Aura Energy Limited (ASX Code AEE)

HIGHLIGHTS

- **Drill programme at Wondinong Uranium deposit completed with 335 drill holes and 1285 metres of drilling.**

- **14 of the first 31 drill holes (45%) contain uranium assays above 200ppm uranium.**

- **Aura has signed a joint venture agreement with Mega Redport, a wholly owned subsidiary of the Canadian uranium company Mega Uranium, to explore its portfolio of properties in the Gunbarrel Basin.**

- **Aura has continued to build its portfolio of calcrete uranium projects in Western Australia and now holds 19 target areas covering an area of 2100 square kilometers in the Yilgarn Calcrete Province. This includes 416 kilometres of calcrete-bearing channels. The Aura tenements all fall within the region of "hot granites" which provide the source for the uranium in the deposits.**

- **The Altona Project, located 50km south of the Yeelirrie Uranium deposit, comprises two exploration licences that cover 115 kilometres of calcrete-bearing channels, both of which have now been granted.**

Unit 6, 34 York Street North Perth WA 6006
PO Box 35 North Perth WA 6906
Ph (+618) 9228 0711 Fax (+618) 9228 0704
Web: www.auraenergy.com.au

CORPORATE

Aura has signed a joint venture agreement with Mega Redport, a wholly owned subsidiary of the Canadian uranium company Mega Uranium, to explore its portfolio of properties in the **Gunbarrel Basin**. Mega Redport will spend AUS $3 million dollars over a three year period to gain a 50% interest in the project; Mega Redport will gain no equity in the tenements until this expenditure commitment has been met

EXPLORATION

CALCRETE URANIUM PROJECTS (Aura 100%)

Aura has continued to build its portfolio of calcrete uranium projects in Western Australia. The Yilgarn calcrete Province is the third largest uranium province in Australia based on contained U3O8.

Aura now holds 19 target areas covering an area of 2100 square kilometers. This includes 416 kilometres of calcrete-bearing channels. The Aura tenements all fall within the region of “hot granites” which provide the source for the uranium in the deposits.

WONDINONG URANIUM PROJECT (Aura 100%)

The Wondinong uranium deposit near Mt Magnet in Western Australia has been the focus of Aura’s exploration activities in the past quarter. The deposit occurs between the westernmost development of calcrete in the westward-draining Anketell channel and the eastern shore of Lake Austin.

The drilling programme at Wondinong is testing the main prospective area at Wondinong, which is approximately 20 square kilometres in size. WMC partly tested this area in the 1970s with 1500 metre by 250 metre spaced drilling, and defined a pre-JORC resource based on this sparse drilling.

Aura has completed a major drilling programme at Wondinong. This programme commenced in September, but was interrupted by rain after only 31 holes were drilled. Aura was able to access a drilling rig again in December, and completed a further 304 holes.

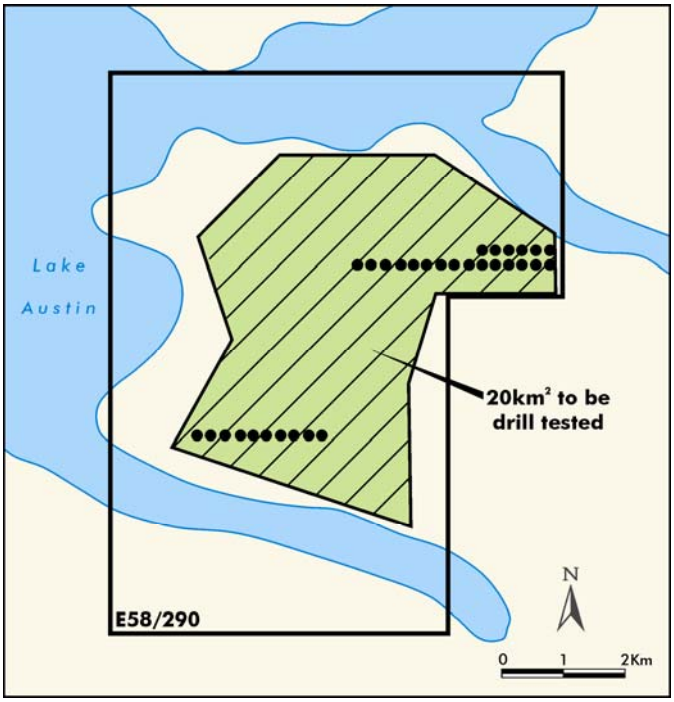
The Aura drilling programme has been carried out on a 200 by 200 metre pattern through the central part of the Project Area, stepping out to a 400 by 200 metre pattern for the peripheral areas.

