aura energy

ACN: 115 927 681

ANNUAL REPORT

30 JUNE 2016

CORPORATE DIRECTORY

DIRECTORS
Peter Reeve - Executive Chairman
Bob Beeson - Non-Executive Director
Brett Fraser - Non-Executive Director
Julian Perkins - Non-Executive Director

COMPANY SECRETARY
John Madden

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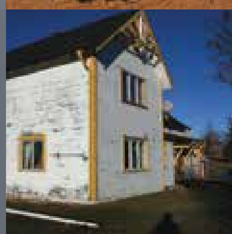
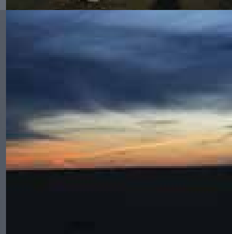
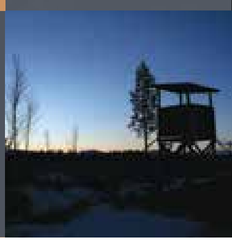








ABOUT US

Aura Energy is an Australian based development company that has major uranium projects in Europe and Africa also gold, lithium and soda ash in Africa

Aura Energy Limited is a resource-development Company building high quality mineral projects for the future. Aura is very positive about its uranium projects and nuclear energy industry as 80 million people are added to the world's population annually driving the world's energy needs exponentially. Aura intends to be part of that solution by supplying uranium from its projects to the nuclear industry.

Aura has an exceptionally strong technical and management team with unparalleled experience and exposure for a company of Aura's size. This experience has lead Aura to broaden its mineral portfolio and secure excellent gold, soda ash and lithium projects in 2016. This balances Aura's strategy and will provide a depth of projects to create cashflow from different commodities.

Previously Aura has stated a strategy to get its projects into production quickly and with minimal dilution. Despite a challenging uranium market Aura has continued to progress this goal with a successful listing on the London Stock Exchange AIM market which has more than trebled Aura's market value during September 2016. Additionally, Aura has pursued corporate alliances, closed the glaring valuation gap between Aura and its peers, commenced the push for offtake funding and maintained a strong imperative to progress its Tiris and Häggån projects.

2016 has seen Aura progress on a new journey to sustainable development and cashflow. We invite shareholders to stay with the company for the 2017 financial year and beyond, as Aura continues this new path.

CONTENTS

OUR PROJECTS

100% OWNED URANIUM DEVELOPMENT PROJECTS IN MAURITANIA AND SWEDEN

TIRIS MAURITANIA – POTENTIAL PRODUCTION & CASHFLOW

- C1 Cash costs US$30/lb U_3O_8
- 49 Mlbs Indicated and Inferred Resource
- US$45m capital cost
- Early stage exploration

HÄGGÅN SWEDEN –POTENTIAL SCALE/LONG TERM VALUE

- C1 Cash costs US$13.50/lb U_3O_8 including credits
- 803 Mlbs Inferred Resource
- US$537m capital cost
- Gold, Soda Ash, Lithium

HIGHLIGHTS IN 2016

Aura advanced the company in 2016 by broadening its portfolio, advancing its studies, establishing a new London market place and increasing its market value

EXPANDED PORFOLIO IN GOLD LITHIUM SODA ASH

LISTED ON AIM RAISED

£2.85m

(A$5.0M)

583%

INCREASE IN MARKET CAPITALISATION (OR VALUE)

$5M TO $29.2M

MANAGEMENT HAS EXTENSIVE RESOURCES EXPERIENCE

ACTIVITY OVERVIEW

MAURITANIA

- Commenced Tiris project Feasability Study
- Completed drilling and leach testwork
- Refined understanding of Tiris project mineralisation
- Secured excellent gold tenements south of the giant Tasiast Gold Mine
- Secured Soda Ash and Lithium tenements

SWEDEN

- Conducted drilling on Haggan and Marby
- Planned for community engagement program
- Continued liasion with government
- Continued interaction in local community

CHAIRMAN'S LETTER

Aura is developing two attractive, 100% owned, uranium projects with resources totalling 852 million pounds U_3O_8 which the Aura Board believes will position the company as a major uranium producer in the future.

Aura Energy Limited ('Aura' or the 'Company') is developing two attractive, 100% owned, uranium projects with resources totalling 852 million pounds U_3O_8 which the Aura Board believes will position the company as a major uranium producer in the future.

The Tiris project in Mauritania is in Feasibility Study and with its low capital cost has a potentially short development time frame. The second asset, the Häggån project, is a world class, strategic European uranium deposit located in Sweden.

Aura maintained a focus during 2016 on getting the Tiris project Feasibility Study completed in order to achieve production and cashflow from the asset in the shortest timeframe. The continued weakness in both the uranium price and the junior mining sector made funding difficult and as such hampered Aura's efforts to progress the Feasibility Study.

To address this issue the Company took the strategic step to review a more relevant market to fund Aura's projects and commenced a programme to list on the London Stock Exchange owned AIM market. Subsequent to year end, the Company successfully completed that listing with the following key outcomes:

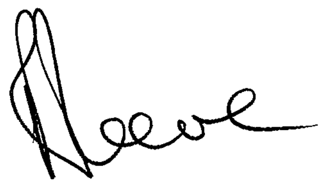
- Completion of equity raising of A$5 million (£2.85 million);
- Establishment of a presence in a market knowledgeable of African and European projects; and
- support from new cornerstone investors

Aura continued to pursue development for both its uranium projects however as new exploration opportunities arose Aura took the opportunity to broadened its portfolio into other minerals and prospects aligned with the existing business. The first of these was two excellent gold tenements in Mauritania just south of the giant 21 million ounce Tasiast gold mine and the second a soda ash and lithium prospects near the Tiris project.

Aura believes the new gold properties to be particularly prospective on a poorly explored belt and with substantial previous expenditure by previous owners Aura will be able to commence exploration with a distinct head start. Other explorers on this belt such as Algold Resources have recently had excellent results and Aura has high expectations it can match these outcomes. The soda ash and lithium prospects are also aligned with our business as soda ash is the key chemical required to leach the uranium ore in Tiris. If a soda ash source could be identified near to the project then the already low cost of Tiris production would fall even further. If a lithium credit was also capable of being additionally extracted then this would ensure lower costs again.

The junior sector has been a difficult place to operate over the past few years and survival alone is a success. Aura can now say it has thrived in this environment and I would like to thank shareholders, both old and new, for their recent support as that support has allowed Aura to prosper and advance. I also like to thank our staff and board for their efforts in our recent success.

The new AIM listing and exceptionally well funded position provides Aura with a new platform from which to develop its projects and search for new opportunities. Aura's focus remains the creation of shareholder value as we progress our projects to sustainable cashflow.



Peter Reeve

Executive Chairman

Dated this Thursday, 29 September 2016

OPERATION'S REVIEW

2016 was a year of two halves with a slower than expected level of activity initially followed a very successful London AIM listing and financing which allowed planning to commence for a restart of the Tiris project Feasibility Study and a move into gold, soda ash and lithium.

2016 was a year of two halves with a slower than expected level of activity initially followed a very successful London AIM listing and financing which allowed planning to commence for a restart of the Tiris Feasibility Study. As the Tiris project work programmes slowed during the year under review, the AIM listing became the major focus of the Company. However more broadly Aura expanded its portfolio to include a package of very prospective gold tenements and also soda ash and lithium prospects. On balance 2015-16 was a frustrating year with weak commodity and equity markets but ended well leaving Aura in an excellent position for the coming few years.

In the 2015 Report the Company commented that;

> *Fundraising became central to the company during the year as the push to achieve project status is unrelenting and expensive. The need to find a reliable and sustainable source of funding to continue on this development path is very important to Aura and remained unfulfilled at year end.*

Significantly I am pleased to report that Aura's efforts since the end of the financial year have resulted in the completion of a $5 million financing and the establishment of a new market place in the UK which clearly has a strong appreciation of African and European projects.

The completion of this task is important in realising a sustainable funding path for all of Aura's projects but in particular the near term Tiris project.

TIRIS PROJECT – 100% MAURITANIA

The Tiris project is an excellent near-term development project and Aura's key opportunity to produce significant cash flow and returns for shareholders in the coming 2-3 years.

The Tiris project has progressed to the Feasibility Study stage and this study envisages a project with an initial production profile up to 1 million pound U_3O_8 per annum with preliminary economics developed for the Scoping Study indicating an average life of mine production rate of approximately 800,000 pound U_3O_8 over 15 years. Internal studies suggest there is protential for Aura to produce 3 million pounds U_3O_8 per annum.

Aura initially commenced the Feasibility Study for its Tiris project in Mauritania in 2015 and continued activities during 2016. However the weak funding environment hampered Aura's ability to progress the Feasibility Study which resulted in work programmes being slowed towards the end of 2015.

Prior to this weak funding environment Aura was focused on validation work to tighten the grade/tonnage confidence limits. This assessment is ongoing and will require additional field testwork in 2017. Orebody models were constructed in order for new resource estimates to be quickly concluded when the validation work programme on the 2015 drilling programme is completed.

There are a number of natural attributes of the Tiris project which derive from the very fine nature of the uranium mineral, carnotite. This allows a simple beneficiation step of washing and screening to achieve an upgrade of up to 700% to the leach feed U_3O_8 grade. This in turn leads to a project that has:

- A very small physical footprint
- No grinding – reduced construction and operating costs
- Easily scalable – modular, assembly on-site

The resulting capital and operating costs are US$45 million and US$30 per pound U_3O_8 which are both extremely competitive in this environment and compete well with the in-situ leach uranium projects which are also well known for low capital and operating costs.

The key to low cash costs at the Tiris project is the:

- Shallow mining at 1- 5 metres depth
- Ore upgrades by 500 - 700% - from 335 ppm to circa 2,500 ppm U_3O_8
- Excellent leach recovery and resident rate - 94% in 4 hours

The project financial outcomes from the Scoping Study were;

- Pre-tax cashflow (15 years) : A$360 million using US$65 pounds U_3O_8 @ 90 cents AUD
- IRR of 78% before tax and royalties

Importantly, the Scoping Study financials only account for approximately 20% of the known resources, providing excellent upside in the project economics and presenting a strong case for further expansion. Initial modelling of expansion cases has been undertaken and indicate a potential for a very robust financial outcome.

Two important aspects of work on the Tiris project to be undertaken are:

- Modelling of expansion cases for Tiris project including a 3 million pounds U_3O_8 per annum
- Exploration of Hippolyte South to provide a growth option for the Tiris project

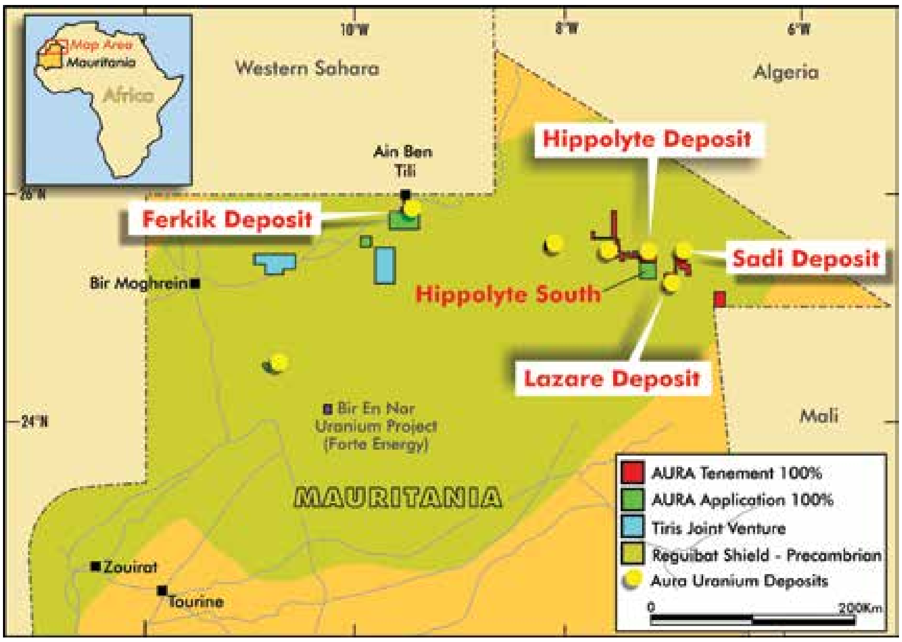
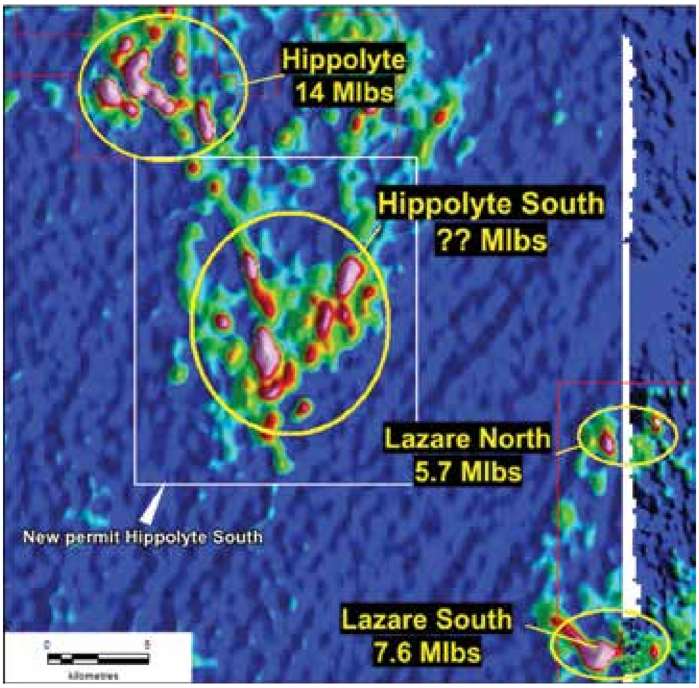


Figure 1: Location of Tiris project Uranium Resources

Aura has highlighted the very fine nature of the uranium-bearing mineral, carnotite, is one of the key positive attributes of the Tiris project as it is the basis of the low cost beneficiation processes which are key to the attractive economics of the project. However, this fine-grained character, together with the high short-range grade variability inherent in deposits of this type, presents challenges in sampling and handling analogous to those in a nuggetty high grade gold deposit.

The carnotite in calcrete deposits tends to occur as small lenses, nuggets and coatings in or on the calcrete. Their distribution varies from deposit to deposit. Calcrete uranium deposits are typically lens-like in section, and hundreds of square meters in plan view.

Aura has seen significant grade variability in all its sampling programs, a common feature of deposits of this type. However, this inherent variability requires understanding and management in upgrading resources to Measured and Indicated status where tight grade tolerance is required. In general, variability reduces as sample size increases, and for that reason the 2015 drilling employed a larger diameter drill bit to that used in the earlier resource drilling programmes resulting in a 50% greater sample size. However, even with the larger sample size grade variability has still been relatively high.



During 2015-16 Aura continued to conduct testwork and validation work aimed at defining optimal protocols for the recovery of adequately representative samples. This work will continue in 2016-17 and whilst it is time consuming and expensive, it is important it is undertaken now so that Aura can optimise its material handling and sampling protocols to ensure the best project outcomes during operation.

