



AURA ENERGY LIMITED

Quarterly Activity Report – December 2007

HIGHLIGHTS

Aura Energy Ltd has been active on 3 continents in the Quarter, and has substantial programmes in place in Australia, Sweden and Africa for the first half of 2008.

Sweden: Alum Shale Projects

- The Aura Board has approved a 3800 metre drill programme for the Swedish Alum Shale Projects
- Two further licence applications in the Storsjön Project areas have now been granted – Aura now holds a total of seven licences in this area.
- Fieldwork completed in late 2007 strongly suggests that the Alum Shale is more widespread than shown on existing geological maps
- Sweden Geological Survey (SGU) drill core from the Storsjön East and Storsjön West Project Areas have been sampled and sent to Australian Nuclear Science and Technology Organisation (ANSTO) for metallurgical test work.

Western Australia

- **Gunbarrel JV**
 - The integration and analysis of the results of the major airborne electromagnetic survey for the Gunbarrel channels is complete, and targets identified
 - 4,200m drilling programme has been approved by the Joint Venture to test palaeochannel targets in the Kirgella Rocks and Lake Rason projects
 - A Heritage Clearance Survey have been completed, and all drill sites cleared by the Native Title claimants
 - Aura continues to analyse the geophysical data, and anticipates targeting further channels for drill testing
 - An additional 7 tenement were granted within the Gunbarrel Joint Venture area. Only three tenement applications remain outstanding in the area with a total of 13 tenements have now been granted within this area.
- **Wondinong Project**
 - Assays received from Wondinong drilling have confirmed the extent, grade and continuity of mineralisation.
 - Hellman & Schofield have been engaged as the independent consultant to complete an initial resource calculation in compliance with the JORC code.

West Africa

- The GCM-Aura Alliance to generate projects in Africa has focussed its activities on West Africa in the Quarter.

SWEDEN – ALUM SHALE PROJECTS

Aura Energy Ltd continues to build its presence in the uranium-bearing Alum Shale of Sweden. The Alum Shale is widely distributed throughout the Baltic States, and locally contains exceptionally large resources of uranium, vanadium, molybdenum and nickel. The Alum Shale Formation has been described as the largest known uranium resource in Europe.

Although no drilling has taken place within Aura's Western Storsjön Project the five drill holes closest to the Project have Alum Shale intersections of between 27 and 111 metres, with an average of 77 metres. Grades for these intersections vary from 178 to 209ppm U₃O₈. The maximum thickness of Alum Shale intersected to date is 184 metres, in a drill hole less than 3 kilometres from Aura's application boundary.

Continental Precious Minerals' Viken licence, immediately south of Aura's Storsjön West Project, is reported to contain an estimated resource of 232 million pounds of uranium.

Tenements granted

All licence applications in the Storsjön project areas have now been granted with the granting of the Bjärme licence in the Storsjön East Project and the Gurumyren licence in the Storsjön West Project.

Ground Radiometrics – Storsjön Projects

Ground radiometrics surveys were completed over the Eastern Storsjön licence areas to determine the impact of forest canopy and wet moss ground cover on the airborne radiometrics and whether ground based radiometrics was able to better resolve the distribution of outcrops of Alum Shale. The results showed displayed more detail than was visible in the airborne data but generally matched the airborne data very well.

Ground radiometric surveys were conducted in the Western Storsjön Projects area. However, the onset of winter meant that this work could not be completed.

This data is being used to define the extent of the Alum Shale in the district, and to plan future drilling programs.

