

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\$13m (16c)
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 4.1%



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HIGHLIGHTS

Storsjön Project, Sweden

- 291 million pounds of uranium at a grade of 162ppm U₃O₈
- Independent resource estimate prepared by Hellman & Schofield Pty Ltd on Storsjön Project drilling to date
- Storsjön now one of the 10 largest undeveloped uranium resources
- Resource covers only 5% of the Storsjön Project area
- Substantial resources of molybdenum, nickel and vanadium are expected to add to the overall grade
- Drilling in 2010 indicates an average thickness of 103 m of uranium mineralisation
- New area of very thick mineralisation from surface identified
- First metallurgical test results give high uranium recoveries of up to 93% using conventional treatment methods
- Bioleach testwork continuing

Mauritania, West Africa

- Additional high potential uranium ground in northern Mauritania was secured by a joint venture with Ghazal Minerals
- Trenching and sampling on the newly acquired Ghazal permits encountered strong uranium mineralisation in calcrete close to surface
- 29 of the 32 separate trench sites on the Agouyme Permit contained visible carnotite uranium mineralisation over an area 700m by 400m (91%).
- 79% of the trench samples collected at Agouyme contained greater than 100ppm U₃O₈ and these samples averaged 550 ppm U₃O₈
- An extensive car-borne radiometric survey carried out on Aura permits that previously had no radiometric coverage has identified additional radiometric anomalies.

Western Australia

- Drilling completed at Porcupine Well Prospect and awaiting assays

Corporate

- Aura has a new website detailing its advancing projects

STORSJÖN PROJECT, SWEDEN (AURA 100%)

The Storsjön Project forms part of a large uranium field in Central Sweden on eight granted exploration permits. The permits are on privately held land in an area where forestry has been carried out for generations. No parks or reserves exist in the Project Area. Sweden has an active mining industry, with a clear regulatory position, and a well established path from exploration to mining permit.

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 20 metres and more than 250 metres.

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. To date the drilling that has been used to prepare the initial resource statement only covers 5% of Aura's permit areas.

Initial Resource statement

Aura's independent resource consultants, Hellman & Schofield Pty Ltd (H&S), have estimated the first ever JORC compliant resource for its Storsjön Project. The resource is based on the 2010 drilling programme.

Reviewing all of the Storsjön assay data to date, H&S has established an initial resource estimate for the reported deposit 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 U ₃ O ₈ ppm	Size (BT)	U ₃ O ₈ ppm	MoO ₃ Ppm	V ₂ O ₅ 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

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

Cutoff	U ₃ O ₈ ppm	U ₃ O ₈ b lb	MoO ₃ b lb	V ₂ O ₅ 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 million pounds. This resource at Storsjön is now one of the 10 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

Metallurgical Testwork

Aura is undertaking a programme to determine the optimal process route for its giant uranium deposit at Storsjön. 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 12 hours.

Outlook

During the coming quarter Aura will be continuing the programme of metallurgical testwork, including the continuation of the bioleaching work at the Parker Centre, a second phase of work at ANSTO, mineralogical studies, mineral separation studies, and continuing discussions with potential partners.

Initial bioleach results are anticipated this quarter.

WEST AFRICAN ACTIVITIES

Aura has been active in the uranium provinces of West Africa since 2007. Aura currently holds, in its own right or via joint ventures, nine uranium exploration permits in Mauritania. In addition it holds a further two permit applications in Mauritania that are in the process of being granted, and three exploration permit applications in the uranium bearing Tim Merso Basin in Niger. Additionally Aura is actively pursuing opportunities in the region.

