

Assay results pending for Storsjön, Reguibat

Investment Highlights

Aura Energy Ltd (AEE) is an advanced uranium explorer with projects in Sweden, West Africa and Australia. A maiden uranium resource estimate at its Storsjön project in central Sweden is expected in Q2, in parallel with results from drilling at its Reguibat project in Mauritania. The Storsjön tenements are within the prospective Alum Shale and adjoin endowed tenements held by TSX-listed Continental Precious Metals Inc (CZQ) where a 1 billion pound resource has been delineated (0.017% U3O8). AEE awaits drilling results from Reguibat, where high grade uranium was identified in preliminary sampling. We view forthcoming assay results from Storsjön and Reguibat as providing a key catalyst in Q2 CY10.

- Strategic landholding.** AEE has expanded its tenements at Storsjön to include outcropping and near surface Alum Shale with an average uranium grade of 170ppm and 400ppm Mo (amenable to open pit mining). The Alum Shale is prospective for known shallow shale uranium mineralisation as confirmed by CZQ's Indicated Resource of 1.05 billion pounds of U3O8 at 0.017% at the Viken deposit, within 3km of AEE's tenure.
- Mauritania licences pending.** AEE has secured four exploration licences in Mauritania and eight additional licences are under application. Three phases of fieldwork at Reguibat has identified large areas of near surface calcrete uranium mineralisation, with grades averaging >500ppm U3O8. The current drilling programme is nearing completion and assay results are expected in Q2.
- Vanadium credits.** There is potential for the Alum Shale in Sweden to provide credits from vanadium, molybdenum and nickel to add value to the in-situ resource at Storsjön. In this respect, Storsjön may offer advantages over similar calcrete-style uranium deposits such as Trekoppje in Namibia and Lake Maitland in Western Australia. The maiden resource estimate is expected in Q2.
- CSIRO development.** AEE is working with the CSIRO in Western Australia to determine the effectiveness of bioleach technology for extracting uranium and bi-product metals from the Alum Shale. Inherent cost-savings using this technology may support a feasibility study for the project following drilling in CY10.
- Australian assets.** AEE is targeting calcrete style uranium deposits in the Murchison and Goldfields regions and lignite/sandstone Mulga Rock style mineralisation in the Gunbarrel Basin of Western Australia through a JV with Mega Redport Ltd. AEE has also delineated an initial resource estimate at its Wondinong project near Mt Magnet (22.6Mt of U3O8 at 140ppm).
- Catalysts.** (1) Exploration success from initial drilling on Mauritania licences, (2) positive maiden resource estimate at Storsjön, (3) further tenement grants in Mauritania.
- Risks** (1) Resource risk - The resource at Storsjön has not been defined and no assessment of economic potential has been undertaken; (2) limited work on extraction methods, (3) conventional feasibility risk associated with mineral exploration.

30 March 2010

Speculative Buy

RIC: AEE.AX		BBG: AEE AU
Issued Capital	m	83.23
Price	A\$	0.18
Market Cap.	A\$m	14.98
Net Debt/Equity	%	na
Cash Est.	A\$m	3

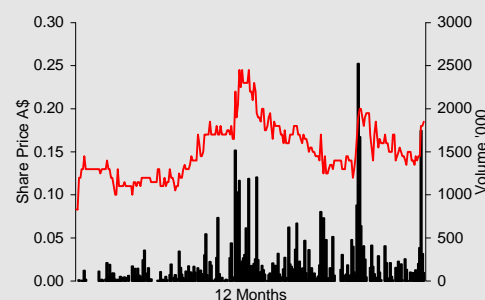
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Disclosure: Patersons Securities acted as Lead Manager to a Share Placement which raised \$3m in September 2009. Patersons received fees for acting in that capacity.

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Simon O'Loughlin - Non Executive Director

12 Month Share Price Performance



Background

Aura Energy Ltd (AEE) is a major landholder in the prospective Alum Shale of central Sweden. The Alum Shale is widely distributed throughout Sweden and the Baltic States and locally contains deposits of uranium, vanadium, molybdenum and nickel. AEE is concentrating its exploration efforts on the Östersund area, where uranium, vanadium and molybdenum grades are relatively high and the shale is either outcropping or lies under thin limestone cover.

The Alum Shale has been exploited as a source of uranium at Kvarntorp in southern Sweden in 1965, with ore production of 400,000-500,000tpa for five years before production ceased owing to weak uranium prices. Nuclear power is becoming an increasingly important source of power in Sweden, where ten nuclear reactors provide around 50% of the country's electricity requirement.

Tenements in Mauritania provide AEE with additional greenfields uranium targets, while the company's portfolio of advanced projects in Australia offers potential to expand a global resource base.

Figure 1: AEE Uranium Project Locations



Source: AEE

Capital structure

AEE is fully funded to complete ongoing drilling programmes at its projects in Sweden and Mauritania with estimated cash of \$3m at the end of March. The company has 83.23m shares on issue and 10.55m options on issue (AEEO), of which 3.5m options are exercisable at \$0.25 prior to 30 June 2010.

Major shareholders include GCM Resources Plc (9.5%) and Board and Management (7%).

