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Aura Energy Limited
(ACN 115 927 681)

Half-Year

31 December 2020

Corporate Directory

Directors

PD Reeve	Executive Chairman (until 17 March 2021); Managing Director (from 17 March 2021)
R Beeson	Non-Executive Director (resigned on 17 March 2021)
JL Bennett	Non-Executive Director (resigned on 17 March 2021)
RC Craigie	Non-Executive Director (resigned on 17 March 2021)
PD Heber	Non-Executive Director (resigned on 17 March 2021)
JC Perkins	Non-Executive Director (resigned on 17 March 2021)
M Rogers	Non-Executive Chairman (appointed on 17 March 2021)
P Ward	Non-Executive Director (appointed on 17 March 2021)

Company Secretary

JM Madden	(resigned on 22 December 2020)
P Hains	(appointed on 22 December 2020)

Registered office

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Share registry

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Perth WA Australia 6000

Telephone	1300 850 505
Facsimile	+61 3 9473 2500

Nominated advisor

SP Angel Corporate Finance LLP
35-39 Maddox Street
Mayfair London United Kingdom

Joint brokers

SP Angel Corporate Finance LLP
WH Ireland Limited

Auditor

Bentleys
Level 3, London House
216 St Georges Terrace
Perth WA Australia

Solicitors

Dentons Australia
Level 17, 585 Collins Street
Melbourne Victoria Australia

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During the second half 2020 business activities were largely on hold pending discussions to settle the ongoing legal disputes and a recapitalisation plan for the company.

With the assistance of a major shareholder, the Company commenced settlement negotiations on the outstanding legal disputes and this has been largely successful.

Covid-19 continues to restrict access to our projects (both the Australian government and to a lesser extent the Mauritanian government travel bans).

Aura lists its assets as:

- The construction-ready Tiris Uranium Project
- Excellent gold assets
- Häggån Vanadium Project

Tiris Project, Mauritania (85% owned)

No activity took place on the Tiris Project.

Häggån Battery Metals Project, Sweden (100% owned)

Activities at the Häggån Battery Metals project remained on care-and-maintenance.

Tasiast South Gold Project, Mauritania (100% owned)

A corporate transaction for the gold assets continues, albeit at a slower pace.

Corporate

P Hains has been appointed Company Secretary of the Company and will be the nominated person under Listing Rule 12.6 for communications with the Australian Securities Exchange.

P Hains replaces JM Madden who had advised the Company on 14 August 2020 of his decision to step down as Company Secretary as soon as practicable.

ASX listing rules

The Company is unable to issue new securities without prior security holder approval, unless the issue comes within an exception in Listing Rule 7.2.

The Directors present their report on the Group consisting of Aura Energy Limited (AEE) and its controlled entities at the end of or during the half-year ended 31 December 2020 (the period). Financial comparisons used in this report are of results for the half-year ended 31 December 2019 (the prior corresponding period) for statement of profit or loss and cash flow analysis, and 30 June 2020 for statement of financial position analysis.

Directors

PD Reeve	Executive Chairman (until 17 March 2021); Managing Director (from 17 March 2021)
R Beeson	Non-Executive Director (resigned on 17 March 2021)
JL Bennett	Non-Executive Director (resigned on 17 March 2021)
RC Craigie	Non-Executive Director (resigned on 17 March 2021)
PD Heber	Non-Executive Director (resigned on 17 March 2021)
JC Perkins	Non-Executive Director (resigned on 17 March 2021)
M Rogers	Non-Executive Chairman (appointed on 17 March 2021)
P Ward	Non-Executive Director (appointed on 17 March 2021)

Operating Results

The Group recorded a net loss after tax of \$1,699,461 for the half-year ended 31 December 2020 (the net loss after tax for the comparative half-year was \$1,231,480). The higher net loss for the half-year was due to higher consulting charges, offset by lower finance charges and share registry costs.

Dividends

No dividends were declared and paid during the year (2019: nil).

State of affairs of the Company

No significant changes in the Company's state of affairs occurred during the financial year.

Events After Balance Date

The following directors resigned, effective as at the Annual General meeting: R Beeson, JL Bennett, RC Craigie, PD Heber and JC Perkins. Furthermore, PD Reeve stood down as chairman, but retained his directorship.

