

AEE.AU

27 May 2008
 Uranium
 Sweden, Australia, Mauritania, Niger
 Early to Advanced Exploration
 Exchanges: ASX:AEE

Aura Energy Limited

A\$ 0.32

AEE is advancing projects in highly prospective, underexplored areas in uranium provinces in Sweden, Australia and West Africa. Its most prospective project for near term exploration success is Alum Shale in Sweden, near term target >100mlbs U₃O₈ - adjacent to CZQ (443mlbs).

Capital Profile

Share price (A\$)	0.32
52 week range (A\$/share)	0.18 to 0.52
Number of shares (m)	42
Options and warrants (m)	22
Convertible notes (m)	0
Fully diluted (m)	63
Market capitalisation (undiluted) (A\$m)	13.1
Debt (A\$m) - Jun 08F	0.0
Enterprise value (A\$m)	13.1
Major shareholders: Global Coal Management plc (13.4%), Drake Resources (10.8%)	
Avg monthly volume (m)	1
Cash (A\$m) - Jun 08F	3.1
Price/Cash (x)	4.2
Price/Book (x)	1.7
Company options	No

Investment Points

Exploration budget CY08 A\$3.8m - 100% uranium focus.

Sweden, Storsjön - Alum Shale - potential for very large scale, near surface uranium-moly-vanadium deposit. Typical U₃O₈ grades 0.01-0.03%. Potential JORC 1Q09.

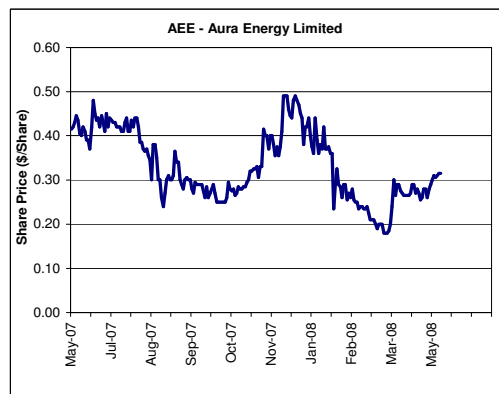
Neighbouring Continental Precious Metals (TSX:CZQ) Viken, Sweden Alum Shale project contains 443mlbs U₃O₈ grading 0.016%.

AEE is exploring prospective uranium districts of WA targeting calcrete near Lake Way and lignite/sandstone Mulga Rock style (Gunbarrel). Drilling 2Q08 (4,000m).

Mauritania - over 20km² of radiometric anomalies. Grades up to 0.33% U₃O₈ at surface. Trenching 4Q08.

Drilling 2Q-3Q08 at Storsjön (4,000m), Virka, Gunbarrel (lignite/sandstone, WA) and Porcupine (calcrete, WA).

Sweden is a pro mining and pro uranium jurisdiction.



Contacts

Bob Beeson
 Managing Director
 Tel: +61 (0) 3 9890 1744
 Box Hill, VIC, Australia
www.auraenergy.com.au

Analyst: John Wilson
 Associate: Dr Trent Allen
johnwilson@rcresearch.com.au

Directors

B. Fraser (Non-Exec Ch)
 B. Beeson (MD)
 J. Stephenson (Non-Exec)
 S. O'Loughlin (Non-Exec)

Production and Financial Forecasts

YEAR END: June	Mar-08a	Jun-08F	2007a	2008F	2009F
Exploration and evaluation (A\$m)	0.36	0.95	0.80	2.00	3.00
Corporate (A\$m)	0.17	0.20	0.90	0.89	0.80
Exploration/(Expl.+ Corporate) (%)	68	83	47	69	79
Funding duration at current burn (years)	3.7	2.7	1.9	1.1	0.6
Shares on issue (pr end) (m shares)	36.0	41.6	36.0	41.6	41.6
Drilling - RAB (m)	0	2,000	6,000	2,000	17,000
Drilling - Other/Diamond (m)	900	2,000	0	2,900	4,000
Land holding ('000 ha)*	1,000	1,000	450	1,000	1,200
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.00	1.62	0.00	1.62	0.00
Funding from JV partners (A\$m)	0.7	0.7	0.0	1.8	2.7
Cash (A\$m)	2.0	3.1	3.2	3.1	2.2
Cash backing (Ac/share)	5.4	7.5	9.0	7.5	5.2
Net asset backing (Ac/share)	15.8	18.7	14.9	18.7	23.7

*Uranium prospective tenements only, both held and under application.

