21 July 2010

Aura Energy Limited announces significant initial resource estimate of 291 million pounds uranium compliant with the JORC code at its Storsjön project in Sweden

HIGHLIGHTS

- **First ever resource compliant with the JORC code of 291 million pounds of uranium at a grade of 162ppm U3O8 established at Aura Energy's 100% owned Storsjön project in Sweden**
- **As a result the Storsjön Project is placed in the top ten of the largest uranium resources in the world**
- **The resource covers only 5% of the Storsjön Project and Aura believe there is significant potential to increase the resource further**
- **The resource estimate was independently prepared by Hellman & Schofield Pty Ltd**
- **Storsjön also includes substantial molybdenum, nickel and vanadium resources**

Aura Energy Limited (ASX Code AEE, "Aura") announces that its independent resource consultants, Hellman & Schofield Pty Ltd (H&S), have estimated the first ever resource for its Storsjön Project. The resource estimate is centred on the 2010 drilling programme; final assay results were released on 6 July, 2010.

The Storsjön Project forms part of a large uranium field in Central Sweden. The uranium occurs with molybdenum, nickel, vanadium and zinc in black shales. The shales form a near-continuous sheet throughout the part of the project that Aura has drilled, with thicknesses ranging between 20m and more than 250m.

The mineralisation extends into the adjoining permits held by Continental Precious Minerals Inc (TSX code: CZQ). That company has previously defined a resource of 1.05 billion pounds in permits adjoining the Storsjön Project. Aura is ultimately targeting a resource of similar size, but the drilling that has been used in this resource statement covers only 5% of Aura's permit areas.

Aura Energy (AEE) is a uranium explorer with advanced projects in Sweden, West Africa and Australia. The company is focusing on two main projects: the Storsjön Project located in Sweden's Alum Shale Province, one of the largest depositories of uranium in the world; and the highly prospective Reguibat Province in Mauritania. The company aims to create shareholder value by rapidly establishing resources and then completing feasibility studies on these two projects. Aura Energy is headquartered in Melbourne, Australia and has been listed on the ASX since May 2006.

Based on all of the Storsjön assay data to date, H&S has established an initial resource estimate for the deposit reported in accordance with the JORC (Joint Ore Reserves Committee) Code and Guidelines. H&S has used the method of ordinary block kriging to estimate grade and tonnage and considers that the drilling density and assay quality is of a standard that qualifies the estimate as an Inferred Resource.

The resource estimates are summarised in Table 1.

Cutoff U3O8 ppm	Size (BT)	U3O8 ppm	MoO3 ppm	V2O5 ppm	Ni ppm	Zn ppm
180	0.14	190	395	3199	383	499
160	0.46	175	355	2896	347	477
140	0.72	167	334	2706	327	459
120	0.80	163	327	2638	320	451
100	**0.81**	**162**	**325**	**2616**	**318**	**448**

Table 1: Size in billions of tonnes and grades of the initial resources for the Storsjön Project at different cut-off grades

Aura recognises the requirement to demonstrate that the uranium and other metals can be extracted economically, and has recently commenced a programme of metallurgical testwork for this purpose. Aura recently released the results of an initial metallurgical study by ANSTO that indicated that U3O8 can be extracted with a 93% efficiency using a conventional acid process. However, acid consumption in this first study was high. Aura is examining potential routes for removing the acid-using components, changing the chemical conditions under which leaching is carried out, and methods to utilise the acid-generating potential of the pyrite by heap leaching. The testwork for these options is in its early stages. It is also testing other extraction methods.

In classifying the estimate as an Inferred Resource, H&S has assumed there are reasonable prospects that continued metallurgical development will address the issue of acid consumption and significantly enhance recoveries of other metals. The Storsjön resource *"under assumed and justifiable technical and economic conditions, might, in whole or in part, become economically extractable"*.

Resources of the size and at the given metal grades in Table 1 have the following contained metal.

Cutoff U3O8 ppm	U3O8 b lb	MoO3 b lb	V2O5 b lb	Ni b lb	Zn b lb
180	0.058	0.120	0.973	0.116	0.152
160	0.178	0.361	2.947	0.353	0.486
140	0.264	0.529	4.280	0.517	0.726
120	0.287	0.575	4.637	0.562	0.793
100	**0.291**	**0.583**	**4.693**	**0.570**	**0.804**

Table 2: Contained metal in the initial Storsjön resource at the varying cut-off grades, in billions of pounds

Comparison with other Uranium Resources

The resource, using a 100ppm U3O8 cut-off, gives the Storsjön Project a contained uranium content of 291 Mlbs. This resource places Storsjön within the ten largest undeveloped uranium resources that are compliant with ASX or TSX requirements.