The Group held its Annual General Meeting on 17 March 2021. The following resolutions were passed at the AGM and subsequently enacted:

- M Rogers was appointed as non-executive director and chairman.
- P Ward was appointed as non-executive director.
- PD Reeve was appointed as managing director.
- All issued shares and options were consolidated at a ratio of 13 to 1. For clarity, all share numbers quoted in this note are on the pre-consolidation basis.
- The shareholders approved the issue of 155,000,000 shares to Lind Global Macro Fund LP, to extinguish the liability of \$310,000.
- The shareholders approved the issue of 77,708,331 Options to sophisticated and professional investors, each exercisable at \$0.008, on or before 2 years from the date of issue
- The following shares approved by the shareholders to be issued to existing non-executive directors to extinguish outstanding remuneration:
 - (a) Up to 34,675,000 Shares to R Beeson;
 - (b) Up to 34,675,000 Shares to JC Perkins;

- (c) Up to 23,725,000 Shares to JL Bennett;
 - (d) Up to 15,955,000 Shares RC Craigie;
 - (e) PD Heber will not be issued equity in relation to his outstanding remuneration as he maintains his independence for AIM purposes; and
 - (f) Up to 8,460,000 Shares to B Fraser.
- at a price of \$0.002 per Share to extinguish outstanding obligations.

- The shareholders approved the issue of 50,000,000 Shares to the PD Reeve (executive chairman) at a price of \$0.002 per share to partly extinguish outstanding remuneration.
- The shareholders approved the placement to issue 25,000,000 shares to P Ward and 50,000,000 shares to M Rogers, the incoming directors, at a price of \$0.002 per share.
- The shareholders approved the placement to issue the following shares to sophisticated and professional investors:
 - (a) 75,000,003 Shares to P Proksa;
 - (b) 50,000,002 Shares to J Hancock;
 - (c) 50,000,002 Shares to A Molyneux;
 - (d) 50,000,002 Shares to D O'Neill;
 - (e) 50,000,002 Shares to M Holland; and
 - (f) 50,000,002 Shares to K Kerridge;at an issue price of \$0.002 per Share for proceeds of \$650,000.
- The shareholders approved the issue of 75,000,000 options to P Ward and 200,000,000 options to M Rogers, the incoming directors. All options are exercisable at \$0.004 per option, on or before 30 June 2024.
- The shareholders approved the issue of 75,000,000 shares at an issue price of \$0.004 each, to ASEAN, Saringen, Pre-Emptive Trading Pty Ltd (PET) in settlement of litigation.
- The shareholders approved the issue of 75,000,000 options, exercisable at \$0.004 each, on or before 30 June 2023, to ASEAN, Saringen, Pre-Emptive Trading Pty Ltd (PET) in settlement of litigation.
- The shareholders approved the issue of 45,000,000 shares to CFO Solutions Pty Ltd, for the provision of accounting, ASX compliance and company secretary services.
- The shareholders approved the issue of 50,000,000 options to L1 Capital Global Opportunities Master Fund at an exercise price of \$0.004 each, as part of the convertible securities agreement.

The capital raising initiatives have realised \$800,000 in funding in February and March 2021.

Proceedings on behalf of the Group

The Company has lodged with the Kingdom of Sweden a claim for compensation for the alleged expropriation of its rights to mine and produce uranium concentrate from the tenements held by Vanadis Battery Metals AB, a controlled entity of the Company.

Auditor's Independence Declaration

The auditor's independence declaration is attached to and forms part of this Directors' Report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporation Act 2001.

On behalf of the directors



PD Reeve
Managing Director

30 March 2021

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To the Board of Directors

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

As lead audit partner for the review of the financial statements of Aura Energy Limited for the half year ended 31 December 2020, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,


