



EXPLORE, DISCOVER, DEVELOP

4 FEBRUARY 2016

AURA SIGNS DEVELOPMENT MOU FOR TIRIS URANIUM PROJECT

DEVELOPMENT AND EQUIPMENT FINANCING AGREEMENT WITH POTENTIAL PRODUCTION OFFTAKE

KEY PARTIES ARE China Energy Engineering Group Guangdong Power Engineering Co., Ltd. (GPEC)

Aura Energy is pleased to advise that it has executed a Memorandum of Understanding (MOU) for the development of the Tiris Project in Mauritania with **China Energy Engineering Group Guangdong Power Engineering Co., Ltd. (GPEC)**.

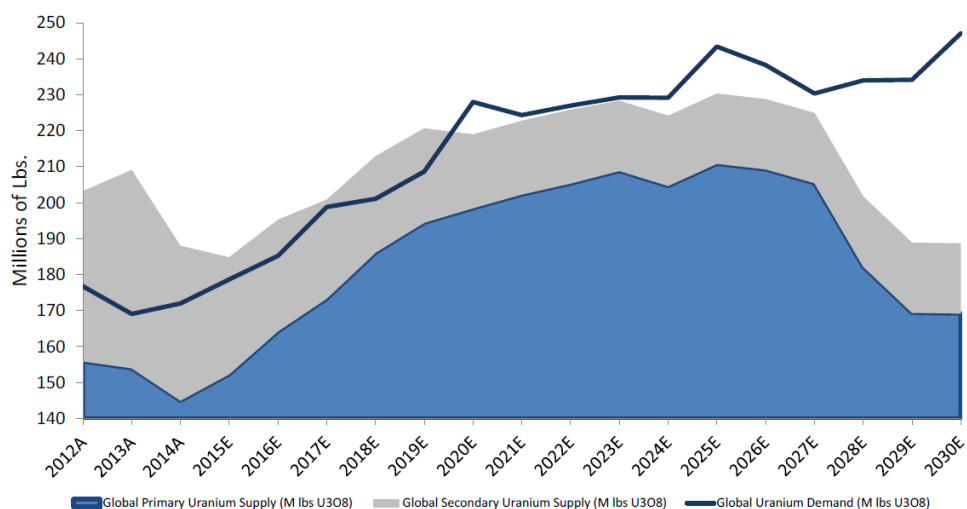
Aura and GPEC as parties to this MOU have agreed in principle to enter into a binding equipment financing agreement which will provide for the engineering, equipment supply and finance service of plant and equipment required to develop the Tiris Uranium Project (Production Finance Package).

The MOU (attached) also contemplates that GPEC, in addition to provision of engineering services during the project's development, will also assist in the arrangement of project financing and potential for uranium offtake contract to support that financing. It is designed to provide an agreed framework to formalize arrangements for a long term strategic

partnership to provide EPCM and associated finance services in order to facilitate development of Tiris.

Commenting on the MOU, Aura's Executive Chairman, Mr Peter Reeve said, *"We are very pleased that such a significant player within the global and Chinese nuclear industry has recognised the potential of the Tiris Project and agreed to assist in the projects development. This is a deal, which provides the flexibility required in these times, and will see Tiris developed efficiently and with the best possible equipment and finance price structures. We look forward to working with these partners on a long term strategic arrangement for the development of Aura's uranium assets"*.

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 program is not dependent on Chinese economic growth as the development program is a focused government commitment to meet massive base load energy demand and do so in an environmentally acceptable manner with reduction in air pollution being the number one public policy priority. This development agreement with GPEC place Aura Energy in the group of companies that can take advantage of this growth.



Source Cantor Fitzgerald, October 2015

Figure 1. Uranium Supply and Demand Forecast

GPEC is an engineering firm based in Guangdong China and operates within a group of companies under the parent company **China Energy Engineering Corporation Limited (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.

Significantly GPEC has been the key engineering contractor for China General Nuclear Power Group's (CGN) (formerly China Guangdong Nuclear Power Group), nuclear power roll out in China.

The Agreement

The main elements of the agreement are:

- Provision of equipment financing for service of the Tiris Project.
- GPEC to provide procurement services for the Tiris Project's major equipment.
- GPEC will assist in the procurement of required power infrastructure for the project.
- GPEC will seek finance parties for completion of the Production Finance Package.
- As part of the Production Finance Package GPEC may introduce further parties for the purpose of investment, project construction, processing, engineering studies and product marketing for the Tiris Project.
- If appropriate GPEC will facilitate direct investment by the Chinese partner to assist with the development of the Tiris Uranium Project.
- In order to facilitate the Production Finance Package GPEC will endeavour to introduce parties with the aim of negotiating offtake agreements for the Tiris Project.

