

## Aura Energy (ASX: AEE)

A uranium explorer with projects in Australia, Sweden and Africa. The Company has assembled an exceptional portfolio of properties on three continents, including a major presence in Sweden's Alum Shale Province, one of the largest depositories of uranium in the world. The Company has been very active in the past year, with drilling and pitting on all three continents, and has approved funding to continue the evaluation of the main projects.

Listed on the Australian Stock Exchange  
Market cap: A\$17m (20c)  
Cash position: \$2.2 million  
Shares: 83.2 million  
Options: 10.5 million

### Main shareholders

GCM Resources plc	9.5%
USB Nominees	9.5%
Board and Management	4.7%



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## HIGHLIGHTS

### Storsjön Project, Sweden

- Successfully completed initial resource drill program with diamond drilling of 25 holes
- Identified new area with outcropping mineralised Alum Shale containing longest intercept so far of mineralised Alum Shale (>249m)
- First 3 holes assayed were all well mineralised including:
  - 3 intersections totalling 130m at average grade of 180ppm  $U_3O_8$ , including 3 separate intersections averaging >200ppm  $U_3O_8$
  - A continuous intersection of 109m at 168ppm  $U_3O_8$
  - Several intersections with >0.04% Molybdenum Oxide ( $MoO_3$ ) and 0.3% Vanadium Oxide ( $V_2O_5$ )
- Results confirm exploration target for this mineralisation which approximates the 1 billion pound  $U_3O_8$  resource established in adjoining permits
- JORC compliant resource expected from this drilling by end of July 2010
- First metallurgical test results give high uranium recoveries of 90-93% using conventional treatment methods

### Mauritania

- Analytical results from Aura's 392-hole drill programme supported exploration target of 40 to 60 million pounds of  $U_3O_8$ 
  - Uranium grades and extent of mineralisation are highly encouraging; Individual 1m drill samples ranged up to 4060 ppm  $U_3O_8$
  - Average uranium grade is 428 ppm  $U_3O_8$  at 200 ppm  $U_3O_8$  cut-off, and 264 ppm at 100ppm  $U_3O_8$  cut-off
  - Approximately half of all holes drilled within 16 km<sup>2</sup> tested are mineralised
  - Mineralisation is generally 2-4 m in thickness, and locally up to 6 m thick
- Aura intends to complete further resource definition activities with the objective of issuing a JORC compliant resource statement
- Aura granted 3 additional exploration permits in northern Mauritanian uranium province