BENTLEYS
Chartered Accountants


MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	For the six months ended	
		31 December	
		2020	2019
		\$	\$
Total revenue and other income		30,452	286,542
Expenditure			
Accounting and audit fees		18,048	16,192
Computers and communications		14,029	14,693
Depreciation		499	2,125
Employee benefits		338,548	446,949
Exchange fluctuations		10,923	1,754
Financing costs		212,297	292,929
Impairment of exploration and evaluation expenditure		-	39,655
Insurances		4,688	40,431
Consulting fees and corporate advisory		546,062	296,370
Litigation settlement		465,640	-
Government and public relations		1,791	13,120
Rent and utilities		35,542	40,122
Share-based payments		10,500	163,629
Share registry and listing fees		54,014	112,084
Travel and accommodation		-	12,069
Other		17,332	25,900
Total expenditure		1,729,913	1,518,022
Loss before tax for year		(1,699,461)	(1,231,480)
Income tax (expense)/benefit		-	-
Net loss attributable to shareholders		(1,699,461)	(1,231,480)
Total comprehensive income/(loss) for the year attributable to:			
Foreign currency movement		114,498	48,774
Other comprehensive income for the year, net of tax		114,498	48,774
Total comprehensive income/(loss) for the year		(1,584,963)	(1,182,706)
Earnings/(loss) per share			
Basic loss per share (cents per share)	3	(0.066)	(0.096)
Diluted loss per share (cents per share)	3	(0.066)	(0.096)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020	30 June 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		51,960	234,689
Trade and other receivables		87,242	77,752
Financial assets		91,866	91,866
Total current assets		231,068	404,307
Non-current assets			
Plant and equipment		-	499
Exploration and evaluation	5	19,973,438	19,737,751
		19,973,438	19,738,250
Total assets		20,204,506	20,142,557
Liabilities			
Current liabilities			
Trade and other payables	6	1,954,793	760,058
Employee benefits obligation		137,623	117,108
Financial liabilities		34,445	34,445
Vendor consideration	7	-	145,709
Borrowings	8	740,500	310,000
Total current liabilities		2,867,361	1,367,320
Non-current liabilities			
Employee benefits obligation		26,366	21,495
		26,366	21,495
Total liabilities		2,893,727	1,388,815
Net assets		17,310,779	18,753,742
Equity			
Share capital	9	50,975,797	50,967,094
Other contributed equity		357,056	357,056
Reserves	10	1,395,109	1,147,314
Accumulated losses		(35,417,183)	(33,717,722)
Total equity		17,310,779	18,753,742

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Other Contributed Equity	Share-based Payments Reserve	Translation Reserve	Accumulated Losses	Equity
	\$	\$	\$	\$	\$	\$
As at 1 July 2019	46,315,150	-	855,670	418,159	(27,939,514)	19,649,465
Transactions with owners in their capacity as owners of the Company						
Contributions from loyalty options	-	78,167	-	-	-	78,167
Conversion of convertible notes into ordinary shares	700,000	-	-	-	-	700,000
Share-based payments to contractors and consultants	268,035	-	-	-	-	268,035
Conversion rights recognised as equity	77,778	-	-	-	-	77,778
	<u>1,045,813</u>	<u>78,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,123,980</u>
Net loss for the period	-	-	-	-	(1,231,480)	(1,231,480)
Other comprehensive income	-	-	-	48,774	-	48,774
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,774</u>	<u>(1,231,480)</u>	<u>(1,182,706)</u>
Movements in reserves						
Options issued during financial period	-	-	52,826	-	-	52,826
Options cancelled during financial period	-	-	(97,789)	-	97,789	-
Performance shares issued during financial period	-	-	163,629	-	-	163,629
Performance shares converted during the financial period	105,000	-	(105,000)	-	-	-
As at 31 December 2019	<u>47,465,963</u>	<u>78,167</u>	<u>869,336</u>	<u>466,933</u>	<u>(29,073,205)</u>	<u>19,807,194</u>
As at 1 July 2020	<u>50,967,094</u>	<u>357,056</u>	<u>551,998</u>	<u>595,316</u>	<u>(33,717,722)</u>	<u>18,753,742</u>
Transactions with owners in their capacity as owners of the Company						
Equity raising costs	8,703	-	-	-	-	8,703
	<u>8,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,703</u>
Net loss for the period	-	-	-	-	(1,699,461)	(1,699,461)
Other comprehensive income	-	-	-	114,498	-	114,498
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,498</u>	<u>(1,699,461)</u>	<u>(1,584,963)</u>
Movements in reserves						
Options issued during financial period	-	-	122,797	-	-	122,797
Performance shares issued during financial period	-	-	10,500	-	-	10,500
As at 31 December 2020	<u>50,975,797</u>	<u>357,056</u>	<u>685,295</u>	<u>709,814</u>	<u>(35,417,183)</u>	<u>17,310,779</u>

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended	
		31 December	
		2020	2019
		\$	\$
Cash flows from/(used) in operating activities			
Payments to employees and suppliers		(335,413)	(605,315)
Other income		30,450	285,168
Interest paid		-	(11,250)
Interest received		2	1,374
Net cash flows from/(used) in operating activities		<u>(304,961)</u>	<u>(330,023)</u>
Cash flows from/(used) in investing activities			
Payments for exploration and evaluation		(207,845)	(736,865)
Net cash flows from/(used) in investing activities		<u>(207,845)</u>	<u>(736,865)</u>
Cash flows from/(used) in financing activities			
Proceeds from share issues		-	78,167
Proceeds from borrowings		-	250,000
Repayment of borrowings		-	(250,000)
Proceeds from convertible note		341,000	350,000
Commitment fee paid		-	(8,750)
Net cash flows from/(used) in financing activities		<u>341,000</u>	<u>419,417</u>
Net cash flows		(171,806)	(647,471)
Cash and cash equivalents as at the start of the financial period		234,689	812,296
Changes in foreign currency held		<u>(10,923)</u>	<u>(1,754)</u>
Cash and cash equivalents as at the end of the financial period		<u>51,960</u>	<u>163,071</u>

The accompanying notes form part of these financial statements

Note 1 Corporate information

These are the consolidated financial statements and notes of Aura Energy Limited and controlled entities (the "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.

