



# 2014 AGM for Aura Energy Ltd

## Chairman's address

Thank you everyone for attending the 2014 AGM for Aura Energy which we are holding in Sydney for a change given the number of shareholders we have in this city.

You will have seen a reasonably significant release to the market over today announcing the retirement of our CEO Bob Beeson. Bob founded the company in that role and has been the driving force behind the discovery of both our projects and the scoping studies on both projects. He has set a very strong platform for the company to move forward. As a geologist I feel Bob should have been much more wired into the tectonic shifts around Japan in order to know that his timing to run this fledgling company was not perfect but despite the Japanese tidal wave and its impact on our uranium sector and Aura and Bob coped very well.

We as a board want to express our deep gratitude to Bob for all his work for Aura as serious top line technical expertise in this area is a rare commodity and difficult to find. We wish him well in retirement with his walking, grandkids and new pursuits.

The unfortunate disaster that gave Bob a rough ride and an extreme broader outfall in the commodity and investment market has to



some extent shaped Aura's future as, with a falling uranium price and brutal equity sector, it drove a keen focus, corporately, on what was real and what was fantasy with regard to development projects. Aura has come out of this cauldron a better and stronger company with the defining focus being the ability to make money at the prevailing uranium price. Very few of our competitors seemed to have taken a similar stand.

I am firmly of the opinion that not many companies can hold their heads as high as Aura in respect of the cost of production for its development projects and we will need to work very hard over the coming months to get this fact out to the investment market because as the uranium price rises Aura's margin and profitability, once operating, will increase dramatically.

We have seen the uranium price move up over the past few months and this has ignited some interest in the sector and warmed our hearts. But then yesterday morning we woke only to see the price slapped down again. I don't believe that fall was anything more than activity in the traders play-pen and frankly irrelevant. What is more important was the declaration by China regarding emissions at the recent G20 which highlights the irreversible drive to greater uranium consumption.

The price wobble yesterday did however chasten me, as it should to us all, that mining and uranium is a tough sector and it will require hard work to develop, finance and build our projects.



It also highlighted that Aura is utterly on the right path in its pursuit of low capital and low operating cost projects and that we have a strong advantage over many of our competitors in this respect. This will be borne out in better returns and higher margins over time and result in good attention from the equity market when the sector comes back into favour.

The past year has been a pleasing one at a company level with much good work done progressing the Reguibat project. Early last year we decided it was necessary to compete with the low capital and operating costs of the in-situ leach projects given the constraints of capital within the mining sector for development projects. It was a good decision and the project team responded admirably delivering a project in the Reguibat Scoping Study under \$50 million capital and \$30/lb operating with a life of mine pre tax cashflow of \$360 million whilst only utilising 20% of the known resources. Quite a remarkable project.

The key to the project's success is that geological serendipity which afflicts many great mineral deposits. In Reguibat's case, the uranium mineral, very fine grained carnotite, can be screened captured in a screened fraction after washing the ore in water leading to an upgrade of the ore of up to 700%.

This has an incredible impact on the project by eliminating grinding, shrinking the plant footprint substantially and allowing fast leach kinetics which all circles back to the low capex and opex we speak of. We are proceeding with the Feasibility Study now and whilst the

early days have had great promise there will, no doubt, be technical challenges as the study progresses. But if there is a geological serendipity one would pray for when exploring for a deposit Reguibat's attributes would be somewhere near the top of the list.

Bob recently visited Mauritania and found a government keen to assist in developing the project with the regional authorities equally helpful. There is no shrinking away from the fact that the operating environment for Reguibat is harsh given its isolation and conditions however the challenges at all levels for this project are strongly mitigated by the beneficiation upgrade. Not only does it provide technical benefits but it reduces the infrastructure needed, the consumables that need to be transported, the people to operate the project and the facilities that need monitoring and management.

We are extremely fortunate to have such a great project and our aim is to get Reguibat into production as soon as we can and produce real returns for our shareholders.

I would like to thank Bob and the project team on behalf of the Board and shareholders for their work on this project during 2014.

Aura's other project, Häggån, is a major source of European uranium and whilst displaced in timing by our enthusiasm for Reguibat it is by no means forgotten or sidelined.

In fact, as one of the world's largest undeveloped uranium deposits it is a stunning longer term development project for Aura and a very valuable option for a rising uranium price. You may need reminding

but despite the Fukushima incident the Häggån project was squarely in the sights of some of the world's largest uranium companies.

Personally I believe that, whilst it is not reflected in the Aura share price yet, Russian President Vladimir Putin's recent rumblings and land grab in Europe has placed a higher level of risk premium on all energy units in Europe. This quite possibly applies more to uranium given Kazakhstan's supply dominance and loose alignment with Russia. With 50% of Sweden's power sourced from nuclear and half their uranium supply coming from Kazakhstan it would be difficult to imagine a more pertinent set of circumstances for a country such as Sweden to consider integration of uranium supply and nuclear power. Such an arrangement would provide Sweden quite literally with centuries of energy security and Aura Energy via Häggån is perfectly positioned to provide this energy security.

There is much work to be done on the ground at a permitting, social and government level and we will commence this activity as soon as we practically can. However it must be a sustained and holistic effort and not a hap-hazard, piecemeal approach and therefore we cannot commit to this until we know we can see it through.

Technically the Häggån project, like Reguibat, has many natural attributes which leads to a very low capital intensity for similar sized hard rock uranium projects. Given the geology and mining are reasonably straight forward, with consistent mineralisation and shallow mining, there are, I believe, a few key technical steps which will provide definitive proof of the quality of the Häggån project. This

testwork in the leaching area will only cost a few million dollars but will position and highlight the benefits and returns of this great project.

In the interim period before we can afford this testwork simply owning such a magnificent uranium resource will provide good returns for Aura Energy shareholders. But we must continue to progress Häggån's status to keep it in the minds of all stakeholders to get these 'pre-financial' returns.

On the strategy front Aura is determined to get its projects, and particularly Reguibat, into production as soon as possible with the lowest possible dilution to shareholders. This is a challenging task given the weak uranium market and a moribund resources equity market but we can, and must, work on a number of things in order for this to happen.

Some of these steps include;

- Getting Aura Energy better known around the world as uranium is a global business
- Increasing the research coverage for Aura energy among the broking community
- Closing the glaring valuation gap between Aura and some of its closest peer uranium companies
- Funding and negotiating the development of our projects from this stronger valuation position
- Seek funding opportunities for our project via strong corporate alliances, offtake funding or strategic partners.



- Expanding the companies projects and growing the company via use of its free cashflow
- The near term focus is clearly Reguibat but we have a strong imperative to progress Häggån to production.

As part of the management changes announced today I will soon move from the pure Chairman role to Executive Chairman role and assume Bob's CEO responsibilities. I have accepted this role as I have a deep belief in the quality of Aura's uranium projects, the potential for these projects to get to production and for the upside potential for the valuation of this company.

I would like to thank you for your continuing support of Aura Energy and hope you can remain a shareholder as we move to this exciting development phase.