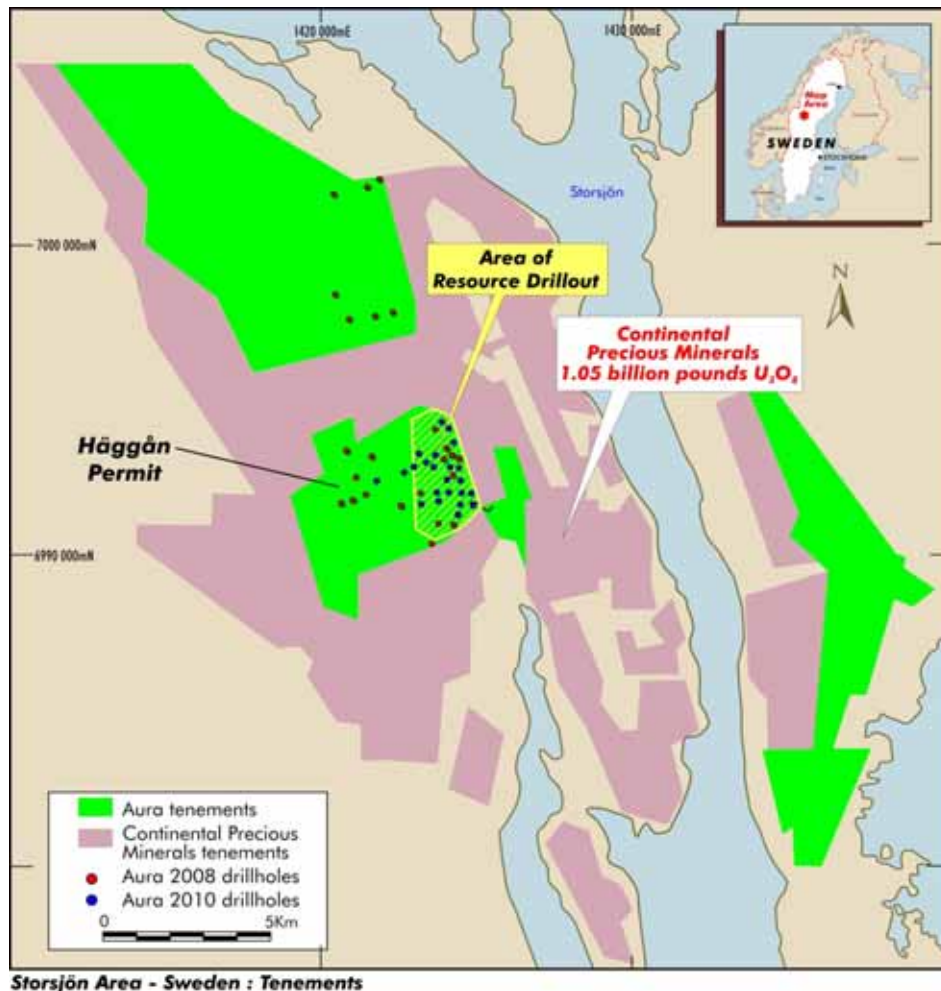
### Western Australia

- Drilling to commence to in June quarter to extend its 7 million pound resource
- Permitting completed for the first ever drilling of Porcupine Well Prospect

## Storsjön Project, Sweden (Aura 100%)

### Resource Drill Programme

Aura has recently completed the first resource drilling programme for the Storsjön uranium-molybdenum-vanadium mineralisation. It anticipates having an initial inferred resource estimate from a third party consultant for the current project drilling, early in the third quarter 2010.



Aura's exploration target for its **Storsjön** permits of 800 to 1200 million pounds of U<sub>3</sub>O<sub>8</sub>, is comparable with the resource defined by Continental Precious Minerals Inc. of 1.05 billion pounds of U<sub>3</sub>O<sub>8</sub> in their permits adjoining Aura's Storsjön Project. This resource also includes 1.5 billion pounds of molybdenum.

The potential quantity and grade of this target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The Aura Board approved a \$1.6 million budget for the programme in December to establish the first part of this larger target resource. Aura's ongoing programme aims to build a major JORC-compliant resource within its permits.

An initial resource drilling in the eastern extent of its Haggån permit has been completed. The programme covers only five square kilometres, or 5% of Aura's permits in the region. The programme entailed the drilling of 25 diamond drill holes in the period mid-January to end of March. Assay results are expected over the coming eight weeks.

## Assay Results

The first assay results in this programme for three of the 25 holes have been released.

Drill holes 18, 19 and 21 are located in the northern part of the resource drilling area. These intersections indicate that the thick uranium-molybdenum-vanadium mineralisation discovered in 2008 extends well beyond the area of previous drilling, and at similar thicknesses.