Production Finance Package

Lenders will be introduced to Aura Energy however Aura will negotiate with the lenders independently. The lender will provide the Production Finance Package with the following key elements;

- Staged draw-down linked to provision of equipment.
- An interest rate to be agreed, calculated from the date the equipment is delivered.
- A one year repayment free period following provision of equipment, following which it will be required to pay down the equipment within the subsequent 3 year period (total 4 year term). Full repayment of the loan within four years of equipment delivery.

Aura Energy will now work closely with GPEC to advance the core elements of this development and financing package. The next steps are;

- Negotiation of a conditional engineering agreement.
- Draft financing term sheet negotiation.
- Selection of financing provider.

About Energy China and GPEC (website material)

Energy China, are one of the largest comprehensive solutions providers for the power industry in China and globally. Our strong capabilities across the full industry chain, especially in survey and design, enable us to provide customers with one-stop integrated solutions and full life-cycle project management services. We undertook the construction of the Three Gorges Project (which has the largest hydropower station in the world in terms of installed capacity), the AC and DC transmission lines with the highest voltage level and the largest number of 1000MW USC generation units. According to the Sullivan Report, from 2012 to 2014, we engaged in the design and/or construction of power plants with a total on-grid installed capacity of more than 160GW, ranking first in the world; in terms of revenue, we would have ranked 21st among “The Top 150 Global Design Firms” in 2015 for our design business and 15th among “The Top 250 Global Contractors” in 2014 for our contracting businesses respectively by ENR. We ranked 391st among “The Fortune Global 500” in 2015.

Our business segments consist of survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, investment and other businesses. As the leader in the power engineering and construction industry of China, we provide service across all provinces, municipalities and autonomous regions in China. In 2012, 2013 and 2014 and the five months ended May 31, 2015, our revenue from China amounted to RMB123,232.8 million, RMB136,477.4 million, RMB161,140.8 million and RMB59,208.3 million, accounting for 88.5%, 88.8%, 87.7% and 87.8% of our total revenue, respectively.

In recent years, our international business has experienced rapid development and completed milestone projects, such as China’s first overseas nuclear power project, Chashma Nuclear Power Plant (1×300MW) Project Phase I in Pakistan, and EREN SC Coal-fired Power Plant (2×600MW) Project in Turkey which used China’s first exported complete equipment SC coal-fired power generation units. In addition, the Santa Cruz River Hydropower Station under construction by us is the largest project in Argentina and the largest overseas hydropower project undertaken by a PRC company so far in terms of contract value. Our revenue from overseas businesses continued to grow rapidly with a CAGR of 19.3% between 2012 and 2014. According to the Sullivan Report, we had the largest market share, or 35.6%, of the overseas power contracting projects undertaken by the PRC companies in 2014 in terms of new contract value. Based on our strong track record, we have successfully established “Energy China” as a well-known contractor brand name in the international power and infrastructure industries.

Established in 1956 and affiliated with the **China Energy Engineering Group Guangdong Power Engineering Co., Ltd. (GPEC)** has been developed into an integrated large-scale enterprise and a general contractor for electric works. GPEC has obtained Grade A qualification for general contractor for electric works, Grade A qualification for thermal power plant installation, environmental protection projects as well as power transmission and transformation projects. GPEC is also qualified for general contracting and testing of municipal works, as well as Class 1 Permit for 1,000MW nuclear safety equipment installation, qualification certificate for electric power facility installation (maintenance), pressure pipeline, chemical cleaning, large-sized equipment transportation and hoisting, and for undertaking works overseas and the certificate issued by China National Laboratory. The corporation has been formally certified under ISO 9001:2008 Quality System Certification, ISO14001 Environmental Management System and OSHMS Occupational Safety and Health Management System certification.

GPEC has been wholeheartedly providing all-round, multi-functional and professional services for the domestic and foreign customers with superb technology and excellent quality over the last fifty years in power construction. The corporation has undertaken nearly two hundred large and medium-sized conventional coal-fired power stations, nuclear power stations, combined cycle power stations, self-provided power and diesel power plants at home and abroad. Since entering the new century, GPEC

has seized the opportunity to establish "general contracting, management-type" corporate positioning and implement "go global" strategy, and has won the reputation and market not only in economically developed southeast coastal areas, Beijing suburbs, developing western areas, Inner Mongolia grassland, but also in southeast Asian countries and in African countries. In terms of works construction, it has developed from plant installation contracting into "engineering-procurement-construction-commissioning" general contracting, from thermal power plant installation integration into diversified electric power construction. With regard to main construction fields, in addition to traditional coal-fired units construction and installation projects, the corporation can completely implement construction of nuclear islands, conventional islands and BOP in nuclear power stations. New energy projects, such as natural gas turbine plants, trash-fired power plants, biomass-fired power plants, wind power plants, municipal, and environmental protection works, including power plants desulphurization and denitrification projects, general contracting for power transmission lines and transformer substations with a wide range of voltages are also involved.

