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AURA TO COMMENCE EXPLORATION DRILLING PROGRAM ON ITS TASIAST SOUTH GOLD PROJECT

COPPER AND NICKEL PROSPECTS WILL ALSO BE EXPLORED

**KEY SHAREHOLDERS HAVE ELECTED EARLY EXERCISE OF OPTIONS
TO PROVIDE \$1.84M FUNDING FOR THE DRILLING PROGRAM**

- **Aura achieves strong funding support to commence drilling on its recently acquired gold projects covering 45 km of Archean Greenstone belts in Mauritania**
- **Previous exploration and drill results show both system size and elevated gold grades making these high potential targets**
- **Adjacent to 20 Moz Kinross Tasiast Gold Mine and Algold (TSX) permits**
- **Option exercise proceeds dedicated to gold and base metals program**

Aura Energy Limited (AEE; ASX, AURA; AIM) is pleased to announce that drilling of its two under-explored mineralised greenstone belts in Mauritania will commence shortly. A key group of shareholders have opted for early exercise of unlisted options unlocking \$1.84M for the company which will be dedicated to the exploration of these gold and base metal prospects. As such this exploration project is now well funded and the company will soon begin an aggressive drilling program.

These highly prospective tenements, covering 175km², lie along strike from Kinross' giant +20 million ounce Tasiast Gold Mine and Algold's Tijirit gold tenements (See Fig2) which have recently returned exceptional drilling results. The two Aura areas are currently held under exploration permit applications and are expected to be granted soon.

Peter Reeve, Aura Energy's Executive Chairman said "Aura is very excited to be a position, with the help of key shareholders, to commence exploration on its gold and base metal tenements in Mauritania. Aura's strategy of focussing on development of its near term Tiris uranium project, despite the past weak commodity environment, and expanding into a very prospective gold and base metal package has been a great success and has the potential to transform the company and provide great returns to shareholders.

Considering the large Tasiast Gold Mine is on the same belt just north of our project and Algold's recent strong drilling results on their adjacent tenements, the potential for multi-million ounce discoveries, in the eyes of our technical people, is very conceivable".

With serious interest finally coming back into the uranium sector, gold gaining strength again and economic growth driving base metals Aura is very well placed to make solid gains on both a technical and commercial basis across its projects. We are a different company from two years ago, and we plan to capitalise on that", Mr Reeve continued.

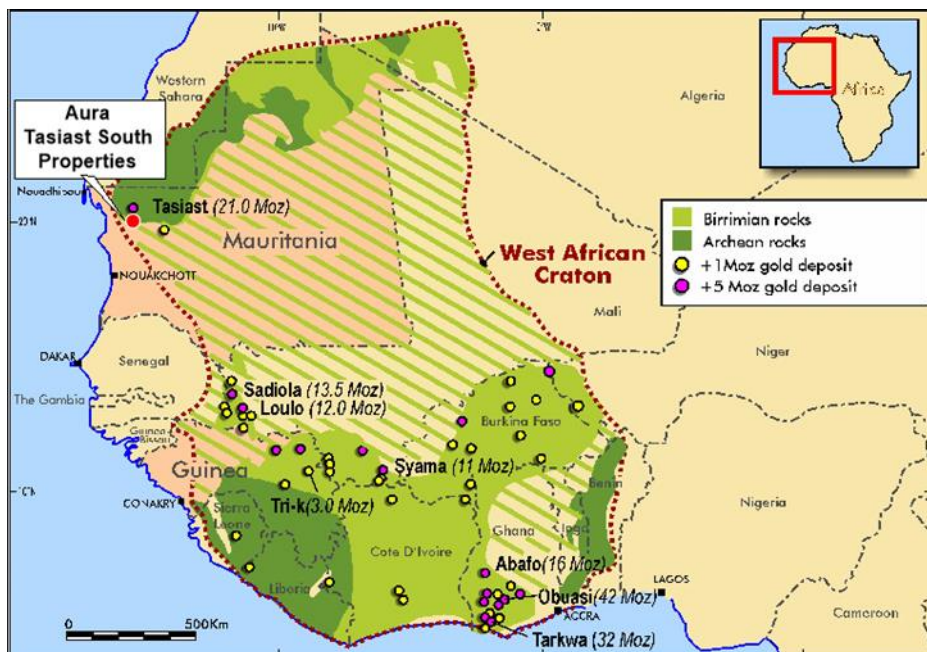


Figure 1: Location of the Tasiast South project

Gold Prospects

The highly prospective gold areas that make up the Tasiast South gold project are spread over two under-explored mineralised greenstone belts in Mauritania (See Fig 2) representing an excellent opportunity in lightly explored Archean greenstone belts and will leverage Aura's extensive operating experience in this part of the world. The project is favourably located 200 km from Aura's Nouakchott office, 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 prospects cover portions of the Tasiast and Tijirit Greenstone Belts and have been explored previously by only 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.