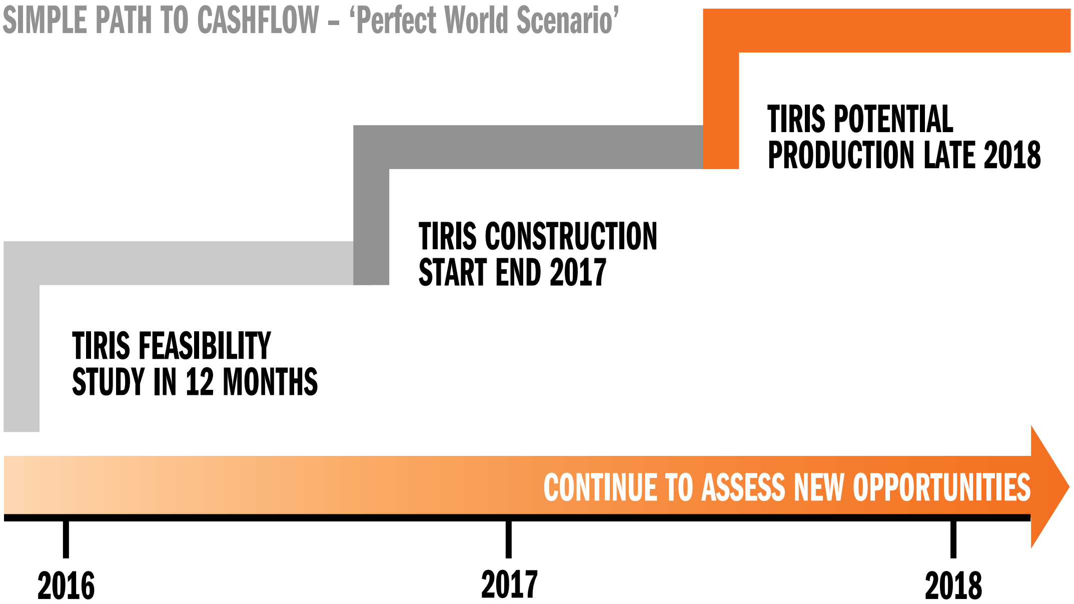
In order to attain the high level of confidence required for the grade applied in Measured Resources estimates, which is generally considered to be around +/- 10%, and given the inherent high grade variability in calcrete deposits, further verification/validation programmes are under contemplation and planning. These include:

- Downhole gamma logging
- Disequilibrium testwork
- Trenching of the mineralisation
- Detailed ground radiometric surveying

Aura is continuing to progress the Feasibility Study for the Tiris project with a current date for completion by the end of 2017.

TIRIS DEVELOPMENT STATEGY

SIMPLE PATH TO CASHFLOW – 'Perfect World Scenario'



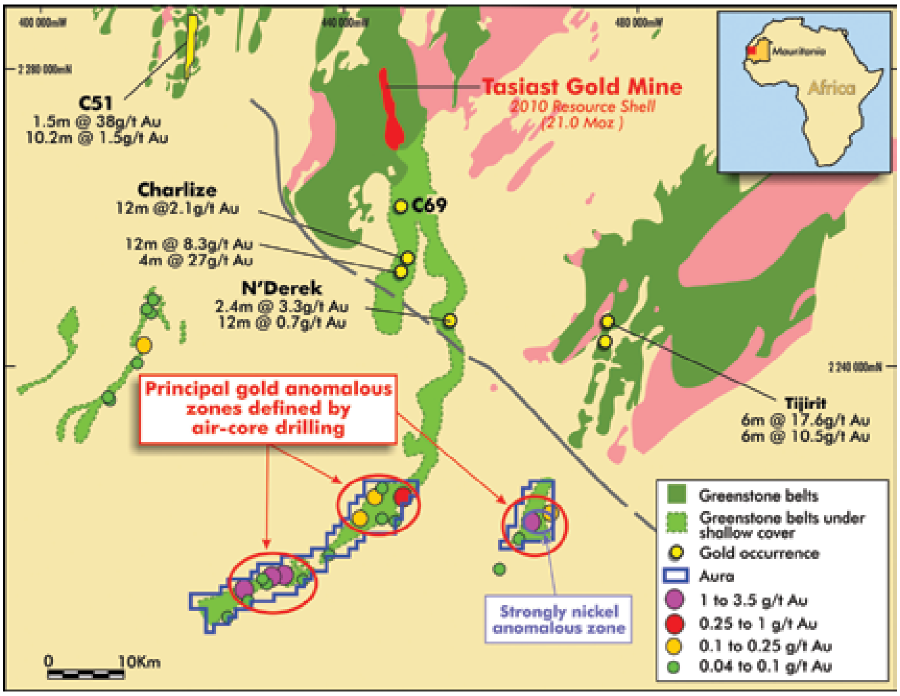
HÄGGÅN PROJECT – 100% SWEDEN

The Häggån project is one of the world's largest undeveloped uranium deposits and is strategically located within Western Europe.

With an Inferred Resource of 803 million pounds U_3O_8, the deposit is an important source of uranium for Europe and potentially Sweden, which is 50% nuclear dependent for electricity, and therefore provide energy self-sufficiency for many decades.

Aura believes that whilst the Häggån project is a large and relatively expensive project undertaking it is also an extremely valuable project which, in due course, will be profitable long-life mine in one of the most stable countries in the world.

During 2015-16 planning on the Häggån Project was undertaken to commence a programme of community engagement on the project including presentations on both the regional benefits of the project and the operating aspects of the project.



TASIAST SOUTH GOLD PROSPECT

Given Aura's strong technical team it has maintained a readiness to purchasing further assets which it considers to be aligned with its existing business.

As a result towards the end of the financial year Aura secured the rights to acquire 175 km^2 of prospective gold tenements covering two under-explored mineralised greenstone belts in Mauritania. The areas lie along strike from Kinross' giant 21 Moz Tasiast gold mine and also from Algold's Tijirit gold project. The two areas are currently held under exploration permit applications and are expected to be granted in the near future.

These highly prospective gold areas represent an excellent opportunity in lightly explored Archean greenstone belts and will leverage Aura's extensive operating experience in this part of the world.

The tenements are favourably located 200 km from Nouakchott, 60 km from the coast, and can be managed efficiently within the company's existing management resources without distraction from Aura's core uranium focus.

The tenements cover portions of the Tasiast and Tijirit greenstone belts and have only been explored previously by one other company which was forced to suspend activities in the mineral industry downturn in 2012, despite having located zones of significant gold mineralisation. Members of Aura's current technical team were involved in this previous work and are well acquainted with the area.

Previous exploration for gold on these permit areas also located strongly anomalous nickel values in several areas, associated with ultramafic rocks. In parts of the tenements high nickel values are associated with anomalous copper highlighting potential for nickel-copper sulphide mineralisation, as occurs in the greenstone belts of Australia and Canada. At this stage there has been no follow-up work carried out on these nickel targets.

Aura's Tasiast South project area has the following attributes:

- Tenements over two lightly explored greenstone belts covering 175 km^2
- The 20 Moz Tasiast gold mine is nearby on the same greenstone belt and highlights the potential for major deposits in the region (See Fig 2)
- $3 million has been expended by the previous explorer on airborne geophysics, reverse circulation and air-core drilling, and sampling
- Broad zones of gold mineralisation have been identified with strong similarities to the Tasiast gold mine mineralisation and alteration
- No testing deeper than 150m with most previous holes less than 100m
- High grade drill intersections have been reported by others in the district from both past and current programme, including one programmes in progress with Algold Resources (a TSX-listed entity), which highlight the current interest and potential in these poorly tested belts

Next steps envisaged at the Tasiast South project are:

- Ground electrical geophysics to locate the strongest zones of disseminated sulphide development for drill targeting
- Additional bedrock sampling by air-core or auger-drilling to better define the high nickel ultramafics and zones of copper/nickel for follow up drilling
- Deep drill testing of targets defined

SODA ASH AND LITHIUM SABKHA

Similar to its gold acquisition a Sabkha (salt pan) was identified during the Competent Persons Review of Aura Energy's projects for the AIM listing by the Independent Expert, Wardell Armstrong International Limited (WAI).

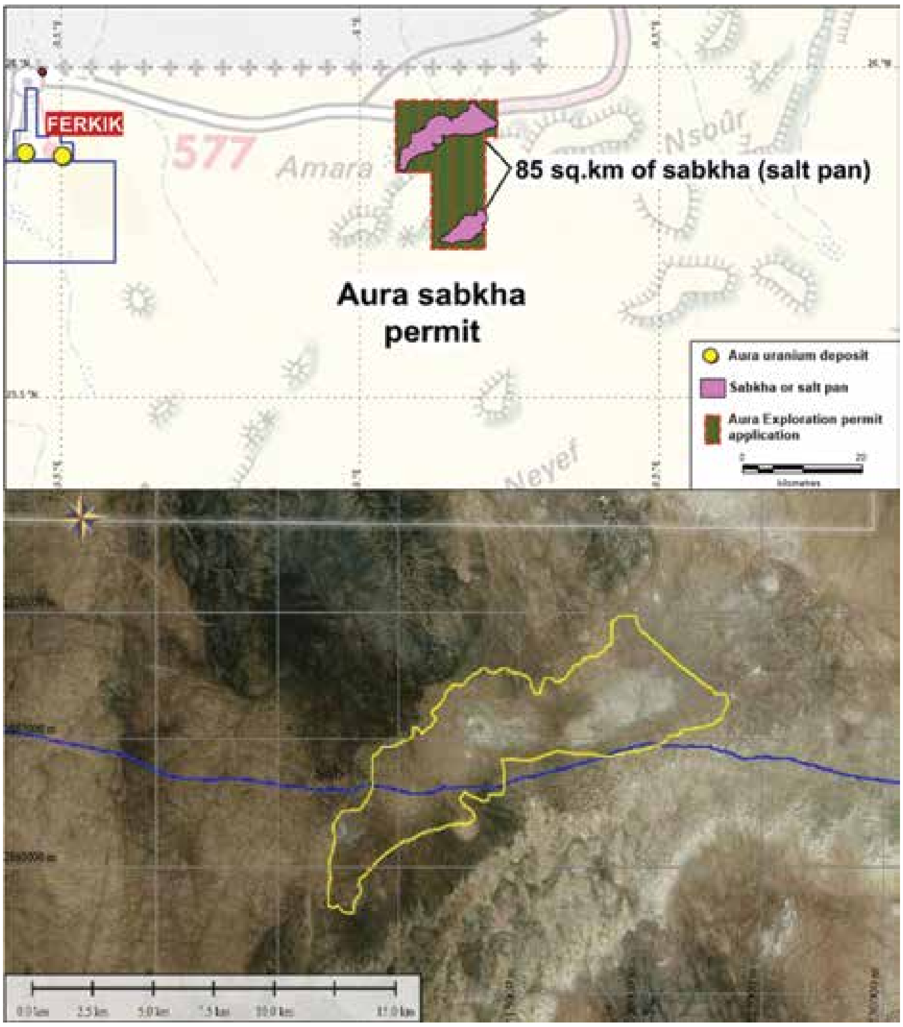
Tenements covering two large Sabkhas (salt pans) in the region of its Tiris project have been applied for with a view to exploring this formation for soda ash and other minerals. Soda ash is the leach agent proposed for the Tiris project and if the source is confirmed it would provide significant benefits to the Tiris project economics. Importantly Sabkha's are also known sources of other minerals including lithium.

The WAI review noted;

> *"On the return trip from the Tiris East uranium project, the route crosses a very wet clay-rich "pan" or Sabkha. The surface and geological setting of the pan was strongly reminiscent of pans known to Mr Moseley in other parts of Africa that are being investigated for lithium and other valuable salts."*

The Sabkhas which are 165 km from Hippolyte are large on a relative basis covering an area of over 85 km^2. Sabkha is an Arabic name for a salt-flat that has come into general use in sedimentology. They are also known as "Salars" in South America and generically as salt pans or flats. The valuable salts can occur in the Sabkha environment either in clays at or near surface or in brine reservoirs deeper in the lake sediments.

The location of the Sabkha between the Tiris project's east and west tenements provides a favourable location should a source of soda ash (Na_2CO_3) be identified. The Tiris project 2014 Scoping Study identified the need for up to 16,000 tonnes of soda ash which, including transport, would account for approximately 25% of Tiris' operating costs. Utilising a nearby source of soda ash has the potential to significantly reduce these costs. Additionally potential for revenue from other minerals such as lithium or back-loading soda ash to port for export would further reduce the Tiris project operating cost.



Sabkha relative to the Aura Uranium Licences

CORPORATE

AIM LISTING

One of Aura's key activities during the 2016 year was the pursuit of a London Stock Exchange AIM listing and fund raising. On Monday, 12th September Energy Limited listed on AIM with the stockcode: AURA. The listing has been an outstanding success with the share price trading at a premium since listing and large volumes being traded in both markets. With the increase in issued capital and the increase in the price Aura's share market capitalisation has more than doubled as a result of this listing.

The AIM listing and parallel Australian Placement resulted in the Company raising £2.85 million (AUD$5.0 million) before expenses by way of a placing of approximately 254 million new ordinary shares at £0.0114 (AUD$0.02) per share.

Aura Energy has always believed that, given our European and African focus, dual listing on AIM was both an attractive option for Aura and a natural marketplace for the company. This decision has been vindicated.

GPEC DEVELOPMENT MOU

Aura previously advised that it had entered into a Development MoU with China Energy Engineering Group Guangdong Power Engineering Company Ltd (GPEC) on 4th February 2016 which outlined that GPEC would provide certain engineering, equipment supply services and possible finance for development of Tiris project in Mauritania.

During the year Aura continued negotiations with GPEC and supplied them with a detailed engineering contract covering all aspects of the GPEC's Engineering Procurement and Construction Management (EPCM) role. Since this was provided GPEC has undertaken active review and the engineering contract is in detailed evaluation with five separate departments within GPEC and is progressing through GPEC's required internal processes.

Aura continues to pursue several parallel strategies to ensure development of the Tiris project. The MoU with GPEC is an important aspect of this search as it not only provides a very cost effective development option for the high margin Tiris project but also provides Aura, and the Tiris project broad exposure to the extraordinary expansion of the Chinese nuclear industry.

Aura's Development MoU outlines for GPEC to provide the following main elements:

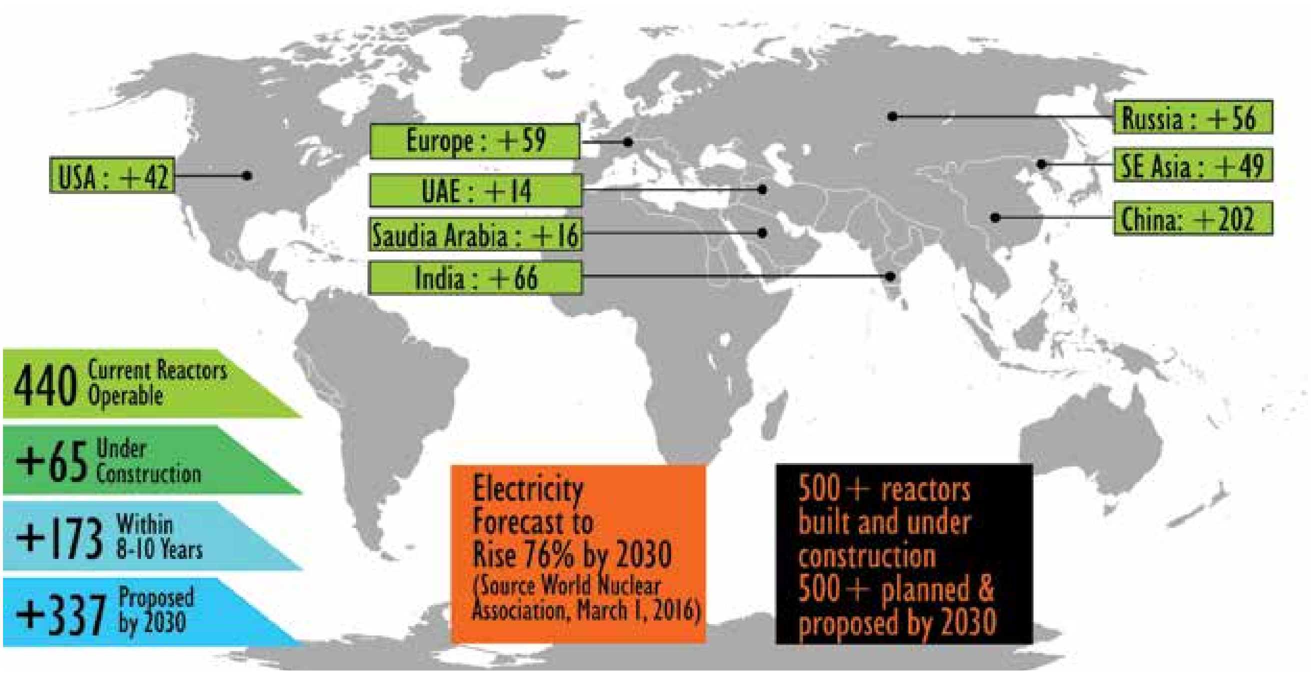
- EPCM services for the Tiris project
- Equipment financing for service of the Tiris project
- Procurement services for the Tiris project's major equipment
- Procurement of required power infrastructure for the Tiris project
- Seek finance parties for completion of the Production Finance Package
- Introduction of further parties for the purpose of investment, project construction, processing, engineering studies and product marketing for the Tiris project
- Facilitate direct investment by Chinese partners to assist with the development of the Tiris project
- Endeavour to introduce parties to negotiate offtake agreements for the Tiris project