These consolidated interim financial reports do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Aura Energy Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The financial statements were authorised for issue on 30 March 2021 by the directors of the Company.

ii. 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 half-year of \$1,699,461 (2019: \$1,231,480) and a net cash outflow from operating activities of \$304,961 (2019: \$330,023). Excluding non-cash based finance costs and impairment of exploration and evaluation the net loss after tax for the period was \$1,487,164 (2019: \$898,896).

As at 31 December 2020, the Group had negative working capital of \$2,636,293 (30 June 2020: \$963,013).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets or by other means, and by managing cash flows in line with available funds, and/or the successful development of the Group's exploration assets. These conditions indicate a material uncertainty that may cast doubt about the ability of the Group to continue as a going concern.

In assessing the Group as a going concern:

- the Directors anticipate to secure additional working capital through the issue of shares to sophisticated and professional investors approved at the Annual General Meeting of the company as disclosed in note 11 for \$650,000;
- Settlement of the existing convertible note debt of \$310,000 via the issue of shares (note 11);
- Settlement of the litigation accrual of \$465,640 and related party payables via the issue of shares and options (note 11); and
- Raising of additional funds via an anticipated placement or rights issue.

Based on past experience, the Directors are confident that they can raise additional capital if and when required. Based upon cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate, including the meeting of exploration commitments.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

iii. 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.

Note 2

Segment reporting

i. 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 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 geographical location – Mauritania and Sweden, where exploration and evaluation activities take place, and Australia, as the corporate head office.

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.

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

(1) Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors, being the chief decision makers 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.

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(2) 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.

(3) 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.

(4) 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.

For the half-year ended 31 December 2020	Mauritania \$	Sweden \$	Australia \$	Total \$
Segment revenue	-	-	30,452	30,452
Segment result				
Amounts not included in segment results but reviewed by the board:				
<i>Expenses not directly allocable to identifiable segments</i>				
Accounting and audit fees			(18,048)	(18,048)
Employee expense benefits expense			(338,548)	(338,548)
Finance costs			(212,297)	(212,297)
Consulting and advisory fees			(1,011,702)	(1,011,702)
Rent and utilities			(35,542)	(35,542)
Secretarial costs			(54,014)	(54,014)
Other expenses	(77)	(5)	(59,680)	(59,762)
Loss after income tax				<u>(1,699,461)</u>
As at 31 December 2020				
Segment assets	296,933	7,437,832	12,469,741	20,204,506
Segment asset increases for the period:				
Capital expenditure	-	40,217	114,261	154,478
Segment liabilities	-	58,743	2,834,984	2,893,727

For the half-year ended 31 December 2019	Mauritania \$	Sweden \$	Australia \$	Total \$
Segment revenue	-	-	286,542	286,542
Segment result				
Amounts not included in segment results but reviewed by the board:				
<i>Expenses not directly allocable to identifiable segments</i>				
Accounting and audit fees			(16,192)	(16,192)
Employee expense benefits expense			(446,949)	(446,949)
Finance costs			(292,953)	(292,953)
Consulting and advisory fees			(296,370)	(296,370)
Rent and utilities			(40,122)	(40,122)
Secretarial costs			(112,084)	(112,084)
Other expenses	(65)	(75)	(313,212)	(313,352)
Loss after income tax				<u>(1,231,480)</u>
As at 30 June 2020				
Segment assets	348,167	7,243,226	12,551,164	20,142,557
Segment asset increases for the period:				
Capital expenditure	149,843	320,873	-	470,716
Impairment of exploration assets	-	(44,344)	(2,616,725)	(2,661,069)
	<u>(149,843)</u>	276,529	2,616,725	(2,190,353)
Segment liabilities	-	35,136	1,353,679	1,388,815

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Note 3 Earnings per share

	For the six months ended 31 December	
	2020	2019
	\$	\$
Loss from continuing operations for the year	(1,699,461)	(1,231,480)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS	2,557,535,966	1,423,940,558
Basic and diluted loss per share (cents per share)	(0.066)	(0.096)

Note 4 Dividends paid and proposed

No dividends were paid during the half-year and no dividend is proposed to be paid as at the end of the half-year ended 31 December 2020 (2019: nil).