Rank	Project	Company	Mlbs	Grade (%)	Location
1	Viken	Continental	1047	0.02	Sweden
2	Elkon	ARMZ	705	0.12	Russia
3	Cigar Lake	Cameco/Areva	352	18.2	Canada
4	Imouraren	Areva	350	0.11	Niger
5	Jabiluka	ERA	343	0.46	Northern Territory
6	Itatira	INB	315	0.09	Brazil
7	Storsjön	Aura Energy	291	0.02	Sweden
8	Kvanefjeld	Greenland Minerals	283	0.03	Greenland
9	Rossing South	Extract	267	0.05	Namibia
10	Ezulwini	First Uranium	196	0.05	South Africa

For further information contact:

Aura Energy Limited

Jay Stephenson – Company Secretary - 08 9228-0711

Pesel & Carr

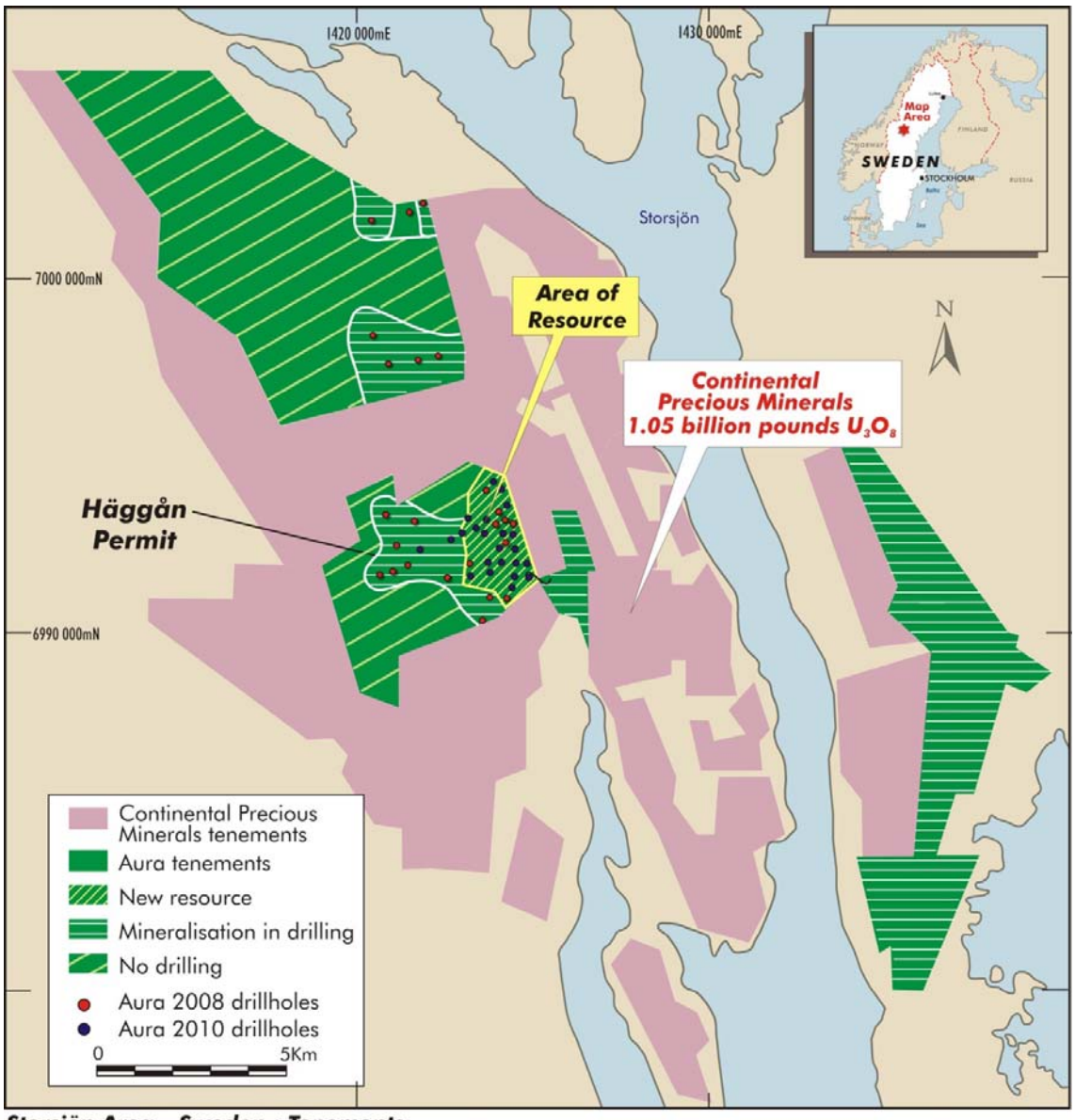
Barbara Pesel – 0418 548 808

Competent Persons

Simon Gatehouse is a consultant geologist, a fulltime staff member of H&S and is a competent person in the meaning of JORC having had a minimum of five years relevant experience in exploration and estimation of uranium and other metal resources in many parts of the world. He is a member of the Australian Institute of Geoscientists. Mr.Gatehouse consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