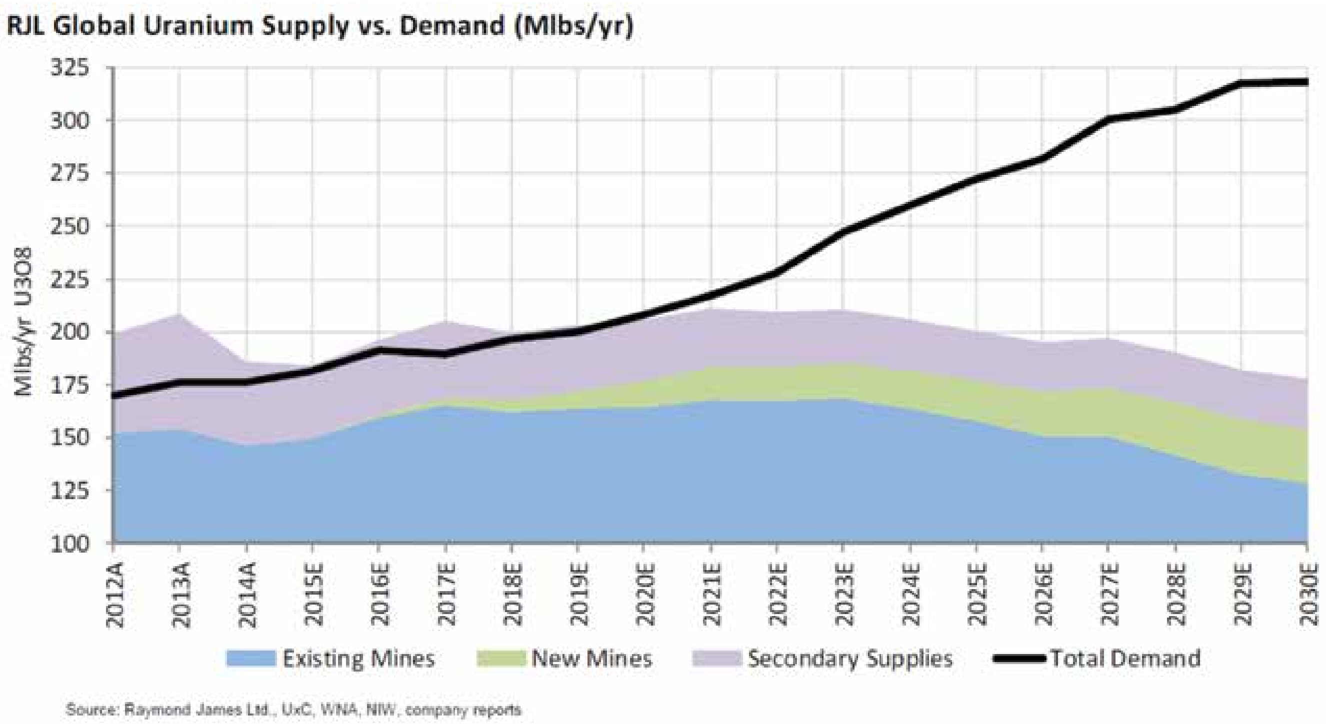
GPEC is an engineering firm based in Guangdong China and operates within a group of companies under the parent company China Energy Engineering Group Company Ltd (CEEC). GPEC's main activities are the engineering and construction management within the power industry having completed several nuclear, coal and LNG gas fired power stations as well as significant power related infrastructure projects.

URANIUM MARKET

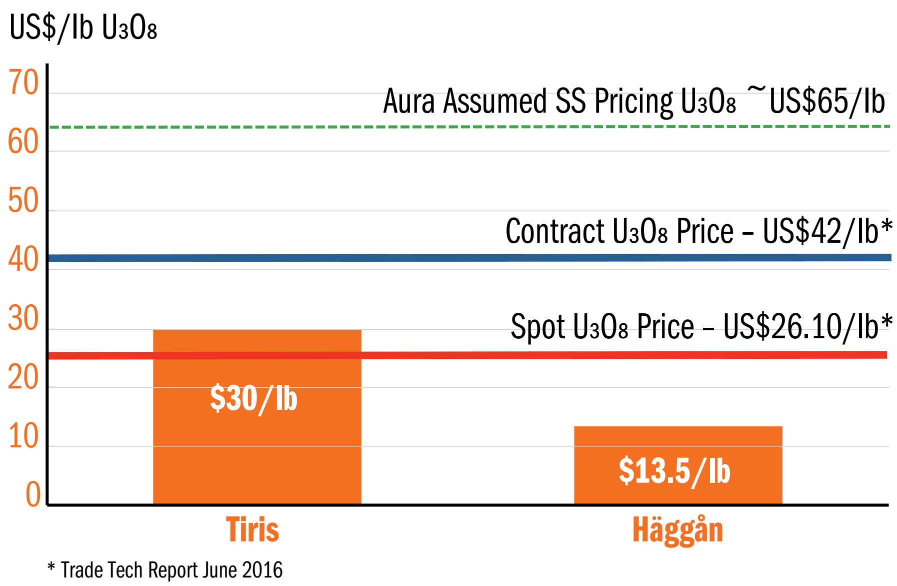
The World Nuclear Association has stated that China presently has 30 nuclear reactors in operation and another 24 under construction. By 2020-21 China will generate 58 GWe from nuclear power and 150 GWe by 2030. The Chinese nuclear power development programme is not dependent on Chinese economic growth as the development programme is a focused government commitment to meet massive base load energy demand and to do so in an environmentally acceptable manner with reduction in air pollution being the public policy priority. This development agreement with CEEC/GPEC place Aura in the group of companies that can take advantage of this growth.

As the chart below confirms the requirement for new uranium supply is significant over the coming years.

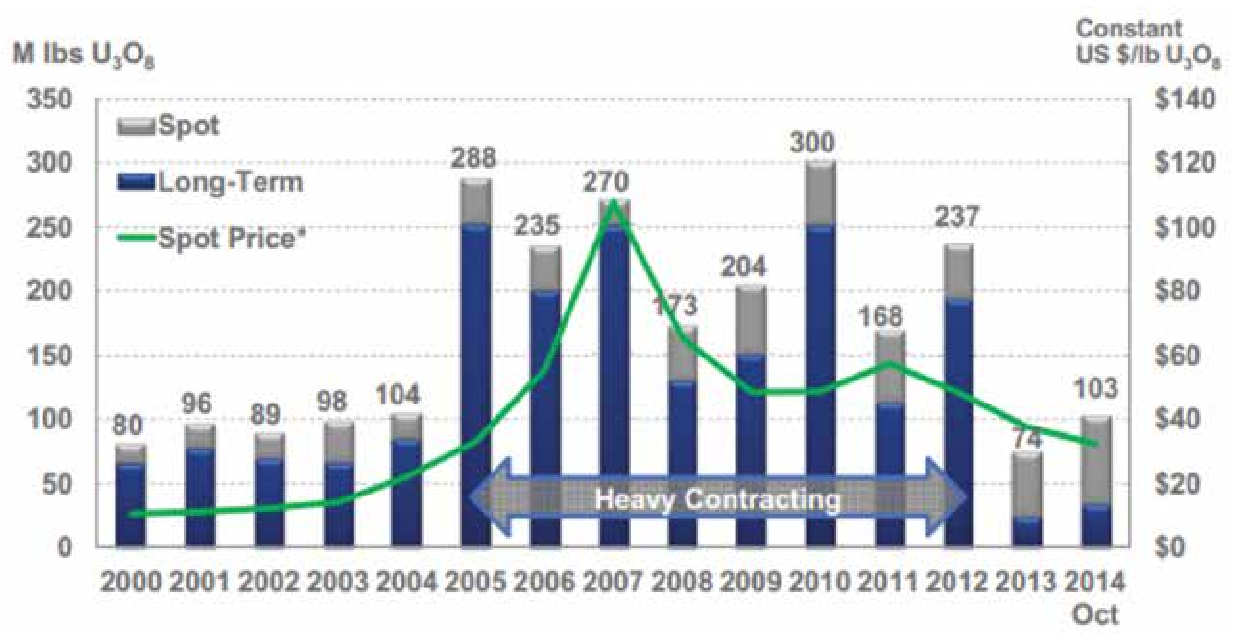




Aura's project cash cost versus U_3O_8 price



Historical Spot (grey) and LT Contract (blue) sales for U_3O_8. Note the very low level of contract sales in 2013 and 2014 – A potential driver for U_3O_8 price recovery



DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2016.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

PETER REEVE

Executive Chairman and Managing Director

Peter Reeve has been involved in the Australian resources industry for approximately 25 years and, as a professional metallurgist, has held positions with Rio Tinto, Shell-Billiton, Newcrest Mining and Normet Consulting. For seven years Peter worked at JB Were as a Resource Specialist Fund Manager and a Resource Corporate Finance Director. He has been a management consultant in South Africa and was involved in an African iron ore start-up.

Peter was Managing Director and Chief Executive Officer of Ivanhoe Australia, which he co-founded with Robert Friedland, and was a Director of both EXCO Resources and Emmerson Resources.

Peter's specialisation is the development of company strategy and the commercialisation of projects, and alignment with the global investment community and international resource corporations.

DR. BOB BEESON

Non-Executive Director

Dr. Bob Beeson is a professional geologist with over 35 years' experience in mineral exploration and development. He has held senior management positions with Billiton Australia, Acacia Resources, North Limited and New Hampton Goldfields and has extensive experience in leading and managing teams in many regions of the world. He was Managing Director of Aura Energy Ltd since its listing in 2006 and in 2015 vacated the position and is now Non-Executive Director. He is also a Non-Executive Director of Drake Resources Limited.

Highlights of Dr. Beeson's specific uranium exploration experience include:

- Led major geochemical exploration programmes for sediment-hosted and magmatic uranium deposits throughout South Africa;
- Specialist geochemist in a multi-national team in the Middle East;
- Conducted major review and targeting programme of the Alligator Rivers Uranium field for Mobil Energy Minerals;
- Led Aura's team that has made greenfields uranium discoveries in Sweden, West Africa and Western Australia.

BRETT FRASER

Non-Executive Director

Mr Fraser is a qualified accountant with more than 29 years' experience in the mining, finance and securities industry Mr Fraser is an experienced company executive having served as a director and been involved in governance, negotiation, finance, development, forensic accounting and operation for a number of private and ASX listed companies. As the founder or officer of businesses in mining, securities trading, the beverage industry, media, leisure health and corporate finance Mr Fraser has extensive knowledge and skills in company operations. Mr Fraser is the Non-Executive Chairman of Blina Minerals, Non-Executive Chairman of Drake Resources Limited, former Chairman of Doray Minerals Ltd and the Securities Institute Education, WA chapter, and also a former director of Gage Roads Brewing Co and Brainytoys Limited. Mr Fraser holds a Bachelor of Business degree, is a Fellow of Certified Practising Accountants, is a Fellow of the Financial Services Institute of Australasia and has completed post graduate studies in finance and marketing.

JULIAN PERKINS

Non-Executive Director

Mr Julian Perkins has over 40 years' experience in the global minerals industry. He has held senior technical management positions in Australia for AngloGold Ashanti Ltd, Acacia Resources Ltd, Shell Australia, and prior to that for Billiton International Metals (part of the Shell Group) in the Netherlands. He has degrees in mining and metallurgical engineering, with operational experience in underground mining in South Africa and the metallurgical operations at Nchanga on the Zambian Copperbelt. He is a Graduate of the Australian Institute of Company Directors.

Mr Perkins has extensive experience in research and development. He was head of the mineral processing department at the Arnhem metals research centre of Shell Research in the Netherlands for three years. In Australia he was Chairman of the Board of Parker Centre Ltd, which managed the A J Parker Cooperative Research Centre (CRC) for Hydrometallurgy from 2006 to 2012, having been a director prior to that. He has also been a director on the boards of the Cooperative Research Centre for Mining and the Australian Centre for Mining Environmental Research. He designed and managed the early metallurgical testwork and flowsheet design for both of Aura's projects. He has been a non-executive director of Aura Energy Limited since 2011.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

JOHN MADDEN

Company Secretary *(from 31 March 2016 to 30 June 2016)*

John started his career with Rio Tinto Limited (formerly CRA Limited) and held a number of positions in accounting, planning, business analysis and taxation as well as the acquisitions group. Between 1996 and 2000, John was the Manager-Finance for Rio Tinto at the Grasberg copper-gold project in West Papua. On leaving Rio Tinto in 2000, John worked in Papua New Guinea for three years on the Hidden Valley/Wafi gold projects feasibility studies and for five years on the Tampakan copper-gold project in the Philippines where he was the General Manager-Commercial & Company Secretary for Indophil Resources NL.

John has provided strategic and commercial advice as well as specialist financial modelling services to OK Tedi Mining Limited, Intrepid Mines Limited, the Australian Iron Ore Joint Venture and Mesa Minerals Limited from 2008 to 2011.

John has extensive commercial and legal experience in Francophone Africa as he co-founded Indian Pacific Resources Limited, a Madagascar-based iron ore explorer and served as an executive officer from 2011 to 2015.

SF ZILLWOOD

Company Secretary *(from 1 July 2015 to 31 March 2016)*

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the exploration and evaluation of its projects in Sweden and Mauritania.

CORPORATE GOVERNANCE STATEMENT

Details of the Company's corporate governance practices are included in the Corporate Governance Statement set out on the Company's website at: www.auraenergy.com.au/governance.html

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the financial year ended 30 June 2016.

REVIEW OF OPERATIONS

OPERATION REVIEW

A detailed review of the Group's exploration activities is set out in the section entitled Operations Review on page 6 in this annual report.

OPERATING RESULTS

The consolidated loss for the year amounted to $1,625,775 (2015: $2,493,900). The decrease in the consolidated loss is largely attributable no adjustment to the fair value of exploration projects in Mauritania and Sweden (see Note 11 Exploration and evaluation assets).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Groups assessment in this regard can be found in Note 1. Statement of significant accounting policies-Going concern. The auditor's report contains an emphasis on matter in this regard.

FINANCIAL POSITION

The net assets of the Group have increased by $78,881 from 30 June 2015 to $13,840,706 at 30 June 2016.

As at 30 June 2016, the Group's cash and cash equivalent decreased from 30 June 2015 by $625,253 (including foreign exchange movements) to $317,758. The Group had a working capital deficit of $297,004 (2015: $500,426 working capital surplus). The deficit was negetively impacted by the accruing of advisors and consultants costs at balance date which was A$136,914.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

On the 12 and 16 of September 2016, the Company completed the listing of its shares on the AIM in London and raised $5 million (before costs) at a share price of 2 cents per share.