Note 5 Exploration and evaluation

	31 December 2020	30 June 2020
	\$	\$
At start of financial year	19,737,751	21,008,293
Expenditure capitalised during the financial year	154,478	1,252,969
Effect of exchange rate changes on exploration and evaluation assets	81,209	137,558
Impairment	-	(2,661,069)
At end of financial year	19,973,438	19,737,751

The carrying value of exploration and evaluation expenditure at balance date is represented by the following projects:

Tiris uranium	11,857,090	11,769,138
Haggan vanadium	7,396,600	7,220,847
Tasiast South gold	719,748	747,766
	19,973,438	19,737,751

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; and
- 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.

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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.

On 22 May 2018, the Group lodged exploitation applications for Ain Seder, Oued El Foule Est and Oum Ferkik.

The Islamic Republic of Mauritania granted exploitation licences for the Ain Sder and Oued El Foule Est on 9 February 2019. The Group is in discussions with the government to secure an exclusivity over the Oum Ferkik tenement.

Covid-19 lockdowns have prevented the Group from undertaking negotiations of an exclusivity over the Oum Ferkik tenement. The board of directors believes its relationship with the government will result in it eventually securing an exclusivity and noted that the government had not revoked the Oum Ferkik tenement due to the representations made by the Group to secure the exclusivity.

Note 6 Payables-current

	31 December 2020	30 June 2020
	\$	\$
Trade payables	612,222	342,978
Accrued expenses	1,342,571	381,564
Other taxes payable	-	35,516
	1,954,793	760,058

Trade payables are non-interest bearing and arise from the usual operating activities of the Group. Trade and other payables are usually settled within the lower of terms or 30 days.

Due to the short-term nature of these payables, the carrying amounts recorded in the financial statements for trade payables and other payables are the fair values.

Note 7 Vendor obligations

	31 December 2020	30 June 2020
	\$	\$
Vendors of Nomads Mining Company sarl	-	145,709

The Group extinguished the final entry fee obligations owing to Nomads Mining Company sarl with cash payments on the 8 and 9 September 2020.

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Note 8 (a) Borrowings

	31 December 2020	30 June 2020
	\$	\$
Borrowings		
Current portion	127,000	-
Non-current portion	-	-
	127,000	-
Opening balance	-	-
Drawdowns	106,000	250,000
Repayments	-	(250,000)
Finance Costs	21,000	-
Closing balance	127,000	-
Present value	127,000	-
	127,000	-

On 18 August 2020, the Company entered into a short-term Loan Agreement with Lind Global Macro Fund LP for \$106,000. A facility fee of \$6,000 was payable on inception of the agreement. The lender advanced the Company the net amount on inception of the loan.

The loan matures on maturity 31 December 2020, and \$127,000 was repayable to the lender under this agreement. At the date of this report, the loan has not been repaid. Interest of 10% per annum is payable on the overdue repayment.

(b) Convertible notes

	31 December 2020	30 June 2020
	\$	\$
Convertible note		
Current portion	613,500	310,000
Non-current portion	-	-
	613,500	310,000
Opening balance	310,000	1,388,431
Notes issued	250,000	350,000
Conversion rights	-	(46,667)
Options over ordinary shares	-	(52,825)
Conversion of convertible notes into fully paid ordinary shares	-	(2,510,000)
Finance cost	53,500	1,181,061
Closing balance	613,500	310,000
Present value	613,500	310,000
	613,500	310,000

On 30 April 2019, the Group entered into the Convertible Security Facility Agreement with Lind Global Macro Fund, LLP (see ASX Announcement, dated 30 April 2019) and a Follow-on Convertible Security Facility Agreement on 18 November 2019 (see ASX announcement, dated 18 November 2019). In total, Lind has converted \$2,510,000 convertible notes and with a further \$310,000 convertible notes available for conversion. The Company has issued Lind 912,599,210 fully paid ordinary shares under the convertible note facilities. At the AGM on 17 March 2021, the shareholders approved the issue of 155,000,000 shares to Lind Global Macro Fund LP, to extinguish the liability of \$310,000.

On 19 August 2020, the Group entered into a Convertible Securities Agreement with L1 Capital Global Opportunities Master Fund. The Group issued 250,000 convertible securities for \$250,000. The securities carry a face value of \$312,500 and a maturity date of 21 February 2021 or any date within 6 months of this date at the sole discretion of the investor. By 31 December 2020, \$53,500 finance costs has been recognised on the agreement. At the AGM on 17 March 2021, the shareholders approved the issue of 50,000,000 Options with an exercise price of \$0.004 each, as part of the convertible securities agreement. It is the Company's intention to settle the amount in cash.