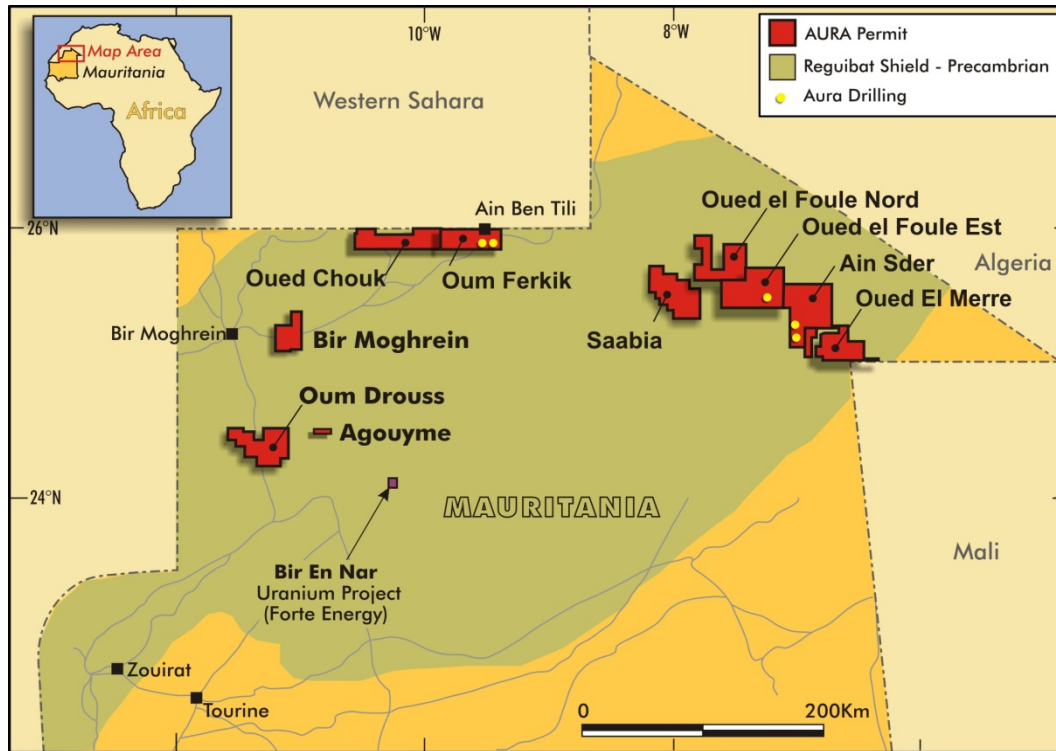
Mauritania.

Mauritania has a 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 8,450 square kilometres in Mauritania. The licences cover known uranium mineralisation, in places high grade, and multiple radiometric uranium anomalies.

Drill sample re-assaying

Previous drilling and sampling by Aura confirmed the presence of extensive uranium mineralisation associated with calcrete. In a programme of shallow drilling carried out in late 2009, early 2010 Aura tested some 16 square kilometres of radiometric anomalies on a 200 metre x 200 metre or 400 metre x 200 metre drilling pattern. Approximately half the holes drilled were mineralised. Mineralisation averages 428 ppm U₃O₈ at a 200 ppm lower cut, and 264 ppm U₃O₈ at a 100 ppm lower cut.



Aura ground holdings in northern Mauritania.

Selected drill hole samples that had previously been analysed for uranium by XRF were re-submitted for analysis by two different methods – ICP-MS, providing multi-element information to better characterise the mineralisation, and DNC (delayed neutron count) providing check assaying of the uranium grades. This work has confirmed the reliability of the uranium assay grades previously reported. However the possibility remains that the assay grades are understating the real grade as a result of sample losses, and this will be tested in the next drilling programme.

Ghazal Joint Venture:

During the Quarter Aura entered into a joint venture with Ghazal Minerals Limited (a subsidiary of ASX listed Ezenet Limited).

The joint venture covers two exploration permits, Agouyme and Bir Moghreïn, covering 544 square kilometres. Aura can earn 70% by funding and managing the exploration. Both permits have strong and extensive uranium anomalies defined by radiometric surveys. The permits include approximately 36 square kilometres of radiometric anomalies at values that elsewhere in the region are associated with uranium mineralisation.

An initial field programme of trenching and sampling, together with ground geophysics, was carried out to determine the nature of the anomalies, and the style and grade of uranium mineralisation present. Although this work tested only a small proportion of the anomalous area, the programme successfully identified calcrete type uranium mineralisation in both permits.

The trenching was conducted over selected radiometric anomalies within the Ghazal Joint Venture permits. Trenches were shallow, averaging 1.1 metres in depth. Samples within trenches were collected generally at 40 metres spacing.

