

SUMMARY

Corporate

Aura Energy Ltd (Aura) is a uranium exploration company with a portfolio of tenements in Western Australia. The company listed on the Australian Stock Exchange on 30 May 2006, after raising \$5.0 million.

Aura has recently offered its shareholders the opportunity to participate in a pro-rata 1 for 2 non-renounceable entitlement issue of Options. The Options will be issued at a price of \$0.01 each (exercisable at 20 cents) to raise approximately \$180,000 (before costs). The Closing Date for acceptances is 5.00 pm WST on 16 August 2006 (unless the Offer is extended). The Issue is fully underwritten.

The Company will apply to ASX for Official Quotation of the Options.

Exploration

Since listing Aura has already made substantial advances in its programmes and in developing its tenement portfolio.

Aura's programme to immediately drill the Wondinong uranium deposit is on track, with a drill rig being contracted, and verbal clearances of the drill sites obtained. It is anticipated that the drilling will be completed within the next two months, subject to authorities from the government.

In addition Aura has been actively pursuing its strategy of identifying and securing quality uranium exploration targets in Western Australia. Since listing Aura has expanded the area of its tenement portfolio by 82%. The company now holds 15 calcrete uranium targets, all with strong geophysical, geological and/or geochemical criteria for their selection.

Aura has also secured a solid landholding in the highly prospective East Yilgarn sandstone-hosted uranium province. This poorly explored province hosts the Ponton and Mulga Rocks uranium deposits, each containing resources in the range 10,000 to 20,000 tonnes of U₃O₈.

Aura has 100% equity in all of its projects.

Aura now has 20 projects on 25 tenements covering an area of 3389km². This includes 230km of paleochannel prospective for sandstone hosted uranium

CORPORATE ACTIVITY

Aura Energy Ltd (Aura) was incorporated in August 2005 for the purpose of acquiring uranium exploration tenements in Australia. In order to further develop such opportunities, Aura prepared a major capital raising. It lodged a prospectus with the Australian Securities & Investments Commission on 24 April 2006. The prospectus offered 20,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$4,000,000, with rights to accept oversubscriptions to raise up to a further \$1,000,000.

The offer closed early on 17 May 2006, heavily oversubscribed, raising \$5,000,000. Aura was admitted to the Official List of the ASX on Thursday, 25 May 2006. Official Quotation commenced at 10:30am WST on Tuesday the 30th of May.

A further Prospectus was lodged with the ASIC on 14 July 2006. It offers all Shareholders registered on 31 July 2006 the opportunity to participate in a pro-rata 1 for 2 non-renounceable entitlement issue of Options. The Options will be issued at a price of \$0.01 each (exercisable at 20 cents) to raise approximately \$180,000 (before expenses). The Closing Date for acceptances is 5.00 pm WST on 16 August 2006 (unless the Offer is extended). The Issue is fully underwritten.

The Company will apply to ASX for Official Quotation of the Options.

WONDINONG URANIUM PROJECT (Aura Energy 100%)

Aura recently announced it had secured a drill rig to begin testing drainage channels areas of known uranium mineralisation at its Wondinong deposit, 60 km east of Cue in the Murchison Goldfields region of Western Australia.