Company Comment

Overview: Aura Energy listed on the ASX May '06. It has early stage exploration projects for uranium in Australia, Sweden and West Africa and an advanced calcrete project in WA (resource 2.6mlb U₃O₈).

Sweden - Alum Shale Projects (Storsjön East and West) - AEE holds 100% of 100km² over the major Alum Shale uranium province in northern Sweden. The deposits are also enriched in vanadium, molybdenum and nickel (typically 0.01-0.03% U₃O₈, 0.13-0.61% V₂O₅ and 0.025-0.06% MoO₃). The adjacent Viken licence (TSX:CZQ) has an Inferred Resource of 437mlbs U₃O₈ (grading 0.016% U₃O₈), 900mlbs MoO, and 7.14blb VO, and Indicated of 6mlbs U₃O₈. AEE drilling at Häggån licence (Storsjön West Project) in 1Q08 (900m diamond) intercepted 130m average thicknesses of radiometrically anomalous shale - assays awaited. Mineralisation is at or near surface with potential for open pit mining. Preliminary metallurgy is being tested by ANSTO (extraction of U, V, Mo and Ni) - historic testwork demonstrated possible recoveries of 80-93% U₃O₈. Drilling expected to resume June (4,000m). Resource target at Storsjön East >100mlbs U₃O₈ focused on higher grade uranium zones. Project potential is similar to the more advanced CZQ (CZQ, PFS expected 4Q08).

Mauritania (West Africa, AEE 50%/30%, GCM (AIM) can earn up to 70% by sole funding exploration) - 3 exploration licences covering 3600km² in the uranium-bearing Requibat Shield. Uranium mineralisation (uranium vanadate) found by AEE in 7 shallow pits (1.2m deep). Airborne radiometric has shown individual uranium anomalies up to 3.5km² and the company indicates a site visit suggests 10-30km² of material grading 0.017-0.33% U₃O₈ at surface. The depth of mineralisation is untested. The area is also prospective for sedimentary and calcrete-hosted deposits. Trenching expected 4Q08.

Gunbarrel Basin JV (WA) - 3750km². Prospective for lignite sediment-hosted uranium mineralisation with AEE targeting palaeochannels draining from the Yilgarn into the Eucla Basin. Region includes the Mulga Rock (ASX:EMA) and Ponton (ASX:PDN) deposits (combined resource 100mlbs U₃O₈). Drilling has commenced at Kirgella palaeochannel, upstream from Ponton, and at Rason (defined by AEM in 2007) - phase 1, 4,000m. Drilling additional targets expected 4Q08.

Other uranium exploration projects: Wondinong (AEE 100%, WA) surficial calcrete-hosted uranium resource (2.6mlbs, Apr. 08). Drilling **Porcupine Well (AEE 100%, WA)** 2H08, between Lake Maitland and Lake Way - calcrete samples to 0.01-0.02% U₃O₈. **Niger (West Africa, AEE 50%, GCM (AIM) sole funding)** - until recently an Areva monopoly - 3 licence applications (1500km²) on mineralised structures in the underexplored Tim Merso Basin, prospective for high-grade sandstone-hosted uranium. Recent airborne radiometric and magnetic survey - results pending. **Virka Project (Sweden, AEE 100%)** - targeting high-grade vein hosted uranium. Drilling 3Q08.