LIKELY DEVELOPMENTS

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

INFORMATION ON DIRECTORS

Peter Reeve	Executive Chairman and Managing Director
Qualifications	Bachelor of Applied Sciences.
Experience	Board member since 13 July 2015 with over 30 years' experience positions with Rio Tinto, Billiton Australia and Newcrest Mining as well as experience as a Resource Fund Manager and Resources Corporate Finance Director at J B Were & Son. More recently Peter was Chief Executive Officer of Ivanhoe Australia Ltd.
Interest in shares and options	9,718,304 ordinary shares in ***Aura Energy*** Limited and 35,000,000 options.
Directorships held in other listed entities in last 3 years	Nil
Dr Robert Beeson	Director (Non-executive)
Qualifications	Bachelor of Science with Honours; PhD; Member of the Australian Institute of Geoscientists
Experience	Board member since 31 March 2006. Geologist with over 35 years of global experience in uranium and other commodity management, exploration and development.
Interest in shares and options	5,636,937 ordinary shares in ***Aura Energy*** Limited.
Directorships held in other listed entities in last 3 years	Managing Director of Drake Resources Limited from November 2004 until 31 January 2015. Non-executive director or Drake Resources Limited since 1 February 2015. No other directorships in the past three years.
Brett Fraser	Director (Non-executive)
Qualifications	Fellow of Certified Practicing Accountants; Fellow of the Financial Services Institute of Australasia; Grad Dip Finance, Securities Institute of Australia; Bachelor of Business (Accounting); International Marketing Institute - AGSM Sydney.
Experience	Board member since 24 August 2005.
Interest in shares and options	3,957,600 ***or***dinary shares in ***Aura Energy*** Limited.
Directorships held in other listed entities in last 3 years	Current Non-executive director and Chairman of Drake Resources Limited since March 2004, and Non-executive director and Chairman of Blina Diamonds NL since September 2008. Past director of Doray Minerals Limited from October 2009 until November 2011. No other directorships in the past three years.
Julian Perkins	Director (Non-executive)
Qualifications	Master of Science (Imperial College of Science & Technology) 1972; Associate of the Camborne School of Metalliferous Mining (Honours) 1967; Fellow of the Australasian Institute of Mining and Metallurgy; Graduate of the Australian Institute of Company Directors.
Experience	Board member since 7 June 2011. Mr. Perkins has over 40 years' experience in operations and management with major companies in the international minerals industry. He was Manager of Mining & Technology (Australia) for AngloGold Ashanti Ltd, until 2006. His career includes operating and management roles on the Zambian Copperbelt, leading the mineral processing at Shell Research in the Netherlands before returning to corporate management in Australia. He was Chairman of Parker Centre Ltd for Hydrometallurgy from 2006 to 2012 and previously a director of the CRC Mining and the Australian Centre for Mining Environmental Research.
Interest in shares and options	2,861,990 ordinary shares in ***Aura Energy*** Limited.
Directorships held in other listed entities in last 3 years	No other directorships held in other listed entities.

MEETINGS OF DIRECTORS

During the financial year the board of directors held six meetings (including committees of directors) with the remainder of meetings conducted by way of written resolution. Attendances by each director during the year were as follows:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			REMUNERATION COMMITTEE		AUDIT COMMITTEE	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
PD Reeve	6	6	-	-	-	-
Dr R Beeson	6	5	1	1	2	2
BF Fraser	6	6	1	1	2	2
JC Perkins	6	6	1	1	2	2

NON-AUDIT SERVICES

During the year ended 30 June 2016, taxation consulting services were provided to the Company by a party related to the auditors, Bentleys. These services amounted to $22,085 (2015: $5,812). Details of remuneration paid to the auditor can be found within the financial statements at Note 4 Auditor's remuneration.

The directors are satisfied that the provision of non-audit services during the year by Bentleys (or by another person or firm on Bentley's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the directors.
- The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $9,092 (2015: $9,515).
- No indemnity has been paid to auditors of the Group.

ENVIRONMENTAL REGULATIONS

In the normal course of business, there are no environmental regulations or requirements that the Company is subject to.

The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act has no effect on the Company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

OPTIONS

At the date of this report, the unissued ordinary shares of Aura Energy Limited under option (listed and unlisted) are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
4 December 2012	4 December 2016	$0.200	200,000
8 March 2014	8 March 2017	$0.048	2,600,000
12 November 2014	12 November 2018	$0.070	12,500,000
17 June 2015	17 June 2017	$0.050	27,226,166
10 June 2015	9 June 2018	$0.100	8,750,000
10 June 2015	9 February 2019	$0.100	6,250,000
10 June 2015	9 February 2019	$0.150	2,500,000
10 June 2015	9 February 2020	$0.150	8,750,000
10 June 2015	9 February 2021	$0.150	8,750,000
25 November 2015	25 November 2017	$0.025	62,111,801
23 December 2015	23 December 2017	$0.025	8,163,265
5 February 2016	5 February 2018	$0.025	19,979,593
10 May 2016	9 May 2018	$0.025	22,943,877
			190,724,702

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found in the annual report.

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

The remuneration policy of the Group has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of directors believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The policy of the board of directors for determining the nature and amount of remuneration for board members and senior executives of the Group is described in the following paragraphs.

The remuneration policy of the Group sets the terms and conditions for executive directors and other senior executives. Due to the rapidly changing circumstances of the Group in recent years, the policy is reviewed annually by the board of directors with the purpose of maintaining alignment of the board and management with the Group's strategic objectives. Management is also entitled to participate in employee share and option arrangements. All executives receive a base salary which takes into account such factors as length of service and experience, superannuation and share based incentive such as options. The board of directors reviews executive packages annually by reference to the performance of the Group, individual executives and relevant comparable remuneration data from similar listed companies and appropriate industry sectors. Independent expert advice is sought as required.

REMUNERATION REPORT (AUDITED) (CONT)

The total amount of non-executive directors' remuneration is proposed by the board of directors from time to time at the Annual General Meeting and is subject to formal approval by shareholders. Within this limit, the board of directors presently remunerates non-executive directors at around the average of those obtained from relevant comparable data from similar listed companies and appropriate industry sectors. A measure of longer-term incentive is provided by the allocation of options to non-executive directors. The board of directors determines remuneration to individual non-executive directors, working within the limit set by shareholders, and taking into account any special duties or accountability. Payments to non-executive directors are not linked to Company performance but in order to align their interest with those of shareholders, non-executive directors are encouraged to hold shares in Aura Energy Limited.

Executives and non-executive directors have received a superannuation guarantee contribution as required by law, which increased to 9.5% on 1 July 2014, but do not receive any other retirement benefits.

All remuneration paid to non-executive directors and executives is valued at the cost to the Company and is expensed. Options over ordinary shares granted to directors and employees are valued using the Black-Scholes methodology. Details of directors' and executives' interests in options as at 30 June 2016 are provided in the Remuneration Report of the financial statements.

Following the last AGM, the Company paid outstanding directors' fees by way of the issues of fully paid shares on an average VWAP basis. The Company proposes to put to shareholders at this year's AGM a similar mechanism to extinguish outstanding obligations for directors fees.

The Chairman became Executive Chairman and Managing Director of the Company with effect on 1 January 2015 and accordingly, is a fulltime employee. The Executive Chairman and Managing Director has agreed to settle 20% of his salary by way of fully paid ordinary shares in the Company.

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2016

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group:

2016										
GROUP KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS		TOTAL	COMPEN-SATION CONSISTING OF OPTIONS
	SALARY, FEES AND LEAVE	PROFIT SHARE AND BONUSES	NON-MONETARY	OTHER	SUPER-ANNUATION	OTHER	EQUITY	OPTIONS		
	$	$	$	$	$	$	$	$	$	%
PD Reeve[(1)]	321,400	-	-	-	28,600	-	100,000	158,645	608,645	26.06%
Dr R Beeson[(2)]	40,000	-	-	-	3,800	-	-	-	43,800	-
BF Fraser[(2)]	43,800	-	-	-	-	-	-	-	43,800	-
JC Perkins[(2)]	40,000	-	-	-	3,800	-	-	-	43,800	-
SF Zillwood[(3)]	-	-	-	53,299	-	-	-	-	53,299	-
JM Madden[(4)]	-	-	-	39,149	-	-	-	-	39,149	-
	445,200	-	-	92,448	36,200	-	100,000	158,645	832,493	19.06%

(1) Mr Reeve was issued 3,725,500 fully paid ordinary shares (net of tax) in the Company pursuant to his contract of employment.

(2) Emoluments for non-executive directors, Dr R Beeson and Messrs BF Fraser and JC Perkins, include 11 months of accrued entitlements for the financial year ended 30 June 2016 pursuant to Letters of Appointment. The non-executive directors agreed to defer emoluments until such time as the Company had secured significant long-term finance to advance its projects. The board of directors propose to put to shareholders at the 2016 Annual General Meeting a resolution for the non-executive directors to be allotted fully paid ordinary shares in the Company, net of tax, in lieu of cash entitlements to emoluments. The superannuation levy will be paid by way of cash settlement to the superannuation fund nominated by each non-executiv4e director.

(3) Mr SF Zillwood is employed by Foster Resources Pty Ltd, a company controlled by Mr SF Zillwood, which provided company secretarial and accounting services to the Company for the period 1 July 2015 to 31 March 2016 pursuant to a consultancy contract, dated 30 December 2013.

(4) Mr JM Madden was appointed company secretary and chief financial officer on 31 March 2016 following the decision by Mr SF Zillwood to retire and accordingly, terminate his contractual relationship with the Company. Mr Madden is retained as a contractor and his appointment to the position is subject to a month-by-month arrangement until such time as the Company secures long-term finance to advance its projects.

REMUNERATION REPORT (AUDITED) (CONT)

2015										
GROUP KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS		TOTAL	COMPEN-SATION CONSISTING OF OPTIONS
	SALARY, FEES AND LEAVE	PROFIT SHARE AND BONUSES	NON-MONETARY	OTHER	SUPER-ANNUATION	OTHER	EQUITY	OPTIONS		
	$	$	$	$	$	$	$	$	$	%
PD Reeve (1)(2)(10)	330,167	-	-	-	26,833	-	50,000	96,704	503,704	19.20%
Dr R Beeson(3)(4)(10)	182,650	-	-	-	17,369	-	-	-	200,019	-
BF Fraser(5)(6)(10)	58,333	-	-	-	5,542	-	-	-	63,875	-
JC Perkins(7)(8)(10)	53,750	-	-	-	5,106	-	-	-	58,856	-
SF Zillwood(9)	-	-	-	102,816	-	-	-	-	102,819	-
	624,900	-	-	102,816	54,850	-	50,000	96,704	929,270	10.14%

(1) Mr Reeve was issued 4,612,380 fully paid ordinary shares in lieu of director's emolument.

(2) Mr Reeve was appointed Executive Chairman and Managing Director on 1 January 2015 and as a result, the remuneration paid to Mr Reeve reflects his appointment to his dual role.

(3) Mr Beeson was issued 2,566,315 fully paid ordinary shares in lieu of director's emolument.

(4) Mr Beeson retired as Managing Director of Aura Energy Limited on 31 December 2014. As at balance date, 30 June 2015, Mr Beeson is entitled to accrued annual leave and long service amounting to $122,122. At the date of this Remuneration Report the Company is in discussion with Mr Beeson over other matters relating to his contract of employment.

(5) Mr Fraser was issued 729,290 fully paid ordinary shares in lieu of director's emolument.

(6) Wolfstar Group Pty Ltd, a company controlled by Mr Fraser, provided financial services to Aura Energy Limited during the financial year. These services were provided indirectly by Mr Fraser and have therefore not been included in remuneration.

(7) Mr Perkins was issued 1,936,042 fully paid ordinary shares in lieu of director's emolument.

(8) RRI Trust, a company controlled by Mr Perkins, provided metallurgical consulting services to the Aura Energy Limited during the year.

(9) The Company Secretary and CFO, Stan Zillwood is employed by Foster Resources Pty Ltd, a company controlled by Mr Zillwood, to provide services to the Group under a contract dated 30 December 2013.

(10) Amounts disclosed for Equity settled share-based payments exclude share-based payments accrued in 2014 but settled in the 2015 financial year.

(11) Other transactions with key management personnel are set out on page 25.

SERVICE AGREEMENTS

The Executive Chairman and Managing Director, Peter Reeve, is employed under a contract of employment, effective 1 January 2015.

The employment deed stipulates a four weeks' resignation period. The Company may terminate the employment contract without cause by providing four weeks' written notice, or making payment in lieu of notice based on the individual's annual salary component.

If employment is terminated other than for serious misconduct, and the employee is not then otherwise in default of this contract and his employment, the Managing Director will, in connection with his retirement from the office, receive in addition to the required four weeks' notice period, three months' salary. An additional benefit may be paid in the amount of one month for every year of service. This is subject to the provisions of the *Corporations Act 2001* (Cth), which may require shareholder approval.

SHARE-BASED COMPENSATION

a. Incentive Option Scheme

Options are granted under the Aura Energy Limited Incentive Option Scheme. All staff who have been continuously employed by the Company for a period of at least one year are eligible to participate in the plan. Options are granted under the plan for no consideration.

b. Director and Key Management Personnel Options

On 9 June 2015, the Company granted the Executive Chairman and Managing Director the following options over ordinary shares:

- 8,750,000 at an exercise price of $0.10 each. The options are exercisable on or before 9 June 2018.
- 6,250,000 at an exercise price of $0.10 each. The options are exercisable on or before 9 February 2019.
- 2,500,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 June 2019.
- 8,750,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 June 2020.
- 8,750,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 June 2021.

As at the date of this report, all options over ordinary shares previously granted to non-executive directors have expired.

REMUNERATION REPORT (AUDITED) (CONT)

c. Share-based Payments

The terms and conditions relating to options granted as remuneration during the year to directors and key management personnel are as follows:

2016									
GROUP KEY MANAGEMENT PERSON	GRANT DATE	GRANT VALUE $ (NOTE 1)	REASON FOR GRANT	VESTING DATE	PERCENTAGE VESTED DURING YEAR %	PERCENTAGE FORFEITED DURING YEAR %	PERCENTAGE REMAINING AS UNVESTED %	EXPIRY DATE	RANGE OF POSSIBLE VALUES RELATING TO FUTURE PAYMENTS
PD Reeve	10 Jun 2015	66,436	Note 1	9 Jun 2016	100	-	-	9 Jun 2018	-
	10 Jun 2015	57,884	Note 1	9 Feb 2016	100	-	-	9 Feb 2019	-
	10 Jun 2015	19,445	Note 1	9 Feb 2016	100	-	-	9 Feb 2019	-
	10 Jun 2015	87,364	Note 1	9 Feb 2017	-	-	100	9 Feb 2020	-
	10 Jun 2015	103,555	Note 1	9 Feb 2018	-	-	100	9 Feb 2021	-

Note 1. The options have been granted to the Executive Chairman and Managing Director as part of his remuneration and for future performance. The vesting conditions of the options are as follows:

- Tranche 1: vest at immediately, exercisable at 10 cents, expire 9 June 2018.
- Tranche 2: vest at 8 months from issue, exercisable at 10 cents, expire 9 February 2019.
- Tranche 3 vest at 8 months from issue, exercisable at 15 cents, expire 9 February 2019.
- Tranche 4: vest at 20 months from issue, exercisable at 15 cents, expire 9 February 2020.
- Tranche 5 vest at 32 months from issue, exercisable at 15 cents, expire 9 February 2021.

Details of all Share-Based Payments in existence during the year can be found at Note 19 Share-Based Payments.

2015									
GROUP KEY MANAGEMENT PERSON	GRANT DATE	GRANT VALUE $ (NOTE 1)	REASON FOR GRANT	VESTING DATE	PERCENTAGE VESTED DURING YEAR %	PERCENTAGE FORFEITED DURING YEAR %	PERCENTAGE REMAINING AS UNVESTED %	EXPIRY DATE	RANGE OF POSSIBLE VALUES RELATING TO FUTURE PAYMENTS
PD Reeve	10 Jun 2015	66,436	Note 1	9 Jun 2016	100	-	-	9 Jun 2018	-
	10 Jun 2015	57,884	Note 1	9 Feb 2016	-	-	100	9 Feb 2019	-
	10 Jun 2015	19,445	Note 1	9 Feb 2016	-	-	100	9 Feb 2019	-
	10 Jun 2015	87,364	Note 1	9 Feb 2017	-	-	100	9 Feb 2020	-
	10 Jun 2015	103,555	Note 1	9 Feb 2018	-	-	100	9 Feb 2021	-

Note 1. The options have been granted to the Executive Chairman and Managing Director as part of his remuneration and for future performance. The vesting conditions of the options are as follows:

- Tranche 1: vest at immediately, exercisable at 10 cents, expire 9 June 2018.
- Tranche 2: vest at 8 months from issue, exercisable at 10 cents, expire 9 February 2019.
- Tranche 3 vest at 8 months from issue, exercisable at 15 cents, expire 9 February 2019.
- Tranche 4: vest at 20 months from issue, exercisable at 15 cents, expire 9 February 2020.
- Tranche 5 vest at 32 months from issue, exercisable at 15 cents, expire 9 February 2021.