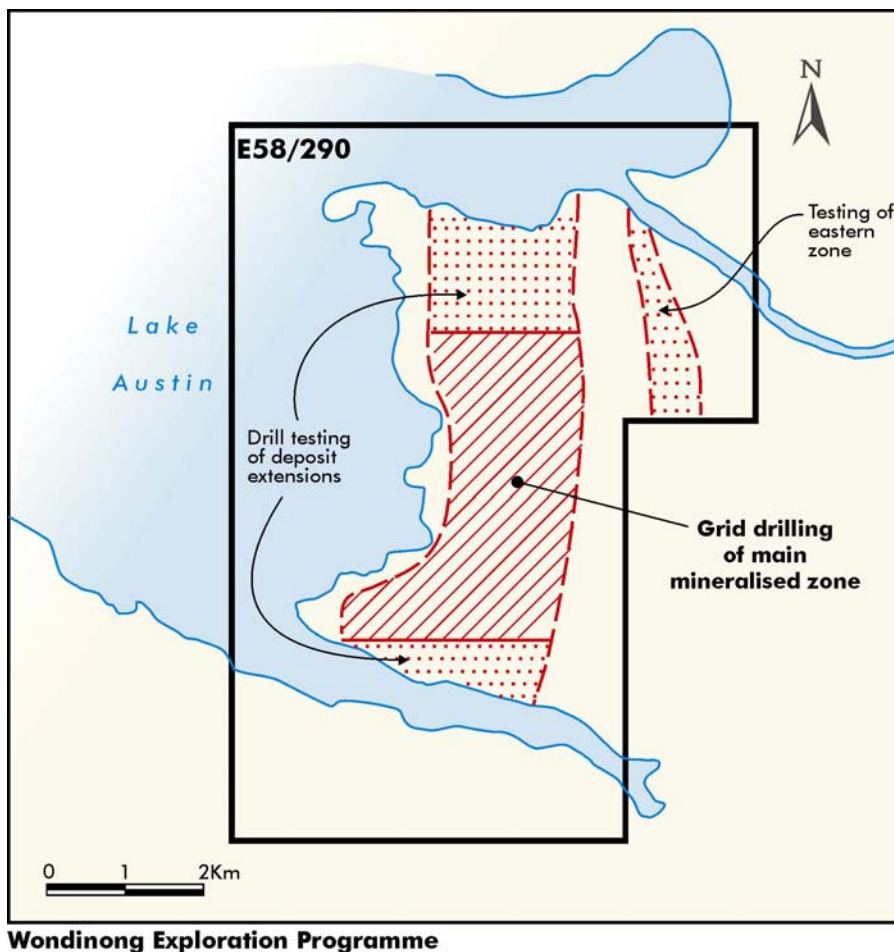
The Wondinong deposit occurs between the westernmost development of calcrete in the westward-draining Anketell channel and the eastern shore of Lake Austin.

The main zone of mineralisation is very extensive, covering an area approximately 4 kilometres long and 1.5 to 2.5 kilometres wide. Further, zones occur in the northeast of the Project Area, and to the south of the southern creek draining into Lake Austin.

The main mineralisation occurs as a thin sheet, the top of which is between 0.3 and 2.4 metres below the current ground surface. The thickness of mineralisation with grades of greater than 200ppm U₃O₈ is between 0.15 and 1.0 metres in the 22 drill holes that penetrated the main mineralised zone.

The Wondinong uranium deposit has been poorly tested by previous explorers. Drill spacing was typically 1500 by 300 metres. The Aura drilling programme will be carried out on a 200 by 200 metre pattern. It will test the main zone of mineralisation, and the following additional prospective zones:

- The main zone is not closed off on either of its northern and southern limits, and approximately a further 1700 metres of strike of the deposit remains to be tested.
- A smaller north-eastern zone of mineralisation is currently defined by only 3 drill holes.