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

- Tenements over two lightly explored greenstone belts covering 175 km²
- The +20 Moz Tasiast gold deposit is nearby on the same greenstone belt and highlights the potential for major deposits in the region (See Fig 2)
- \$3m has been expended by the previous explorer on airborne geophysics, soil geochemistry, and reverse circulation and air-core drilling
- 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 programs, including one in progress with Algold Resources (TSX), which highlight the current interest and potential in these poorly tested belts

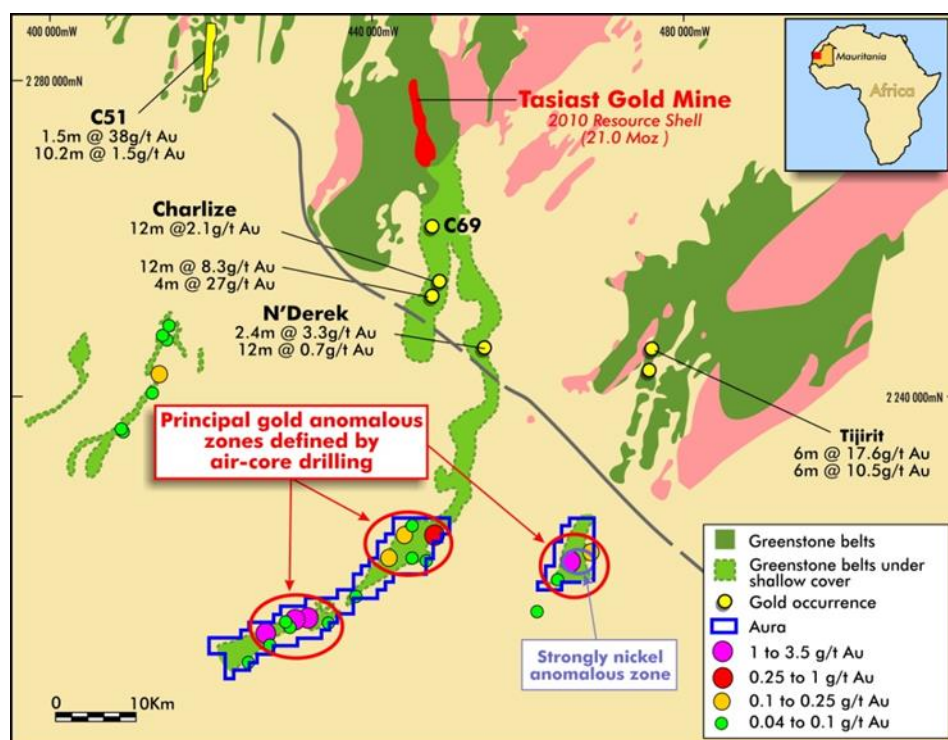


Figure 2: Location of Aura areas in relation to known mineralisation

Air-core drilling to bedrock by the previous explorer located several anomalous gold zones, up to eight kilometres in length (See Fig 3). Of particular interest is the Ghassariat Zone, which has 1-3 g/t gold values on three of the four air-core traverses drilled. This anomaly extends over about eight kilometres parallel to the strike of the greenstone belt.

