

ASX RELEASE

7th October 2021

US\$10m Offtake Financing Agreement for Tiris Uranium Project

KEY POINTS:

- Aura has entered a US\$10 m Offtake Financing Agreement with Curzon, with the funds to be used for mining working capital and production commencement. The agreement includes an additional up to US\$10m facility at the lender's sole discretion. The potential maximum available under the Agreement is US\$20m.
- The Offtake Financing Agreement comprises the Uranium Offtake Agreement executed with Curzon in January 2019 and a new Financing Agreement.
- As a boutique London based commodities partnership firm, Curzon takes a long-term investment approach and currently holds a diversified portfolio of off-takes in the uranium sector around the world, to supply electrical utilities with nuclear fuel.
- The Offtake Financing Agreement follows the recent Tiris resource upgrade¹ and positive change in sentiment towards uranium driven by a shift towards global decarbonised power².
- The current Offtake Agreement with Curzon is for up to 15% of proposed production, with the ability for Aura Energy to undertake further offtake finance agreements.
- As announced on 1 April 2021, Aura is offering a fully underwritten 1 Loyalty Option Entitlement Rights Issue ("Options") for every 3 Shares held set for the Record Date of 22nd October 2021 .

Aura Energy Limited (ASX:AEE, AIM:AURA) ("Aura", the "Company") is pleased to announce that the Company has entered a legally binding US\$10m Offtake Financing Agreement ("Agreement") with Curzon Uranium Trading Limited ("Curzon"), with the funds to be used for working capital for late stage project construction, and production commencement. The agreement includes an additional up to US\$10m facility at the lender's sole discretion. The potential maximum available under the Agreement is US\$20m.

The Offtake Financing Agreement comprises a variation of the Uranium Offtake Agreement executed with Curzon in January 2019 and a new Financing Agreement. The variation of the existing Offtake Agreement extends its term to include an anticipated production start date during calendar 2024.

1 Released 27 August 2021

2 Uranium emerges from the shadows, <https://www.resourcesrisingstars.com.au/news-article/uranium-emerges-shadows>, published 29 January 2021

The Uranium Offtake Agreement executed with Curzon in January 2019³ provided for the sale of 800,000 pounds of uranium production at fixed prices, 750,000 pounds at market linked pricing and with a further 1.05 million pounds of uranium production available to Curzon as optional volumes at fixed and market pricing, with the average price above US\$44 per pound U₃O₈. The January 2019 Offtake Agreement is over a seven-year period starting from the commencement of production.

With the original production estimate of approximately 1 million pounds of U₃O₈ pa, the fixed pricing volumes of the original 2019 Offtake Agreement account 150,000 pounds of U₃O₈ pa.

This gives the ability for Aura Energy to undertake further offtake finance agreements and be exposed to potentially higher uranium prices.

Curzon Group – London Based Commodities Partnership Firm

The Curzon group of companies has provided offtake and financing services to the resources sector for over 10 years, and is a well-known and respected name in the industry, focusing on the front end of the nuclear fuel value chain with a particular focus on yellowcake.

As a boutique London based commodities partnership firm, Curzon takes a long-term investment approach and currently holds a diversified portfolio of off-takes in the uranium sector around the world, to supply electrical utilities with nuclear fuel components on a long-term basis.

Curzon is actively seeking to expand this part of its uranium trading business, and to this effect, sees the extension of the offtake financing facility as a means to leverage time to production of uranium ore from the Tiris Uranium Project.

Commenting on the Offtake Financing Agreement, Chairman, Martin Rogers, said:

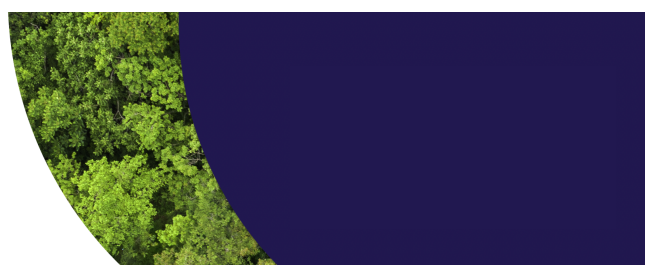
“We are delighted to have entered the Offtake Financing Agreement with Curzon, as this perfectly positions Aura Energy with a low capex and low operating cost project, financing agreement and offtake agreement to rapidly progress Tiris Uranium into production.”

“Sentiment towards uranium and nuclear power is shifting rapidly amongst investors and we see considerable potential to expand our resource, production throughput and undertake further offtake finance agreements.”

“The implications of a potential doubling in electricity demand over the next three decades, along with pressure to decarbonise our power sector could prove huge for uranium.”⁴

3 Released 29 January 2019

4 Energy, Electricity and Nuclear Power Estimates for the Period up to 2050, International Atomic Energy Agency (2020 edition), https://www-pub.iaea.org/MTCD/Publications/PDF/RDS-1-40_web.pdf



“With the DFS capital estimate recently updated with 2021 global conditions⁵, Aura has a current and accurate capital estimate, providing a clear path to near term production with known costs and overheads, as we fast track the Tiris Uranium Project towards first cashflow.”