Details of all Share-Based Payments in existence during the year can be found at Note 19 Share-Based Payments.

REMUNERATION REPORT (AUDITED) (CONT)

d. Description of Options Issued as Remuneration

Details of the options over ordinary shares granted as remuneration to those KMP listed in the previous tables are as follows:

GRANT DATE	ISSUER	ENTITLEMENT ON EXERCISE	DATES EXERCISABLE	EXERCISE PRICE $	VALUE PER OPTION AT GRANT DATE $	AMOUNT PAID/ PAYABLE BY RECIPIENT $
			From vesting date to			-
10 Jun 2015			9 Jun 2018 (expiry)	0.10	0.0076	-
10 Jun 2015			9 Feb 2019 (expiry)	0.10	0.0093	-
10 Jun 2015	Aura Energy Ltd	1:1 ordinary shares	9 Feb 2019 (expiry)	0.15	0.0078	-
10 Jun 2015			9 Feb 2020 (expiry)	0.15	0.0100	-
10 Jun 2015			9 Feb 2021 (expiry)	0.15	0.0118	-

Options over ordinary shares values at grant date were determined using the Black-Scholes method.

Details relating to service and performance criteria required for the vesting of options over ordinary shares have been provided in the within the financial statements at Note 19. Share-based payments.

KEY MANAGEMENT PERSONNEL (KMP) EQUITY HOLDINGS

a. Fully paid ordinary shares of Aura Energy Limited held by each KMP

2016					
GROUP KEY MANAGEMENT PERSON	BALANCE AT START OF YEAR NO.	RECEIVED DURING THE YEAR AS COMPENSATION NO.	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS NO.	OTHER CHANGES DURING THE YEAR (1) NO.	BALANCE AT END OF YEAR NO.
PD Reeve	5,442,804	3,725,500	-	550,000	9,718,304
RF Beeson	5,636,937	-	-	-	5,636,937
BF Fraser	3,957,600	-	-	-	3,957,600
JC Perkins	2,861,990	-	-	-	2,861,990
SF Zillwood	-	-	-	-	-
JM Madden	-	-	-	-	-
	17,899,331	3,725,500	-	550,000	22,174,831

(1) During the financial year Mr PD Reeve purchased ordinary shares in the Company on the market.

2015					
GROUP KEY MANAGEMENT PERSON	BALANCE AT START OF YEAR NO.	RECEIVED DURING THE YEAR AS COMPENSATION NO.	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS NO.	OTHER CHANGES DURING THE YEAR(1) NO.	BALANCE AT END OF YEAR NO.
PD Reeve	664,830	4,611,766	-	166,208	5,442,804
Dr R Beeson	2,730,216	2,566,315	-	340,406	5,636,937
BF Fraser	2,676,310	729,290	-	552,000	3,957,600
JC Perkins	740,758	1,936,042	-	185,190	2,861,990
SF Zillwood	-	-	-	-	-
	6,812,114	9,843,413	-	1,243,804	17,899,331

(1) Other changes during the year relate the participation of directors in equity raising initiatives as well as on-market purchases.

REMUNERATION REPORT (AUDITED) (CONT)

b. Options of Aura Energy Limited held by each KMP

2016						
GROUP KEY MANAGEMENT PERSON	BALANCE AT START OF YEAR NO.	GRANTED AS REMUNERATION DURING THE YEAR NO.	EXERCISED DURING THE YEAR NO.	OTHER CHANGES DURING THE YEAR NO.	BALANCE AT END OF YEAR NO.	VESTED AND EXERCISABLE NO.
PD Reeve(1)	39,333,104	-	-	(2,333,104)	37,000,000	19,500,000
Dr R Beeson(2)	2,295,205	-	-	(170,205)	2,125,000	2,125,000
BF Fraser(3)	901,000	-	-	(276,000)	625,000	625,000
JC Perkins(4)	1,392,595	-	-	(142,595)	1,250,000	1,250,000
SF Zillwood	-	-	-	-	-	-
JM Madden	-	-	-	-	-	-
	43,921,904	-	-	(2,921,904)	41,000,000	23,500,000

2015						
GROUP KEY MANAGEMENT PERSON	BALANCE AT START OF YEAR NO.	GRANTED AS REMUNERATION DURING THE YEAR NO.	EXERCISED DURING THE YEAR NO.	OTHER CHANGES DURING THE YEAR NO.	BALANCE AT END OF YEAR NO.	VESTED AND EXERCISABLE NO.
PD Reeve(1)	6,250,000	35,000,000	-	(1,916,896)	39,333,104	13,000,000
Dr R Beeson(2)	6,520,710	-	-	(4,225,505)	2,295,205	2,295,205
BF Fraser(3)	2,326,579	-	-	(1,425,579)	901,000	901,000
JC Perkins(4)	2,556,667	-	-	(1,164,072)	1,392,595	1,392,595
SF Zillwood	-	-	-	-	-	-
	17,653,956	35,000,000	-	(8,732,052)	43,921,904	17,588,800

(1) Mr Reeve was issued 83,104 options over ordinary shares pursuant to the non-renounceable rights issue on 5 September 2014 and 2,000,000 options over ordinary shares previously granted to Mr Reeve expired during the financial year.

(2) Mr Beeson was issued 274,495 options over ordinary shares pursuant to the non-renounceable rights issue on 5 September 2014 and 4,500,000 options over ordinary shares previously granted to Mr Beeson expired during the financial year.

(3) Mr Fraser was issued 74,421 options over ordinary shares pursuant to the non-renounceable rights issue on 5 September 2014 and 1,500,000 options over ordinary shares previously granted to Mr Fraser expired during the financial year.

(4) Mr Perkins was issued 85,928 options over ordinary shares pursuant to the non-renounceable rights issue on 5 September 2014 and 1,250,000 options over ordinary shares previously granted to Mr Perkins expired during the financial year.

LOANS TO KEY MANAGEMENT PERSONNEL

There are no loans made to directors of Aura Energy as at 30 June 2016 (2015: nil).

REMUNERATION REPORT (AUDITED) (CONT)

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

	2016 $	2015 $
Wolfstar Group Pty Ltd		
Financial services provided by Wolfstar Group	-	24,503
Drake Resources Limited		
Amounts due to Drake Resources for other services.	-	2,576
Amounts due from Drake Resources for other services provided by Aura Energy Limited staff	-	53,590
RRI Trust		
Mr Perkins provides metallurgical consulting services to the Group that is charged through the RRI Trust, being a trust associated with Mr Perkins	-	9,628
Amounts owing to KMP		
Payable for unpaid fees		
PD Reeve	-	-
Dr R Beeson	40,150	-
BF Fraser	40,150	-
JC Perkins	40,150	-
SF Zillwod	-	28,527
JM Madden	18,840	-

There have been no other transactions involving equity instruments other than those described in this Annual Report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

P D Reeve

Executive Chairman and Managing Director

Dated this Thursday, 29 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Aura Energy Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys | Doug Bell

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 29th day of September 2016

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 $	2015 $
Continuing operations			
Revenue	2	4,907	19,159
Other income	2	-	3,064
		4,907	22,223
Project partnering and divestment		-	(3,757)
Accounting and audit fees	4	(149,416)	(126,869)
Business development		-	(6,000)
Computers and communications		(44,193)	(27,150)
Depreciation	10	(1,602)	(4,676)
Employee benefits		(711,929)	(638,556)
Finance Costs		(8,171)	(60,564)
Impairment of exploration expenditure previously capitalised		-	(1,045,240)
Insurance		(51,378)	(39,451)
Consulting fees and corporate advisory		(223,149)	(182,309)
Public relations		(22,472)	(67,526)
Rent and utilities		(39,847)	(33,168)
Share-based payments	19	(158,645)	(96,704)
Share registry and listing fees		(79,385)	(63,522)
Travel and accommodation		(49,273)	(92,836)
Write-off of exploration assets		(51,461)	(12,026)
AIM listing costs		(165,840)	-
Other expenses		(22,529)	(15,769)
Loss before income tax	3	(1,774,383)	(2,493,900)
Income tax benefit	5	148,608	-
Loss from continuing operations		(1,625,775)	(2,493,900)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency movement		31,563	13,327
Other comprehensive income for the year, net of tax		31,563	13,327
Total comprehensive income attributable to members of the parent entity		(1,594,212)	(2,480,573)

		¢	¢
Earnings per share:			
Basic loss per share (cents per share)	6	(0.41)	(0.93)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	NOTE	2016 $	2015 $
Current assets			
Cash and cash equivalents	7	317,758	943,011
Trade and other receivables	8	57,708	96,282
Financial assets	9	43,625	44,157
Total current assets		419,091	1,083,450
Non-current assets			
Plant and equipment	10	-	1,602
Exploration and evaluation assets	11	14,137,710	13,259,797
Total non-current assets		14,137,710	13,261,399
Total assets		14,556,801	14,344,849
Current liabilities			
Trade and other payables	12	550,844	401,345
Short-term provisions	13	165,251	138,639
Borrowings	14	-	43,040
Total current liabilities		716,095	583,024
Total liabilities		716,095	583,024
Net assets		13,840,706	13,761,825
Equity			
Issued capital	15	32,784,203	31,311,988
Reserves	16	1,029,542	901,252
Accumulated losses		(19,973,039)	(18,451,415)
Total Equity		13,840,706	13,761,825

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	ISSUED CAPITAL $	ACCUMULATED LOSSES $	OPTIONS RESERVE $	FOREIGN EXCHANGE TRANSLATION RESERVE $	TOTAL $
Balance at 1 July 2014	27,935,558	(16,474,803)	749,118	489,001	12,698,874
Loss for the year attributable owners of the parent	-	(2,493,900)	-	-	(2,493,900)
Other comprehensive income for the year attributable owners of the parent	-	-	-	13,327	13,327
Total comprehensive income for the year attributable owners of the parent	-	(2,493,900)	-	13,327	(2,480,573)
Transaction with owners, directly in equity					
Shares issued during the year	3,691,230	-	-	-	3,691,230
Transaction costs	(314,800)	-	-	-	(314,800)
Options expired during the year	-	517,288	(517,288)	-	-
Options exercised during the year	-	-	-	-	-
Options issued during the year	-	-	167,094	-	167,094
Balance at 30 June 2015	31,311,988	(18,451,415)	398,924	502,328	13,761,825
Balance at 1 July 2015	31,311,988	(18,451,415)	398,924	502,328	13,761,825
Loss for the year attributable owners of the parent	-	(1,625,775)	-	-	(1,625,775)
Other comprehensive income for the year attributable owners of the parent	-	-	-	31,563	31,563
Total comprehensive income for the year attributable owners of the parent	-	(1,625,775)	-	31,563	(1,594,212)
Transaction with owners, directly in equity					
Shares issued during the year	1,579,816	-	-	-	1,579,816
Transaction costs	(107,601)	-	-	-	(107,601)
Options expired during the year	-	104,151	(104,151)	-	-
Options exercised during the year	-	-	-	-	-
Options issued during the year		-	200,878	-	200,878
Balance at 30 June 2016	32,784,203	(19,973,039)	495,651	533,891	13,840,706

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers			-
Interest received		4,907	19,159
Payments to suppliers and employees		(892,505)	(1,074,840)
Payments for exploration expenditure		(1,190,561)	(1,438,205)
Rebate received for Research and Development		148,608	-
Net cash used in operating activities	18a	(1,929,551)	(2,493,886)
Cash flows from investing activities			
Purchase of plant and equipment		-	(3,285)
Net cash used in investing activities		-	(3,285)
Cash flows from financing activities			
Proceeds from issue of shares		1,365,639	3,065,806
Capital raising costs		(59,324)	(186,723)
Net cash provided by financing activities		1,306,315	2,879,083
Net increase/(decrease) in cash held		(623,236)	381,912
Cash at 1 July		943,011	570,478
Change in foreign currency held		(2,017)	(9,379)
Cash at 30 June	7	317,758	943,011

The statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These are the consolidated financial statements and notes of Aura Energy Limited and controlled entities ("Consolidated Group" or "Group"). Aura Energy Limited is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of the parent entity, Aura Energy Limited, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

a. Basis of preparation

i. Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements were authorised for issue on 30 September 2016 by the directors of the Company.

ii. Financial position

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

iii. Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of $1,625,775 (2015: $2,493,900 and a net cash out-flow from operating activities of $1,929,551 (2015: $2,493,886)

As at 30 June 2016, the Group had working capital deficit of $297,004 (2015: $500,426 working capital). The Company has no debt component in its working capital following the conversion by Australian Special Opportunity Fund of its convertible notes into fully paid ordinary shares (2015: $43,040 in convertible notes outstanding).

Since the end of the financial year, the Company has completed its AIM listing as well as an Australian Placement and has raised A$5,002,677 in new equity (before costs).

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

iv. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 1r Critical accounting estimates and judgments.

v. Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

b. Principles of consolidation

A controlled entity is any entity over which Aura Energy Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. A list of controlled entities is contained in Note 17 Controlled entities in the financial statements.

All inter-group balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

i. Business combinations

Business combinations occur when an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquire and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

c. Exploration and development expenditure

i. Recognition and measurement

Exploration, evaluation, and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

ii. Subsequent measurement

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

iii. Site restoration and rehabilitation

Costs of site restoration will be provided over the life of the project, when such costs are incurred or the Group becomes liable pursuant to a development agreement with government agencies. In the exploration and evaluation phase, all drill holes are collared and any site disturbance is restored with the costs incorporated in the costs of exploration and evaluation. Site restoration costs will include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

d. Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date.

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Where the Group receives the Australian Government's Research and Development Tax Incentive, The Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return and disclosed as such in Note 5 Income tax.

e. Plant and equipment

i. Recognition and measurement

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see Note 1m Impairment of non-financial assets and 1c Exploration and development expenditure).

ii. Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	20.00%
Computers	33.00%
Motor Vehicles	25.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f. Employee benefits

For the period ending 30 June 2016 the Company has three employees.

i. Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

iii. Other long-term benefits

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

g. Equity-settled compensation

The Group operates an employee share ownership scheme. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

h. Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Management fees are recognised on portion of completion basis.

Gain on disposal of tenements, and revenue from equipment chargebacks, are recognised on receipt of compensation.

All revenue is stated net of the amount of value added taxes (see Note 1i Value-added taxes).

i. Value-added taxes

Value-added taxes (VAT) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (GST); Sweden (MOMS); and in Mauritanian (VAT).

Revenues, expenses, and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from the relevant country's taxation authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of VAT.

Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the taxation authority.

j. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

k. Financial instruments

i. Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iii. Classification and subsequent measurement

(1) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of financial position.

(2) Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(3) Trade and other receivables

Trade and other receivables are stated at amortised cost. Receivables are usually settled within 30 to 90 days.

Collectability of trade and other debtors is reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(4) Trade and other payables
Trade payables and other payable are recognised when the Group becomes obligated to make future payments resulting from the purchase of goods and services which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

(5) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(6) Share capital
Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

iv. Amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

v. Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

vi. Effective interest method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

vii. Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

ix. Financial income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

l. Earnings per share

i. Basic earnings per share

Basic earnings (or loss) per share is determined by dividing the profit or loss attributable to equity holders of the parent company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings (or loss) per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted as share-based payments.

The Group does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Group.

m. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets (Note 1d Income tax) and exploration and evaluation assets (Note 1c Exploration and development expenditure) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows that largely are independent from other assets and Groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

n. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

o. Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ii. Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

iii. Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.