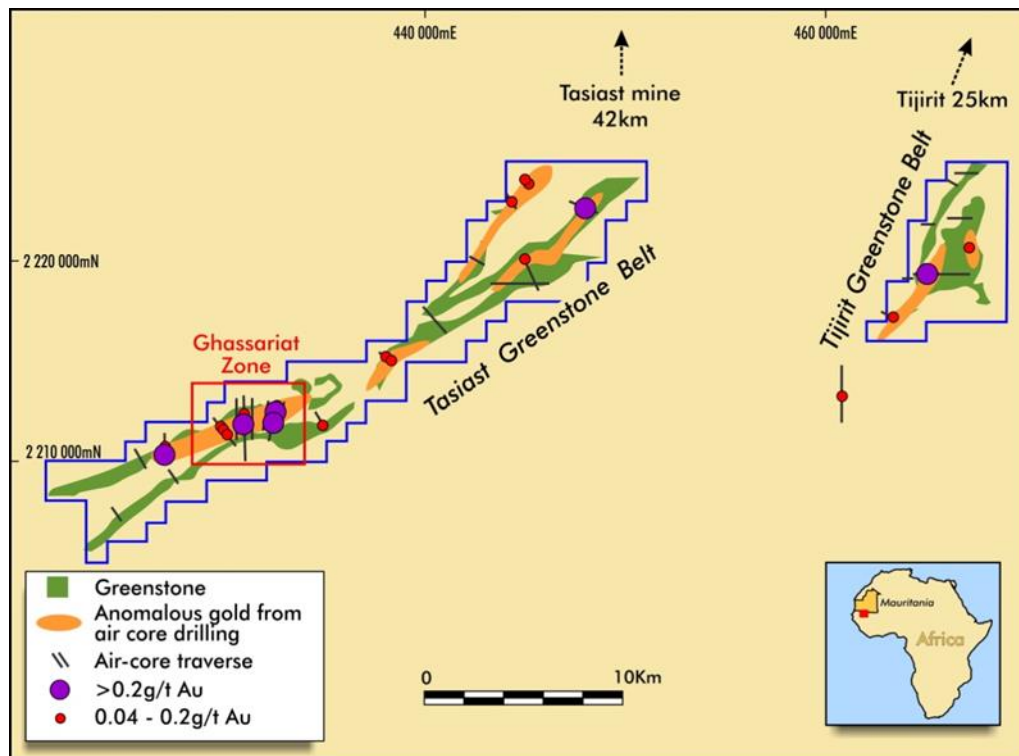


Figure 3: Ghassariat Zone location and gold anomalous zones defined by air core drilling

Drilling to date has generally been shallow with limited deeper testing below the air core drilling. A small number of RC holes have provided very good results however the density of drilling is very low averaging approximately one hole per 20 km². A systematic program will test both extensions along strike of, and beneath, existing mineralised intersections, as well as testing new targets.

Intersections in the Ghassariat Zone reported by the previous explorer include:

TGRC 022 - 71m @ 0.3 g/t Au including:

- 5m @ 1.2 g/t Au,
- 3m @ 1.0 g/t Au
- 11m @ 0.5 g/t Au

TGRC 007 - 38m @ 0.4 g/t Au including:

- 1m @ 6.1 g/t Au
- 6m @ 0.7 g/t Au

The Ghassariat Prospect intersections occur in strongly sulphidic and quartz-veined mafic volcanics and have marked similarities with some of the ore zones and near-ore alteration zones at the neighbouring Kinross Tasiast Mine (See Fig 4). It is encouraging that the +1 g/t gold intersections lie within very thick (71m) zones of lower grade gold bearing sulphide alteration, indicating an extensive mineralised system.