Tiris Uranium Definitive Feasibility Study

In August 2021, the Company announced that it had successfully restated the Tiris Uranium Project Definitive Feasibility Study (“DFS”), updating the capital costs from the DFS completed in 2019.

The capital update to the DFS has reconfirmed the Project as having positive economic figures, a low-cost basis and attractive economic return for the Project.

This presents a robust opportunity for Aura to enter uranium development early in the commodity cycle, maximising shareholder value as the uranium market recovers.

The updated DFS coupled with the fact that uranium demand is increasing, driven by a shift towards zero carbon energy transition, with nuclear power anticipated to grow 2.6% annually and by 56% in total by 2040⁶, has been a driving factor behind Curzon revising the 2019 offtake agreement to also include a financing component.

Commenting on the Agreement, Curzon Head of Uranium, Bram Vanderelst, said:

“We are pleased to have entered an Offtake Financing Agreement with Aura Energy, with uranium now positioned as one of the energy sources of choice, as the world moves towards a greener future.”

“The Tiris Uranium Project is a compelling low-cost and low-CAPEX project in an attractive mining continent and region, hence Curzon decided to extend pre-export finance coupled with the existing 2019 offtake arrangement. We look forward to seeing the Project progress towards production in the near-term.”

Reminder: Loyalty Option Entitlement Issue

As updated on ASX announcement 22nd September 2021 following from the original announcement of 1st April 2021, the Company will undertake a fully underwritten Loyalty Option Rights Entitlement Issue one month following its reinstatement to the Official List of the ASX, that is with a Record Date of 22nd of October 2021. This offer will only be available to Australian and New Zealand registered shareholders.

5 Released 18 August 2021

6 World nuclear energy forecast: 615 GW capacity by 2040, <https://www.power-eng.com/nuclear/world-nuclear-energy-forecast-615-gw-capacity-by-2040/#gref>, published 13 September 2021

The Loyalty Options Entitlement Rights Issue will consist of 1 option for every 3 AEE shares held, with the Loyalty Options having an upfront payment of \$0.015 each, an exercise price of \$0.052, and expiry of 30th June 2024.

The Company will apply for the Options to be listed on the ASX, will issue a prospectus and details of Loyalty Options Rights Entitlement Issue shortly.

Key Terms of the Offtake Financing Agreement:

Binding: This is a legal binding agreement between the parties

Principle: US\$10 million, with an additional up to US\$10m facility at the lender's sole discretion (total facility up to US\$20 million)

Interest Rate: 10% p.a.

Term: 12 months from drawdown

Drawdown: The facility can be drawn down at any time up to commencement of production

Payments: repayment in US\$, noting lender has the option to offset uranium production against loan repayments on existing offtake agreement terms⁷

Costs: costs for both parties are borne by the borrower

Default: Normal events of default apply, including non-repayment, breach of Offtake or Financing Agreement terms, at which time the lender may cancel all obligations of the lender and declare the loan immediately due and payable

Loan Conditions: The Project has obtained all necessary licences. All government, intergovernmental and export agreements are in place for the country of Mauritania. An engineering, procurement and construction (EPC) contract is in place to show production start date within 12 months from the facility drawdown date.

This ASX Release was authorised by the Aura Energy Board of Directors.

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⁷ Released 29 January 2019



ASX:AEE

About Aura Energy (ASX:AEE, AIM:AURA)

Aura Energy is an Australian based minerals company that has major polymetallic and uranium projects with large resources in Europe and Africa. The company has rapidly grown by acquiring new projects in areas with known polymetallic and uranium occurrences including Sweden and greenfield projects in Mauritania

The Company is now focused on the Tiris Uranium Project, a major greenfields uranium discovery in Mauritania, with 49 Mlb U₃O₈ in current resources from 66 million tonnes @ 334 ppm U₃O₈.

Notes to Project Description

The Company confirms that the material assumptions underpinning the Tiris Uranium Production Target and the associated financial information derived from the Tiris production target as outlined in the Aura Energy release dated 18 August 2021 for the Tiris Uranium Project Definitive Feasibility Study continue to apply and have not materially changed.

The Tiris Uranium Project Resource was released on 27 August 2021 "Resource Upgrade of 10% - Tiris Uranium Project". The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

In respect to Resource statements there is a low level of geological confidence associated with inferred mineral resource and there is no certainty that further exploration work will result in the determination of indicated measured resource or that the production target will be realised.

Disclaimer Regarding Forward Looking Statements

This ASX announcement (Announcement) contains various forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from the expectations described in such forward-looking statements. The Company does not give any assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.