Note 9 Contributed equity**a. Equity raised during the financial year**

	31 December 2020	30 June 2020
	\$	\$
The Company has issued share capital amount to 2,557,535,966 (June 2020: 2,557,535,966) fully paid ordinary shares at no par value	50,975,797	50,967,094
Equity raised during the financial year		
At the beginning of the reporting period	50,967,094	46,315,150
Shares issued during the year:		
11,111,111 shares issued on 12 July 2019	a	100,000
5,000,000 shares issued on 12 July 2019	b	105,000
3,251,773 shares issued on 12 July 2019	c	36,127
1,893,233 shares issued on 12 July 2019	d	21,564
1,931,218 shares issued on 12 August 2019	e	21,475
14,285,715 shares issued on 4 September 2019	f	100,000
2,041,281 shares issued on 4 September 2019	g	22,209
16,666,667 shares issued on 24 September 2019	h	100,000
18,811,250 shares issued on 24 September 2019	i	150,490
2,021,250 shares issued on 24 September 2019	j	16,170
14,285,715 shares issued on 27 October 2019	k	100,000
8,750,000 shares issued on 18 November 2019	l	-
33,333,334 shares issued on 20 December 2019	m	100,000
66,666,668 shares issued on 23 December 2019	n	200,000
105,416,664 shares issued on 14 January 2020	o	474,375
11,164,037 shares issued on 10 February 2020	p	89,312
48,750,000 shares issued on 18 February 2020	q	195,000
4,193,788 shares issued on 1 March 2020	r	33,550
50,000,000 shares issued on 9 March 2020	s	200,000
50,000,000 shares issued on 18 March 2020	t	200,000
50,000,000 shares issued on 18 March 2020	u	200,000
62,500,000 shares issued on 8 April 2020	v	125,000
5,807,178 shares issued on 20 April 2020	w	24,973
60,000,000 shares issued on 24 April 2020	x	120,000
115,000,000 shares issued on 26 April 2020	y	230,000
120,000,000 shares issued on 8 May 2020	z	330,000
63,263,741 shares issued on 13 May 2020	aa	240,402
280,000,000 shares issued on 15 May 2020	ab	560,000
90,000,000 shares issued on 17 May 2020	ac	180,000
17,500,000 shares issued on 18 May 2020	ad	385,000
	-	4,660,647
Transaction costs relating to share issues	8,703	(8,703)
	8,703	4,651,944
At reporting date	50,975,797	50,967,094

	31 December 2020 No	30 June 2020 No
Ordinary shares on issue at the start of the financial year	2,557,535,966	1,223,891,343
Shares issued during the year		
11,111,111 shares issued on 12 July 2019	a -	11,111,111
5,000,000 shares issued on 12 July 2019	b -	5,000,000
3,251,773 shares issued on 12 July 2019	c -	3,251,773
1,893,233 shares issued on 12 July 2019	d -	1,893,233
1,931,218 shares issued on 12 August 2019	e -	1,931,218
14,285,715 shares issued on 4 September 2019	f -	14,285,715
2,041,281 shares issued on 4 September 2019	g -	2,041,281
16,666,667 shares issued on 24 September 2019	h -	16,666,667
18,811,250 shares issued on 24 September 2019	i -	18,811,250
2,021,250 shares issued on 24 September 2019	j -	2,021,250
14,285,715 shares issued on 27 October 2019	k -	14,285,715
8,750,000 shares issued on 18 November 2019	l -	8,750,000
33,333,334 shares issued on 20 December 2019	m -	33,333,334
66,666,668 shares issued on 23 December 2019	n -	66,666,668
105,416,664 shares issued on 14 January 2020	o -	105,416,664
11,164,037 shares issued on 10 February 2020	p -	11,164,037
48,750,000 shares issued on 18 February 2020	q -	48,750,000
4,193,788 shares issued on 1 March 2020	r -	4,193,788
50,000,000 shares issued on 9 March 2020	s -	50,000,000
50,000,000 shares issued on 18 March 2020	t -	50,000,000
50,000,000 shares issued on 18 March 2020	u -	50,000,000
62,500,000 shares issued on 8 April 2020	v -	62,500,000
5,807,178 shares issued on 20 April 2020	w -	5,807,178
60,000,000 shares issued on 24 April 2020	x -	60,000,000
115,000,000 shares issued on 26 April 2020	y -	115,000,000
120,000,000 shares issued on 8 May 2020	z -	120,000,000
63,263,741 shares issued on 13 May 2020	aa -	63,263,741
280,000,000 shares issued on 15 May 2020	ab -	280,000,000
90,000,000 shares issued on 17 May 2020	ac -	90,000,000
17,500,000 shares issued on 18 May 2020	ad -	17,500,000
	-	1,333,644,623
Ordinary shares on issue at the end of the financial year	2,557,535,966	2,557,535,966