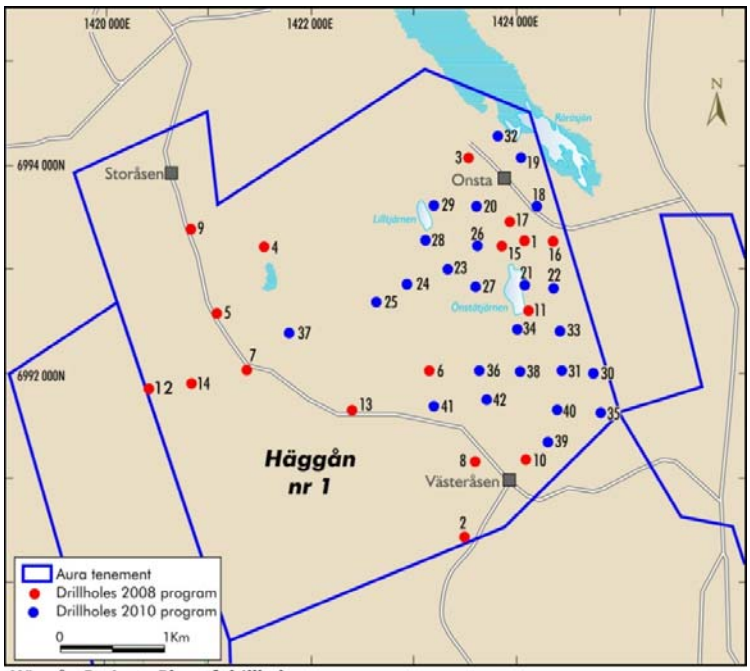
Brian Lancaster is a consultant chemical engineer, an associate of H&S and is a competent person in the meaning of JORC having had a minimum of five years relevant experience in evaluation and mining of uranium deposits in many parts of the world. He is a member of the Australian Institute of Mining and Metallurgy. Mr.Lancaster consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Beeson is a member of the Australian Institute of Geoscientists.



Storsjön Area - Sweden : Tenements

Map of the Storsjön Project area indicating the area of the inferred resource drilling, areas in which there has been insufficient drilling to establish a resource, and areas of no drilling



Häggån Project : Plan of drillholes

Estimation procedure

In estimating the resources H&S assumed that mineralisation will be mined at a large scale using 10m benches. It has been further assumed that contacts between mineralisation and non mineralised units can be identified and control mining selection at least on scales of 6 meters. It is considered that dilution with inter-bedded and overlying limestone and massive shale units will be kept to a minimum commensurate with large scale mining.

An ordinary kriging of 6m composited intervals of mineralised shale was used to interpolate grades into 200m x 200m x 10m panels, discretized to 5x5x1. As uranium correlates well with readily identified mineralised shale lithotypes a model of the proportion of mineralised lithotype in each panel was estimated using an ordinary kriging of a lithotype index. When unmineralized lithotypes are indexed to zero and mineralised lithotypes to one an ordinary block kriging of the lithotype index estimates the proportion of each panel which is the mineralised lithotype. All kriging used a search radius of 520 meters in the horizontal plane and 13m vertically. A minimum of 8 and a maximum of 16 samples in 2 octants around panel centroids allow category 1 confidence levels. At least four samples within the search radius permits category 2 mineralisation.

Ordinary kriging is informed by variograms of the mineralised lithotype for each of the metals estimated. The range of the uranium variogram exceeded 50m in the vertical dimension and was in excess of 400m in the horizontal plane with a small elongation in the north north west direction. The indicator variogram, representing the spatial continuity of the mineralised lithotype had a range in excess of 200m in the vertical and ranges in excess of 400m in the horizontal with elongation to 1.2 km at 40 degrees west of north. Variograms of V, Ni, Zn, and Mo varied little from the uranium variograms. H&S considers that the continuity of mineralisation is demonstrably very high and suitable for resource estimation.

Density measurements using a non-wax immersion technique has been made over a selection of typical lithologies in the mineralised Alum Shale sequence. Application of a density of 2.52 g/cc measured for samples of mineralised shale to the proportion of the panel estimates the tonnage of mineralised material within each panel.