

5 July 2006

**AURA ENERGY INCREASES ITS SUBSTANTIAL SANDSTONE AND CALCRETE URANIUM PORTFOLIO BY 80% SINCE LISTING**

Aura Energy Ltd (ASX code AEE) is pleased to announce that it has significantly expanded its portfolio of exploration tenements in Western Australia. It has applied for seven exploration licenses, six of which are prospective for calcrete-hosted uranium deposits, and a further major project which forms part of its growing participation in the sandstone-hosted uranium province in the Eastern Yilgarn. The new tenements compliment the Company's growing portfolio of strategic uranium exploration assets.

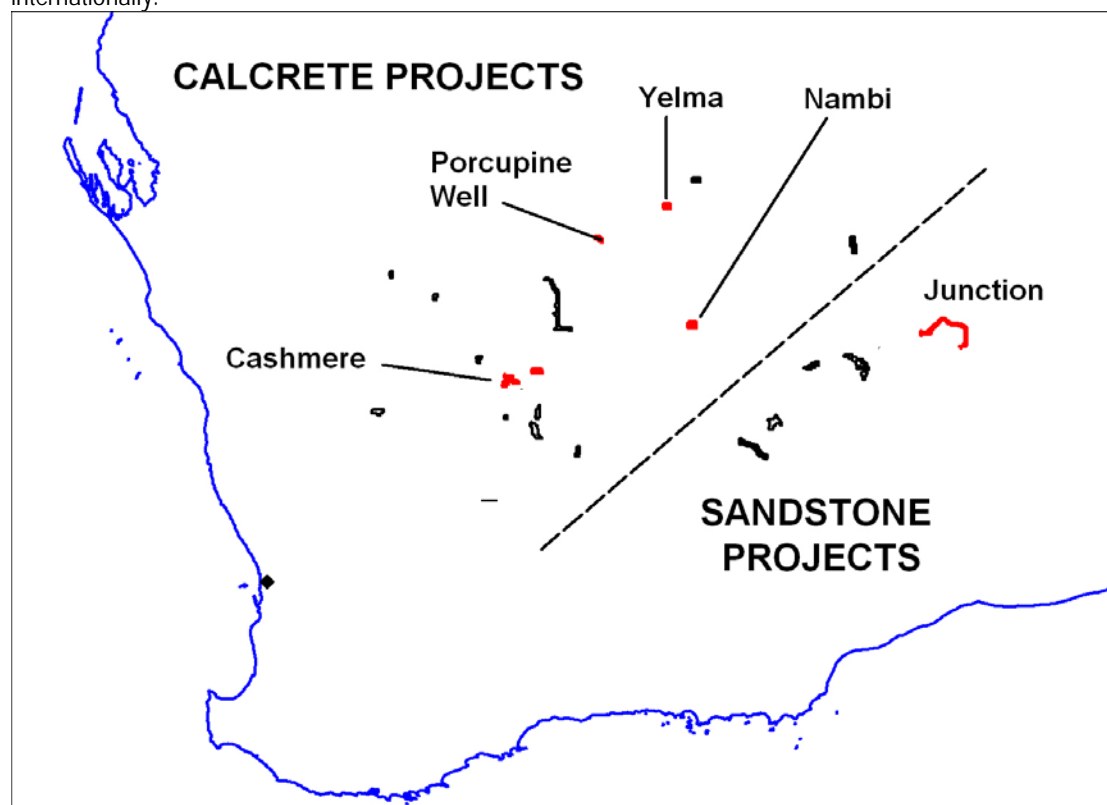
Managing Director Dr. Bob Beeson said, "Aura is focussed on exploring its portfolio of quality uranium exploration assets in Western Australia, and expanding this portfolio with further projects in Australia and overseas. Aura projects contain either known uranium mineralisation or existing geophysical, geochemical or geological targets"

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 northern goldfields region of Western Australia.