The details of each issue of shares are as follows:

- a Exercise of options over ordinary shares (expiry 15 November 2018)
- b Issue of shares for settlement of supplier obligations
- c Issue of shares for settlement of supplier obligations
- d Conversion of performance rights into ordinary shares
- e Issue of shares pursuant to private placement
- f Issue of shares pursuant to private placement
- g Issue of shares under terms and conditions of share purchase plan
- h Issue of shares for settlement of supplier obligations
- i Issue of collateral shares to Lind Global Macro Fund LP
- j Issue of shares for services under Letter of Engagement
- k Issue of shares for services under Letter of Engagement
- l Issue of shares pursuant to securing option of gold exploration licence in Mauritania
- a Issue of shares on conversion of convertible notes
- b Issue of shares on conversion of performance rights
- c Issue of shares pursuant to securing Farm-in and Joint Venture with Nomads Mining Co sarl
- d Issue of shares for services under Letter of Engagement

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- e Issue of shares for services under Letter of Engagement
- f Issue of shares on conversion of convertible notes
- g Issue of shares for services under Letter of Engagement
- h Issue of shares on conversion of convertible notes
- i Issue of shares for settlement of supplier obligations
- j Issue of shares for services as Joint Broker
- k Issue of shares on conversion of convertible notes
- l Issue of shares on conversion of convertible notes
- m Issue of shares on conversion of convertible notes
- n Issue of shares on conversion of convertible notes
- o Issue of shares pursuant to Share Placement
- p Issue of shares for services under Letter of Engagement
- q Issue of shares on conversion of convertible notes
- r Issue of shares for services under Letter of Engagement
- s Issue of shares on conversion of convertible notes
- t Issue of shares on conversion of convertible notes
- u Issue of shares pursuant to Share Placement
- v Issue of shares on conversion of convertible notes
- w Issue of shares for services under letter of Engagement
- x Issue of shares on conversion of convertible notes
- y Issue of shares on conversion of convertible notes
- z Issue of shares pursuant to Share Placement
- aa Issue of shares for settlement of contract employee, consultants and drilling contractor obligations
- ab Issue of shares on conversion of convertible notes
- ac Issue of shares on conversion of convertible notes
- ad Issue of shares on conversion of performance rights

Ordinary shares

Ordinary shares have the rights to receive dividends as declared and, in the event of winding up, participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, the shares held.

Each fully paid ordinary share carries one vote.

Ordinary shares issued to shareholders since incorporation have had no par value.

Options over ordinary shares

There are no options over ordinary shares on issue.

Performance rights

At the general meeting of shareholders on the 30 November 2017, the Executive Chairman of the Company was awarded 35,000,000 performance rights with 17,500,000 vesting on 30 November 2018 and the remainder on the 30 November 2019.

On 17 June 2018, Messrs NJ Clifford, WR Goodall and JM Madden were each awarded 5,000,000 performance rights with 33.3% vesting on 17 June 2019, 33.3% vesting on 17 June 2020 and 33.4% vesting on 17 June 2021.

The group has accounted for the above-mentioned performance rights in accordance with AASB 2 Share-based payments.

b. Options over ordinary shares and performance rights on issue

The total number of options and performance rights on issue is as follows:

	31 December 2020	30 June 2020
	No	No
Performance shares	10,000,000	10,000,000
Unlisted options over ordinary shares	95,541,679	118,797,598
Unlisted warrants over ordinary shares	-	-
	105,541,679	128,797,598

Note 10 Reserves**a. Share-based payments reserve**

	31 December 2020	30 June 2020
	\$	\$
Opening balance	551,998	855,670
Issue of options	122,797	52,825
Issue of performance shares	10,500	231,292
Expiry of warrants	-	(97,789)
Conversion of performance shares	-	(490,000)
Closing balance	685,295	551,998

b. Translation

	31 December 2020	30 June 2020
	\$	\$
Opening balance	595,316	418,159
Translation of foreign currency financial statements into the functional currency	114,498	177,157
Closing balance	709,814	595,316

The Company agreed to issue L1 Capital Global Opportunities Master Fund 50,000,000 Options, exercisable at \$0.004 per Options and within 2 years of issue. The issue of Options was subsequently approved by the shareholders at the AGM on 17 March 2021. The Options have a fair value of \$122,797 at 31 December 2020.