The statistics for the completed programme are as follows:

Date	No. holes	Metres drilled	Depth range	No. samples
September	31	188	2 – 15m	375
December	304	1097	1 – 43m	2194
Totals	**335**	**1285**		**2569**

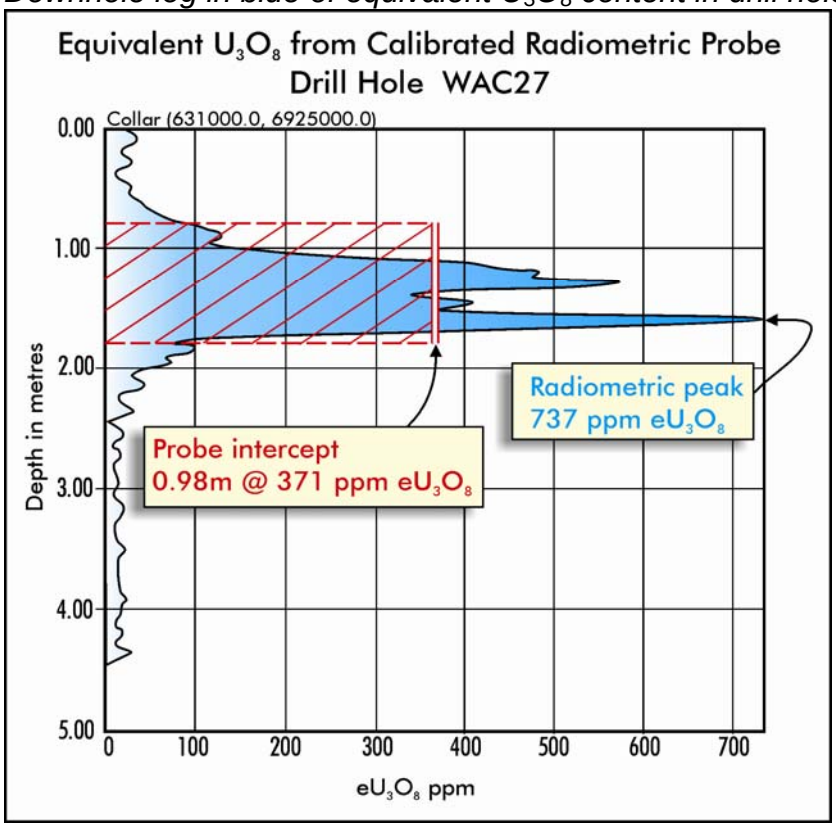
The initial results from the September drilling have confirmed the presence of uranium mineralisation at its Wondinong Project in Western Australia.

Area to be tested by drilling at the Wondinong Project, and drill holes for which results have been reported to date



Both down-hole radiometric logs and uranium assays have been received for the 31 drill holes completed in September. These confirm the presence of the laterally extensive uranium mineralisation at Wondinong.

Downhole log in blue of equivalent U_3O_8 content in drill hole WAC27



The Wondinong mineralisation is at very shallow depths, usually within 2 metres of the ground surface.

The assay results for samples from the 31 holes drilled in September that exceed 200ppm U_3O_8 are given below. The sample assay interval is 0.5 metre.