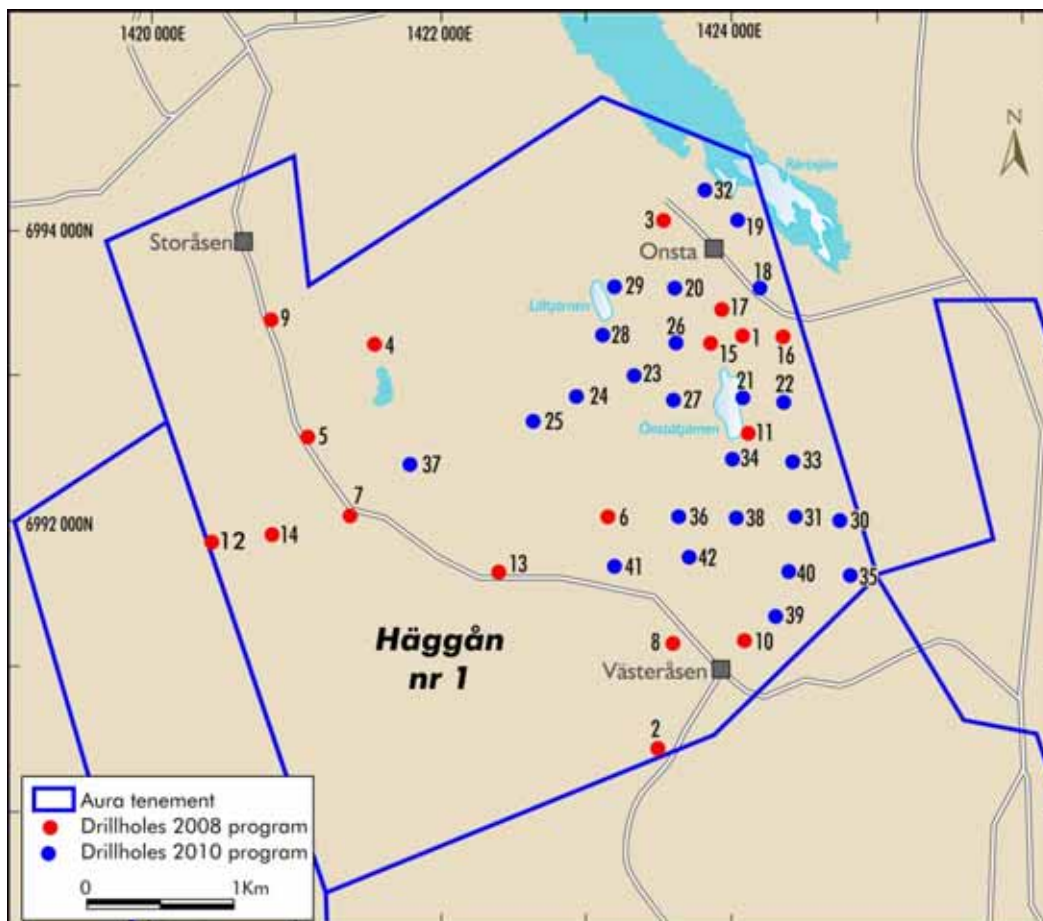
The three holes contain the following intersections:

Hole No	Intercept	From	To	U <sub>3</sub> O <sub>8</sub>	MoO <sub>3</sub>	V <sub>2</sub> O <sub>5</sub>
DDH HG018	100	52	152	178	350	2792
<i>Incl.</i>	<i>28</i>	<i>84</i>	<i>112</i>	<i>217</i>	<i>445</i>	<i>3415</i>
<i>and</i>	<i>8</i>	<i>140</i>	<i>148</i>	<i>215</i>	<i>441</i>	<i>2962</i>
"	15.9	156	171.9	211	425	2776
"	13.93	183.1	197.03	150	285	1495
DDH HG019	109	36	145	168	326	3216
DDH HG021	104.4	7.3	111.7	169	352	3111
<i>Incl.</i>	<i>7</i>	<i>104.7</i>	<i>111.72</i>	<i>202</i>	<i>453</i>	<i>3664</i>
"	9.41	114.07	123.48	169	366	3111

Intersections were calculated using a 90ppm U<sub>3</sub>O<sub>8</sub> cut off and up to 2m of internal waste.

Higher grade intercepts (shown in italics) were calculated using a 175ppm U<sub>3</sub>O<sub>8</sub> cut off and 2m internal waste.

All drill holes were drilled vertically downwards; assay samples generally represent 2m intervals. These three holes were analysed for molybdenum and vanadium using a four acid digest and ICP MS/AES analyses, as was used for the 2008 programme, with Delayed Neutron Counting (DNC) being used for the uranium assays.



Häggån Project : Plan of drillholes

## Metallurgical Testwork

Aura is undertaking a programme to determine the optimal process route for its giant uranium deposit at Storsjön in Sweden. The style of mineralisation has been mined and processed for uranium previously by the Swedish government, but for strategic rather than commercial purposes.

In late 2009, Aura announced that it had commenced a programme of bioleach testwork with the Parker CRC for Hydrometallurgy in Perth, Western Australia. This work is ongoing, and Aura will advise the market of results when they are available.

In addition Aura has continued its work with ANSTO (the Australian Nuclear Science and Technology Organisation) at Lucas Heights near Sydney, New South Wales. ANSTO has been examining standard acid and alkali-leach options for the Swedish uranium mineralisation.

Preliminary results of this testwork were released recently. Results saw high recoveries of uranium from initial bench-scale conventional acid leaching tests on samples from drill hole 08DD-HG001. Extractions of 90-93% were achieved with a standard acid leach and in relatively short times. The majority of the uranium was removed in less than twelve hours.

## Outlook

During the coming quarter more assays will be received from the drill programme. The results will form the basis for the JORC compliant resource calculations which are expected early in the September quarter.