Through years of comprehensive development, nowadays GPEC enjoys not only advanced management and excellent construction capacity but also strong economic power and good reputation. With strong capital strengths, prudent financial management strategies and a perfect accounting system, the corporation possesses a good reputation and excellent capacity in fund raising: the total asset has exceeded CNY 3.2 billion, which serves as a guarantee for the projects' efficient execution and smooth progress. The corporation has won honors of "National Excellent Construction Enterprise", "Ankang Cup Excellent Enterprise", "Quality and Efficiency-type Advanced Enterprise", "China Engineering Construction Enterprise Social Credit Three A-level Certificate" and "Observing Contract and Valuing Credit Enterprise" for over ten consecutive years.

Following the corporate slogan of devotion, efficiency, quality and faithfulness, GPEC would like to join hands with all our clients in creating a prosperous future.

For further information contact:

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GPEC – Aura Energy

Memorandum of Understanding

Aura Energy Limited (Aura) and China Energy Engineering Group Guangdong Power Engineering Co.,Ltd (GPEC) agree to enter into a Memorandum of Understanding (MoU) with for the objective of developing the 100% Aura owned Tiris Uranium Project in Mauritania.

Aura and GPEC as parties to this MoU have agreed in principle to enter into a binding equipment financing agreement which will provide for the engineering, equipment supply and finance of plant and equipment required to develop the Tiris Uranium Project (Production Finance Package).

Aura is an Australian based uranium development company which owns 100% of the Tiris Uranium Project in Mauritania and is progressing the Tiris Project Definitive Feasibility Study (DFS). GPEC is an established engineering company specialising in the construction of large scale infrastructure projects including coal, hydro, LNG and nuclear power plant facilities and is based in Guangdong. It is a subsidiary of China Energy Engineering Group Co.,Ltd (CEEC).

This MoU is designed to provide an agreed framework to formalize arrangements for a long term strategic partnership to provide EPCM services and associated finance in order to facilitate the development of the Tiris Uranium Project in Mauritania.

Under the terms of the MoU both parties will work together to establish a development partnership in the following areas with the clear objective of bringing the Tiris Uranium Project into production by early 2018.

To enable this objective the key areas of the MoU are as follows;

- Aura Energy will maintain full control of the project and its development and will continue through to completion of all project elements to allow commissioning of the Tiris Project by the start of 2018. Aura will endeavour to complete the study earlier if practical and will consult with GPEC at all times.
- GPEC will review and provide technical expertise for the engineering in the further design optimisation of the demonstrated mineral process developed for the Tiris project including beneficiation, leach recovery, separation and packaging.
- GPEC will provide procurement services for major equipment required in the Tiris project.



- Aura may require the use of particular consultants or purchase of specific equipment in specialist areas of the project.
- GPEC will assist in the procurement of required power infrastructure for the project.
- GPEC will seek finance parties for completion of the Production Finance Package.
- As part of the Production Finance Package GPEC may introduce further parties for the purpose of investment, project construction, processing, engineering studies and marketing for the Tiris project
- If appropriate GPEC will facilitate direct investment by the Chinese partner to assist with the development of the Tiris Uranium Project
- In order to facilitate the Production Finance Package GPEC will endeavour to introduce parties with the aim of negotiating offtake agreements for a proportion of the Tiris project but not less than production equivalent to the project payback period.



Lenders will be introduced to Aura by GPEC but Aura will negotiate with the lenders independently. The lender will provide the first stage of the Production Finance Package on the following terms;

- Staged draw-down linked to provision of equipment
- An interest rate to be agreed, calculated from the date that the equipment is delivered
- A one year repayment free period following provision of equipment, following which it will be required to pay down the equipment within the subsequent 3 years (total 4 year term).
- Full repayment of the loan within four years of equipment delivery

Aura Energy Limited (Aura)

**China Energy Engineering Group
Guangdong Power Engineering Co., Ltd.**

By:

Name:

Title:

Date:


PETER ROBERTS

EXECUTIVE CHAIRMAN

1 FEB 2016

By:

Name:

Title:

Date:


YUAN JIANHUA

GENERAL MANAGER

11 JANUARY 2016