HOLE ID	EASTING	NORTHING	FROM (m)	THICKNESS (m)	URANIUM (ppm)
WAC 01	627800	6922000	1.0	1.0	203
WAC 02	627600	6922000	1.0	0.5	260
WAC 05	627000	6922000	0.5	0.5	385
WAC 06	626800	6922000	0.5	1.0	323
			incl.	0.5	473
WAC 13	628800	6924800		1.5	227
WAC 16	629400	6924800	0.5	1.0	212
WAC 21	630400	6924800	0.5	1.0	228
WAC 23	630800	6924800	0.5	1.5	264
			incl.	0.5	408
WAC 25	631000	6924800	3.0	0.5	208
WAC 26	631200	6925000	0.5	1.5	219
			incl.	0.5	392
WAC 27	631000	6925000	0.5	1.0	528
			incl.	0.5	815
WAC 28	630800	6925000	2.0	0.5	244
WAC 29B	630600	6925000	3.0	0.5	242
WAC 30	630400	6925000	1.0	0.5	217

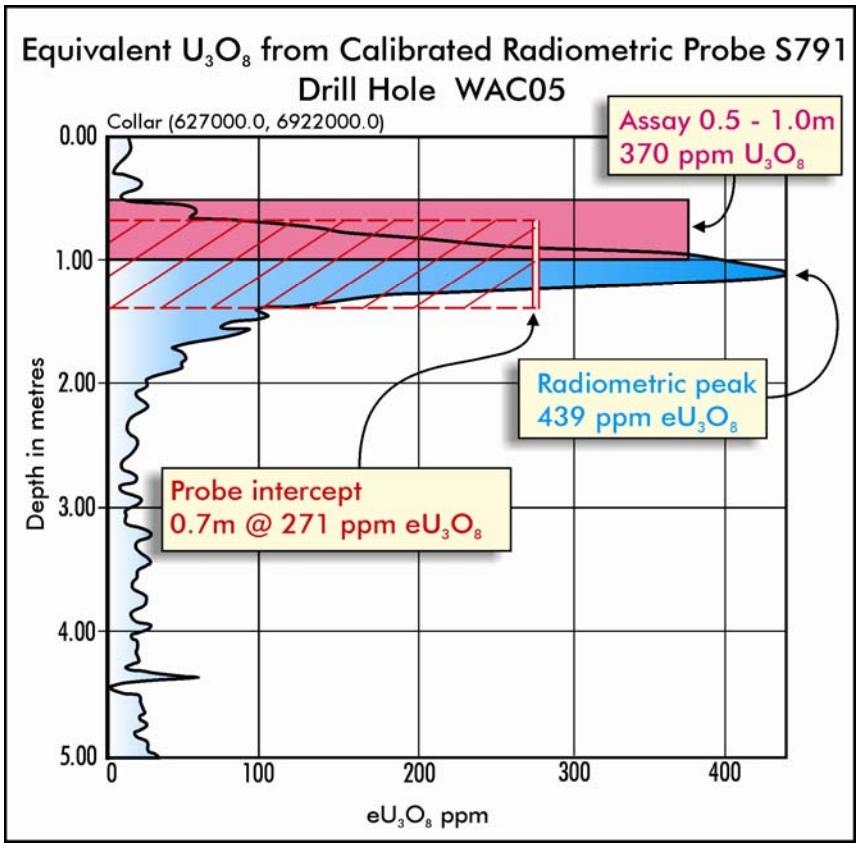
Details of the U_3O_8 thickness and assay results for the drill holes that contain uranium intersections of greater than 200ppm uranium over 0.5m or more

14 of the 31 drill holes (45%) contain uranium assays above 200ppm uranium. This uranium level has been used by other explorers in the calcrete uranium province as a threshold between background eU_3O_8 levels and uranium mineralisation. Thicknesses of the intersections range from 0.5 – 1.5 metres.

71% of the 31 drill holes contain intersections that exceed 100ppm eU_3O_8, indicating the semi-continuous distribution of the uranium where drilling has been completed.