Metallurgical Testwork

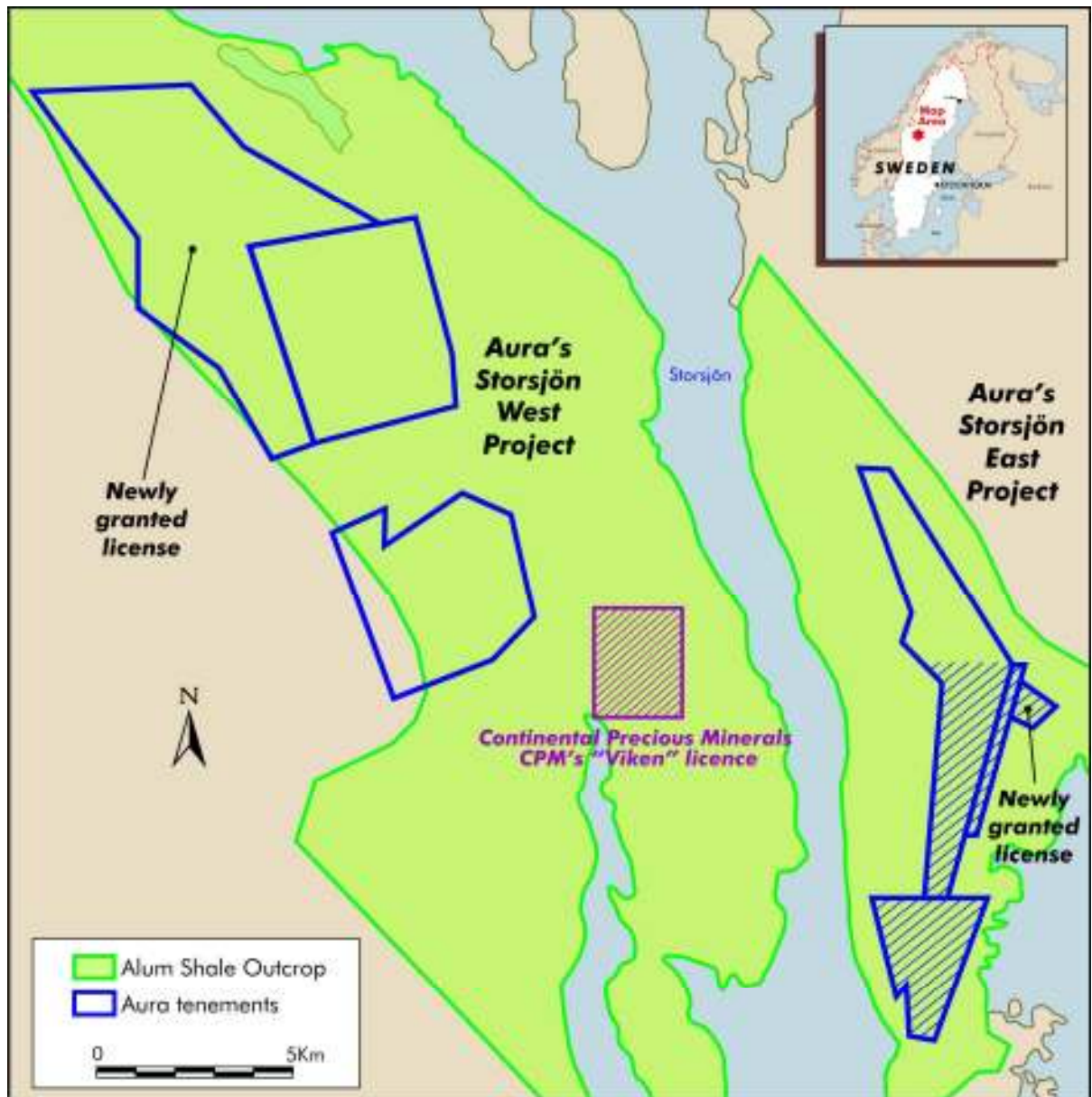
Aura has collected samples from past drill core held in the core library of the Swedish Geological Survey in Malå. The drill holes from which the samples have been collected occur close to Aura's Storsjön Projects

Aura Energy Ltd (ASX code: AEE) has engaged the Australian Nuclear Science and Technology Organisation ("ANSTO") to carry out a preliminary programme of metallurgical testwork on these Alum Shale samples.

The aim of this work is to undertake a preliminary assessment of the potential for extraction of uranium, vanadium, molybdenum and nickel from the mineralised shale.

The specific objectives and scope of this initial programme are:

- to undertake preliminary leaching of the material
- to undertake a first phase of mineralogical analyses to develop an understanding of the mineralisation



Storsjön Area - Sweden :
Location map of Aura Energy's tenements and the extent of mineralised Alum Shale in outcrop and near subsurface

Future Drill Programme

The Aura Board has approved a 3800 metre drill programme to define the distribution and thickness of the Alum Shale within its Storsjön Projects. The company has commenced the permitting process for this programme.

