16 September 2010

PLACEMENT AND NON RENOUNCEABLE ENTITLEMENT ISSUE TO RAISE $4.7 MILLION

Aura Energy Limited (ASX Code: AEE) is pleased to announce a Placement, of approximately $1.87 million, and Entitlement Issue, of approximately $2.87 million.

The Placement and Entitlement Issue are intended to raise approximately $4.7 million (assuming the Entitlement Issue is fully subscribed). Funds raised from the Placement and Entitlement Issue will primarily be used to fund the Company's drilling program in Mauritania, continue metallurgical test work in Sweden, support continued exploration of the Company's projects and to enable the Company to continue to actively review new project opportunities. Shaw Corporate Finance Pty Limited ("Shaw") has been appointed Lead Manager to the Placement and Lead Manager and Underwriter to the Entitlement Issue.

Placement

The Company has received firm commitments from sophisticated or professional investors of Shaw for a placement of 12,484,898 Shares at a price of 15 cents per Share to raise approximately $1,872,735 before costs (**Placement**). The Shares under the Placement will be allotted on or before 24 September 2010.

Entitlement Issue

The Company intends to undertake a pro rata non renounceable entitlement issue of one (1) Share for every five (5) Shares held by Shareholders, on the Record Date, at an issue price of 15 cents per Share to raise approximately $2,871,527, before costs, (**Entitlement Issue**). Where fractions arise in the calculation of entitlements, they will be rounded up to the nearest whole number.

Shareholders will be eligible to participate in the Entitlement Issue if they have a registered address in Australia or New Zealand and hold Shares at 5pm (WST) on the Record Date.

The Entitlement Issue will be conducted without a prospectus in accordance with Section 708AA of the Corporations Act. An Offer Document with personalised Entitlement and Acceptance Forms, detailing the Entitlement Issue will be dispatched to Shareholders eligible to participate on 30 September 2010.

The Entitlement Issue has been fully underwritten by Shaw. Further details of the terms of the underwriting agreement are set out in the Offer Document.

Following this announcement is a notice in accordance with Section 708AA of the Corporations Act and an Appendix 3B in respect of the Entitlement Issue.

The Board commends the Entitlement Issue to Shareholders.

Timetable

The proposed timetable for the Entitlement Issue is set out below. The dates are indicative only and the Company reserves the right to vary the dates (subject to the Corporations Act and the ASX Listing Rules).

Activity	Date
Announcement Date of the Entitlement Issue	16 September 2010
Appendix 3B and Entitlement Issue Cleansing Statement lodged with the ASX	16 September 2010
Despatch of Appendix 3B notices to Shareholders informing them of the Entitlement Issue	20 September 2010
Record Date for determining entitlements of Eligible Securityholders under the Offer	27 September 2010
Offer Date Offer Letter and Entitlement and Acceptance Forms sent to Shareholders Announcement that despatch has been completed	30 September 2010
Applications close – Closing Date Final time for receipt of Entitlement and Acceptance Forms and payment in full for new Shares	15 October 2010
Notification to the ASX of shortfall in acceptances (Shortfall Notification Date*)	20 October 2010
Allotment Date – Allotment of new Shares under the Offer	25 October 2010
Despatch of shareholding statements and deferred settlement trading ends	25 October 2010
Trading of new Shares expected to commence	26 October 2010
Allotment of Shortfall Shares	2 November 2010

*The "ex" date for entitlements is 21 September 2010; therefore Shares purchased on or after 21 September 2010 will not provide the buyer with an entitlement to participate in the Entitlement Issue. The Company reserves the right to vary the above dates, subject to the Corporations Act and the Listing Rules.

For further information please contact the Company Secretary on +61 8 9228 0711.

JAY STEPHENSON
COMPANY SECRETARY