Examples of intersections include:

WAC06: 0.62m @ 408ppm eU_3O_8
WAC027: 0.99m @ 371ppm eU_3O_8



Downhole log in blue of equivalent U_3O_8 content in drill hole WAC05; a single 0.5 metre assay of 370ppm U_3O_8 is shown in red which is higher than the probe eU_3O_8 value for the same interval

Of particular interest is the assay of 815ppm uranium over 0.5m in drill hole WAC27. This is the highest uranium value obtained in any exploration to date at Wondinong.

Downhole log and assay results for the 304 drill holes completed in December are expected to be available in February.

ALTONA PROJECT (AURA 100%)

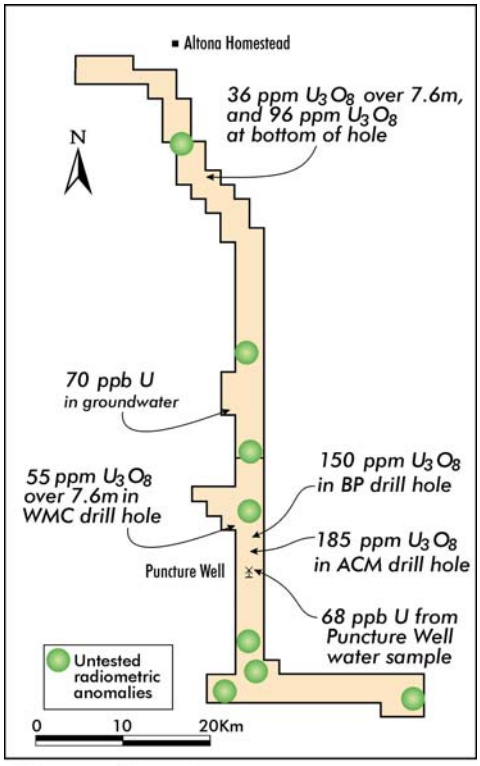
The Altona Project comprises two exploration licences, both of which have now been granted. It comprises two exploration licences that cover 115 kilometres of calcrete-bearing channels. The Yeelirrie uranium deposit lies approximately 50 kilometres north of the applications, and the Project covers a substantial part of the next major channel south of Yeelirrie.

The project area contains two calcrete uranium prospects identified in a CSIRO review of these deposits in Western Australia. The drainage system also contains several uranium deposits and occurrences both upstream and downstream of the Altona Project, and is therefore a proven mineralising system.