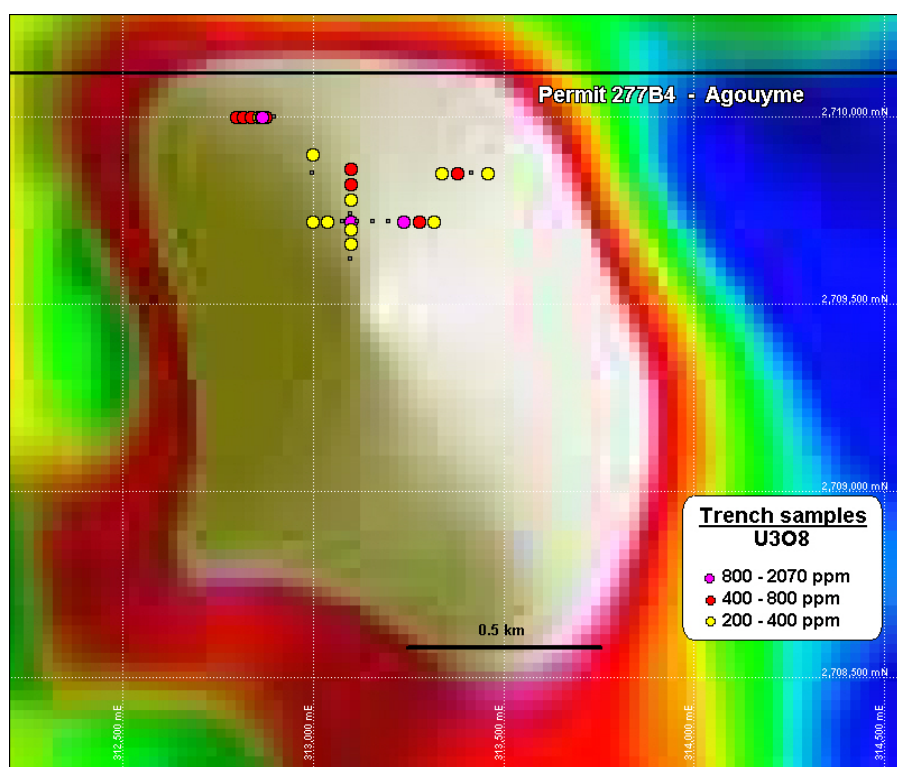
The strongest uranium values in trenches were obtained on the Agouyme permit where sampling was conducted over an area of approximately 700 metres by 400 metres and 29 of

the 32 separate sites on the Agouyme Permit contained visible carnotite uranium mineralisation.

Of the 34 samples collected from these sites 79% were mineralised at an average grade of 550 ppm U_3O_8 (at a 100 ppm lower cut-off). The maximum U_3O_8 value obtained was 2060 ppm U_3O_8 , associated with syenitic granite.

The sampling completed covers only a small proportion of the total radiometric anomaly at Agouyme.

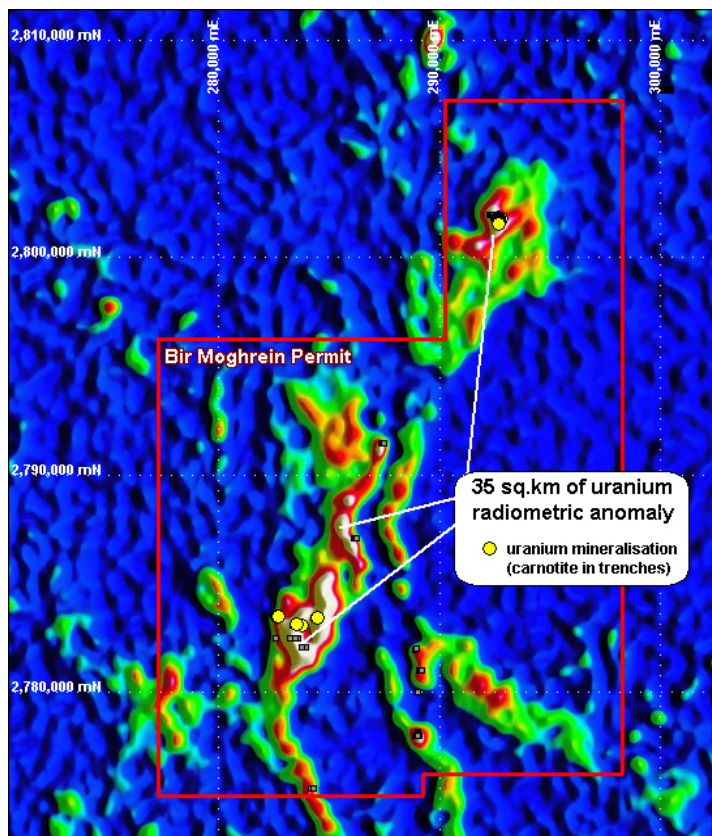
Most of the mineralisation is associated with syenite and syenitic granite. The bedrock uranium mineralisation currently being evaluated 70 kilometres to the southeast by Forte Energy at Bir En Nar occurs in syenitic rocks.



Agouyme permit - Trench sample results.

