



ASX ANNOUNCEMENT

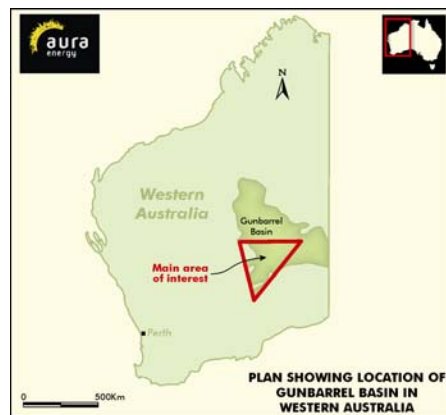
19 December 2006

AURA ENERGY – MEGA URANIUM JOINT VENTURE TO EXPLORE THE GUNBARREL BASIN

Aura Energy Ltd. (Aura) is pleased to announce that it has entered into a farm-in agreement with Mega Redport Pty. Ltd., a wholly owned subsidiary of the Canadian uranium company Mega Uranium Ltd, to explore Aura's portfolio of properties in the Gunbarrel Basin.

Aura has developed a very substantial landholding in the highly prospective Gunbarrel Basin sandstone-hosted uranium province. The province 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 50,000 tonnes U3O8.

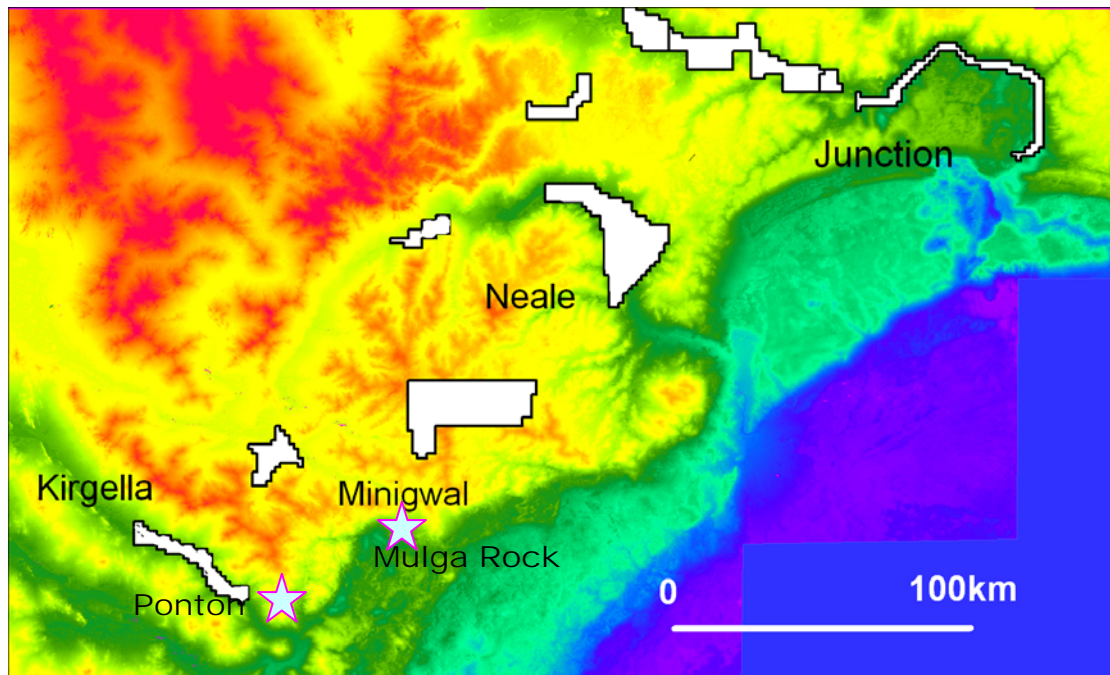
Mega's President, Stewart Taylor, commented "We have entered into this farm –in agreement with Aura because of the quality of the Gunbarrel Basin tenements and also the uranium expertise of Aura's exploration team. "



"We regard the Gunbarrel Basin as a very attractive uranium exploration target, based on the size of the known deposits and the limited previous exploration of the region"

The terms of the agreement include:

- Mega Redport will spend A\$3 million dollars over three years 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% by spending an additional A\$3 million dollars over a further 18 months.
- Mega Redport must spend a minimum of A\$1.5 million before it can withdraw from the agreement.
- The minimum expenditure in the first year is A\$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 are in white, and uranium deposits are in pale blue.

Bob Beeson, Aura's Managing Director, commented: "The funding by Mega of the exploration of Aura's Gunbarrel Basin projects will enable Aura to allocate its funds to its calcrete uranium properties, including the drill-out of its Wondinong uranium deposit, and its business development activities elsewhere.

"Aura has almost quadrupled the area of its tenement portfolio since listing, and the Aura Board considers the joint venture to provide an attractive means of funding part of its future exploration programme."

Aura will manage the initial phase of exploration in the Gunbarrel Basin. Exploration is expected to commence early in the 2007 with an extensive airborne electromagnetics survey to define the position of the prospective palaeochannels.

Mega Uranium Ltd is a uranium mining company based in Toronto, Canada. Mega Uranium has 47 million pounds of U3O8 in resources in Australia, and uranium exploration programmes in Australia, Argentina, Mongolia, Bolivia, Colombia and Canada.

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