Income and expenses are translated at average exchange rates for the period.

Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

p. Fair value estimation

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Information about the assumptions made in determining fair values of assets and liabilities is disclosed in the notes specific to that asset or liability.

q. Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly
(i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

i. Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, the Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

(1) **Market approach:** valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

(2) **Income approach:** valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

(3) **Cost approach:** valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

ii. Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

(1) **Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

(2) **Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

(3) **Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

a. if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa or

b. if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

r. Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

i. Key Judgements – Exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in Note 1c Exploration and development expenditure.

The carrying value of capitalised expenditure at reporting date is $14,137,710 (2015: $13,259,797).

During the financial year, the Group undertook assessment of its tenement assets, as a result of this assessment, the Group decided to impair some of its exploration assets. Refer to Note 11 Exploration and evaluation assets.

ii. Key Judgements – Environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

iii. Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer to Note 5 Income tax.

iv. Key Estimate – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

v. Key Estimate – Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in Note 19 Share-based payments.

s. Application of new, revised and amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are as follows:

i. AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

ii. AASB 15 Revenue from Contracts and Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

iii. AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

NOTE 2. REVENUE AND OTHER INCOME

	2016 $	2015 $
Revenue		
Interest received from financial institutions	4,907	19,159
Management fees	-	-
Total Revenue	4,907	19,159
Other income		
Interest received from financial institutions	-	3,064
Total Other Income	-	3,064

NOTE 3. LOSS BEFORE INCOME TAX

	2016 $	2015 $
The following significant expense items are relevant in explaining the financial performance:		
Superannuation expense	36,200	49,362

NOTE 4. AUDITOR'S REMUNERATION

	2016 $	2015 $
Remuneration of the auditor of the Group for:		
Auditing or reviewing the financial reports	37,000	38,000
Taxation services provided by a related practice of the auditor	2,085	5,812
Other services	20,000	-
	59,085	43,812

NOTE 5. INCOME TAX

	NOTES	2016 $	2015 $
Income tax expense/(benefit)			
Current tax		-	-
Deferred tax		-	-
Tax rebate for research and development		(148,608)	-
		(148,608)	-
Deferred income tax expense included in income tax expense comprises:			
Increase/(decrease) in deferred tax assets	5a	-	-
(Increase)/decrease in deferred tax liabilities	5b	-	-
		-	-
Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax payable/(benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax on operating loss at 30% (2015: 30%)		(487,733)	(748,170)
Add/(less)			
Tax effect of:			
Capital-raising costs deductible		(24,749)	(72,468)
Impairment of exploration expenditure previously capitalised		-	313,572
Share-based payments		47,594	29,011
Write-off of exploration assets		15,438	20,408
Other		2,451	17,251
Deferred tax asset not brought to account		446,999	440,396
Income tax expense/(benefit) attributable to operating loss		-	-
Less rebates:			
Tax rebate for research and development		(148,608)	-
Income tax expense/(benefit)		(148,608)	-
		%	%
The applicable weighted average effective tax rates attributable to operating profit are as follows		Nil	nil
		$	$
Balance of franking account at year end		Nil	nil

NOTE 5. INCOME TAX (CONT)

	NOTE	2016 $	2015 $
Deferred tax assets			
Tax losses		3,895,970	3,330,219
Provisions and accruals		41,173	57,543
Other		15,019	100,245
		3,951,970	3,488,007
Set-off deferred tax liabilities	5a	-	-
Net deferred tax assets		3,951,970	3,488,007
Less deferred tax assets not recognised		(3,951,970)	(3,488,007)
Net tax assets		-	-
Deferred tax liabilities			
Exploration expenditure		-	-
		-	-
Set-off deferred tax assets	5b	-	-
Net deferred tax liabilities		-	-
Tax losses			
Unused tax losses for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:			
Revenue losses		12,482,130	11,100,731
Capital losses		691,104	691,104
		13,173,234	11,791,835

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2016 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised.

ii. The Group continues to comply with conditions for deductibility imposed by law.

iii. No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

NOTE 6. EARNINGS PER SHARE

	NOTE	2016 $	2015 $
a. Loss from continuing operations for the year		(1,625,775)	(2,493,900)
		2016 NO.	**2015 NO.**
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		398,625,406	266,928,484
		2016 ¢	**2015 ¢**
c. Basic and diluted earnings per share (cents per share)		(0.41)	(0.93)

i. The Group is in a loss making position and it is unlikely that the conversion to, calling of, or subscription for, ordinary share capital in respect of potential ordinary shares would lead to diluted earnings per share that shows an inferior view of the earnings per share. Therefore in the event the Company has dilutionary equity instruments on issue, the diluted loss per share for the year ended 30 June 2016 is the same as basic loss per share, whilst the Company remains loss making.

ii. There are 177,249,702 (2015: 74,635,171) options over ordinary shares that have vested.

NOTE 7. CASH AND CASH EQUIVALENTS

	NOTE	2016 $	2015 $
Cash at bank		317,758	926,987
Short-term bank deposits	7a	-	16,024
		317,758	943,011

a. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 24 Financial risk management.

NOTE 8. TRADE AND OTHER RECEIVABLES

	NOTE	2016 $	2015 $
Current			
Value-added tax receivable	8a	43,346	72,169
Trade debtors		18,782	24,261
Other		648	4,890
Less: Provision for impairment		(5,068)	(5,038)
		57,708	96,282

a. **Value-added tax (VAT) is a generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (GST); Sweden (MOMS); and in Mauritanian (VAT).**

b. **The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 24 Financial risk management.**

NOTE 9. FINANCIAL ASSETS

	2016 $	2015 $
Current		
Bonds and prepayments	43,625	44,157
	43,625	44,157

NOTE 10. PLANT AND EQUIPMENT

	2016 $	2015 $
Non-current		
Plant and equipment	160,102	160,102
Accumulated depreciation	(160,102)	(158,500)
	-	1,602
Motor vehicles	-	-
Accumulated depreciation	-	-
	-	-
Total plant and equipment	-	1,602
Movements in carrying amounts		
Balance at the beginning of year	1,602	2,994
Additions	-	3,284
Depreciation expense	(1,602)	(4,676)
Carrying amount at the end of year	-	1,602

NOTE 11. EXPLORATION AND EVALUATION ASSETS

	NOTE	2016 $	2015 $
Non-current			
Exploration expenditure capitalised:			
Exploration and evaluation phase at cost		14,099,992	14,347,295
Add: Effect of exchange rate changes on exploration and evaluation assets		37,718	(42,258)
Less: Exploration expenditure impairment	11b	-	(1,045,240)
Net carrying value	11a,b	14,137,710	13,259,797

a. The value of the Group interest in exploration expenditure is dependent upon:

- The continuance of the Group's rights to tenure of the areas of interest.
- The results of future exploration.
- The recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties may be subjected to claim(s) under Native Title (or jurisdictional equivalent), or contain sacred sites, or sites of significance to the indigenous people of Sweden and Mauritania.

As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

b. The Group has not recorded any impairment to the carrying value of its Mauritanian and Swedish tenements for the financial year ended 30 June 2016.

In the previous year, the Group recorded an impairment of $1,045,240. This impairment arose from the unsuccessful appeal of a decision made by the Swedish mining authorities not to grant an extension to one of the Group's tenements. As a result, the Group recognised during the financial year, an impairment against the carrying value of the tenement for $243,086. In addition, the Group relinquished the Oued El Foule Nord and Saabia tenements in Mauritania as not being required for the Tiris project. As a result the Group recognised during the financial year, an impairment against the carrying value of the tenements of $802,154.

NOTE 12. TRADE AND OTHER PAYABLES

	NOTE	2016 $	2015 $
Current			
Unsecured			
Trade payables	12a	242,496	232,876
Accrued expenses		257,527	102,223
Other taxes payable		50,821	66,246
		550,844	401,345

a. Trade payables are non-interest bearing and arise from the usual operating activities of the Group. Trade payables and other payables and accruals, except directors' fees, are usually settled within the lower of terms of trade or 30 days.

b. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 24 Financial risk management.

NOTE 13. SHORT-TERM PROVISIONS

	2016 $	2015 $
Current		
Employee benefits	165,251	138,639
	165,251	138,639
	2016 NO.	**2015 NO.**
Number of employees at year end	4	4

NOTE 14. BORROWINGS

	2016 $	2015 $
Current		
Convertible notes	-	43,040
	-	43,040

a. Short-term borrowings comprise premium funding for insurance policies, repayable within 12 months.

b. On 28 February 2014, Aura Energy Limited entered into a financing arrangement to provide up to $3,775,000 over 24 months. Under the agreement with The Australian Special Opportunity Fund, LP, managed by The Lind Partners, LLC, Aura Energy Limited received $325,000, in the form of a $250,000 convertible note and $75,000 as a prepayment for placement of ordinary shares in Aura Energy Limited. Lind will further invest in tranches of $75,000, in monthly share subscriptions, over the next two years. The convertible notes and shares will be issued at a 10% discount to a specified three day volume weighted share price.

   Further key terms of the agreement are as follows:

   - The $250,000 convertible note is secured by the issue of 2,200,000 shares. Aura Energy Limited has the ability to repurchase the Note at a premium to the issue price during the first 90 days of the agreement.
   - An issue of 2,946,378 shares as a commencement fees for the provision of the funding facility.

   The issue of 2,600,000 options with an exercise price of 4.8 cents and the three year expiration date.

   The convertible note liability is measured at its present value.

   During the financial ended 30 June 2015, Lind converted $200,000 of the $250,000 convertible note into 11,111,111 fully paid ordinary shares of the Company.

   On 11 February 2016, Lind converted $15,000 of its convertible notes into shares under the terms of the Share Placement approved by shareholders at the general meeting on 5 November 2015.

   Lind was issued 1,224,500 fully paid shares at 1.225 cents per share and 1,224,500 options over ordinary shares at an exercise price of 2.5 cents per option over ordinary share

   On 18 February 2016, Lind converted the remaining balance, $35,000, of the convertible notes into ordinary shares of the Company in accordance with the financing agreement executed on 28 February 2014. Under the terms of the financing agreement, Lind was entitled to 2,916,667 fully paid ordinary shares of the Company, net of 2,200,000 collateral shares previous issued to Lind in accordance with the financing agreement.

   The Company issued Lind 716,667 fully paid shares at 1.2 cents per share to extinguish its obligations under the financing agreement.

NOTE 15. ISSUED CAPITAL

	NOTE	2016 $	2015 $
The Company has issued share capital amounting to 457,048,412 (2015: 335,065,783 fully paid ordinary shares at no par value.	15a	32,784,203	31,311,988
a. Equity raised during the financial year			
At the beginning of the reporting period		31,311,988	27,935,558
Shares issued during the year:			
4,166,667 Shares issued on 9 July 2014	15a.i	-	75,000
9,722,222 Shares issued on 24 July 2014	15a.ii	-	175,000
52,428,510 Shares issued on 9 September 2014	15a.iii	-	1,572,855
1,527,303 Shares10 October 2014	15a.iv	-	60,250
292 Shares issued on 13 October 2014	15a.v	-	18
3,571,429 Shares issued on 20 October 2014	15a.vi	-	75,000
355,104 Shares issued on 5 December 2014	15a.vii	-	11,358
6,874,752 Shares issued on 19 December 2014	15a.viii	-	204,244
40,762,340 Shares issued on 22 April 2015	15a.ix	-	1,019,059
9,440,000 Shares issued on 12 June 2015	15a.x	-	236,000
1,055,174 Shares issued on 12 June 2015	15a.xi	-	30,000
1,388,889 Shares issued on 12 June 2015	15a.xii	-	25,000
3,697,952 Shares issued on 29 June 2015	15a.xiii	-	101,196
4,250,000 Shares issued on 29 June 2015	15a.xiv	-	106,250
48,660,000 Shares issued on 29 September 2015	15a.xv	596,085	-
851,442 Shares issued on 15 October 2015	15a.xvi	18,253	-
13,451,801 Shares issued on 25 November 2015	15a.xvii	164,785	-
1,008,004 Shares issued on 9 December 2015	15a.xviii	18,253	-
3,267,311 Shares issued on 14 December 2015	15a.xix	60,000	-
8,163,265 Shares issued on 15 December 2015	15a.xx	100,000	-
18,755,093 Shares issued on 12 February 2016	15a.xxi	229,750	-
1,224,500 Shares issued on 12 February 2016	15a.xxii	15,000	-
716,667 Shares issued on 18 February 2016	15a.xxiii	35,000	-
22,943,877 Shares issued on 10 May 2016	15a.xxiv	281,062	-
1,074,615 Shares issued on 10 May 2016	15a.xxv	30,000	-
1,099,578 Shares issued on 10 May 2016	15a.xxvi	18,253	-
766,476 Shares issued on 10 May 2016	15a.xxvii	13,375	-
Transaction costs relating to share issues		(107,601)	(314,800)
At reporting date		32,784,203	31,311,988

NOTE 15. ISSUED CAPITAL (CONT)

	NOTE	2016 NO.	2015 NO.
At the beginning of the reporting period		335,065,783	195,825,149
Ordinary shares issued during the financial year:			
4,166,667 Shares issued on 9 July 2014	15a.i	-	4,166,667
9,722,222 Shares issued on 24 July 2014	15a.ii	-	9,722,222
52,428,510 Shares issued on 9 September 2014	15a.iii	-	52,428,510
1,527,303 Shares issued on 10 October 2014	15a.iv	-	1,527,303
292 Shares issued on 13 October 2014	15a.v	-	292
3,571,429 Shares issued on 20 October 2014	15a.vi	-	3,571,429
355,104 Shares issued on 5 December 2014	15a.vii	-	355,104
6,874,752 Shares issued on 19 December 2014	15a.viii	-	6,874,752
40,762,340 Shares issued on 22 April 2015	15a.ix	-	40,762,340
9,440,000 Shares issued on 12 June 2015	15a.x	-	9,440,000
1,055,174 Shares issued on 12 June 2015	15a.xi	-	1,055,174
1,388,889 Shares issued on 12 June 2015	15a.xii	-	1,388,889
3,697,952 Shares issued on 29 June 2015	15a.xiii	-	3,697,952
4,250,000 Shares issued on 29 June 2015	15a.xiv	-	4,250,000
48,660,000 Shares issued on 29 September 2015	15a.xv	48,660,000	-
851,442 Shares issued on 15 October 2015	15a.xvi	851,442	-
13,451,801 Shares issued on 25 November 2015	15a.xvii	13,451,801	-
1,008,004 Shares issued on 9 December 2015	15a.xviii	1,008,004	-
3,267,311 Shares issued on 14 December 2015	15a.xix	3,267,311	-
8,163,265 Shares issued on 15 December 2015	15a.xx	8,163,265	-
18,755,093 Shares issued on 12 February 2016	15a.xxi	18,755,093	-
1,224,500 Shares issued on 12 February 2016	15a.xxii	1,224,500	-
716,667 Shares issued on 18 February 2016	15a.xxiii	716,667	-
22,943,877 Shares issued on 10 May 2016	15a.xxiv	22,943,877	-
1,074,615 Shares issued on 10 May 2016	15a.xxv	1,074,615	-
1,099,578 Shares issued on 10 May 2016	15a.xxvi	1,099,578	-
766,476 Shares issued on 10 May 2016	15a.xxvii	766,476	-
At reporting date		457,048,412	335,065,783

NOTE 15. ISSUED CAPITAL (CONT)

i. Issued under financing agreement with ASOF.

ii. Issued on conversion by ASOF of $175,000 in convertible notes into fully paid ordinary shares.

iii. Issued pursuant to rights issue to shareholders.

iv. Issued to settle amounts due to consultants for services rendered.

v. Issued on conversion of options over ordinary shares into fully paid ordinary shares.

vi. Issued under financing agreement with ASOF.

vii. Issued to settle amounts due to consultants for services rendered.

viii. Issued to directors in lieu of entitlement to cash emoluments.

ix. Issued pursuant to share placement.

x. Issued pursuant to share purchase plan to shareholders.