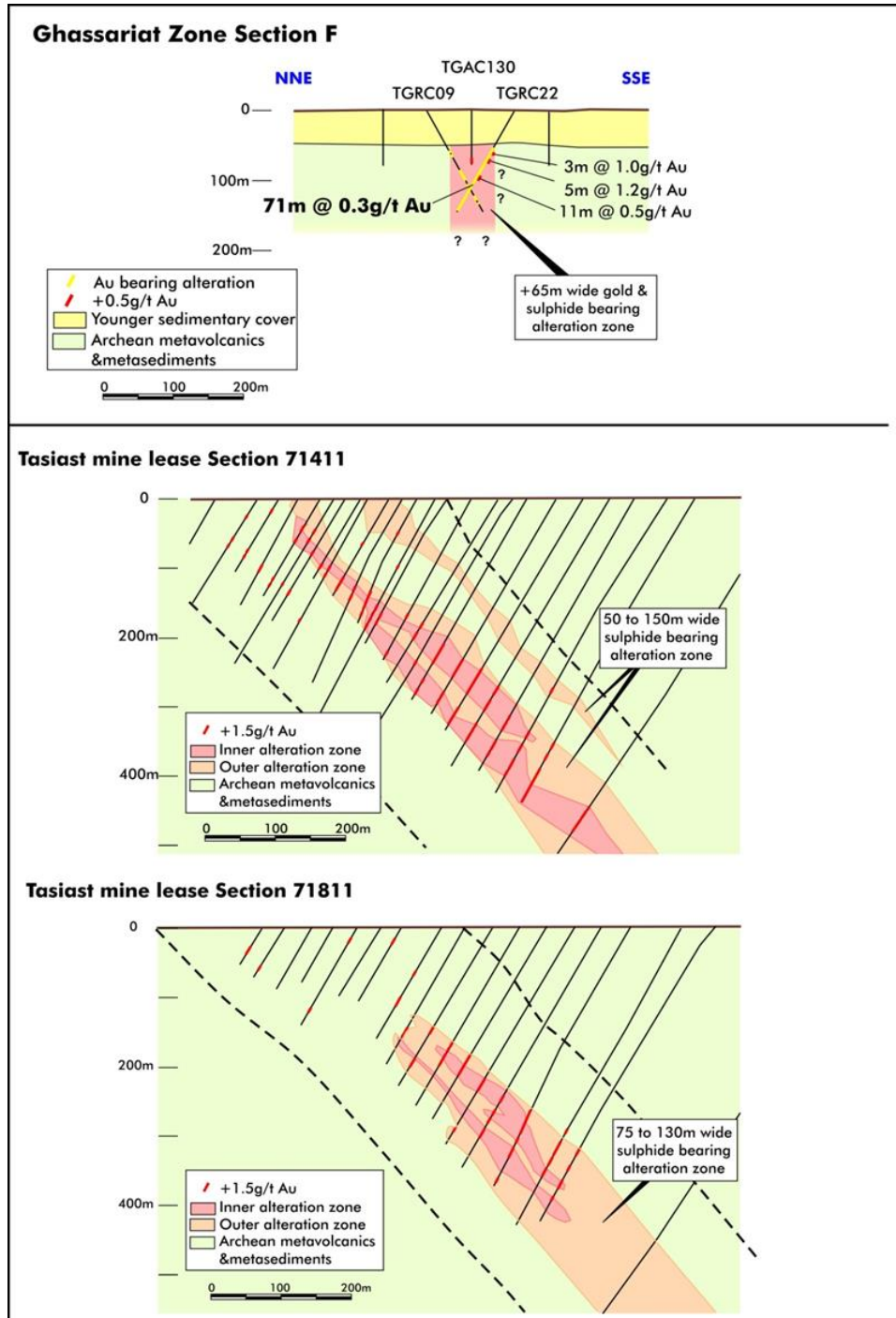


Figure 4: Sections (all at same scale) comparing Aura’s Ghassariat Prospect’s broad zones of sulphidic & gold alteration to the Tasiast gold mines alteration & mineralised shells

Aura’s Chief Geologist, Neil Clifford, commented: "Interestingly the Tasiast gold mineralisation is in Archean greenstones with strong similarities in terms of rock types, structure and mineralisation style with the great gold provinces in the Archean belts of Australia and Canada in which there have been many hundreds of gold mines. In the Tasiast district there is only one gold mine, reflecting how little explored this belt is (See Fig 5). Clearly the potential for additional and substantial discoveries in the Tasiast district is very high"