WESTERN AUSTRALIA - GUNBARREL BASIN JOINT VENTURE

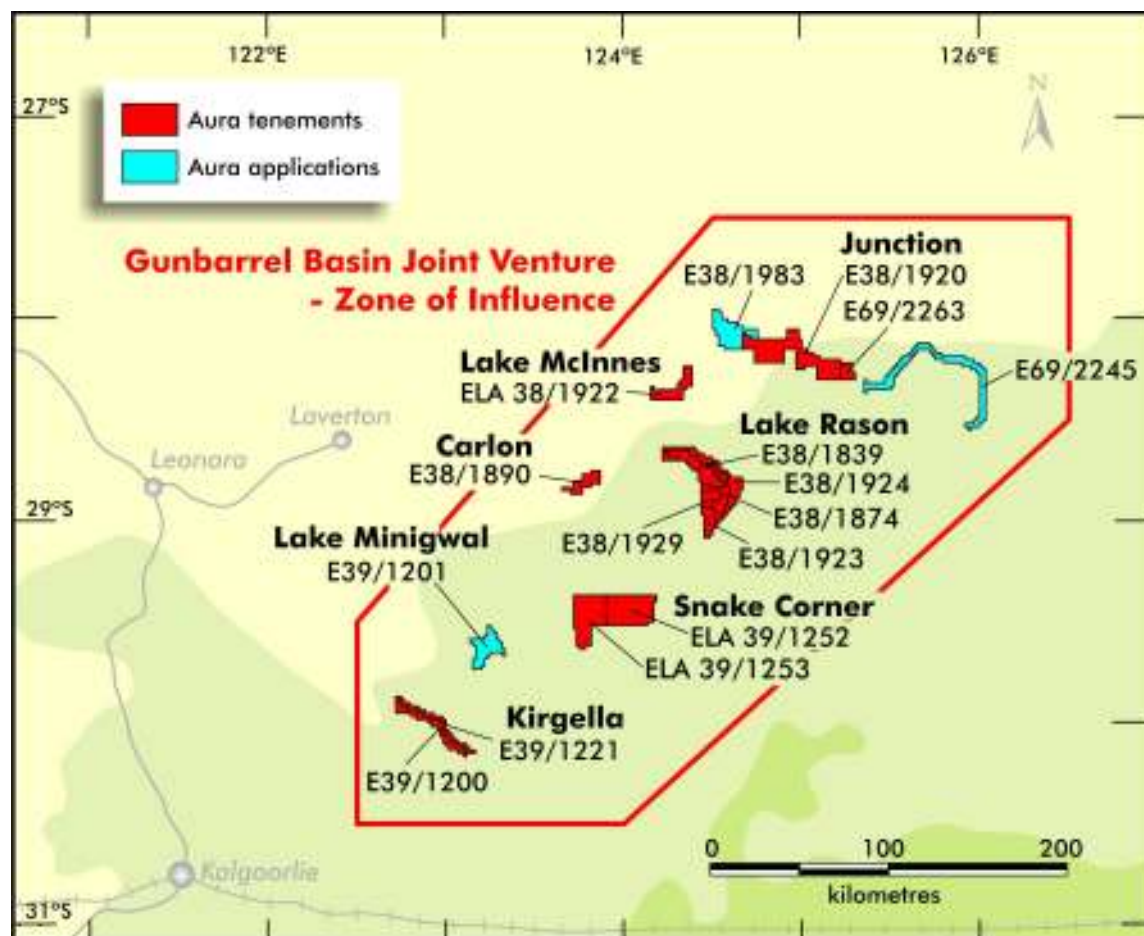
The Gunbarrel Basin, located east of the Archaean Yilgarn Block, contains a large endowment of sediment-hosted uranium mineralisation, but is significantly less explored than the other major uranium provinces of Australia. The combined uranium resources of the two largest known deposits in the region, Mulga Rock and Ponton, are reported to exceed 100 million pounds

Aura's Gunbarrel exploration is a joint venture with Mega Uranium Ltd (TSX CODE: MGA). Mega can earn up to 70% in Aura's tenements in the Gunbarrel Basin. Aura's properties, totalling 3750 km², cover extensive portions of three of the four main palaeochannels in the region.