In addition Aura has already applied for, or been granted, 18 exploration licenses covering highly prospective sandstone and calcrete-hosted paleochannels, including the Altona Project, 50 kilometres south of BHP Billiton's Yeelirrie project (which contains 52,500 tonnes of uranium reserves). Other projects include Lake Austin, Lake Moore, Lake Minigwal, Lake Barlee, Kirgella Rocks, Shaws Bore and Neale.

Aura has expanded its exploration portfolio by more than 80% since listing. The company holds a 100% interest in all of its properties.

Dr. Beeson added, "Aura is building up a quality asset portfolio and intends to actively test each project, employing modern geophysical data and geological exploration techniques, and drill testing targets. We continue to actively seek opportunities to acquire more quality uranium projects in Australia and internationally."



*Aura Energy Ltd properties in Western Australia; new projects marked in red*

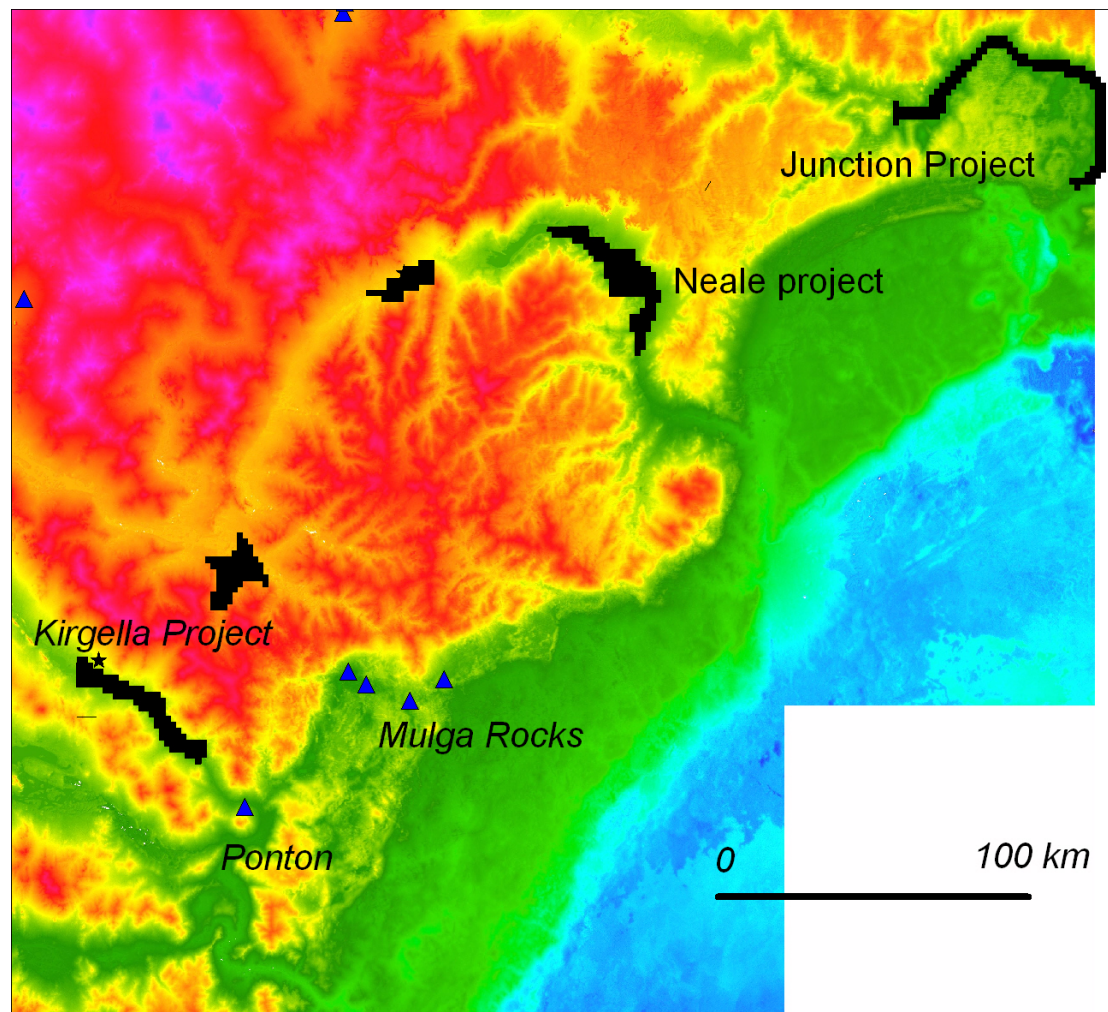
## The Junction Project – a major extension of Aura’s sandstone-hosted uranium properties