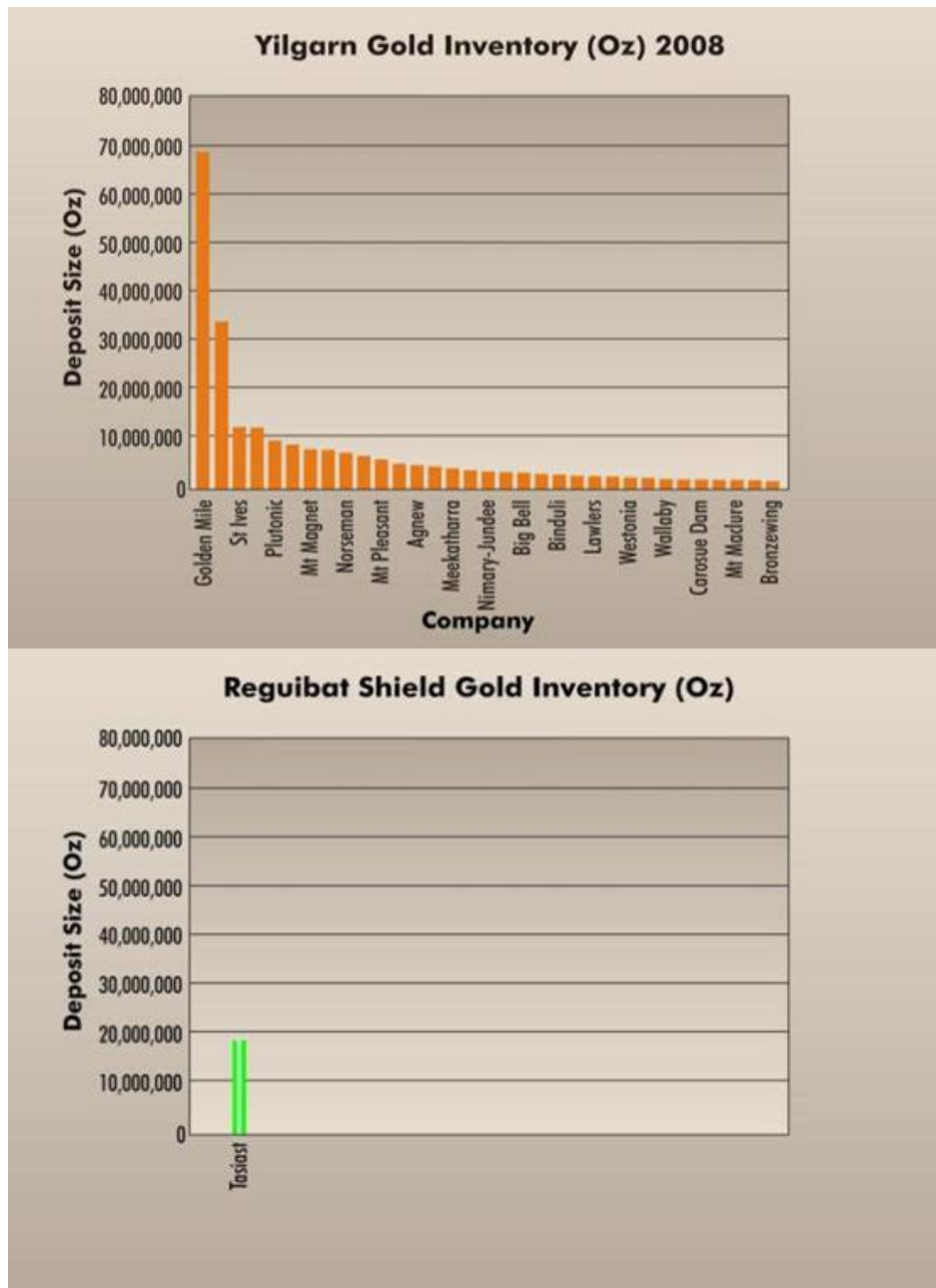


Figure 5: Comparison highlighting the lack of major gold deposits discovered in the lightly explored Tasiast district versus the well explored Yilgarn Province of Western Australia

Mr Clifford led the previous exploration in the Aura permit areas, and has extensive and successful experience in international minerals discovery and deposit evaluation particularly in gold. He has played key roles in the discovery of at least 9 major mineral deposits in Australia, South America and Africa, for a variety of commodities including gold, uranium, copper and tin. These discoveries have included 20 million ounces of gold, including Sunrise Dam, and seven have subsequently become mines. He also played the lead role in the discovery of Aura's Tiris uranium deposits in Mauritania. He has been involved in West Africa since 2005.

Algold (TSX) Recent Drilling Results

Algold Resources, a TSX listed explorer, has recently released exceptional drilling results (see below) in tenements adjacent to Aura's (See Fig 6). The exceptional gold exploration results of Algold, and elsewhere in the region generally, present a compelling case for the future of Aura's gold exploration program given the similarity in the geological setting of each company's tenements and the very limited exploration on these extensive greenstone belt packages.