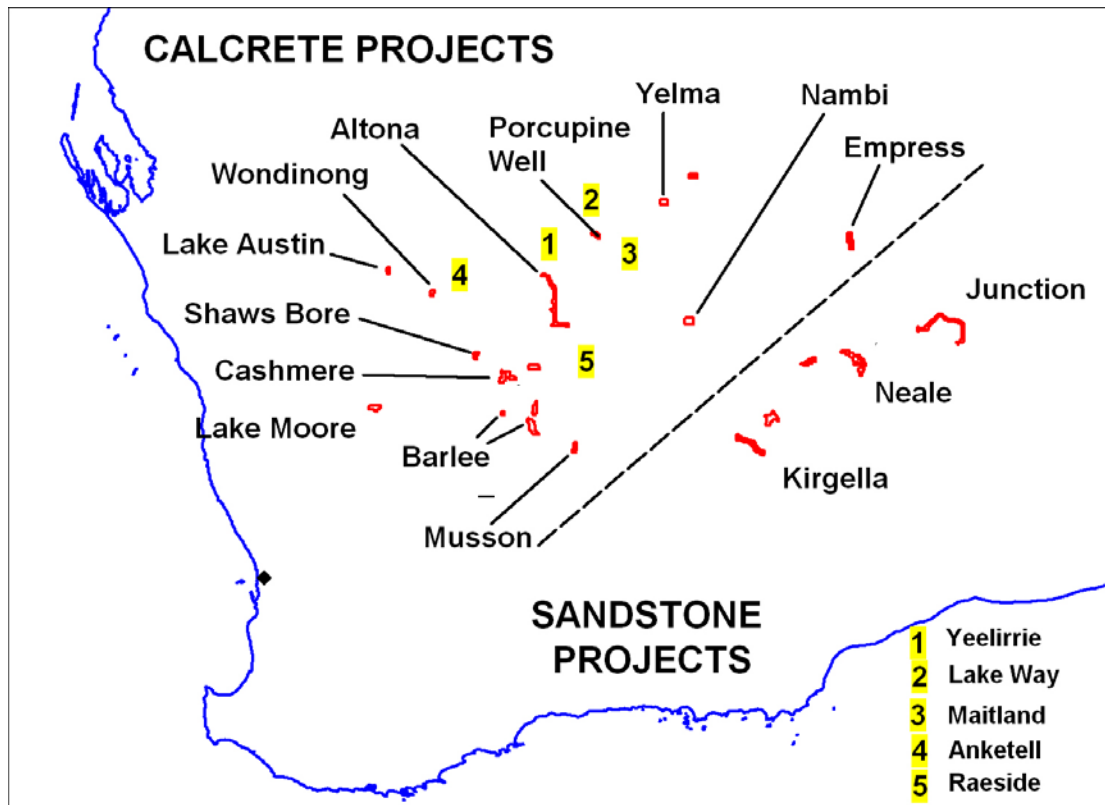
- Drill hole WMRC74, south of the southern creek entering Lake Austin, contains one sample with a grade of 334ppm U_3O_8 . There has been no testing south of this drill line.

Aura plans to carry out the programme during the next quarter when all authorities have been received and there is access to the drill sites.

EXPANDED TENEMENT PORTFOLIO

Aura Energy Ltd has significantly expanded its portfolio of exploration tenements in Western Australia. The company has now applied for a further 15 exploration licenses since listing on the ASX, increasing the size of its tenement holding by 82%.

13 of the new applications are prospective for calcrete-hosted uranium deposits, and 2 are located in the sandstone-hosted uranium province in the Eastern Yilgarn. The new tenements compliment the Company's growing portfolio of strategic uranium exploration assets.