Tenement Applications Approved

During the last quarter a further 7 tenements were granted within the Gunbarrel JV area. These include:

- Snake Corner East E39/1252
- Snake Corner West E39/1253
- Lake Rason E38/1874
- Lake Rason SW E38/1923
- Lake Rason W E38/1929
- Lake McInnes E38/1922
- Kirgella Rocks E39/1200



Western Australia : Gunbarrel Project Area

Initial Drilling Program Approved

In the last quarter processing of the major airborne electromagnetic survey over its Gunbarrel Basin JV tenements in Western Australia was completed. Based on this interpretation channels in the Kirgella and Neale Projects were selected for initial drill testing.

The Kirgella Rocks palaeochannel is located immediately upstream of the Ponton uranium deposit. Limited historic drilling has shown the presence of carbonaceous Eocene sands, the favoured host rock to U mineralization. The joint venture has approved the drilling of 33 holes for an average total depth of 80 metres, giving a total length of 2600 metres, at Kirgella.

The Neale Project covers the next major channel to the north of the Mulga Rock uranium deposit. 20 drill holes for an average depth of 80 metres, giving a total of 1600 metres, are planned within the Neale Project subject.

The Joint Venture is now seeking the approval of the WA, Dept of Industry and Resources and the Department of Indigenous Affairs for permission to drill this programme.

Native title claimants working with Western Heritage Research Pty Ltd have now given clearance for the drilling program.

Aura is continuing to analyse the results of the airborne electromagnetic survey, and anticipates targeting further channels in the Junction and Neale Projects for drill testing in 2008.

WESTERN AUSTRALIA - YILGARN CALCRETE URANIUM PROJECTS

Wondinong

Considerable progress has been made at Aura's Wondinong Project during the quarter. Results have been received from the third phase of drilling, which both extended the mineralisation, and confirmed continuity between drill holes. The data from all drilling are now with Aura's consultants to establish a resource which will be reported in compliance with the JORC code.

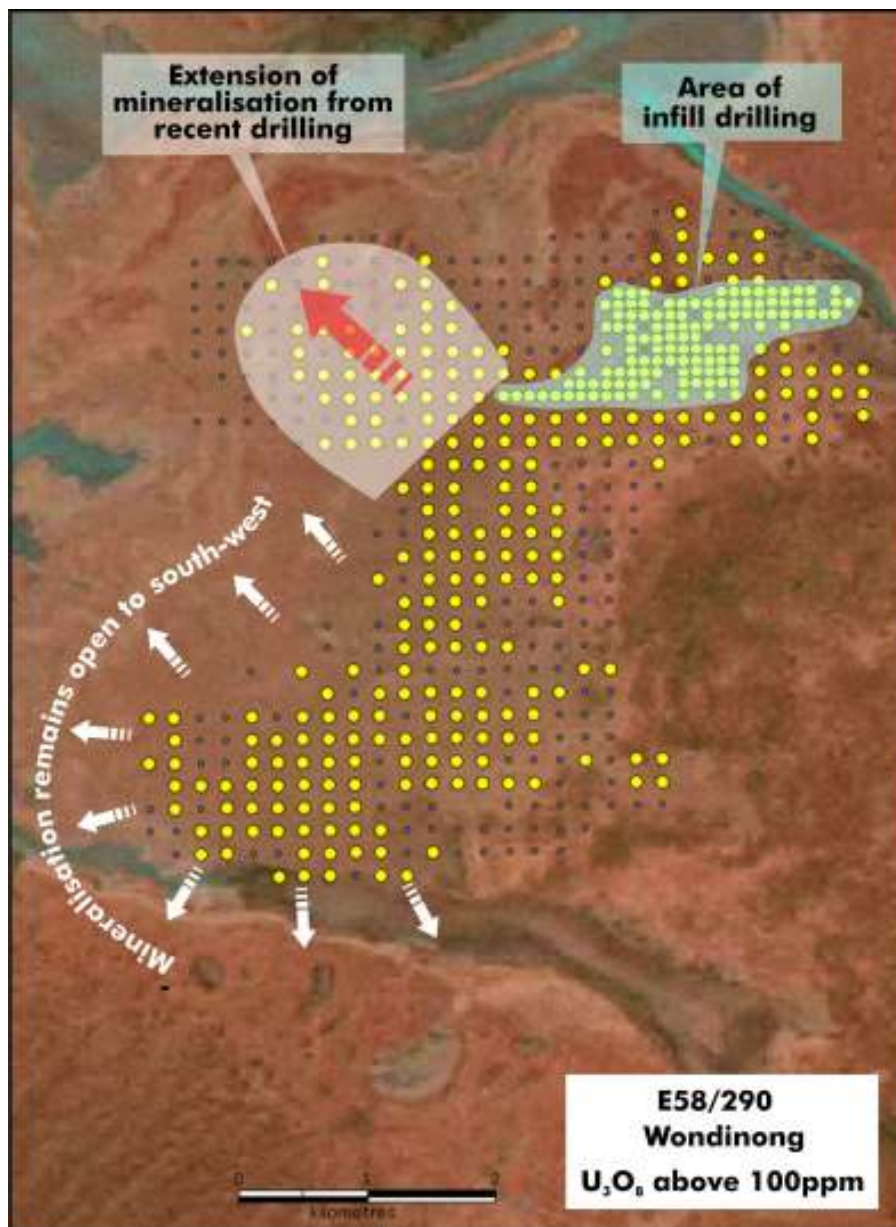
Assay Results Confirm Size and Continuity of Wondinong Deposit