The work at ANSTO will continue, and also address the other metals in the Shale. In parallel to this Aura anticipates initial results from the Parker Centre's examination of the potential for bioleaching of the mineralisation in the second half of 2010.

Additional work on the project will continue covering mineralogical studies, and continuing discussions with potential partners.

## WEST AFRICAN ACTIVITIES

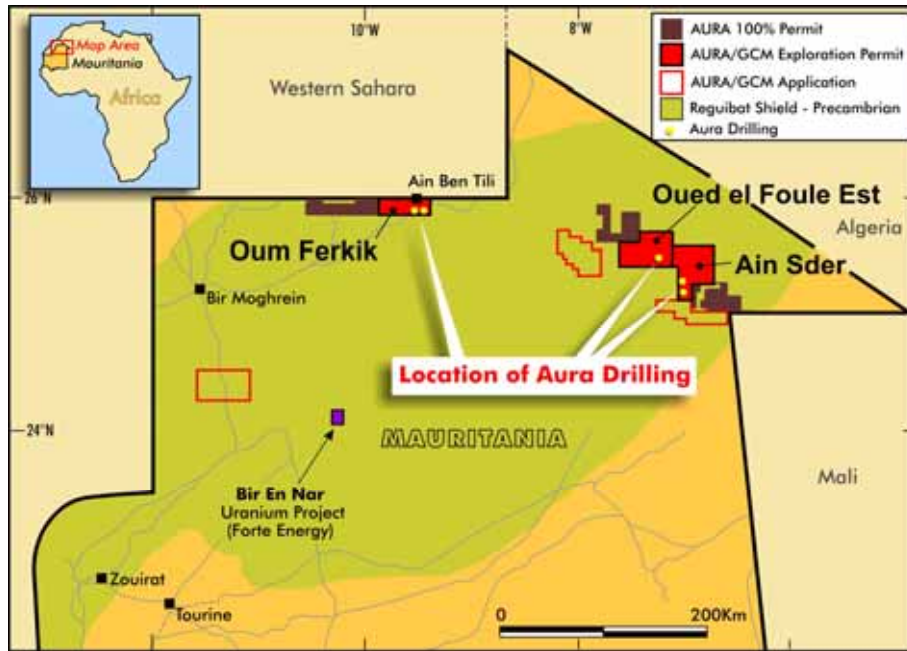
Aura has been active in the uranium provinces of West Africa since 2007. Aura currently holds seven exploration permits and a further five applications in Mauritania and three exploration permit applications in the uranium bearing Tim Merso Basin in Niger. Additionally Aura is actively pursuing opportunities in several other West African countries.

### Reguibat Project, Mauritania (Aura 54-100%)

Mauritania has a well developed mining industry, a government keen to attract foreign investment, a stable business environment, and extensive good quality geological, geophysical and geochemical databases. Recent uranium discoveries in northern Mauritania suggest that this is an emerging uranium province.

Aura's uranium exploration licences cover in total 6,400 square kilometres in Mauritania. The licences cover known uranium mineralisation and include areas of high grade and multiple radiometric uranium anomalies.

Previous field work by Aura involving shallow pitting and sampling over broad areas indicated that high grade uranium vanadate mineralisation occurs over large areas at or close to surface.



### 2009-2010 drilling programme

Aura carried out its first drilling programme between November 2009 and January 2010 on uranium mineralisation associated with calcrete. The drilling programme was designed to test the extent, continuity, and variability of the uranium mineralisation. Drilling was undertaken in three widely spaced areas, as shown in the map above.

Of 392 holes completed, 60% were on the Oued El Foule Est permit, Zone A prospect on a 200 metre by 200 metre drill pattern. In the other prospects tested, Ain Sder and Oum Ferkik, the drill pattern was expanded to 400 metre by 200 metre in view of the large areal extent of the radiometric anomalies to be tested.

In addition to the vertical pattern holes, closely-spaced drilling in a cross format was conducted in three separate areas, each consisting of approximately 20 holes spaced 10 metres apart on intersecting lines each 100 metres in length. The objective was to determine short range variability of the mineralisation.

Drill samples were assayed by X-ray fluorescence by ALS Chemex Laboratories in Johannesburg. Selected samples have been submitted for check assaying by multi-element ICP analysis and delayed neutron count analysis.

In addition, down-hole gamma logging was conducted by Poseidon Geophysics. The resulting gamma logs were analysed and compiled by consultant geophysicist David Wilson.