Aura Energy exploration licenses and applications

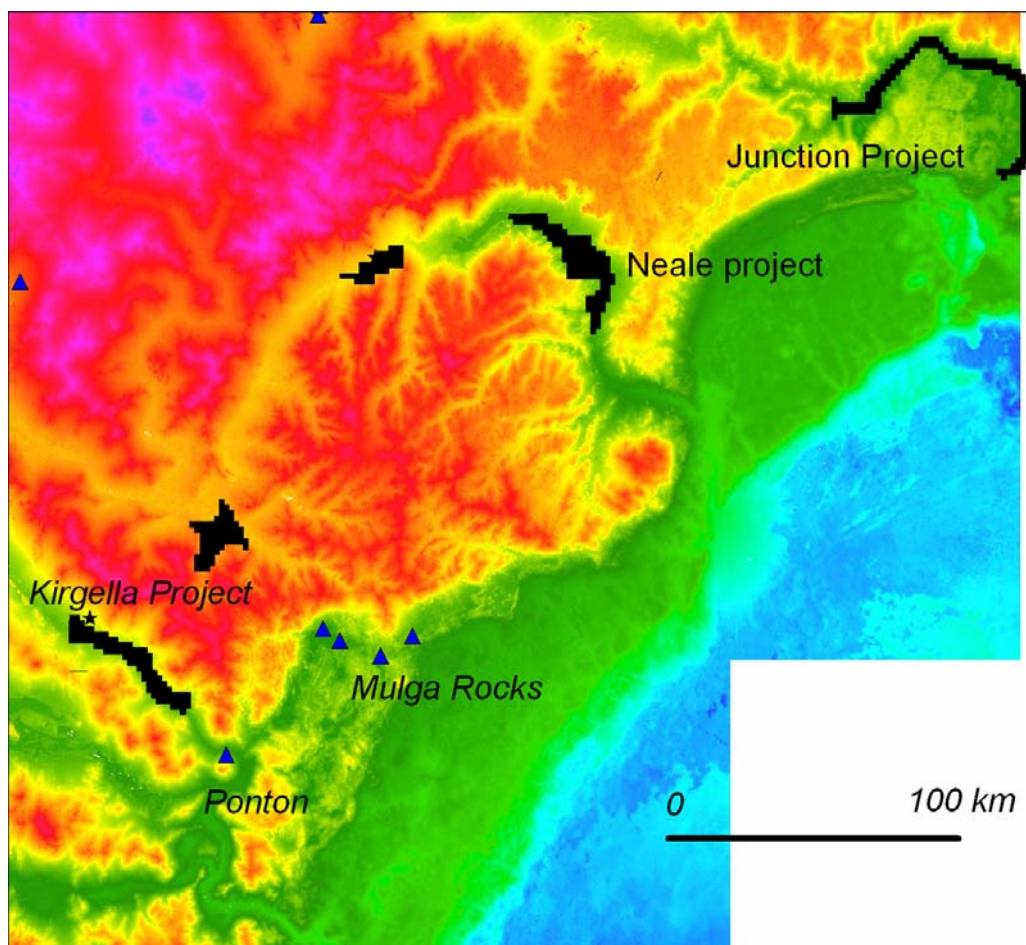
Sandstone-Hosted Uranium Properties

Aura has applied for an additional 120 kilometres of palaeochannel in the southeast of Western Australia along the next major channel system northeast of its Neale Project. It has also applied for a second license in its Kirgella Rocks Project, adjoining Paladin's Ponton uranium project. Aura now has approximately 230 kilometres of channel in this uranium province under application.

The Mulga Rocks and Ponton uranium deposits lie in palaeochannels draining the eastern part of the Yilgarn Block. The combined resources in these deposits are reported as being in the order of 28,000 to 33,000 tonnes of U₃O₈. The deposits occur at 30 to 60 metres depth in channels that have surface elevations of 300-350 metres.

Aura's original projects in the district, Kirgella Rocks and Neale, cover substantial sections of the drainage systems that contain the known deposits. The projects contain channels with similar elevations to those at Mulga Rocks and Ponton.

The Junction palaeochannel occurs in similar geographic and geologic positions to that hosting the Mulga Rocks uranium deposits. Aura has secured the greater part of the channel with similar elevations to those at Mulga Rocks. The channel geology is not known. The license application lies partly within the Neale Junction Nature Reserve.



Digital elevation model for the eastern Yilgarn showing the similar elevations (medium-pale green colour) to the mineralised channels at Mulga Rocks and Ponton; Aura properties in black