In June-July 2007 Aura completed an additional 251 aircore holes at the Wondinong Uranium Deposit aimed at defining the full extent of mineralisation and testing the continuity of mineralisation within the deposit.

Assays received from this drilling program confirm that the mineralisation extends for a further 1.6 kilometres to the northwest. The minimum aerial extent of known mineralisation is now confirmed at 7 kilometres long and up to 4 kilometres wide.

Infill drilling in the north-eastern zone has confirmed the continuity of mineralisation with 79 of 85 infill drill holes containing greater than 100ppm U₃O₈ over a minimum thickness of 0.5 metres.

As seen from the figure below mineralisation at >100ppm U₃O₈ is very continuous throughout the Wondinong Deposit. This is demonstrated by 62% of all drillholes having values above 100ppm U₃O₈ over a minimum of 0.5 metres thickness.



Mineralisation is generally between 0.5 and 2.0 metres in depth with a second lower level of mineralisation occurring locally at around 4 – 5 metres depth (See section below).

Mineralisation remains open to the south and west.

Table 1 – Selected Intersection Results from Assay data

Hole #	Assay Results
WAC 512	1.5m @ 362 ppm U ₃ O ₈ from 1.0m
Including	0.5m @ 799 ppm U ₃ O ₈ from 1.5m
WAC 467	0.5m @ 600 ppm U ₃ O ₈ from 2.0m
WAC 561	0.5m @ 568 ppm U ₃ O ₈ from 1.5m
WAC 564	0.5m @ 512 ppm U ₃ O ₈ from 1.5m
WAC 335	1.0m @ 335 ppm U ₃ O ₈ from 1.5m
WAC 400	2.0m @ 295 ppm U ₃ O ₈ from 0.5m
Including	0.5m @ 434 ppm U ₃ O ₈ from 1.0m

Initial Resource Estimate

Aura appointed Hellman & Schofield Pty Ltd to complete the first resource estimate for the Wondinong calcrete uranium deposit which will be reported in compliance with the JORC code. All data have been supplied to Hellman & Schofield.

Aura has now tested 21 square kilometres of its tenement at Wondinong. Although the deposit remains open to the west and south the company considers that sufficient uranium has been identified in the Project Area to justify estimating a resource.