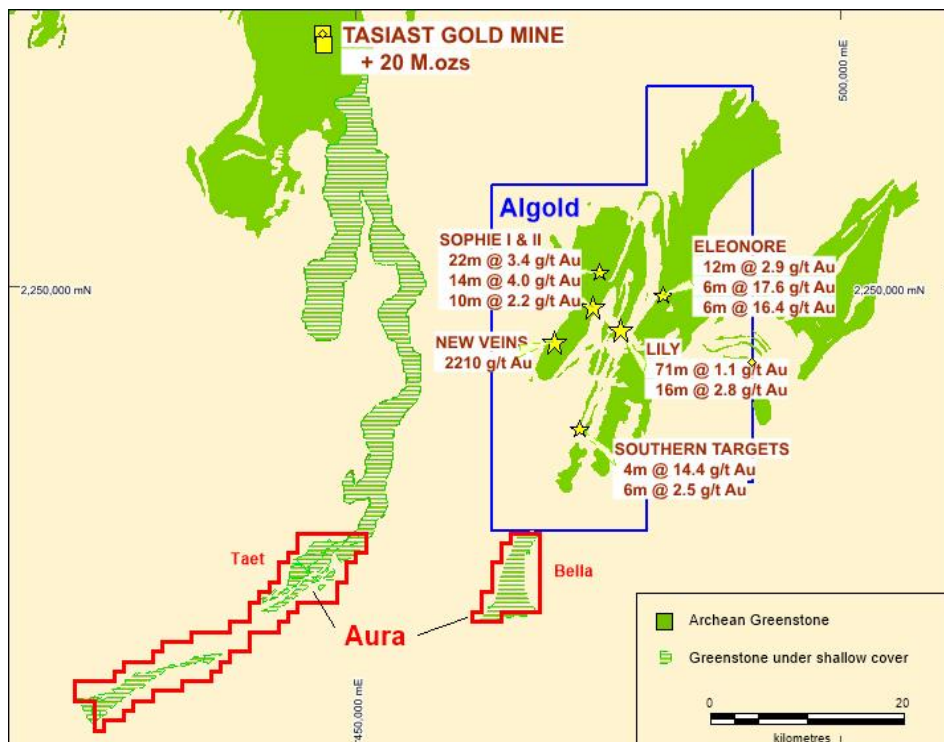


Figure 6: Location of the Aura Tasiast South Tenements and Algold's Tenements

The recent Algold results have included the following drill assays;

- T16RC071 - 6 m @ 39.85 g/t Au,
- T16RC070 - 3 m @ 30.03 g/t Au
- T16RC045 - 5 m @ 6.64 g/t Au
- T16RC035 - 7 m @ 3.2 g/t Au
- T16RC069 - 3 m @ 2.03 g/t Au
- T16RC024 - 6 m @ 4.23 g/t Au
- T16RC072 - 4 m @ 1.35 g/t Au
 - and 2 m @ 1.94 g/t Au
- T16RC083 - 2 m @ 5.47 g/t Au
- T16RC027 - 6 m @ 16.4 g/t Au
- T16RC031 - 6 m @ 9.64 g/t Au

Nickel and Base Metal Potential

Previous exploration for gold on these permit areas also located strongly anomalous nickel values in several areas, associated with ultramafic rocks (See Fig 7). In parts of the tenements high nickel values are associated with anomalous copper highlighting potential for nickel-copper sulphide mineralisation, as occurs also the greenstone belts of Australia and Canada. At this stage there has been no follow-up work carried out on these nickel targets.