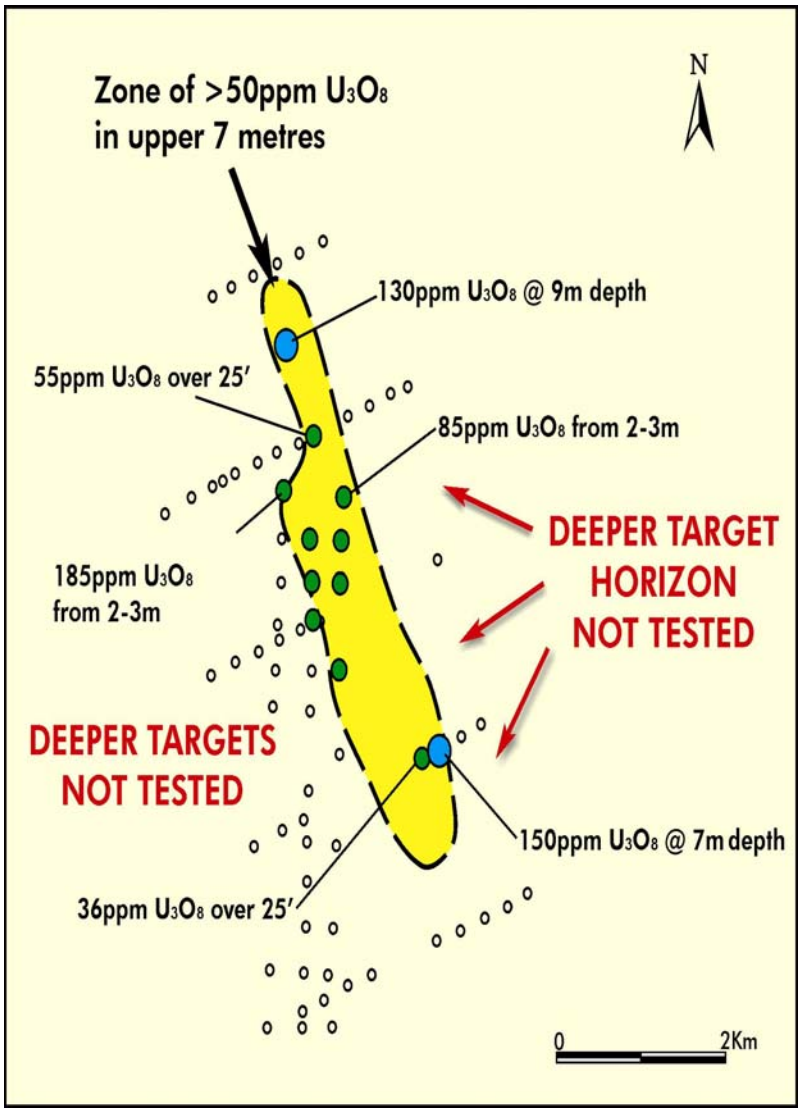
The channel was partially explored in the 1970s by BP Minerals, Western Mining Corporation, Canadian Superior and an ACM-PNC Joint Venture. However, approximately 60 per cent of the channel has not been tested by drilling, and the remainder of the channel has been only partly drilled

Previous exploration along the Altona Channel gave encouraging results. A particular target is the Puncture Well area, where geochemical samples gave metal contents of up to 185 ppm U3O8 over one metre, and 55 ppm U3O8 over 7.6 metres. These high values are open to the north and east. The main zone of mineralised calcrete has been poorly tested because previous explorers used inappropriate drills for testing the hard calcrete. An area approximately 5 kilometres by one kilometre has only been tested by six drill holes, all with anomalous levels of uranium.

Ongoing compilation of data in the Puncture Well area has indicated that a deeper zone of mineralisation below 7 metres depth has been identified but not tested. Only three drill holes penetrate this mineralisation, and values include 150ppm U3O8 over a metre.



Altona - Targets



Previous drilling at Puncture Well on the Altona project

Radiometric surveys since the exploration of the 1970s reveal several uranium channel anomalies that were not tested by previous explorers. Sections of this channel, covered by sand, are regarded as untested to date.

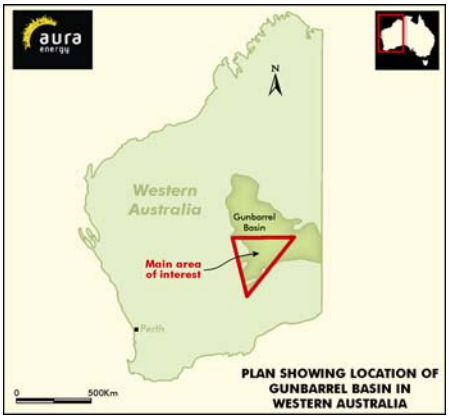
Aura's programme at Altona will commence with radiometric surveys of Puncture Well area and the other radiometric targets. The programme will include the drill testing of the Puncture Well Prospect in the first half of 2007.