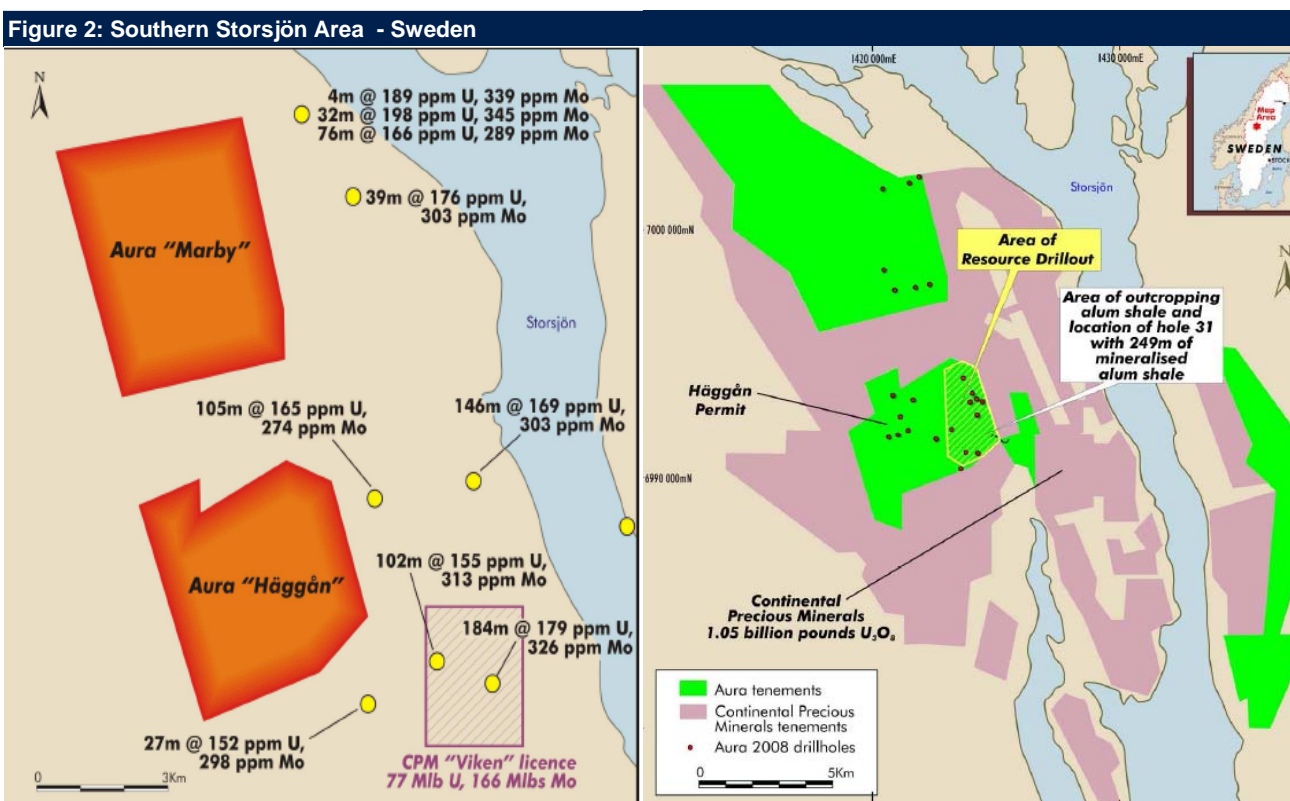
The Storsjön project – The next big uranium resource?

The Storsjön project consists of two main western licence areas, Marby and Häggån, which are located within 1-2km of several historic uranium intercepts (Figure 2). AEE completed two phases of drilling at the Storsjön project in 2008 which identified the thickness and continuity of the Alum Shale throughout various sections of the tenements.

The latest drilling programme has identified an additional area of outcropping mineralised Alum Shale in the south eastern portion of the Häggån exploration permit. The area contains mineralised shale to a depth of 249m.

Large areas within the AEE permits remain undrilled (70% of the Storsjön project area), and sections of thicker, higher grade Shale remain open to the southwest and west in AEE’s tenements.

It is expected that the initial resource estimate will include credits of vanadium, molybdenum, and nickel. Accordingly, AEE is undertaking preliminary testwork to explore the use bioleach technology for processing ore, similar to methods used at the Talvivarra nickel mine in Finland.



Source: AEE

Mauritania licences – high grade, underexplored tenements

High grade uranium mineralisation has been identified on all four of AEE’s licences in Mauritania. The four granted licences cover 5,100km² and include a series of radiometric uranium anomalies which require follow up drilling.

AEE has three additional tenements under application in Mauritania and has also made applications for three exploration licences in Niger on the margin of the Air Massif.

In January, AEE drilled 392 holes at Reguibat which included shallow vertical drilling (2,146m) over broad areas where uranium mineralisation is known to occur within 1m of surface. Previous sampling of 47 shallow pits (500m spacing) identified prospective sections with grades of up to 2,217ppm U3O8.

Assay results from the latest drilling programme are expected in Q2.



Source: AEE

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