(Background image is uranium channel radiometrics from airborne survey data.)

On the other Ghazal Joint venture permit, Bir Moghrein, 70 kilometres north of Agouyme, trenching identified calcrete-type uranium mineralisation in several areas within the geophysical anomalies. Assay values in samples from these trenches contained up to 350 ppm U_3O_8 . Here the majority of samples were in massive crystalline calcrete, and in the majority of cases the trenches were not able to penetrate sufficiently deeply to test the bedrock where mineralisation occurs in the Agouyme permit. Drill testing of these areas is planned later in 2010.



Bir Moghrein permit showing the extensive uranium radiometric anomalies.

Radiometric Survey

A car-borne radiometric survey was conducted to cover those portions of Aura’s permits that have no existing air-borne radiometric coverage. The survey covered over 2000 square kilometres on the Ain Sder and recently granted Oued El Merre permits. Data processing and interpretation are currently in progress; however it is clear that several areas of strongly anomalous radiometric response, not previously known, have been identified.

Aura’s next steps at Reguibat

Due to the constraints on field activity in the northern summer, field activities are expected to commence in late September. This will involve resource definition drilling in known mineralised zones as well as drill testing of as yet undrilled targets.

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 U₃O₈compliant 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's application process for a mining lease to cover a major part of the Wondinong resource within the central area of E58/290 continued.

Porcupine Well (E53/1245, Aura 100%)

Aura completed 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 tested 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.

Assay results are awaited.

CORPORATE

Managing Director, Dr Bob Beeson delivered a presentation at the annual Fremantle Uranium Conference in July. The company had a booth at the conference, and the company's projects attracted considerable interest.

Aura's Chairman, Mr Brett Fraser, delivered a presentation at the Proactive Investors Forum in London to over 80 select investors. Formal presentations were also made one-to-one with brokers and journalists during the London visit.

Dr Beeson also gave presentations at the Canary Events Uranium Roadshows in Melbourne and Sydney in June, and gave presentations organised by its public relations consultants, Pesel & Carr, in both Sydney and Melbourne.

Aura has also completely reconstructed its website providing a clear and up-to-date information on all its projects and activities.

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.

Appendix A: Storsjön Project drill intersections for the 2010 drilling programme

Hole No	From	To	Intercept	U ₃ O ₈ ppm	MoO ₃ ppm	V ₂ O ₅ ppm	Ni ppm	Zn ppm	Cut Off U ₃ O ₈ ppm
HG018	52	152	100	178	350	2792	345	475	90
<i>incl</i> HG018	56	66	10	191	385	3841	424	632	175
<i>incl</i> HG018	84	112	28	217	445	3415	436	633	175
<i>incl</i> HG018	140	148	8	215	441	2962	407	506	175
HG018	156	171.9	15.9	211	425	2776	404	583	90
HG018	183.1	197.03	13.93	150	285	1495	269	310	90
HG019	36	145	109	168	326	3216	355	512	90
<i>incl</i> HG019	60	94	34	199	401	3350	411	505	175
HG020	57.2	63.15	5.95	193	407	3849	440	563	90
HG020	80.83	153.2	72.37	172	361	3282	382	470	90
<i>incl</i> HG020	84	102	18	214	441	3695	459	519	175
HG021	7.3	111.7	104.4	169	352	3111	371	482	90
<i>incl</i> HG021	7.3	18	10.7	197	393	2596	393	462	175
<i>incl</i> HG021	56	100	44	189	408	3530	413	533	175
<i>incl</i> HG021	104.7	111.7	7	202	453	3664	426	512	175
HG021	114.07	123.48	9.41	169	366	3111	337	509	90
HG022	52.15	244	191.85	171	326	2791	335	502	90
<i>incl</i> HG022	146	192	46	196	380	2604	352	489	175
<i>incl</i> HG022	196	218	22	202	372	2330	355	454	175
HG023	120.92	166.2	45.28	144	290	2245	276	462	90
HG024	56	72.11	16.11	210	420	3707	426	518	90
<i>incl</i> HG024	57.18	72.11	14.93	219	444	3930	452	554	175
HG024	124	180.66	56.66	182	371	3620	331	424	90
<i>incl</i> HG024	124	144.7	20.7	225	454	3104	423	476	175