xi. Issued to corporate advisor under capital raising agreement.

xii. Issued on conversion by ASOF of $25,000 in convertible notes into fully paid ordinary shares.

xiii. Issued to directors in lieu of entitlement to cash emoluments.

xiv. Issued pursuant to shortfall under share purchase plan.

xv. Issued pursuant to Share Placement (through WH Ireland Limited).

xvi. Issued to Executive Chairman/Managing Director pursuant to Contract of Employment.

xvii. Issued pursuant to Share Placement (through WH Ireland Limited).

xviii. Issued to Executive Chairman/Managing Director pursuant to Contract of Employment.

xix. Issued pursuant to Engagement Letter between the Company and Hartley Limited.

xx. Issued pursuant to Share Placement to ASOF.

xxi. Issued pursuant to Share Placement.

xxii. Issued pursuant to conversion By ASOP of convertible notes into fully paid ordinary shares.

xxiii. Issued pursuant to conversion by ASOP of convertible notes into fully paid ordinary shares.

xxiv. Issued of shares to sophisticated and professional investors for working capital.

xxv. Issued pursuant to Engagement Letter between Company and Hartley Limited.

xxvi. Issued to Executive Chairman/Managing Director pursuant to Contract of Employment.

xxvii. Issued to Executive Chairman/Managing Director pursuant to Contract of Employment.

b. Options

For information relating to the Aura Energy Limited employee options scheme, including details of options issued, issued and lapsed during the financial year, and the options outstanding at balance date, refer to Note 19 Share-based payments. The total number of options on issue is as follows:

	2016 NO.	2015 NO.
Listed options	27,226,166	27,226,166
Unlisted options	170,123,536	86,159,005
	197,349,702	113,385,171

NOTE 15. ISSUED CAPITAL (CONT)

c. Capital Management

i. Capital management policy

The directors' objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

ii. Current ratio

The current ratio the Group at 30 June 2016 and 30 June 2015 was as follows:

	NOTE	2016 NO.	2015 NO.
Current ratio		0.58	1.86

iii. Working capital position

The working capital position of the Group at 30 June 2016 and 30 June 2015 was as follows:

	NOTE	2016 NO.	2015 NO.
Cash and cash equivalents	7	317,758	943,011
Trade and other receivables	8	57,708	96,282
Financial assets	9	43,625	44,157
Trade and other payables	12	(550,844)	(401,345)
Short-term borrowings	14	-	(43,040)
Short-term provisions	13	(165,251)	(138,639)
Working capital position / (deficit)		(297,004)	500,426

NOTE 16. RESERVES

	NOTE	2016 $	2015 $
Option reserve	16a	495,651	398,924
Foreign exchange reserve	16b	533,891	502,328
		1,029,542	901,252

a. Option reserve

The option reserve records items recognised as expenses on the value of employee and consultant share options.

b. Foreign exchange translation reserve

The foreign exchange reserve records exchange differences arising on translation of foreign controlled subsidiary.

NOTE 17. CONTROLLED ENTITIES

CONTROLLED ENTITIES	COUNTRY OF INCORPORATION	CLASS OF SHARES	PERCENTAGE OWNED	
			2016	2015
Aura Energy Sweden AB	Sweden	Ordinary	100%	100%
GCM Africa Uranium Limited	United Kingdom	Ordinary	100%	100%

a. Investments in subsidiaries are accounted for at cost.

NOTE 18. CASH FLOW INFORMATION

a. Reconciliation of cash flow from operations to loss after income tax

	2016 $	2016 $
Loss after income tax	(1,625,775)	(2,493,900)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit from ordinary activities:		
Share-based payments expense	158,645	96,704
Payments to employees and corporate advisor by way of shares	158,134	305,441
Net interest on convertible notes	6,960	57,304
Depreciation	1,602	4,676
Effects of foreign exchange on translation	2,017	9,379
Impairment of exploration expenditure previously capitalised	-	1,045,240
Reclassification of insurance funding	-	(32,416)
Capitalised exploration expenditure included in cash flows from operations	(1,110,965)	(1,438,205)
Other	-	1,152
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in receivables and prepayments	14,845	11,377
Increase/(decrease) in trade and other payables	438,374	(93,196)
Increase/(decrease) in provisions	26,612	32,558
Cash flow from operations	(1,929,551)	(2,493,886)

b. Credit standby facilities

The Group has no credit standby facilities.

c. Non-Cash Investing and Financing Activities

The Group has no non-cash investing and financing activities.

NOTE 19. SHARE-BASED PAYMENTS

	2016 $	2015 $
Share-based payment expense	158,645	96,704

a. **The above share-based payment expense is comprised of the following arrangements in place at 30 June 2016:**

On 9 June 2015, the following options over ordinary shares were granted to the Executive Chairman and Managing Director of the Company in the following tranches:

- 8,750,000 at an exercise price of $0.10 each. The options are exercisable on or before 9 June 2018.
- 6,250,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 February 2019.
- 2,500,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 June 2019.
- 8,750,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 June 2020.
- 8,750,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 June 2021.

$158,645 was the deemed cost of the options over ordinary shares for the financial year.

The options over ordinary shares hold no voting or dividend rights and are not transferable. At balance date, no options over ordinary shares have been exercised or forfeited and the 35,000,000 options over ordinary shares remain.

b. **The above share-based payment expense is comprised of the following arrangements in place at 30 June 2015:**

On 24 November 2013, the following options over ordinary shares were granted to directors of the Company:

- 2,000,000 at an exercise price of $0.15 each. The options are exercisable on or before 13 January 2016.
- 2,250,000 at an exercise price of $0.20 each. The options are exercisable on or before 13 January 2016.
- 2,000,000 at an exercise price of $0.20 each. The options are exercisable on or before 13 July 2016.
- 4,625,000 at an exercise price of $0.15 each. The options are exercisable on or before 13 January 2016.
- 4,625,000 at an exercise price of $0.20 each. The options are exercisable on or before 13 July 2016.

On 9 June 2015, the following options over ordinary shares were granted to the Executive Chairman and Managing Director of the Company in the following tranches:

- 8,750,000 at an exercise price of $0.10 each. The options are exercisable on or before 9 June 2018.
- 6,250,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 February 2019.
- 2,500,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 June 2019.
- 8,750,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 June 2020.
- 8,750,000 at an exercise price of $0.15 each. The options are exercisable on or before 9 June 2021.

The options over ordinary shares hold no voting or dividend rights and are not transferable. At balance date, 6,625,000 lapsed and the remaining 8,875,000 options have not been exercised or forfeited and remain.

c. **Share-based payments recognised directly in equity and in place at 30 June 2016:**

On 11 November 2014, the Company granted 12,500,000 options over ordinary shares to its corporate advisors pursuant to a capital raising agreement at an exercise price of $0.07 each. The options over ordinary shares are exercisable on or before 11 November 2018. $42,233 (2015: $70,389) was deemed transaction costs for the financial year under the capital raising agreement and has been recognized as such in the consolidated statement of changes in equity.

d. **Share-based payments recognised directly in equity and in place at 30 June 2015:**

On 8 March 2014, 2,600,000 options over ordinary shares were issued under an agreement with The Australian Special Opportunity Fund, LP, managed by The Lind Partners, LLC, to take up ordinary shares at an exercise price of $0.048 each. The options over ordinary shares expire 6 March 2017. $56,661 was deemed a transaction costs under the agreement and has been recognised as such in the consolidated statement of changes in equity.

NOTE 19. SHARE-BASED PAYMENTS (CONT)

a. Movement in share-based payment arrangements during the period

A summary of the movements of all Company options issued as share-based payments is as follows:

	2016		2015	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at the beginning of the year	59,745,000	$0.1940	26,745,000	$0.1940
Issued	-	$0.1132	47,500,000	$0.1132
Exercised	-	-	-	-
Expired	(2,820,000)	($0.2505)	(14,500,000)	($0.2013)
Outstanding at year-end	56,925,000	$0.1206	59,745,000	$0.1267
Exercisable at year-end	36,825,000	$0.1117	20,995,000	$0.1463

The weighted average remaining contractual life of options outstanding at year end is 2.5226 years (2015: 1.8874 years). The weighted average exercise price of outstanding shares at the end of the reporting period is $0.1206 (2015: $0.1267).

b. Fair value of options grants during the period

The Company did not grant any options over ordinary shares during the financial year ended 30 June 2016.

In the previous financial year, the fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options over ordinary shares granted during the previous financial year was $0.1132. These values were calculated using the Black-Scholes option pricing model, applying the following inputs to options issued this year:

Grant date:	-		10 June 2015	
Grant date share price:	-		$0.021	
Option exercise price:	-	$0.10		$0.15
Number of options issued:	-	15,000,000		20,000,000
Remaining life (years):	-	3.28		4.98
Expected share price volatility:	-		107%	
Risk-free interest rate:	-		2.0%	

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

NOTE 20. KEY MANAGEMENT PERSONNEL COMPENSATION

a. Key management personnel ("KMP")

The names are positions of KMP are as follows:

PD Reeve	Executive Chairman and Managing Director
Dr R Beeson	Non-executive director
BF Fraser	Non-executive director
JC Perkins	Non-executive director
SF Zillwood	Company Secretary (from 1 July 2015 to 31 March 2016)
JM Madden	Company Secretary (from 31 March 2016 to 30 June 2016)

b. KMP compensation

The totals of remuneration paid to KMP during the year are as follows:

	2016 $	2015 $
Short-term employee benefits	445,200	624,900
Post-employment benefits	36,200	54,850
Share-based payments in equity	100,000	50,000
Share-based payments in options	158,645	96,704
Other long term benefits	-	-
Termination benefits	-	-
Payments to contractors for accounting and secretarial services	92,448	102,816
Total	832,493	929,270

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's KMP for the year ended 30 June 2016.

NOTE 21. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Other transactions with key management personnel are set out in the Remuneration Report, there are no other related party transactions.

NOTE 22. COMMITMENTS

	2016 $	2015 $
a. Exploration expenditure commitments:		
Exploration tenement minimum expenditure requirements	335,996	101,482
Payable:		
not later than 12 months	296,418	52,947
between 12 months and 5 years	39,578	48,535
greater than 5 years	-	-
	335,996	101,482
The Group has no contracted exploration expenditure, however the Group has accounted for core asset tenement renewals as expenditure the Group is committed to.		
b. Operating lease commitments:		
Operating leases contracted for or committed to but not capitalised in the financial statements		
Payable:		
not later than 12 months	53,460	16,636
between 12 months and 5 years	87,740	-
greater than 5 years	-	-
	141,200	16,636

The Group shares premises with a number of companies. Balances stated represent the maximum gross amount payable, prior to reimbursement from other parties.

NOTE 23. OPERATING SEGMENTS

a. Identification of reportable segments

The Group operates predominantly in the mining industry. This comprises exploration and evaluation of uranium projects. Inter-segment transactions are priced at cost to the Consolidated Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on the two principal locations of its projects – Sweden and Mauritania. The Group also maintains a corporate function primarily responsible for overall management of the operating segments, raising capital and distributing funds to operating segments.

Corporate expenses include administration and regulatory expenses arising from operating an ASX listed entity.

Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements Financial assets including cash and cash equivalents, and investments in financial assets, are reported in the Treasury segment.

b. Basis of accounting for purposes of reporting by operating segments

i. Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

ii. Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The board of directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

iii. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

iv. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

v. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Non-exploration impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities

NOTE 23. OPERATING SEGMENTS (CONT)

FOR THE YEAR TO 30 JUNE 2016	SWEDEN EXPLORATION $	MAURITANIA EXPLORATION $	CORPORATE $	TOTAL $
Segment revenue	-	-	4,907	4,907
Segment results	-	(51,461)	4,907	(46,554)
Amounts not included in segment results but reviewed by Board:				
Expenses not directly allocable to identifiable segments or areas of interest				
Accounting and audit fees				(149,416)
Computers and communications				(44,193)
Depreciation				(1,602)
Employee benefits expense				(711,929)
Finance costs				(8,171)
Impairment				-
Insurance				(51,378)
Consulting fees and corporate advisory				(223,149)
Public relations				(22,472)
Rent and utilities				(39,847)
Share-based payment expenses				(158,645)
Share registry and listing fees				(79,385)
Travel and accommodation				(49,273)
AIM listing costs				(165,840)
Other expenses				(22,529)
Tax rebate for research and development				148,608
Loss after income tax				(1,625,775)
AS AT 30 JUNE 2016				
Segment assets	6,484,992	7,647,916	366,185	14,459,093
Unallocated assets:				
Trade and other receivables				57,708
Plant and equipment				-
Other non-current assets				-
Total assets				14,556,801
Segment asset increases for the period:				
Capital expenditure-exploration	173,898	704,014	-	877,912
Less: Write-off of exploration assets	-	-	-	-
	173,898	704,014	-	877,912
Segment liabilities	30,474	-	-	30,474
Unallocated liabilities:				
Trade and other payables				520,370
Short-term provisions				165,251
Short-term borrowings				-
Total liabilities				716,095

NOTE 23. OPERATING SEGMENTS (CONT)

FOR THE YEAR TO 30 JUNE 2015	SWEDEN EXPLORATION $	MAURITANIA EXPLORATION $	CORPORATE $	TOTAL $
Segment revenue	-	-	22,223	22,223
Segment results	(264,389)	(802,155)	22,223	(1,044,321)
Amounts not included in segment results but reviewed by Board:				
Expenses not directly allocable to identifiable segments or areas of interest				
Accounting and audit fees				(126,869)
Business development				(6,000)
Computers and communications				(27,150)
Depreciation				(4,676)
Employee benefits expense				(638,556)
Finance costs				(60,564)
Insurance				(39,451)
Consulting fees and corporate advisory				(182,309)
Public relations				(67,526)
Rent and utilities				(33,168)
Share-based payment expenses				(96,704)
Share registry and listing fees				(63,522)
Travel and accommodation				(92,836)
Other expenses				(10,248)
Loss after income tax				(2,493,900)
AS AT 30 JUNE 2015				
Segment assets	6,311,094	6,943,902	991,969	14,246,965
Unallocated assets:				
Trade and other receivables				96,282
Plant and equipment				1,602
Other non-current assets				-
Total assets				14,344,849
Segment asset increases for the period:				
Capital expenditure-exploration	252,046	1,326,688	-	1,578,734
Less: Write-off of exploration assets	(243,085)	(802,155)	-	(1,045,240)
	8,961	524,533	-	533,494
Segment liabilities	5,032	115,793	-	120,825
Unallocated Liabilities:				
Trade and other payables				280,520
Short term provisions				138,639
Short-term borrowings				43,040
Total liabilities				583,024

NOTE 24. FINANCIAL RISK MANAGEMENT

a. Financial risk management policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below:

	FLOATING INTEREST RATE $	FIXED INTEREST RATE $	NON-INTEREST BEARING $	2016 TOTAL $	FLOATING INTEREST RATE $	FIXED INTEREST RATE $	NON-INTEREST BEARING $	2015 TOTAL $
Financial assets								
Cash and cash equivalents	317,758	-	-	317,758	943,011	-	-	943,011
Trade and other receivables	-	-	57,708	57,708	-	-	96,282	96,282
Financial assets	-	-	43,625	43,625	-	16,024	28,133	44,157
Total financial assets	317,758	-	101,333	419,091	943,011	16,024	124,415	1,083,450
Financial liabilities								
Financial liabilities at amortised cost								
Trade and other payables	-	-	550,844	550,844	-	-	401,345	401,345
Short-term borrowings	-	-	-	-	-	43,040	-	43,040
Total financial liabilities	-	-	550,844	550,844	-	43,040	401,345	444,385
Net financial assets	317,758	-	(449,511)	(131,753)	943,011	(27,016)	(276,930)	639,065

b. Specific financial risk exposures and management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework. The board of directors has adopted practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

i. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group

The Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the Group.

Credit risk exposures

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

Impairment losses

Group's financial assets that are past due total $nil (2015: $nil).

There has been no allowance for impairment in respect of the financial assets of the Group during this year.