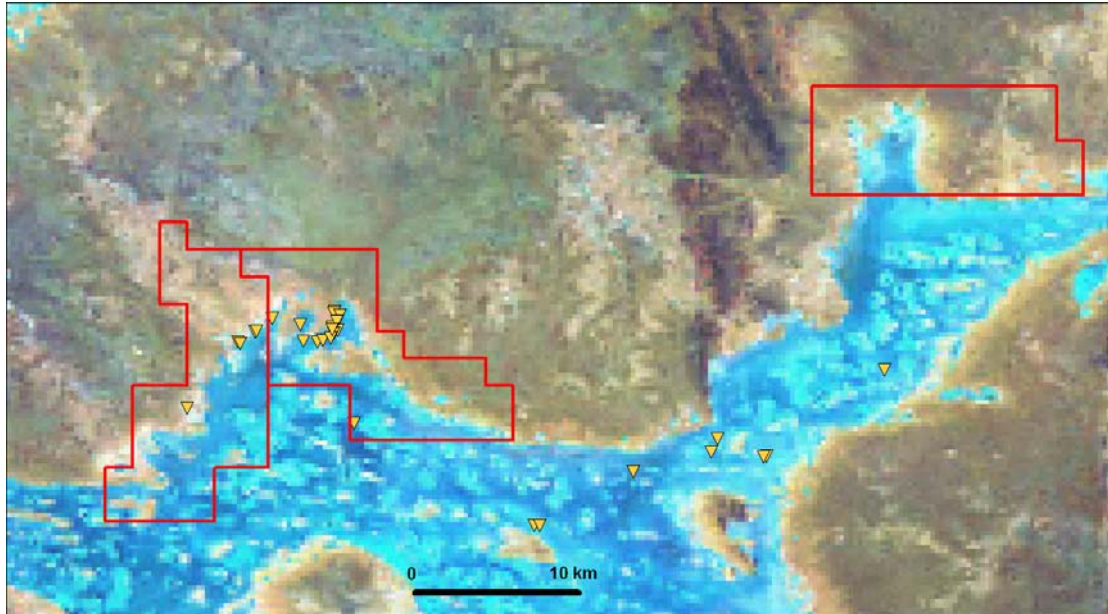
New Calcrete Uranium Projects

Aura has applied for 9 new calcrete uranium projects in the northern Yilgarn Province. Examples of these projects are given below.

Cashmere Downs Project

The Cashmere Downs Project covers a major part of the radiometrically- and geochemically-anomalous northern margin of the Lake Barlee salt lake. This drainage system contains known uranium mineralisation. To the east are the Lake Raeside uranium deposits discovered by BP Minerals and Esso in the 1970s. In addition Hill 50 Consolidated Ltd discovered uranium mineralisation along the eastern shore of the lake in the same period.

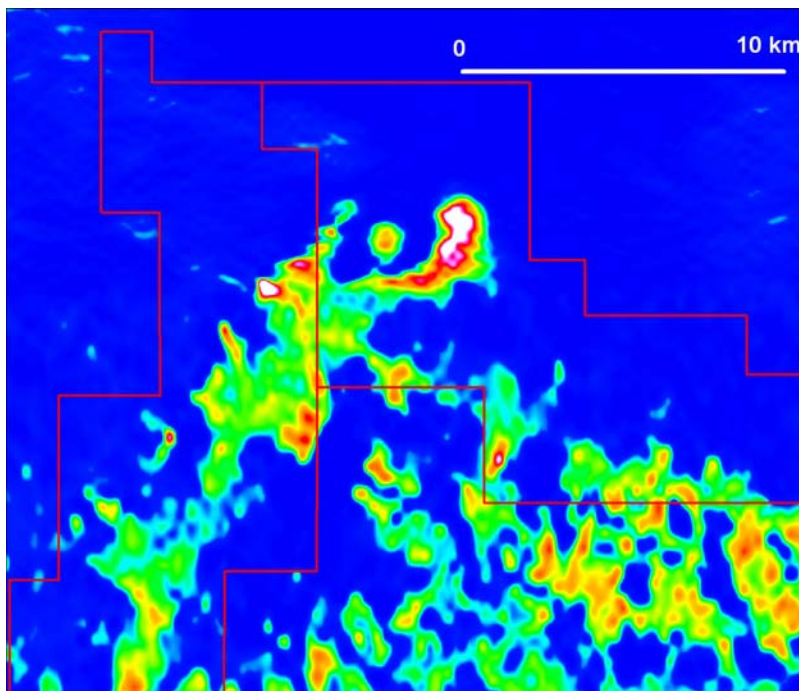
Aura has lodged 3 exploration license applications to cover uranium channel radiometric anomalies. Several of these anomalies occur in a favourable position where a drainage channel 20 kilometres in length enters the lake. The area of the anomalies has not been explored for uranium.