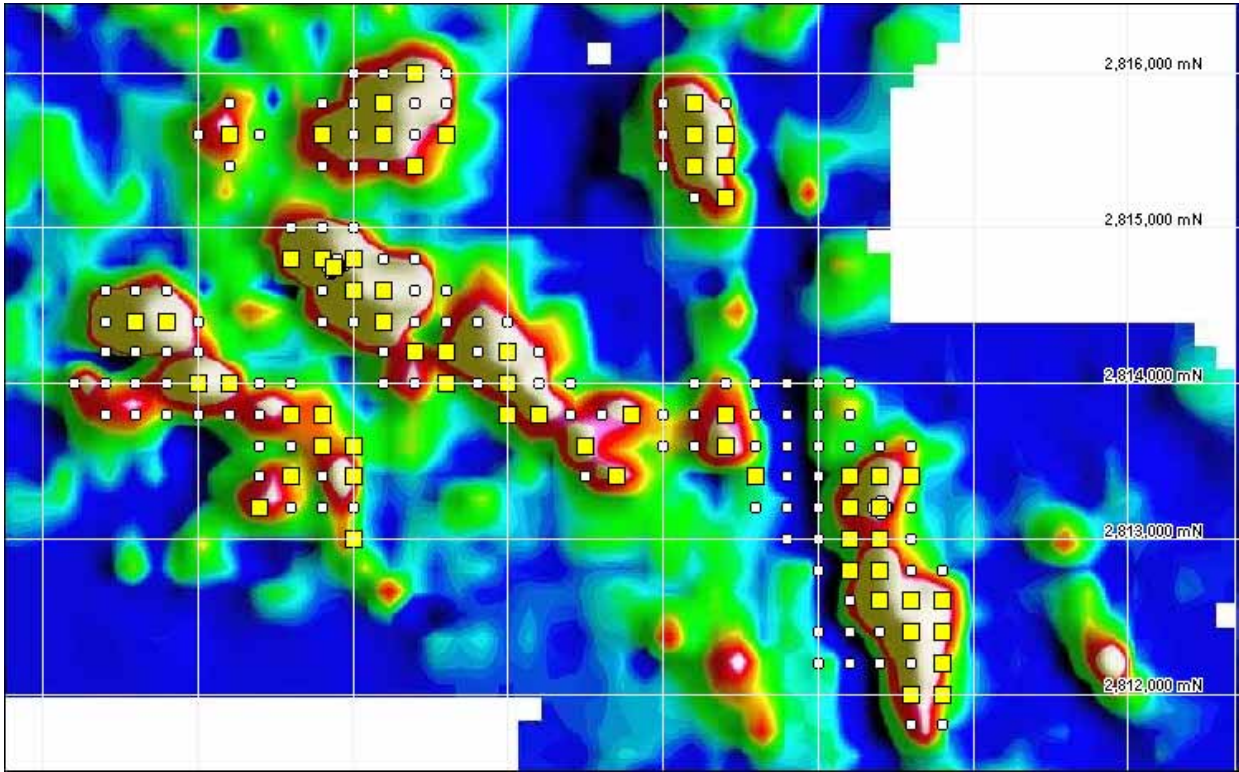
### Assay and downhole logging results

The drilling confirmed the presence of widespread calcrete-type uranium mineralisation within the target areas. Approximately half of all holes drilled (46%) within the 16 square kilometres tested are mineralised at a 100ppm  $U_3O_8$  cut-off.

Mineralisation is generally present between surface and five metres depth.

The average uranium grade is 428 ppm  $U_3O_8$  using a 200 ppm  $U_3O_8$  cut-off, and 264 ppm using a 100ppm  $U_3O_8$  cut-off.

Individual one metre drill samples ranged up to 4056 ppm  $U_3O_8$ .



**Mineralised holes (yellow dots), Zone A, Oued El Foule Est Target.  
Background image is total count ground radiometrics.**

There is a strong suggestion that the laboratory assay grades are significantly under-reporting actual uranium grades. There were large sample losses in samples in the top one to three metres, indicated by low sample recoveries in many near-surface samples. Sample losses ranged up to 80% in some samples.

For this reason, a programme of downhole gamma logging was carried out to provide independent information on uranium grade. This has demonstrated that in a significant number of holes, assayed uranium values are lower than values determined by down-hole logging, particularly in the top metre. Radiometric logging in the top metre reported on average 20% higher uranium grades than assays.

