services for the Tiris Project’s major equipment
- Procurement of required power infrastructure for the project
- Seek finance parties for completion of the Production Finance Package
- Introduction of further parties for the purpose of investment, project construction, processing, engineering studies and product marketing for the Tiris Project
- Facilitate direct investment by Chinese partners to assist with the development of the Tiris Uranium Project
- Endeavour to introduce parties to negotiate offtake agreements for the Tiris Project

GPEC is an engineering firm based in Guangdong China and operates within a group of companies under the parent company **China Energy Engineering Group Company Ltd (CEEC)**. GPEC’s main activities are the engineering and construction management within the power industry having completed several nuclear, coal and LNG gas fired power stations as well as significant power related infrastructure projects.

The World Nuclear Association has stated that China presently has 30 nuclear reactors in operation and another 24 under construction. By 2020-21 China will generate 58 GWe from nuclear power and 150 GWe by 2030. The Chinese nuclear power development program is not dependent on Chinese economic growth as the development program is a focused government commitment to meet massive base load energy demand and do so in an environmentally acceptable manner with reduction in air pollution being the number one public policy priority. This development agreement with CEEC/GPEC place Aura Energy in the group of companies that can take advantage of this growth.

**RJL Global Uranium Supply vs. Demand (Mlbs/yr)**



Source: Raymond James Ltd., UxC, WNA, NIW, company reports

**Figure 1: Uranium Supply and Demand Forecast**

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