

20 October 2010

AURA ACQUIRES 100% OF KEY PERMITS TO EXTEND ITS MAURITANIAN ASSETS

Aura is very pleased to announce it has increased its strategic position in Mauritania by purchasing the balance of interests in its GCM joint ventures in West Africa.

- The acquisition establishes Aura as one of the largest landowners in Mauritania and covers:
 - three key permits in the northeast of Mauritania where an exploration target has been established
 - one existing permit in the centre of Mauritania and two additional recently granted permits in the north of the country
 - three applications in the highly prospective Tim Merso Basin
- Acquisition gives Aura nine wholly owned permits in Mauritania covering 8500 square kilometres, as well as two recently acquired joint ventures with Ghazal Minerals
- Aura can capture all the upside from the expected delineation of a resource in the first half of 2011
- It can now manage the expenditure commitments to extract best value for Aura
- Drilling on the permits is expected to start this quarter
- Aura has commenced its Due Diligence of the company holding the assets.

Aura Energy (AEE) is a uranium explorer with advanced projects in Sweden, West Africa and Australia. The company is focusing on two main projects: the Häggån Project located in Sweden's Alum Shale Province, one of the largest depositories of uranium in the world; and the highly prospective Reguibat Province in Mauritania. The company aims to create shareholder value by rapidly establishing resources and then completing feasibility studies on these two projects. Aura Energy is headquartered in Melbourne, Australia and has been listed on the ASX since May 2006.

Introduction

Aura Energy Limited (ASX Code AEE, “Aura”) completed its first drilling programme earlier in 2010 for uranium mineralisation on its joint venture permits on the Reguibat Craton in northern Mauritania.

The first stage of drilling was a significant step towards verifying the exploration target of 40-60 million pounds of U₃O₈, at an average grade of 300-450ppm. This target is conceptual in nature (the potential quantity and grade of this target is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource).

Since the first drilling programme, Aura has identified through radiometric surveys in the eastern sections of some permits additional anomalies which will be drilled in the next programme.

Acquisition of Joint Venture Interests

In 2007, Aura formed an alliance with GCM Resources plc in Mauritania and agreed to joint ventures on a number of permits.

Aura is extending its strategic position in Mauritania by purchasing a 100% interest in GCM's subsidiary GCM Africa Uranium Limited. The subsidiary holds all of GCM's interests in the joint venture permits with Aura.

This purchase provides Aura with 100% ownership and all the upside of the anticipated resource.