Note 11 Events after balance date

The following directors resigned, effective as at the Annual General meeting: R Beeson, JL Bennett, RC Craigie, PD Heber and JC Perkins. Furthermore, PD Reeve stood down as chairman, but retained his directorship.

The Group held its Annual General Meeting on 17 March 2021. The following resolutions were passed at the AGM and subsequently enacted:

- M Rogers was appointed as non-executive director and chairman.
- P Ward was appointed as non-executive director.

- PD Reeve was appointed as managing director.
- All issued shares and options were consolidated at a ratio of 13 to 1. For clarity, all share numbers quoted in this note are on the pre-consolidation basis.
- The shareholders approved the issue of 155,000,000 shares to Lind Global Macro Fund LP, to extinguish the liability of \$310,000.
- The shareholders approved the issue of 77,708,331 Options to sophisticated and professional investors, each exercisable at \$0.008, on or before 2 years from the date of issue.
- The following shares approved by the shareholders to be issued to existing non-executive directors to extinguish outstanding remuneration:
 - (a) Up to 34,675,000 Shares to R Beeson;
 - (b) Up to 34,675,000 Shares to JC Perkins;
 - (c) Up to 23,725,000 Shares to JL Bennett;
 - (d) Up to 15,955,000 Shares RC Craigie;
 - (e) PD Heber will not be issued equity in relation to his outstanding remuneration as he maintains his independence for AIM purposes; and
 - (f) Up to 8,460,000 Shares to B Fraser.
 at a price of \$0.002 per Share to extinguish outstanding obligations.
- The shareholders approved the issue of 50,000,000 Shares to the PD Reeve (executive chairman) at a price of \$0.002 per share to partly extinguish outstanding remuneration.
- The shareholders approved the placement to issue 25,000,000 shares to P Ward and 50,000,000 shares to M Rogers, the incoming directors, at a price of \$0.002 per share.
- The shareholders approved the placement to issue the following shares to sophisticated and professional investors:
 - (a) 75,000,003 Shares to P Proksa;
 - (b) 50,000,002 Shares to J Hancock;
 - (c) 50,000,002 Shares to A Molyneux;
 - (d) 50,000,002 Shares to D O'Neill;
 - (e) 50,000,002 Shares to M Holland; and
 - (f) 50,000,002 Shares to K Kerridge;
 at an issue price of \$0.002 per Share for proceeds of \$650,000.
- The shareholders approved the issue of 75,000,000 options to P Ward and 200,000,000 options to M Rogers, the incoming directors. All options are exercisable at \$0.004 per option, on or before 30 June 2024.
- The shareholders approved the issue of 75,000,000 shares at an issue price of \$0.004 each, to ASEAN, Sartingen, Pre-Emptive Trading Pty Ltd (PET) in settlement of litigation.
- The shareholders approved the issue of 75,000,000 options, exercisable at \$0.004 each, on or before 30 June 2023, to ASEAN, Sartingen, Pre-Emptive Trading Pty Ltd (PET) in settlement of litigation.
- The shareholders approved the issue of 45,000,000 shares to CFO Solutions Pty Ltd, for the provision of accounting, ASX compliance and company secretary services.
- The shareholders approved the issue of 50,000,000 options to L1 Capital Global Opportunities Master Fund at an exercise price of \$0.004 each, as part of the convertible securities agreement.

The capital raising initiatives have realised \$800,000 in funding in February and March 2021.

Note 12 **Related party disclosures**

Directors

The directors of the parent entity during the financial period were:

PD Reeve
R Beeson
JL Bennett
RC Craigie
PD Heber
JC Perkins

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.

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In accordance with a resolution of the board of directors of Aura Energy Limited, I state that:

In the opinion of the board of directors:

- (a) financial statements, the accompanying notes to the financial statements and the additional disclosures set out in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of their performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board, as disclosed in Note 1a; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors



PD Reeve
Managing Director

30 March 2021

Independent Auditor's Review Report

To the Members of Aura Energy Limited

Conclusion

We have reviewed the accompanying half-year financial report of Aura Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aura Energy Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of Aura Energy Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Independent Auditor's Review Report

To the Members of Aura Energy Limited (Continued)



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$1,699,461 during the half year ended 31 December 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of Aura Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


BENTLEYS
Chartered Accountants


MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of March 2021

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