GUNBARREL BASIN PROJECTS (MEGA REDPORT JV, AURA CURRENTLY 100%)

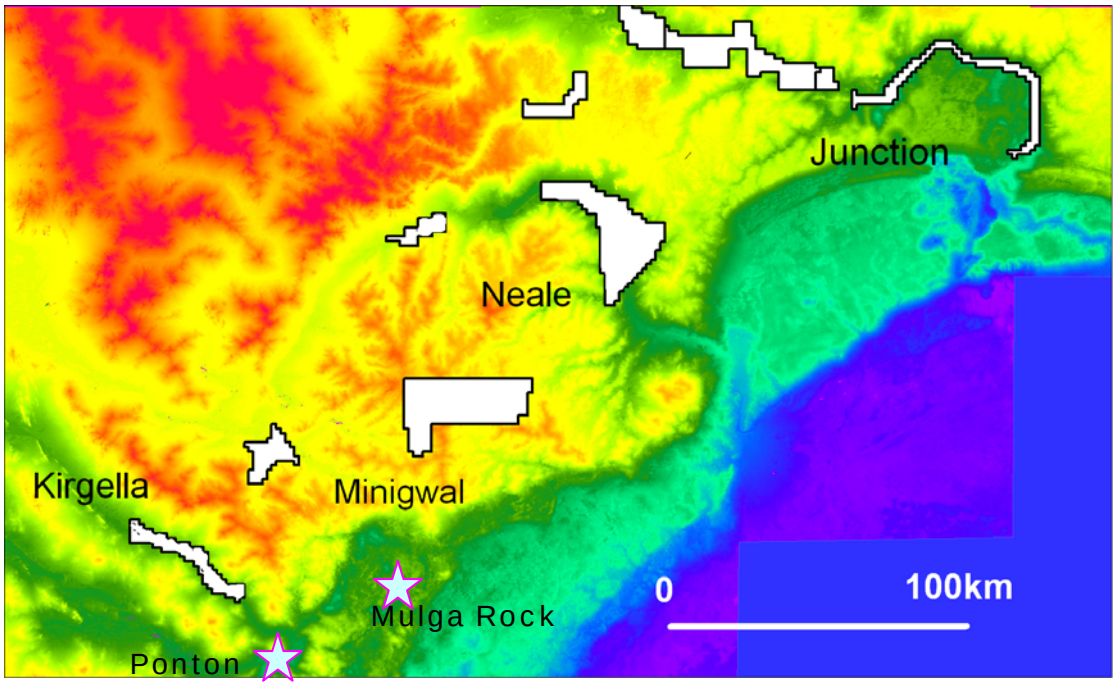
The presence of the Mulga Rocks and Ponton uranium deposits make the Gunbarrel Basin the fourth largest uranium province in Australia. Despite this uranium endowment, exploration has largely been limited to the southwestern quarter of the province.

In December Aura signed a joint venture agreement with Mega Redport, a wholly owned subsidiary of the Canadian uranium company Mega Uranium, to explore its portfolio of properties in the Gunbarrel Basin.

The terms of the agreement include:



- Mega Redport will spend AUS $3 million dollars over a three year period from the Commencement Date to gain a 50% interest in the project; Mega Redport will gain no equity in the tenements until this expenditure commitment has been met
- Mega Redport can increase its interest to 70% through an additional expenditure of Aus $3 million dollars over a further eighteen month period
- Mega Redport commits to spend a minimum of AUS $1.5 million before it shall be permitted to withdraw from the agreement
- The minimum expenditure in the first year is AUS $1 million



Digital elevation model for the eastern Yilgarn showing the similar elevations (green colours) to the mineralised channels at Mulga Rocks and Ponton; Aura properties in white, and uranium deposits are in pale blue

Aura will manage the initial phase of exploration in the Gunbarrel Basin.

The exploration programmes in the Gunbarrel Basin Projects will commence with geophysical surveys.

Airborne electromagnetics is an important tool in defining of positions of palaeochannels under cover rocks in regions similar to the Gunbarrel Basin. In addition this geophysical method gives three-dimensional information on both the shape of the channel, and possibly the types of sediments that make up the channels. The Joint Venture is planning an extensive airborne electromagnetics survey within its tenement holding.

Parts of the joint venture area do not have airborne radiometric survey coverage. It is planned to fly approximately 2500 line kilometres of radiometrics to identify any surface radiometric anomalies within these areas.

The airborne electromagnetic survey is planned for the first quarter of 2007.

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 Beeson is a member of the Australian Institute of Geoscientists and 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.