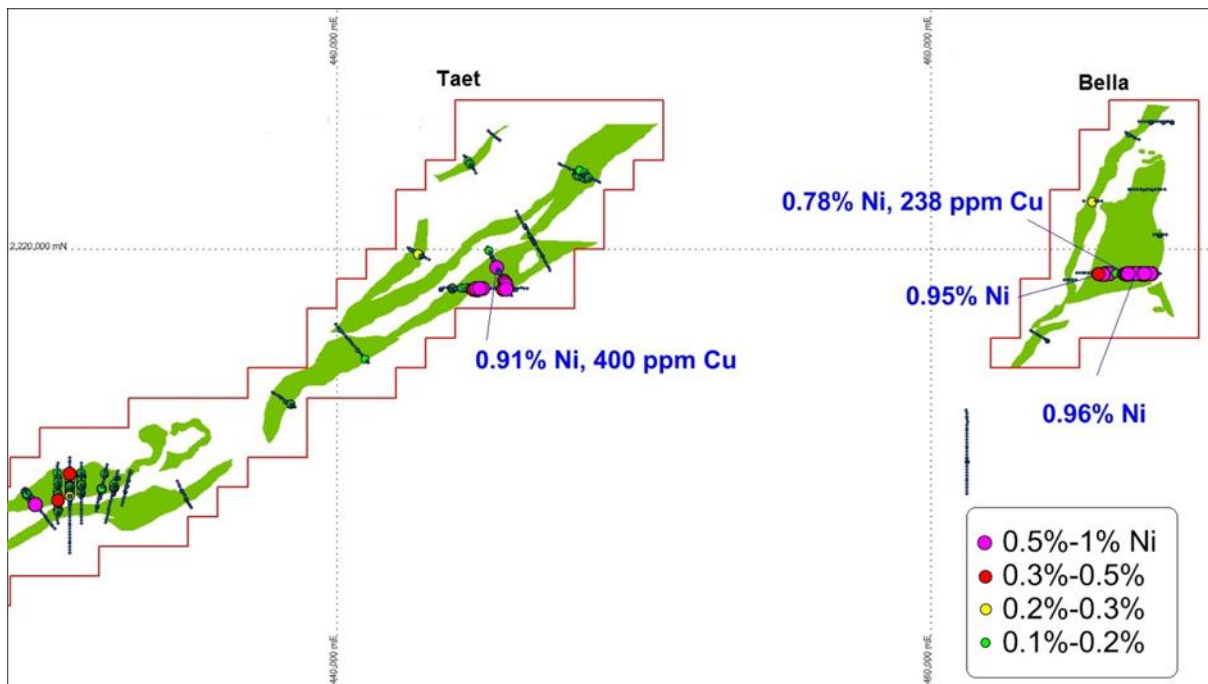


Figure 7: Key nickel results in bedrock sampling by air-core drilling

Acquisition Terms Restated

Aura executed an agreement in June 2016 to acquire 100% of these permit areas (currently under application) by making 4 staged payments over 12 months totalling US\$100,000.

Additional financial terms are:

- If Aura defines an Indicated Resource of greater than 1 million ounces a further payment to the vendor of US\$250,000
- A royalty of \$5/oz on gold and 0.4% NSR on other commodities is payable on production from the permits, capped at US\$5 million.

Next Steps.

Next steps envisaged at Tasiast South are:

- Ground electrical geophysics to:
 - locate the strongest zones of sulphide development for drill targeting within the Ghassariat Zone.
 - locate sulphide zones within nickel-copper anomalous ultramafics
- Follow-up RC drilling of the mineralised intersections in the Ghassariat Zone
- RC drilling of additional targets arising from ground geophysics.
- Bedrock drilling (air-core or auger) to test
 - extensions of Algold's Tijirit gold mineralisation onto Aura's ground holdings
 - high nickel ultra-mafic bodies for nickel copper mineralisation

Option Exercise

Aura previously issued unlisted options associated with past capital raisings with a strike price of 2.5 cents and a two-year term to a range of sophisticated investors. Several of these investors have now elected to exercise these options and this has resulted in the receipt of \$1.84m representing 65% of the 113 million of the 2.5 cent unlisted options.

If the full series of 2.5 cent options were exercised approximately \$1.0 million of additional funding would be received bringing to a total of \$2.83m from that series of options which would be available for this exploration program.

Whilst Aura intends to dedicate these funds to the gold and base metal exploration program the company reserves the right to use these funds in the uranium projects or corporate purposes if this is required.

Mauritania

Mauritania has a long history of mining, a favourable and well administered Mining Act, and a government supportive of foreign investment. Until recently, Mauritania has seen very little systematic gold exploration compared to other countries in the region.

Aura continues to enjoy an excellent rapport with the Mauritanian government and mining departments which enthusiastically embrace exploration and mining development. The country remains peaceful and stable with a modern user-friendly fiscal regime.

Aura has been active in the country since 2007.

References in this announcement to exploration results and potential have been approved for release by Mr Neil Clifford (Geologist and Member of the Australasian Institute of Mining and Metallurgy) who has more than 40 years relevant experience in the field of activity concerned. Mr Clifford has consented to the inclusion of the material in the form and context in which it appears.

For further information please contact:

Mr Peter Reeve
Executive Chairman
Phone +61 (0)3 9516 6500
info@auraenergy.com.au