



# Gold Aura Limited

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Dear Sir

## QUARTERLY REPORT FOR QUARTER ENDING 31 DECEMBER 2005

### FERGUSSON ISLAND GOLD PROJECT

The Fergusson Island Gold Project in Papua New Guinea comprises two known gold resources, Gameta and Wapolu. The previously announced resource totals 15.35 million tonnes at 1.8 g/t Au.

The potential to increase the resources is considered to be good. In particular, Wapolu has a large prospective area surrounding the currently known resource with some 24 km<sup>2</sup> of gold in soil anomalies and rock chip and trench gold anomalies. At Gameta there is good potential to outline more high grade gold resource which is currently poorly known. The high grade zones include a number of trench intersections including 32 metres @ 6.7 g/t Au and 28 metres @ 8.5 g/t Au and a number of drill intersections including 49metres @ 4.1 g/t Au, 27 metres@ 5.9 g/t Au and 10 metres @ 10.5 g/t Au.

A Pre-Feasibility Study (PFS) recommended the development of several small pits to mine a total of 3 million tonnes @ 2 g/t Au at Gameta before relocating to Wapolu to exploit a similar tonnage. The ore processing plant circuit proposed is simple, involving primary crushing of the ore, followed by coarse grinding through a SAG mill and finally a standard flotation circuit that will produce a gold bearing concentrate (85% recovery) with gold being recovered from the concentrate off site.

The PFS indicated that the Project could be profitable at an annual production rate of 50,000 ounces, with an operating cash cost of around A\$300 (US\$225) per ounce. The capital cost of the mine and plant is estimated to be A\$23 million.

While Gold Aura Limited's (GOA) preferred option is to seek a joint venture partner to fund the Feasibility Study, in view of the current high gold price the company is now considering either partly or totally funding the Study itself. Discussions are currently being held with interested companies. Regardless of the arrangements entered into, GOA is committed to ensuring the Feasibility Study is commenced in the next few months.

### CROYDON TENEMENTS, NORTH QUEENSLAND

GOA has commenced planning for follow-up of discrete aeromagnetic anomalies in the Wallabadah EPM 13775 and an interpreted caldera structure within EPM 11597, both of which are located in the Croydon area of North Queensland. The company is also considering follow-up the thick low grade Au drill intersections previously located in the Gilded Rose Prospect area. Typical of these zones are intersections of 95 metres at 0.5 g/t Au and 32 metres at 2.3 g/t Au, within which high grade lenses also occur including 10 metres at 10.9 g/t Au.

The two discrete aeromagnetic “bullseye” highs (A1 and A2) are associated with a series of prominent WNW-ESE and NW-SW trending magnetic lineaments on the eastern margin of a gravity high. Anomaly A1 is a relatively simple circular magnetic high which appears to be associated with NW-SE trending magnetic lineaments. It has been modelled as a S to SW plunging, pipe-like body, with a depth to source of around 270m. The anomaly appears to be truncated at 1,100 metres depth. The size of the source is uncertain.

Anomaly A2 is more complex with a central zone of possibly two or more separate bodies and is located just SW of a WNW-ESE trending magnetic lineament. Remnant magnetism is orientated in a direction approximately opposite to the geomagnetic field. The anomaly has been modelled as a zoned, steeply dipping, intrusive complex with a depth to source of 270m. The anomaly is considered to be highly prospective.

The interpreted caldera structure lies on the margin of a major gravity high. It is considered to represent the main ejection point for the Croydon felsic volcanics and if correct, is likely to contain the structural complexity favourable for the development of gold mineralisation.

These features offer potential targets for gold and base metal mineralisation of the size targeted by GOA.

The Company has served notices to undertake exploration activities as provided for under the Native Title Access provisions to gain ground access to these areas. Once obtained, ground magnetic traversing to more accurately define the location and depth of the magnetic anomalies will be undertaken. When this work has been completed, the results will be reviewed to assess whether the features offer viable drill targets.

## **BRAZIL**

During the quarter, the company evaluated a number of gold opportunities in the Tapajos region of Brazil. The Tapajos Mineral Province covers an area of 168,000 km<sup>2</sup> within the Amazon Region of Northern Brazil. The geology of the region comprises locally altered and mineralised Middle Proterozoic felsic volcanics and intrusive rocks with only minor sedimentary units. Primary gold mineralisation is strongly structurally controlled and is mainly of the fissure vein and vein-stockwork styles.

The Mineral Province has been a significant gold producer with total production from the first discovery in 1958 up to the end of 1993 estimated to be around 18 Moz. Production peaked in the period 1983 to 1989 when more than 300,000 garimpeiros (local artisanal miners) produced about 1 Moz per year. This production has been predominately from alluvial and elluvial deposits although more recently the region has been recognised as a major hardrock gold province. It is widely believed that the Tapajos region has the potential to host a variety of medium (>0.5 Moz Au) to large (>3 Moz Au) open-pit table, oxide and mixed oxide/sulphide deposits.

Field work has identified a large area of potential epithermal gold mineralisation in the Cachoeira Prospect area and further follow-up work is planned.

## **SAIYIKALE GOLD JOINT VENTURE, CHINA**

The Saiyikale Gold Project is located along the Central Asian Black Shale Belt which hosts a number of world class deposits including the largest gold-only deposit in the world (Muruntau in Uzbekistan – resource of 170 million ounces Au). The world class Kumtor Gold Mine in Kyrgyzstan (17 million ounces Au) is located some 180 km along strike to the west.

The results of two reconnaissance field programs in the tenements, conducted last field season have now been fully assessed and it is considered that the main areas of interest have now been identified. Local development of copper mineralisation (chalcopyrite and malachite) has been located within a major 100 metre wide broken and sheared fault zone with assays of up to 4% Cu being obtained.

Also of particular interest is an altered, pyritic zone some 100 metres wide which extends at least 200 metres along strike. This zone is open-ended, continuing in both directions under snow cover. Sampling of the zone indicated that gold mineralisation is present with a value of 1.0 g/t Au being obtained from one rock sample. These areas will be investigated in more detail during the next field season.

## **OTHER PROJECTS**

Assessment of other gold and base metal opportunities within China and the highly prospective Central Asian Black Shale Gold Belt continued during the Quarter. Details will be announced if any of these endeavours are successful.

*The mineral resources information in this Report is based on, and accurately reflects, information compiled by Mr Ken Chapple who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Chapple has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves.*

Yours faithfully

**GOLD AURA LIMITED**



Ken Chapple  
Executive Director