Landsat image of the north shore of the Lake Barlee salt lake, showing new Aura applications

The geological position of the uranium targets in the Cashmere Downs Project is comparable to that at the Shepherd Well uranium deposit 60 kilometres to the north.

When the license applications are granted Aura will carry out detailed field reconnaissance, including ground radiometric surveys, and drill testing of the high ranking targets.

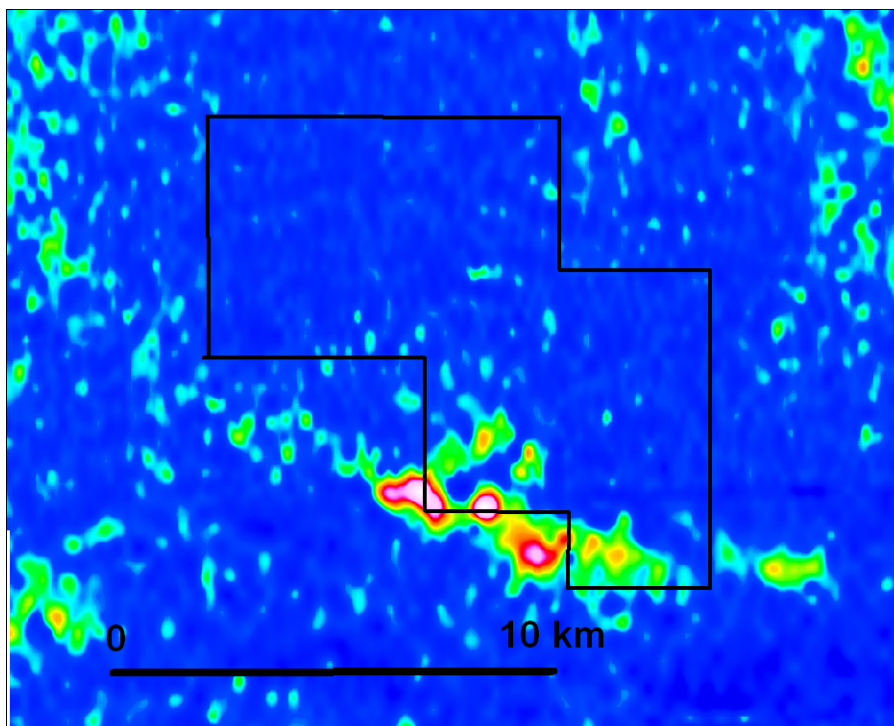


Uranium channel radiometric image showing the immediate target areas at Cashmere

Porcupine Well Project

Aura has secured a significant ground holding in the channel system that links the Nova's Lake Way and Centipede uranium deposits with Redport's Lake Maitland uranium deposit. The area is therefore within a known uranium mineralised channel. Radiometric anomalies along the channel occur on the boundary between the Aura application and the adjacent ground held by BHP Billiton.

The channel in the area of the application contains strong uranium geophysical and geochemical anomalies. It is located 4 kilometres to the southeast of Lake Way.
No uranium exploration has been reported in the ELA.



Uranium channel radiometric image for the Porcupine Well ELA

Yelma

The Yelma Project covers strong radiometric anomalies in the drainage immediately northeast of that containing the Lake Way uranium deposits. The main uranium channel radiometric anomaly is 2500 by 1200 metres in size.

There has been no reported exploration for uranium in the area of the application.

Nambi

The Nambi Project includes several uranium channel radiometric peaks in the Lake Way – Lake Maitland drainage system south of Lake Maitland. The anomalies are situated in lake and deltaic sediments where a tributary drainage some 25 kilometres in length enters a salt lake.

There has been no reported exploration for uranium in the area of the application.

Other applications

Aura is now also in a ballot for a further two exploration licences in Western Australia.

The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Robert Beeson. Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.