Aura has applied for 120 kilometres of palaeochannel in the southeast of Western Australia along the next major channel system northeast of its Neale Project. Aura now has approximately 230 kilometres of channel in this uranium district 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 U<sub>3</sub>O<sub>8</sub>. 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 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  
 ▲ Known Uranium deposits

## **NEW CALCRETE URANIUM PROJECTS**

Aura has applied for 4 new calcrete uranium projects in the northern Yilgarn Province.

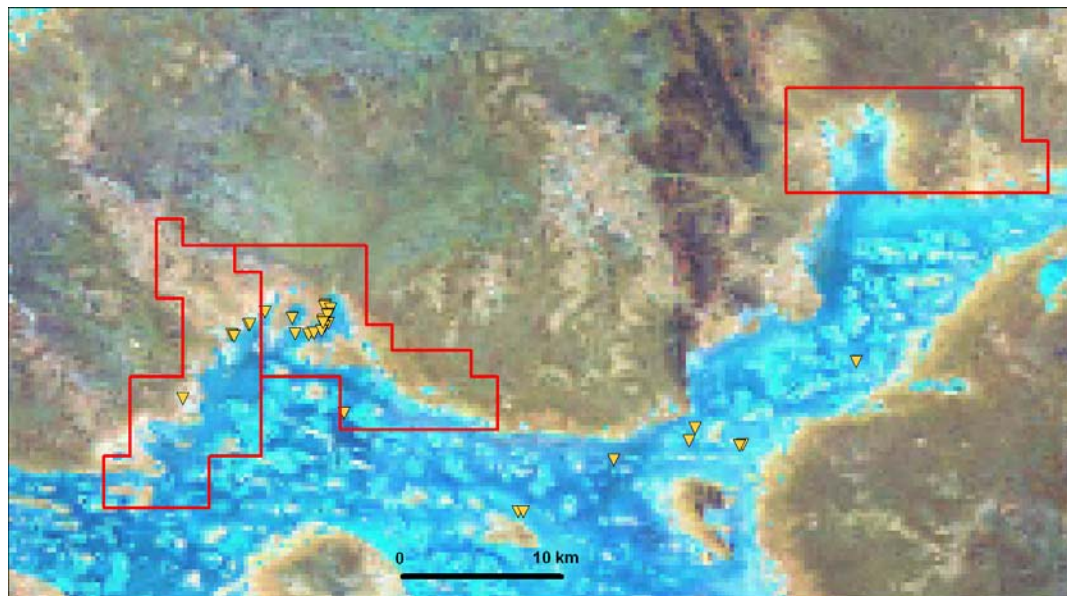
### **Cashmere Downs**

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.

