

6 August 2013

## AURA ENERGY DEFINES NEW STRATEGIC PLAN

### HÄGGÅN - A GLOBALLY SIGNIFICANT AND STRATEGIC URANIUM DEPOSIT

### REGUIBAT HAS THE POTENTIAL TO EMERGE AS AN EARLY CASHFLOW PROJECT

### LOW COST PROJECTS ARE THE ONLY VIABLE OPTION FOR THE CURRENT URANIUM MARKET

Following the recent Board changes Aura Energy Ltd (ASX: AEE) has reviewed the company strategy with a key focus on improving the recognition and value of its globally significant uranium projects, and creating steps to shorten the development timeframe for these projects.

Under the direction of Managing Director Bob Beeson and his geological team, outstanding success has been achieved with the discovery of both the Häggån and Reguibat uranium projects. Today Häggån is ranked as the second largest undeveloped uranium deposit in the world.

Faced with the challenge of Häggån's lower than average grade, Aura's metallurgical consultants – lead by Director Jules Perkins, previously Chairman of the Parker Cooperative Research Centre for Hydrometallurgy - has managed to successfully create a key processing breakthrough for the deposit in the form of bioleaching. The significance of this breakthrough and the fact that it potentially positions Häggån at, or close, to the bottom of the uranium cost curve, cannot be underestimated.

**Häggån's C1 cash cost is estimated at \*\$13.50 per pound U<sub>3</sub>O<sub>8</sub>.**

The Aura Board maintains that the Häggån project is an extremely robust project and largely immune to the current low uranium price. This makes the large Häggån uranium resource a unique deposit of long term strategic importance to Sweden and the European Union.

It is the intention of Aura Energy's Management and Board to work assiduously over the coming months to conduct the necessary technical work and profiling to highlight Aura's two key strengths;

- Häggån as the second largest undeveloped uranium deposit in the world, and
- Häggån's low operating cost positioning Aura as potentially the world's lowest cost uranium producer.

\* Determined in the Häggån Scoping Study and inclusive of by-product credits.

The Strategic Review concluded that the bioleach testwork for Häggån is sufficient for the current level of study to confirm the exceptionally low Scoping Study operating cost. Bioleaching is the most efficient process for the deposit, and the leaching operating cost is the most important element of the Häggån cost structure. As such this work has provided the Aura Board with a strong degree of confidence in the overall Scoping Study C1 cash cost.

In the current uranium market the Aura Board believes the only viable strategy for the development of uranium projects is to focus on those projects with the lowest operating cost. The uranium sector has a range of projects which at this stage appear viable only at significantly higher uranium prices. The Scoping Study conclusions suggest that Häggån as such is unique as the combination of its large size and low operating costs, strengthening its claim for development.

The other key points from the strategic discussions were;

- The Board reaffirmed the significance of the Häggån Project in terms of it potentially being one of the highest margin projects in the world. The Häggån Project remains Aura's top priority.
- An opportunity exists for Reguibat to produce early technical and development results and hence early cash flow, dependent on funding. The management team will pursue opportunities to evaluate these options.
- The Board recognises that the strong attributes of Aura, particularly Häggån, are not recognised broadly in both the equity market generally, particularly offshore, or with large corporates in the energy sector.
- Aura is developing a programme to correct the company's perceived lack of market and corporate awareness.
- The nature of the Häggån Project - large resource, flat-lying, low strip ratio, bio heap leach processing, creates options for development at a number of scales. The management team will review the project scale with an initial concept of 3-5 million tonnes per annum to assess the potential benefits of this lower capital cost approach for early development.
- Sweden is a mining friendly country which derives 50% of its electricity from nuclear power. However, Häggån's significance is not widely recognised within Sweden and this will be corrected with additional in-country work. More dedicated work in the local community will also be undertaken.
- Reguibat is flat-lying resource at surface, with the potential for beneficiation upgrading; different scale start-ups will be considered to examine early development options.
- In all projects significant exploration upside exists, providing scope for ongoing resource expansion and/or discovery success

## About Aura Energy

Aura Energy Ltd holds two uranium projects in Europe and Africa that have large resources amenable to open pit mining, with a total resource base of 860 million pounds (389,000 tonnes) uranium in Inferred Resources. Aura holds the largest uranium resource base of any company listed on the Australian Stock Exchange except BHP Billiton Ltd.

The main assets of the company are:

- The Häggån Project located in Sweden with 803 Mlbs U<sub>3</sub>O<sub>8</sub> in Inferred Resources.
- The Reguibat deposit in Mauritania holds 48 Mlbs U<sub>3</sub>O<sub>8</sub>, and has substantial potential for additional resources.

The Scoping Study for the Häggån Project completed in 2012 emphasised the high profit margin per pound of uranium. With estimated operating costs of \$13.50/lb. after by-product credits (nickel, molybdenum), the project has a healthy operating margin even at the current long term – short term price range being experienced at the present time.

Furthermore the Häggån Project has very considerable potential to greatly expand its resource base. Aura's resource consultants proposed an Exploration Target of a further 400-800Mlbs of uranium.

Similarly the Reguibat Project in Mauritania is also considered by the Aura Board to have high potential to move towards development. Breakthrough testwork indicated that considerable increases in grade could be achieved through simple beneficiation, which, coupled with the large, from surface resources, are very encouraging for the future. Aura plans to channel its resources into progressing Reguibat as quickly as funds will permit.

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### ***Competent Persons Statement***

*Mr. Arnold van der Heyden takes responsibility for estimation of uranium and associated metals in the Häggån Resource. Mr. van der Heyden is a director of H&SC and is a competent person in the meaning of JORC having had around thirty 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. van der Heyden 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. Dr Beeson takes responsibility for data integrity, QA/QC and the requirement of "reasonable prospects for eventual economic extraction" for the reporting of Häggån Resources at the quoted cut-off grades.*