Investment Comment: AEE's near term value drivers appear to be exploration success in proven uranium districts for large scale uranium deposits in Sweden (associated with oil shales), Mauritania and Gunbarrel Basin (WA). While the resource base and extraction technology are yet to be demonstrated in Sweden, positive drilling results 2H08 could drive a significant share rerating. CZQ with analogous style/scale Alum Shale deposits in Sweden, but more advanced than AEE, is currently trading at ~C\$75m market cap (C\$30m in cash). AEE, with market cap of A\$20m (fully diluted) and cash of A\$8m (after option conversion) suggests little of the anticipated exploration upside is currently reflected in the share price.

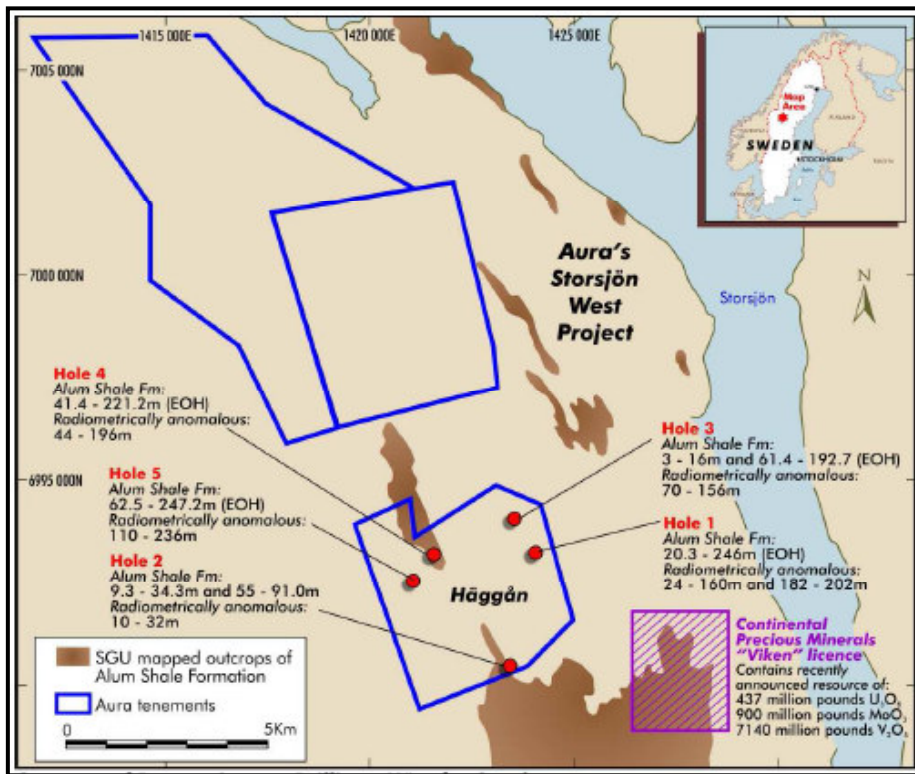
Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)						
Uranium	Classification/	Project	Ore	U ₃ O ₈	Cut Off	U ₃ O ₈ U ₃ O ₈ Eq
U ₃ O ₈	Geology	Equity	Mt	%	ppm	Kt Mib Mib
Reserves						0.0 0.0 0.0
Resources	Inferred	100%	6.5	0.019	150	1.2 2.6 2.6
Mineralised Material (est., non compliant with JORC)						0.0 0.0 0.0