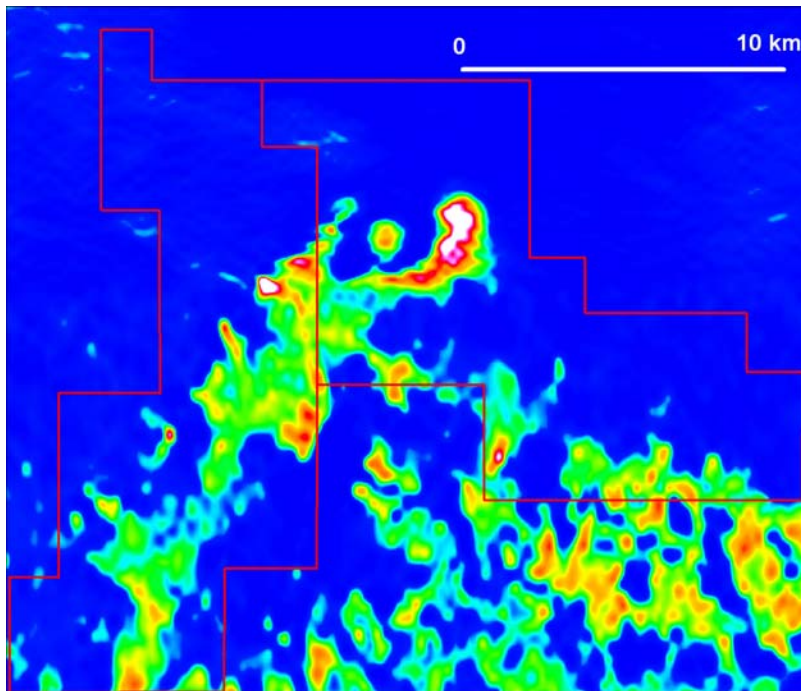
Aura has lodged 3 exploration license applications to cover uranium channel anomalies. Several of these anomalies occur in a favourable position where a drainage channel 20 kilometres in length enters the lake. The area of the anomalies has not been explored for uranium.

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.



*Landsat image of the north shore of the Lake Barlee salt lake, showing the new Aura applications. Uranium channel peaks are marked by inverted triangles.*

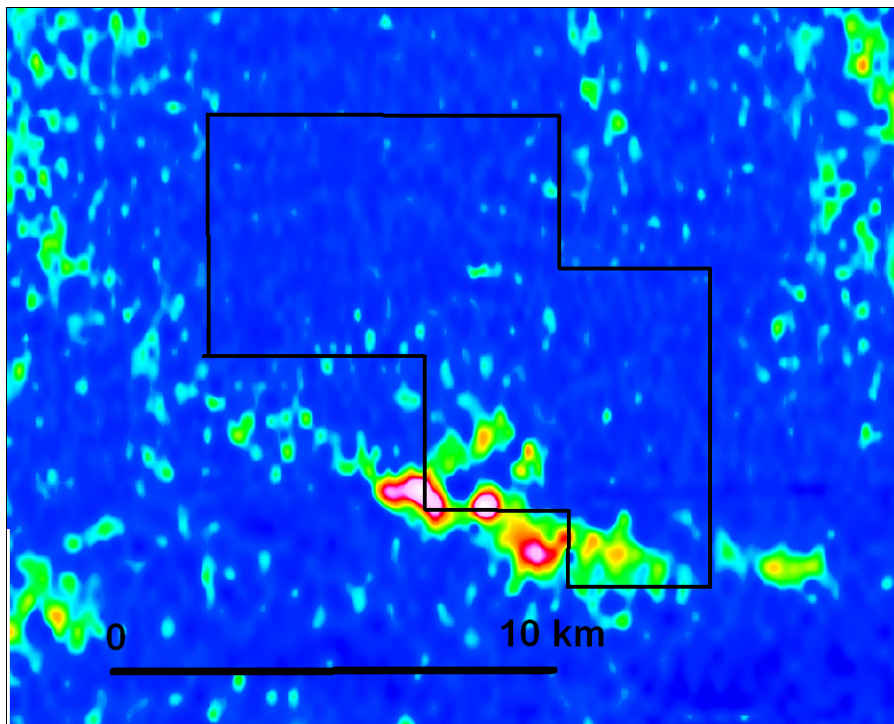


*Uranium channel radiometric image showing the immediate target areas at Cashmere*

**Porcupine Well**

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.



*Uranium channel radiometric image for the Porcupine Well ELA*

No uranium exploration has been reported in the 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.

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*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 to qualify 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.*