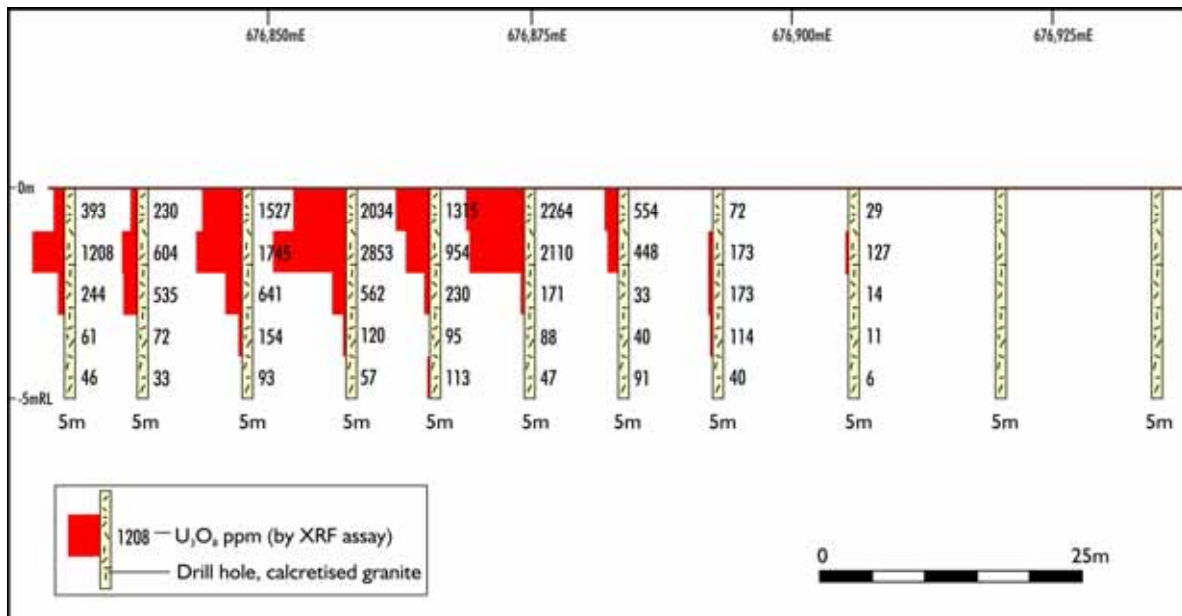
Sampling issues during the drilling of shallow, dry calcrete uranium deposits are relatively common, as illustrated by Deep Yellow Limited at their Napperby deposit in the Northern Territory, and ACAP Resources Ltd's drilling of calcrete mineralisation in Botswana.

Aura will secure appropriate drilling capability to reduce this loss in future programmes.

#### **Close-spaced variability drilling**

The closely-spaced drilling demonstrated good continuity of mineralisation in the areas tested, as shown below. This demonstrates that coherent blocks of higher grade mineralisation of at least 60 metres width occur within the broader zone of mineralisation.

The frequency of such zones, which will have a significant impact on the overall grade of the mineralisation, has yet to be defined.



*Detailed variability drilling from one of the higher grade zones at Oued El Foule Est.*

The three permits on which the drilling was conducted are held by Aura in joint venture with GCM Resources plc. Aura's current interest in the three permits ranges from 54% to 56%, and Aura is increasing its participating interest in the joint ventures by sole funding exploration. Exploration activities are managed by Aura.

#### **Aura's future programme at Reguibat**

Aura is proceeding with a programme of resource definition activities on the project. The company is evaluating options for drill rigs that will give better sample recoveries than in the original drill programme. This is anticipated to lead to the release of the resource statement compliant with the JORC code in late 2010 or early 2011.

Aura's programme during the next quarter will include a major geophysical survey to cover portions of the permits not previously covered by airborne radiometrics, and Aura anticipates that further uranium mineralisation lies within these areas. Aura holds approximately 3000 square kilometres of prospective ground that is yet to be covered by radiometrics.

Aura has not carried out any systematic exploration for bedrock targets in its permits, of the type that Forte Energy Ltd has outlined at their Bir en Nar bedrock deposit west of the Aura permits. This style of mineralisation will also be considered in the next programme in Mauritania.