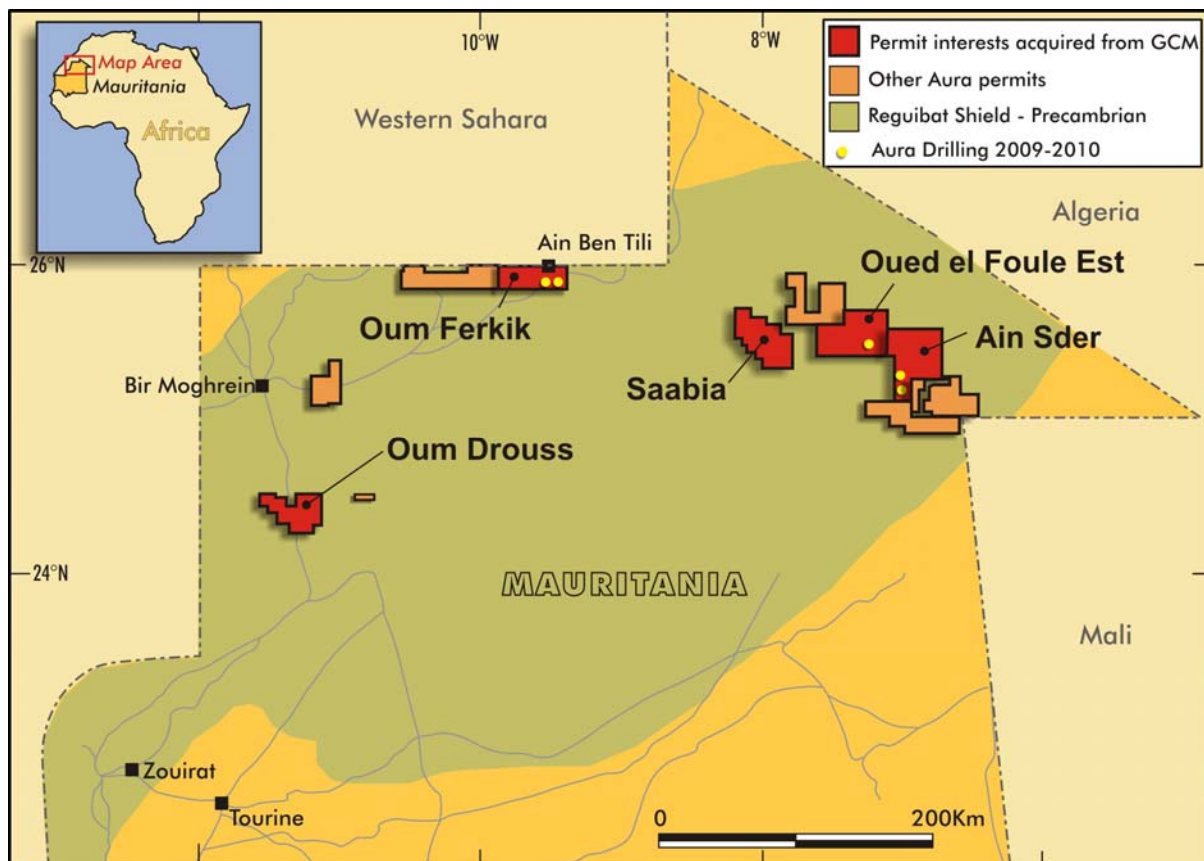
Aura's current equity holdings in the projects vary between 50% and 56%. Projects include:

- Ain Sder project in north east Mauritania on the Reguibat Craton;
- Oued El Foule Est project in northeast Mauritania on the Reguibat Craton;
- Oum Ferkik project in north Mauritania
- Fai Est Project in central Mauritania;
- Recently granted Oum Drouss and Saabia projects in northern Mauritania

This now extends the number of Aura's wholly owned Mauritanian projects to nine and establishes Aura as one of the largest landholders in this exciting new region on completion. In addition Aura has an additional two joint ventures with Ghazal Minerals which it entered into in the second quarter 2010.

Aura had undertaken drilling on three of these permits and established the exploration target outlined above. Since this drilling in early 2010, Aura has identified further targets through radiometric surveys and acquired the Ghazal Minerals joint ventures.

In addition three applications in the Tim Merso Basin located in Northwest Niger and cover 1500 square kilometres are included in the acquisition. The Tim Merso Basin area is one of the world's major uranium producing areas. These are the Ebadargene 1, 2 and 3 projects.



Permits with interests that have been acquired in red

Acquisition Terms

The terms of payment are:

- A non-refundable deposit of US\$100,000 soon after execution.

Then, after a Due Diligence period:

- Payment of US\$1.0 million cash plus a cash sum equal to the value of 2,000,000 Aura Shares paid on completion calculated as the 30 day VWAP at the date of signing the Agreement.
- Payment of US\$500,000 cash on the first anniversary of completion.

There are also payments contingent on defining a resource in these properties. These are:

- Payment of US\$2,000,000 in cash or Aura shares or a combination of both (at Aura's discretion) on defining a JORC compliant resource of 75 million pounds of uranium
- Some additional milestone payments on delineation of further resources up to a maximum payment of US\$4,000,000 and the issue and allotment of up to a maximum of 4,000,000 Aura shares after delineation of an additional 65 million pounds of uranium.

Exploration Plans

Aura will commence drilling this quarter on the areas which previously reported encouraging exploration results, the new targets and some of the Ghazal joint venture ground.

Aura expects to release a JORC compliant resource in the first half of 2011.

For further information contact:	For investor and media relations contact:
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Competent Persons

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