NOTE 24. FINANCIAL RISK MANAGEMENT (CONT)

ii. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The board of directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board meets on a regular basis and considers the Group's exposure currency and interest rate risk.

(1) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the Group as no debt arrangements have been entered into, and movement in interest rates on the Group's financial assets is not material.

(2) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the Australian dollars functional currency of the Group.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact on the Group's financial results. The Group's exposure to foreign exchange risk is minimal; however the Board continues to review this exposure regularly.

(3) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group is exposed to securities price risk on investments held for trading or for medium to longer terms.

The investment in listed equities has been valued at the market price prevailing at balance date. Management of this investment's price risk is by ongoing monitoring of the value with respect to any impairment.

At balance date, the Group does not hold financial instruments that would give rise to price risk.

NOTE 24. FINANCIAL RISK MANAGEMENT (CONT)

iv. Sensitivity analyses

(1) **Interest rates**

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

A change of 100 basis points in the interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis was performed on a change of 100 basis points for 2016.

	PROFIT $	EQUITY $
Year ended 30 June 2016		
± 100 basis points change in interest rates	±6,576	±9,929
Year ended 30 June 2015		
± 100 basis points change in interest rates	±7,788	±7,788

(2) **Foreign exchange**

The Group main exposure to foreign currency risk is to Swedish Krona (SEK) for assets the Group holds through its Swedish subsidiary, Aura Energy Sweden AB. The following table illustrates sensitivities to the Group's exposures to changes in the SEK rate. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	PROFIT $	EQUITY $
Year ended 30 June 2016		
± 10% of Australian dollar strengthening/weakening against the SEK	Nil	+65,849 -59,118
Year ended 30 June 2015		
± 10% of Australian dollar strengthening/weakening against the SEK	Nil	+75,050 -105,458

v. Net fair values

(1) **Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the table below and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

NOTE 24. FINANCIAL RISK MANAGEMENT (CONT)

vi. Financial liability and asset maturity analysis

	WITHIN 1 YEAR		TOTAL	
	2016 $	2015 $	2016 $	2015 $
Financial liabilities due for payment				
Trade and other payables	550,844	401,345	550,844	401,345
Short-term borrowings	-	43,040	-	43,040
Total contractual outflows	550,844	444,385	550,844	444,385
Financial assets				
Cash and cash equivalents	317,758	943,011	317,758	943,011
Trade and other receivables	57,708	96,282	57,708	96,282
Financial assets	43,625	44,157	43,625	44,157
Total anticipated inflows	419,091	1,083,450	419,091	1,083,450
Net (outflow)/inflow on financial instruments	(131,753)	639,065	(131,753)	639,065

NOTE 25. EVENTS SUBSEQUENT TO REPORTING DATE

On 12 September 2016 and 16 September 2016, the Company completed listing of its shares on the Alternative Investment Market in London and an Australian Placement which raised $5,002,677 (before costs).

NOTE 26. PARENT ENTITY DISCLOSURES

a. Financial position of Aura Energy Limited

	NOTE	2016 $	2015 $
Current assets			
Cash and cash equivalents		299,974	910,881
Trade and other receivables		24,227	57,242
Financial assets		43,625	44,157
Total current assets		367,826	1,012,280
Non-current assets			
Plant and equipment		-	1,602
Financial assets	26b	8,317,554	8,158,529
Other assets		5,871,421	5,167,407
Total non-current assets		14,188,975	13,327,538
Total assets		14,556,801	14,339,818
Current liabilities			
Trade and other payables		520,370	396,314
Short-term provisions		165,264	138,639
Short-term borrowings		-	43,040
Total current liabilities		685,634	577,993
Total liabilities		685,634	577,993
Net assets		13,871,167	13,761,825
Equity			
Issued capital		32,784,203	31,311988
Option reserve		599,802	398,924
Accumulated losses		(19,512,838)	(17,949,087)
Total equity		13,871,167	13,761,825

b. Financial assets

Loans to subsidiaries	26b.i	6,410,654	6,251,629
Shares in controlled entities at cost		1,906,900	1,906,900
Net carrying value		8,317,554	8,158,529

i. Loans are provided by the parent entity to its controlled entities to fund their activities. The eventual recovery of loans and investments will be dependent upon the successful commercial application of these projects or their sale to third parties.

NOTE 26. PARENT ENTITY DISCLOSURES (CONT)

c. Financial performance of Aura Energy Limited

		2016 $	2015 $
Loss for the year		(1,433,556)	(2,853,498)
Other comprehensive income		-	-
Total comprehensive income		(1,433,556)	(2,853,498)

d. Guarantees entered into by Aura Energy Limited for the debts of its subsidiaries

There are no guarantees entered into by Aura Energy Limited for the debts of its subsidiaries as at 30 June 2016 (2015: none).

e. Contingent liabilities of Aura Energy Limited

There are no contingent liabilities as at 30 June 2016, other than as detailed in Note 27 Contingent liabilities (2015: none).

f. Commitments by Aura Energy Limited

		2016 $	2015 $
Exploration expenditure commitments:			
Exploration tenement minimum expenditure requirements		335,996	101,482
Payable:			
not later than 12 months		296,418	52,947
between 12 months and 5 years		39,579	48,535
greater than 5 years		-	-
		335,996	101,482
The Group has no contracted exploration expenditure, however the Group has treatment core asset tenement renewals as expenditure the Group is committed to.			
Operating lease commitments:			
Operating leases contracted for or committed to but not capitalised in the financial statements			
Payable:			
not later than 12 months		53,460	13,618
between 12 months and 5 years		87,740	-
greater than 5 years		-	-
		141,200	13,618

The Group shares premises with a number of companies. Balances stated represent the maximum gross amount payable, prior to reimbursement from other parties.

The amounts presented above are applicable for both Aura Energy Limited (the parent) and the Consolidated Group.

NOTE 27. CONTINGENT LIABILITIES

On 15 October 2010, the Company and Global Coal Management plc entered into a Share Sale and Purchase Agreement which resulted in the Company acquiring all the shares on issue in GCM Africa Uranium, the entity which held the beneficial interest of GCM in the above-mentioned research permits in Mauritania.

The Company paid GCM US$100,000 on execution of the Share Sale and Purchase Agreement; US$472,183 in cash plus 2,000,000 fully paid ordinary shares in the Company on completion (due diligence); and, US$500,000 on the first anniversary of completion.

The Company also agreed to pay a contingent consideration:

i. US$2,000,000 (in cash and shares as determine by the Company) on the delineation of 75 million pounds or more Initial Resource (not defined in the Letter Agreement) under the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves; and

ii. US$400,000 in cash and 400,000 fully paid ordinary shares in the Company for each Subsequent Resource of 6,500,000 pounds up to a maximum of US$4,000,000 in cash and 4,000,000 in fully paid ordinary shares.

The obligations to make the contingent consideration payments are held by the Company and the contingent consideration is only payable if the Initial Resource and Subsequent Resource are achieved within 10 years of the date of the Share Sale and Purchase Agreement. Accordingly, the obligation to pay the contingent consideration expires on 15 October 2020.

There are no other contingent liabilities as at 30 June 2016.

NOTE 28. COMPANY DETAILS

The registered office and principal place of the Company is:

Address:	Level 1, 34-36 Punt Road, Windsor Victoria 3181
Telephone:	+61 (0)3 9516 6500
Facsimile:	+61 (0)3 9516 6565
Website:	www.auraenergy.com.au
E-mail:	info@auraenergy.com.au

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes to the accounts are in accordance with the *Corporations Act 2001* (Cth) and:
   (a) Comply with Accounting Standards.
   (b) Are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements.
   (c) Give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company and Consolidated Group.

2. The Chief Executive Officer and Chief Finance Officer have each declared that:
   (a) The financial records of the Company for the financial year have been properly maintained in accordance with s.286 of the *Corporations Act 2001* (Cth).
   (b) The financial statements and notes for the financial year comply with the Accounting Standards.
   (c) The financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s.295(5) and is signed for and on behalf of the directors by:

Peter Reeve
Chairman

Dated this Thursday 29 September 2016

INDEPENDENT AUDITOR'S REPORT

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

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Cloisters Square WA 6850

ABN 33 121 222 802

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Independent Auditor's Report

To the Members of Aura Energy Limited

We have audited the accompanying financial report of Aura Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

To the Members of Aura Energy Limited *(Continued)*

Bentleys
THINKING AHEAD

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

a. The financial report of Aura Energy Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Aura Energy Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 29th day of September 2016

ADDITIONAL INFORMATION

As of 27 SepTember 2016

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

a. Distribution of Shareholders

CATEGORY (SIZE OF HOLDING)	TOTAL HOLDERS	NUMBER ORDINARY	% HELD OF ISSUED ORDINARY CAPITAL
1 – 10,000	109	14,226	0.00
10,001 – 100,000	196	625,625	0.09
100,001 – 1,000,000	152	1,258,983	0.18
1,000,001 – 1,000,000,000	695	28,298,892	3.98
TOTAL	**1,574**	**711,319,938**	**100.00**

b. Unmarketable Parcels

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $ 500.00 parcel at $ 0.0410 per unit	12,196	498	2,400,778

c. Voting Rights

The voting rights attached to each class of equity security are as follows:

- Ordinary shares: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

d. 20 Largest Shareholders – Ordinary Shares as at 27 September 2016.

RANK	NAME	UNITS	% OF UNITS
1.	FITEL NOMINEES LIMITED	173,280,699	24.36
2	BNP PARIBAS NOMINEES PTY LTD <ALBERT FRIED CUSTOMER DRP>	63,064,268	8.87
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	60,285,060	8.48
4	PRE-EMPTIVE TRADING PTY LTD	35,650,000	5.01
5	HARGREAVES LANSDOWN (NOMINEES) LIMITED	14,687,245	2.06
6	CITICORP NOMINEES PTY LIMITED	13,918,654	1.96
7	SAMBOLD PTY LTD <SUNSHINE SUPER FUND A/C>	13,764,895	1.94
8	PASAGEAN PTY LIMITED	12,180,612	1.71
9	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	11,843,258	1.66
10	MR PETER DESMOND REEVE	9,718,304	1.37
11	BARCLAYSHARE NOMINEES LIMITED	8,855,430	1.24
12	GOLDMAN SACHS SECURITIES (NOMINEES) LIMITED	8,750,000	1.23
13	J P MORGAN NOMINEES AUSTRALIA LIMITED	7,656,040	1.08
14	ONE MANAGED INVESTMENT FUNDS LIMITED <TECHNICAL INVESTING ABSOLUTE R>	7,376,875	1.04
15	MERRIWEE PTY LTD <MERRIWEE SUPER FUND A/C>	6,750,000	0.95
16	MR MICHAEL BUSHELL	5,474,903	0.77
17	MS MICHELLE ANNE PAINE	3,750,000	0.53
18	YARANDI INVESTMENTS PTY LTD <GRIFFITH FAMILY NO 2 A/C>	3,750,000	0.53
19	MRS LINDA YE + MR DAVID XIAO DONG YE	3,568,800	0.50
20	"ONE MANAGED INVESTMENT FUNDS LIMITED <TI FAMILY WEALTH A/C>	3,530,919	0.50
Top 20 shareholders		**467,855,962**	**65.77**
Remaining shareholders		**243,463,976**	**34.23**
Total shares on issue		**711,319,938**	**100.00**

SHAREHOLDING AS AT 24 SEPTEMBER 2016 (CONT)

e. **20 Largest Option holders – as at 27 September 2016.**

RANK	NAME	UNITS	% OF UNITS
1.	FIRST INVESTMENT PARTNERS PTY LTD	5,300,000	19.47
2.	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	2,150,000	7.90
3.	YARANDI INVESTMENTS PTY LTD <GRIFFITH FAMILY NO 2 A/C>	1,800,000	6.61
4.	PASAGEAN PTY LIMITED	1,600,000	5.88
5.	BNP PARIBAS NOMINEES PTY LTD <ALBERT FRIED CUSTOMER DRP>	1,500,000	5.51
6.	MR JONATHAN GREGORY QUINLIVAN	1,495,012	5.49
7.	ALCARDO INVESTMENTS LIMITED <STYLED 102501 A/C>	1,249,999	4.59
8.	MRS KERRYN PATRICIA DELEN	1,236,170	4.54
9.	UBS NOMINEES PTY LTD	1,055,000	3.87
10.	MR HENDRIK JACOBUS DELEN + MRS KERRYN PATRICIA DELEN <DELEN FAMILY SUPERFUND A/C>	888,830	3.26
11.	MR LUKE KUKULJ	500,000	1.84
12.	MR MARTIN MUSIC	500,000	1.84
13.	MR NEIL FRANCIS STUART	500,000	1.84
14.	MARTIN PLACE SECURITIES STAFF SUPERANNUATION FUND PTY LTD <MPSSF NO 2 A/C>	487,500	1.79
15.	SPINNAKER INVESTMENT MANAGEMEN T PTY LTD	450,000	1.65
16.	MAGNA EQUITIES II LLC	400,000	1.47
17.	MR JOHN CHRISTOPHER BRIDGES + MS LEANNE BEVERLEY DONALD <DONGES SUPERANNUATION A/C>	300,000	1.10
18.	CRX INVESTMENTS PTY LIMITED	300,000	1.10
19.	MR ROBERT ANTHONY GENTILE + MRS MICHAELA MAREE GENTILE	300,000	1.10
20.	MR KONSTANTINOS KORKIDAS	300,000	1.10
Top 20 listed option holders		**22,312,511**	**81.95**
Remaining listed option holders		**4,913,655**	**18.05**
Total listed options		**27,226,166**	**100.00**

COMPANY SECRETARY

The name of the Company Secretary is JM Madden.

PRINCIPAL REGISTERED OFFICE

As disclosed in Note 28 Company Details of this Annual Report.

REGISTERS OF SECURITIES ARE HELD AT THE FOLLOWING ADDRESSES

As disclosed in the Corporate Directory of this Annual Report.

STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, as disclosed in the Corporate Directory of this Annual Report.

UNQUOTED SECURITIES

Options over Unissued Shares

A total of 163,498,536 (2015: 86,159,005) unlisted options are on issue of which 35,000,000 (2015: 44,645,000) options are issued to directors as at 27 September 2016.

USE OF FUNDS

The Company has used its funds in accordance with its initial business objectives.

TENEMENT REPORT

COUNTRY	TENEMENT NUMBER	NAME	ORIGINAL DATE OF GRANT	EXPIRY DATE	SQ KMS	HOLDER	EQUITY INTEREST
Mauritania	561	Oum Ferkik	16-Apr-08	20-Nov-17	60	Aura Energy Limited	100%
	563	Oued El Foule Est	16-Apr-08	24-Mar-18	313	Aura Energy Limited	100%
	564	Ain Sder	16-Apr-08	09-Jun-18	330	Aura Energy Limited	100%
	961	Oued El Merre	09-Mar-10	(To be relinquished)	140	Aura Energy Limited	100%
	1482	Oum Ferkik Sud	30-May-11	(Application)	476	Aura Energy Limited	100%
	2002	Aguelet	08-May-13	(Application)	100	Aura Energy Limited	100%
	2366	Agouyame	20-May-15	(Application)	34	Aura Energy Limited	100%
	2479	Amare	21-Jun-16	(Application)	150	Aura Energy Limited	100%
Sweden	2007:243	Haggan nr 1	28-Aug-07	28-Aug-17	18.3	Aura Energy Sweden AB	100%
	2007:244	Marby nr 1	30-Aug-07	30-Aug-17	22.4	Aura Energy Sweden AB	100%
	2009:23	Koborgsmyren nr 1	23-Jan-09	23-Jan-19	5.4	Aura Energy Sweden AB	100%
	2016:7	Skallbole nr 1	20-Jan-16	20-Jan-19	7.8	Aura Energy Sweden AB	100%
	2016:9	Mockelasen nr 1	21-Jan-16	21-Jan-19	17.6	Aura Energy Sweden AB	100%

ACN: 115 927 681

ANNUAL REPORT
30 JUNE 2016