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TIRIS DEFINITIVE FEASIBILITY STUDY PROGRESSING STRONGLY

MINING LEASE APPLICATION UNDERWAY

KEY STUDY COMPONENTS ADVANCING WELL

Aura Energy Limited (AEE; ASX, AURA; AIM) is pleased to advise that the various elements of the Tiris Definitive Feasibility Study (DFS) continue to progress strongly, with activity in all the principal areas of the study.

Importantly Aura will shortly complete its submission for the Mining Lease Application for all Mineral Resources associated with the Tiris Uranium Project, with award of this Mining Lease a key project milestone.

Commenting on the Tiris DFS progress, Peter Reeve, Aura Energy's Executive Chairman said "The considerable progress of Aura's Tiris Uranium Project DFS is largely thanks to a very professional group of technical people and is made easier by natural positive attributes the project carries. The studies continue to highlight that Tiris is a very achievable low capital cost, low operating cost project, which, subject to financing, could be coming into production possibly well timed for a rising uranium price".

The DFS for the Tiris Uranium Project in Mauritania recommenced in late 2016 following a successful funding and listing of the company on the London AIM market. The critical areas of the Tiris project study have been;

- The Environmental and Social Impact Assessment (ESIA)
- Preparation for the Mining Lease Application

- Resource validation mainly on Hippolyte
- Resource evaluation for the Resource upgrade to Measured and Indicated category
- Detailed planning for the metallurgical test work
- Water Study including geophysics, reconnaissance and drilling of targets
- Negotiation of the Tiris Shareholders Agreement – 10% Government interest

The **Environmental and Social Impact Assessment (ESIA)** has been a major area of work and its main component parts have been;

- Scoping Report and Terms of Reference for the ESIA
 - Review of Technical Studies
 - Air quality, noise and vibration study
 - Surface water and groundwater study
 - Soils and geomorphology study
 - Waste rock and tailings geochemical assessment
 - Ecology and biodiversity study – Flora and Fauna
 - Socio-economic study
 - Archaeology and cultural heritage study
 - Transportation route study
 - Health impact assessment
- Management Plans
 - Environmental and Social Monitoring and Management Plan (ESMMP)
 - Rehabilitation and Conceptual Mine Closure Plan (RCMCP)
 - Radiation Management Plan (RMP)
 - Stakeholder Engagement Plan (SEP)
- Impact Assessment
 - Community and Government consultation
 - Assessment of Project alternatives
 - Impact assessment
 - Cumulative impact assessment

Much of this work is now complete with no major issues identified. An important intermediate step was the acceptance by the Government and associated Environmental Departments of Aura's EISA Terms of Reference. Public Consultation Meetings are to be held in early May for completion of the process.

The **Mining Lease Application** for all the key project areas is due to be submitted in the coming weeks and all materials are in the process of being finalised for this documentation.

As highlighted in a market release on the 19th April (*Strong Hippolyte South Uranium Survey*) Aura has conducted important **Hippolyte Resource Validation** work and enabled greater understanding of the mineralisation. This is a key step towards the upgrade of the Tiris Resource.

The process of drilling, sampling and downhole gamma logging the Hippolyte mineralisation to upgrade the **Mineral Resource to the Measured and Indicated** category is expected to commence in the next 2 weeks, with the sourcing of a specialist rig for triple tube drilling finally achieved. This will also involve an additional series of disequilibrium measurements across the orebody.

Disequilibrium is an imbalance between the uranium content and the radioactivity emitted by a given volume of mineralized rock. This imbalance is caused by either differential mobilization of the more soluble uranium from the deposition site, relative to its daughter isotopes, or by a lack of time for the accumulation of the daughter isotopes to reach a state of equilibrium after the uranium has been deposited. Hence in a geologically young environment, a deficiency of daughters relative to uranium will cause an underestimation of uranium content based on radiometric methods. This will be an important factor in the final Mineral Resource estimate for Tiris.

As a prudent cost/capital efficiency measure Aura will progressively convert the Tiris Resource to the Measured and Indicated category with an initial target for approximately 5 years of production. This will be sufficient for the DFS and the associated financial study. During operation, using cashflow it is envisaged the remainder of the Mineral Resource will be converted to the Measured and Indicated category.

The **Metallurgical Test Work** program will commence in June 2017 when sufficient material has been generated from the planned drill campaign. The program which will be conducted principally by ANSTO Laboratories and will focus on the various mineralised domains to further assess;

1. Beneficiation response
2. Leaching response
3. Solid liquid separation and
4. Impurity issues, including effect of recirculating load on metal recovery.

This test work is a critical path item and is targeted for completion in January 2018; however, it is expected to generate sufficient information to allow the majority of engineering to be complete in 2017.

An extensive **Tiris Project Water Study** has been underway for over 3 months including a program of water geophysics focussing principally on the basal sedimentary units of the Taoudeni Basin to the south of the Tiris project area. These basal units are known to host substantial water supplies elsewhere in the region. A few favourable sites on Reguibat Shield rocks, closer to the project site will also be tested in this program. The geophysics is now complete and has been reviewed with site reconnaissance underway to assess the target sites before final drill testing of the targets is undertaken. Drill testing is expected before mid-year.

The negotiation of the **Tiris Shareholders Agreement**, which covers the 10% Government interest in the Project, has been drafted and is currently under negotiation with the Government. Finalisation of this agreement is required for the Mining Lease application and is expected to be completed in May 2017.

Other areas that will be commenced following the submission of the Mining Lease Application include;

- Mining Study
- Detailed Engineering included package cost estimates
- Infrastructure Study

These areas are expected to be completed before calendar year end.

Aura continues to target the end of 2017 for the completion of the majority of the Tiris DFS; however, it envisages some elements of the Tiris DFS will still be outstanding at this point. As such, the full DFS is likely to be completed early in 2018. This slight delay is not expected to impact project implementation and financing, as a number of parallel activities are planned to be conducted near the end of the Tiris DFS.

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