HG025	87.74	174.7	86.96	157	277	2558	317	390	90
<i>incl</i>									
HG025	87.74	92	4.26	195	380	3417	376	471	175
<i>incl</i>									
HG025	130	136	6	203	442	4451	459	564	175
<i>incl</i>									
HG025	156	164	8	204	278	1629	301	350	175
HG026	136.46	163.7	27.24	167	348	3142	338	458	90
<i>incl</i>									
HG026	152	162.75	10.75	195	397	3204	366	487	175
HG027	142.09	170.5	28.41	168	318	2227	297	498	90
<i>incl</i>									
HG027	142.09	150	7.91	199	407	3218	382	499	175
HG028	118.02	170.09	52.07	170	336	2797	328	506	90
<i>incl</i>									
HG028	120.5	130	9.5	227	444	3466	424	465	175
<i>incl</i>									
HG028	144	152	8	208	436	3271	414	494	175
HG029	98.89	204.46	105.57	160	319	2969	320	501	90
<i>incl</i>									
HG029	104	116	12	212	417	3640	411	514	175
<i>incl</i>									
HG029	158	170	12	189	372	3079	353	485	175
HG030	115.1	177.33	62.23	188	376	2933	341	428	90
<i>incl</i>									
HG030	134	148	14	193	389	3084	355	475	175
<i>incl</i>									
HG030	152	176	24	217	440	3261	389	464	175
HG030	187.2	209.35	22.15	156	278	1576	251	357	90
HG031	11.3	96	84.7	187	386	3547	389	511	90
<i>incl</i>									
HG031	28	72	44	203	420	3600	407	523	175
<i>incl</i>									
HG031	76	94	18	184	374	3206	374	551	175
HG031	102	132	30	138	316	2050	270	466	90
HG031	138	249.16	111.16	146	261	1491	248	456	90
HG032	62.72	145.11	82.39	181	358	2951	335	460	90
<i>incl</i>									
HG032	64	98	34	225	451	3606	396	455	175

HG033	18	196	178	175	361	3374	368	521	90
<i>incl</i> HG033	18	26	8	238	502	3732	479	549	175
<i>incl</i> HG033	62	90	28	212	447	3965	425	546	175
<i>incl</i> HG033	106	130	24	203	414	3368	395	470	175
<i>incl</i> HG033	162	176	14	193	405	3309	386	489	175
HG033	200	249	49	142	295	1174	230	464	90
HG034	102.76	122.1	19.34	184	384	3088	376	452	90
HG034	131.9	168	36.1	152	290	1977	273	524	90
HG034	172	207.46	35.46	119	219	1001	190	309	90
HG035	132.87	184	51.13	185	383	3167	361	383	90
<i>incl</i> HG035	152	170	18	203	430	3741	412	439	175
<i>incl</i> HG035	174	182	8	231	484	3916	452	442	175
HG035	188	233.99	45.99	219	446	3172	398	382	90
<i>incl</i> HG035	188	228	40	228	473	3486	424	403	175
HG036	10.87	18.65	7.78	191	404	3535	397	492	90
HG036	120.5	164.15	43.65	176	330	2528	314	388	90
<i>incl</i> HG036	120.5	140	19.5	187	372	3508	374	442	175
<i>incl</i> HG036	150	160	10	183	309	1886	288	366	175
HG037	72.63	188	115.37	185	364	3681	380	422	90
<i>incl</i> HG037	98	112	14	205	396	3892	433	460	175
<i>incl</i> HG037	126	138	12	205	419	4207	427	381	175
<i>incl</i> HG037	156	182	26	222	455	3835	420	470	175
HG038	121.2	191.55	70.35	150	280	1987	263	490	90
<i>incl</i> HG038	128	138	10	199	410	3809	392	448	175
HG039	101.31	116.29	14.98	204	469	3069	392	480	90
<i>incl</i> HG039	102	116.29	14.29	206	476	3103	396	486	175
HG039	119.69	128.77	9.08	158	310	788	303	600	90
HG039	140.78	201.2	60.42	167	340	2604	318	433	90
<i>incl</i> HG039	174	201.2	27.2	218	453	3416	423	508	175

HG039	205.42	220.72	15.3	184	396	3052	362	499	90
HG040	119.09	174.52	55.43	176	383	3239	358	527	90
<i>incl</i> HG040	132	168	36	193	429	3573	396	527	175
HG041	68.15	102	33.85	141	351	5072	535	815	90
HG041	106	114	8	115	264	878	210	130	90
HG041	124	190.34	66.34	155	296	2085	287	397	90
<i>incl</i> HG041	156	166	10	189	410	3437	391	583	175
HG042	143.49	174	30.51	158	336	2595	319	491	90