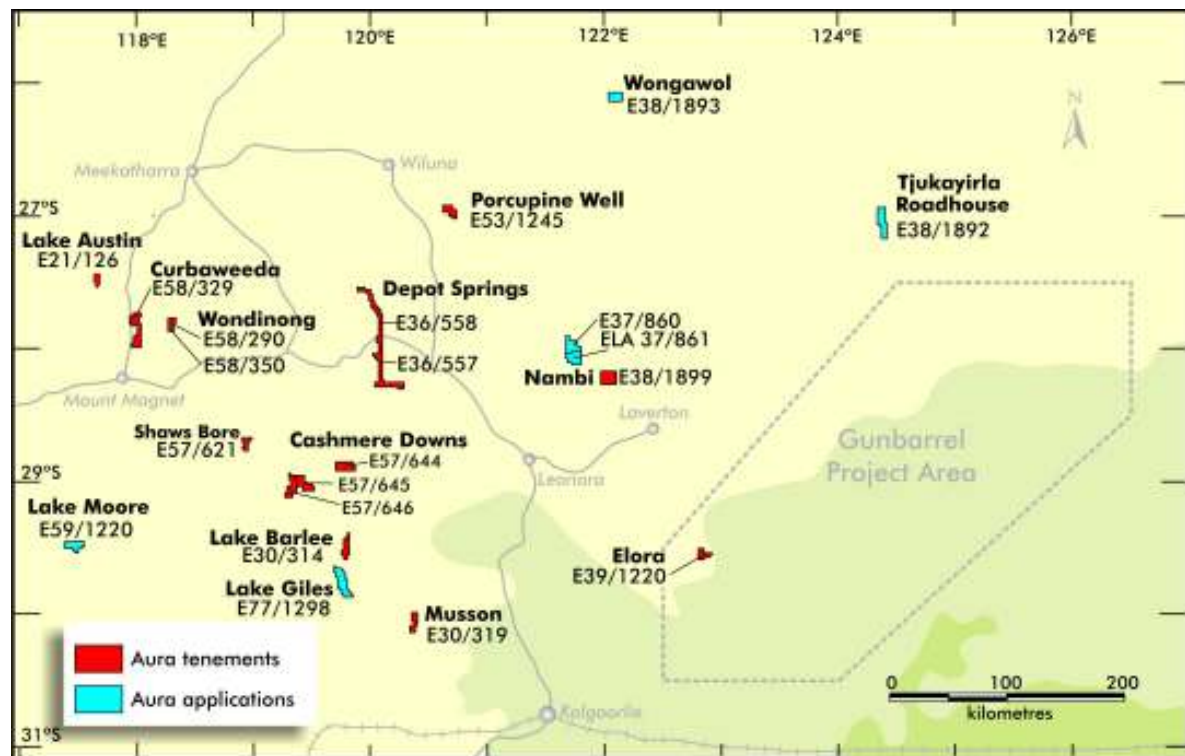
The company's programmes, including infill drilling at 100 by 100 metre centres, have confirmed the exceptional lateral continuity of the mineralisation. The majority of the mineralisation is very shallow, within 2 metres of the ground surface.

Hellman & Schofield bring considerable calcrete resource estimation experience to the Wondinong Project. The company has worked on uranium projects for numerous companies in Australia and around the world. This has included 8 calcrete uranium deposits in Australia and Africa.

The resource estimate is anticipated in the first quarter 2008.

Aura's Other Calcrete Uranium Projects

Ground radiometrics surveys have been completed over several other calcrete projects, and high priority drill targets have been generated within the Depot Springs (Altona), Porcupine Well and Lake Moore Projects.



WESTERN AUSTRALIA - KIMBERLEY URANIUM PROJECTS

Aura is continuing to evaluate the potential of the Kimberley region and is working closely with traditional owners and native title claimants to negotiate heritage and access agreements to its licence application areas in order that they may be granted.

AFRICA ALLIANCE – GLOBAL COAL MANAGEMENT

Aura Energy and Global Coal Management plc (LSE: AIM: GCM) have formed an alliance to identify and acquire uranium projects in Africa. The Alliance brings together the technical uranium experience, targeting and exploration skills of Aura with the project development and mining experience of GCM. Aura is the manager of the Alliance.