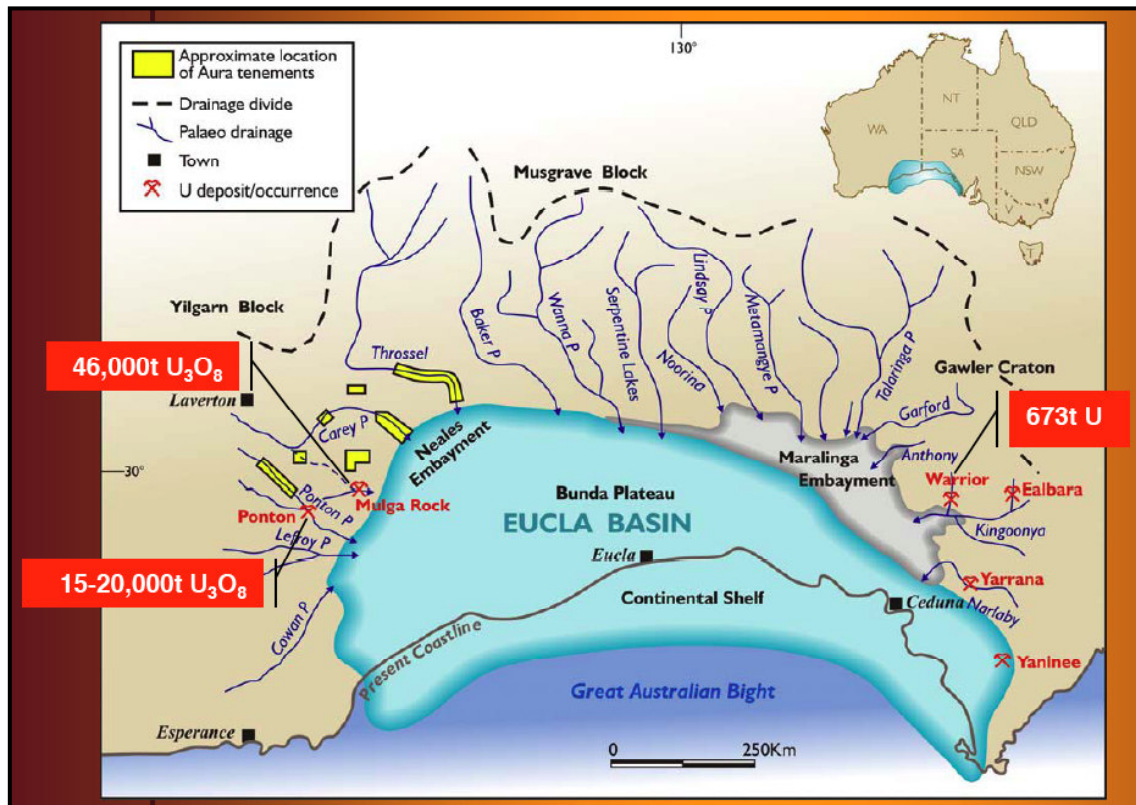
Key Projects

Project	Ownership/	JV	Target	Process	Project	Location
	Option	Partner	Type	Route	Status	
Storsjön	100%	U,Mo,V,Ni	na	na	Mid Expl	Sweden
Mauritania	50%/30%	U	GCM	na	Early Expl	Mauritania
Gunbarrel	100%/50%/30%	U	Mega	sandstone	na	Early Expl Aus (WA)
Wondinong	100%	U	na	calcrete	na	Adv. Expl Aus (WA)
Porcupine Well	100%	U	na	calcrete	na	Early Expl Aus (WA)
Virka	100%	U	na	vein	na	Mid. Expl Sweden
Niger	50%	U	GCM	sandstone	na	Early Expl Niger

Alum Shale, Häggån, Sweden: location of AEE reconnaissance drilling. Average thickness of shale intersected 1Q08 is 130m (4 holes), assays pending. Neighbouring Viken licence (TSX:CZQ) has an Inferred Resource of 437mlbs U₃O₈ and Indicated Resource of 6mlbs U₃O₈.



Gunbarrel Basin, WA: (3750km²) AEE has a JV with Mega Redport (TSX:MGA) in this highly prospective region, host to the Mulga Rock and Ponton uranium projects (combined >100mlbs U₃O₈). Phase 1 drilling (4,000m) is under way at palaeochannel targets defined by EM and radiometrics (2007).



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