### **WESTERN AUSTRALIA YILGARN CALCRETE PROJECTS**

#### **Wondinong (E58/290) and Wondinong NE (E58/349, Aura 100%)**

The Wondinong project area covers a broad, sedimentary deltaic environment at the eastern end of Lake Austin where Aura Energy Limited has defined an Inferred Resource of seven million pounds uranium above a lower cut-off grade of 100ppm U<sub>3</sub>O<sub>8</sub> compliant under the JORC code.

Following receipt of the final Aboriginal heritage site clearance, discussions have commenced with drilling companies to carry out a 72 hole step out drilling program. The proposed shallow drilling will test for extensions of known uranium mineralisation to the northeast and south of the deposit.

During the quarter Aura applied for a mining lease to cover a major part of the Wondinong resource within the central area of E58/290.

### Porcupine Well (E53/1245, Aura 100%)

Approval has been received to complete a program of approx 49 shallow aircore drill holes in an area southeast of the Lake Way and Centipede deposits of Toro Energy Limited (23.9 million pounds U3O8).

The drilling will test an area of calcrete where previous auger sampling returned values of up to 198ppm uranium. The distribution of sand cover and lake sediments is thought to mask the full extent of calcrete developed in the area. Hole locations have been marked out and negotiations are in progress with drilling companies to complete the program.

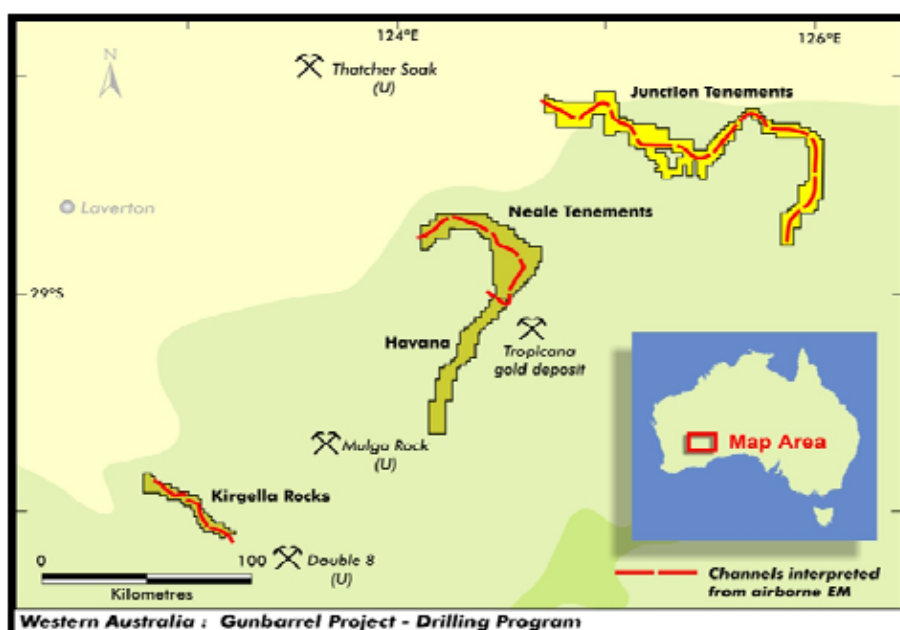
### Gunbarrel Project (AURA 100%)

During the quarter Aura was advised by Mega Uranium Ltd that the company is withdrawing from the Gunbarrel Basin Joint Venture, as it now focused on more advanced exploration projects and the development of its Lake Maitland uranium resource.

The decision to withdraw was not based on any technical consideration regarding the uranium discovery potential of the Gunbarrel Basin. Mega's withdrawal sees the tenements remain 100% owned by Aura.

The Gunbarrel Basin contains a large endowment of sediment hosted uranium mineralisation at Energy and Minerals Australia Ltd's Mulga Rock deposits and Manhattan's Double 8 deposit. Despite the amount of uranium present, the basin is significantly less explored than other major uranium provinces in Australia. Mega has spent approximately \$2.0 million on the exploration, including three drilling programmes. The presence of uranium and a favourable geological environment was confirmed, but access issues and pin-pointing the exact location of the palaeochannel meant the second programme in late 2009 was not completed.

Aura will consider the alternatives of funding the next phase of drilling on the highly prospective Ponton and Junction palaeochannels internally or by bringing in a new partner.



*The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Robert Beeson. 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.*