The Alliance has initially focussed its activities in West Africa. The region has exceptional uranium endowment. Uranium production commenced in Niger in 1971, and past production from its two operating mines exceeds 100,000 tonnes of uranium. Niger remains one of the world's largest uranium producers, contributing approximately 7.5 per cent of annual world production. Uranium deposits also occur in several other countries in the region, but West Africa has received very little exploration for uranium for more than two decades.

For further information contact:

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Managing Director

Stephen McCaughey
Exploration Manager

Corporate Information

Directors

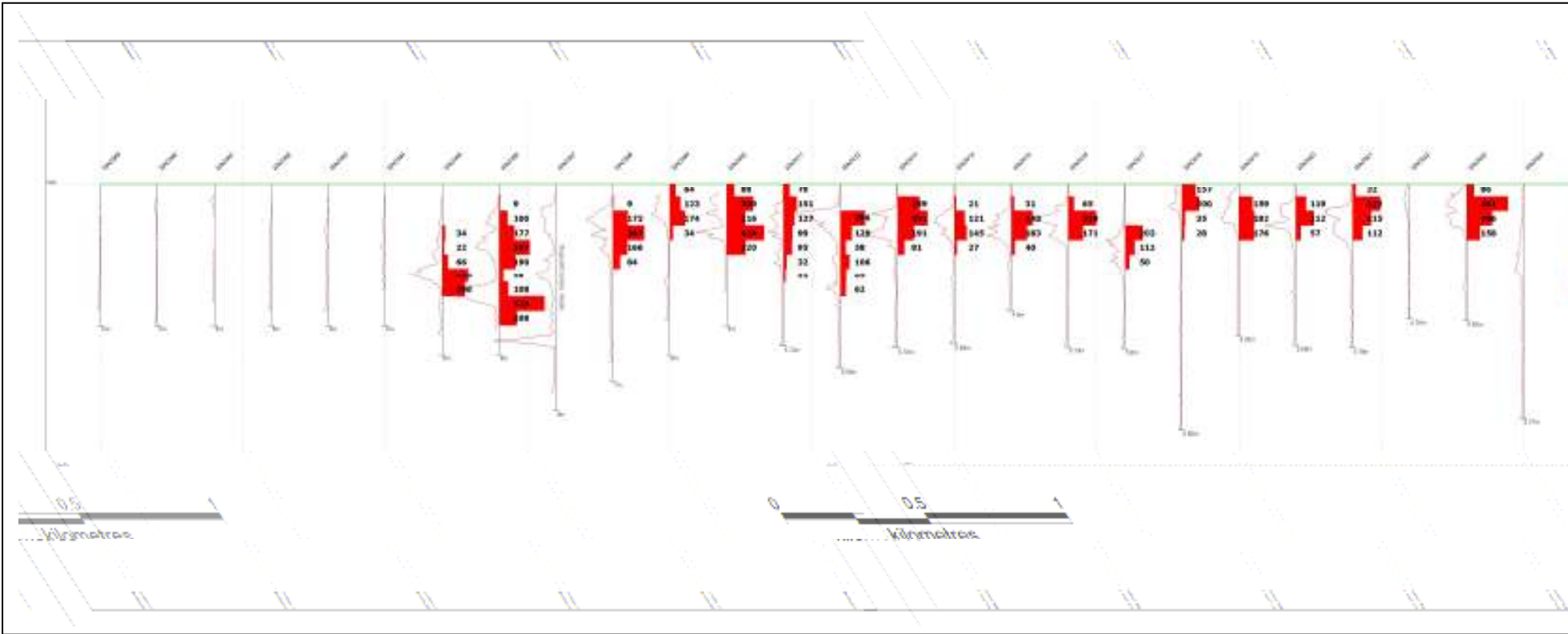
B Fraser	Non-Executive Chairman
Dr B Beeson	Managing Director
S O'Loughlin	Non-Executive Director
J Stephenson	Non- Executive Director & Company Secretary

Issued Capital

As at the date of this report the issued capital of the Company is comprised of:

35,641,500 fully paid ordinary shares
17,858,500 listed options
4,050,000 unlisted options

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.



Section 6 924 800N – Wondinong Uranium Deposit