



# Gold Aura Limited

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Dear Sirs

## SEPTEMBER 2004 QUARTERLY REPORT

### HIGHLIGHTS:

During the quarter Gold Aura Limited (GOA) conducted the following:

- A Pre-feasibility Study (PFS) on the Fergusson Island Gold Project.
- The identification of specific geological gold targets at Croydon.
- Metallurgical test work on graphite samples from the Croydon Graphite Project
- Evaluation of new gold project opportunities.

Gold Aura's specific objective is to become a low cost gold producer as soon as possible from either its existing projects or new projects.

GOA's most advanced project is the Fergusson Island Gold Project, where a PFS is currently in progress to determine the viability of developing an open cut mine and associated gold treatment plant.

The potential to develop a viable mine producing 50,000 ounces a year, at a cash cost around US\$230 an ounce, is indicated from the preliminary results to date. However, in completing the final report the objective will be to determine the size of operation required to reduce cash costs below US\$200 an ounce.

Details of the quarter's activities were as follows:

### 1. FERGUSSON ISLAND GOLD PROJECT (62% GOA)

GOA has undertaken a Pre-feasibility Study (PFS) into the commercial development of the Gameta and Wapolu gold deposits, which are located within 30 kilometres of each other on Fergusson Island to the north of the south east tip of Papua New Guinea. The study is expected to be completed by mid November.

Both the gold deposits on Fergusson Island occur on moderate slopes and dip at around 27 degrees from surface, towards the east. The average thickness is in the order of 10-20 metres (locally 40 metres +). This geometry makes the deposits amenable to large-scale open cut mining operations at a low strip ratio.

At this stage, it is envisaged that the project would involve mining at an initial rate of 600,000 tonnes of ore per annum, increasing to 1 million tonnes as the project matures. The grade of the material mined is expected to commence initially at 2.5 g/t and fall back to 1.6 g/t in later years. The planned life of mine based on current resources will be 10 years with annual gold production of around 50,000 ounces per annum.

Both of the gold deposits are open at depth and also along strike. Many of the drill holes failed to intersect the full gold bearing section, particularly at Gameta, and hence the potential of the deposits has not been fully assessed. Further, there are numerous other areas near the Wapolu and Gameta Deposits where there are anomalous levels of gold in soils and rock float that are yet to be drilled.

Therefore should more tonnes be required for an economically attractive mining operation, then the potential is there and there is good potential for the ultimate gold resource to be in excess of one million ounces.

The Gameta data was originally in several formats. They have been consolidated into one database and consulting geologists Hellman and Schofield have been engaged to validate the gold resource in accordance with current JORC standards.

The recent work has included a geostatistical review of the drill hole sample data to enable a remodelling of the project's block model, a review of the survey and mine grid data and an evaluation of drilling, sampling and analytical data.

The gold resources are:

<b>Deposit</b>	<b>Location</b>	<b>Tonnes</b>	<b>Grade g/t Au</b>	<b>Ounces Au</b>
Wapolu	NW Coast	7.60 million	1.55	380,000
Gameta	NE Coast	7.75 million	2.0	500,000
<b>Total</b>		15.35 million	1.8	880,000

*The cut off grade used is 1.0 g/t Au*

The metallurgical test work program concluded that the ore is highly refractory to conventional cyanide leaching, but produces a clean bulk sulphide concentrate with flotation. The company is reviewing methods of processing the concentrate to recover the gold. Alternatively GOA may sell the concentrate to a refiner. An overall recovery of 85% is indicated.

### **CROYDON GOLD TENEMENTS (North Queensland 100% GOA)**

GOA has completed a program of geological target identification over the outcropping section of the Croydon Goldfield located in North Queensland, Australia, approximately 400km west-southwest of Cairns.

GOA holds a large part of the Croydon Goldfield under exploration tenure. This field was historically one of Australia's largest gold systems, with over 300 separate small gold bearing quartz reef occurring within an area of 250 sq kms. The gold deposits tend to occur in groups and are structurally controlled with locally higher grades and larger gold shoots occurring in areas where cross cutting structures intersect the main reef.

GOA is seeking bulk tonnage type gold deposits that may be hosted by major structures. Two types of targets are of interest:

- Geological targets within the known area of the gold field.
- Geophysical targets that are potentially gold bearing occurring under more recent cover rocks to the North.

During the quarter Consultant Geologists Ausmec completed their review of the potential geological targets and have recommended six areas for further evaluation.

Ausmec's geological targets are either:

- (a) Larger, vertical to steeply dipping, structures occurring within the volcanics and typically consisting of a combination of high grade, discontinuous lens-type quartz gold veins and broad lower grade zones; or
- (b) Large areas of altered brecciated mineralised quartz-veined volcanic rocks characterised by broad zones of anomalous gold geochemistry. These areas seem to have been only superficially explored.

Both targets offer the potential for the type of large bulk tonnage mining opportunities GOA seeks in the Croydon Area.

The only target identified that has been drilled to date is the Gilded Rose Deposit. This deposit comprises a series of discontinuous outcropping gold veins and gold geochemical anomalies within a broad structural zone extending over 4km of strike length and up to 300 metres in width. Only the eastern 500 metres of strike length have been drilled and hence GOA feels that there is considerable potential to expand the Gilded Rose Resource.

GOA has available gold resources of around 200,000 oz at this time, with the main deposit being the eastern end of Gilded Rose comprising 70,000 ozs. The remaining resource is in small deposits drilled out in the 1980's by Barrack Mining.

Apart from Gilded Rose the other geological targets are:

1. Golden Valley: Bulk low grade target  
600 m x 300 m gold anomalous hill of altered brecciated mineralised volcanic rocks. Known gold reefs occur throughout the hill. Broad gold anomalism recognised in soils geochemistry. Interpreted favourable regional structural setting.
2. Tabletop Group : Bulk low grade target  
1200 m x 600 m anomalous ridge of altered brecciated +/- quartz veined volcanic rocks. Interpreted favourable structural setting. Anomalous gold geochemistry. Rock chips > 0.5 g/t Au (0.6-6.4 g/t Au).
3. Area Four Group: Structural zone - Medium grade target  
1400 m long ridge, with two main cross-cutting alteration zones (up to 200 m long). Anomalous gold geochemistry, extending northwards under cover.
4. Twelve Mile Group: Bulk low grade + medium grade shoot-like target  
600m x 400 m anomalous hill, altered brecciated mineralised volcanic rocks. Known gold reefs occur throughout the hill. Interpreted favourable regional structural setting.
5. Boomerang Group Bulk mining target  
400 m x 180 m network of interconnecting quartz bearing quartz reefs and alteration zones. Interpreted favourable regional structural setting.  
Nine quartz veins worked to shallow depth. Interconnecting alteration zones have been heavily prospected, indicating some zones between the reefs contain gold.

In addition to the geological targets there are a number of geophysical targets, predominantly regional magnetic lineaments that may reflect the location of larger fault structures and large circular features that could reflect volcanic calderas, both of which could host larger deposits of gold mineralisation.

A major graphite deposit occurs to the NW of the township of Croydon within GOA tenements. During the quarter GOA submitted a series of samples selected from exposures in open cuts and waste rock dumps for evaluation by specialists in the graphite industry – Naturgraphit of Germany. Whilst the samples show high grade of graphite, the work showed the larger proportion of the graphite to be amorphous and of low marketable value.

### 3. POTENTIAL NEW GOLD PROJECTS

GOA is currently carrying out evaluation of a number of gold projects in several countries, including due diligence under a non-binding memorandum of understanding on one group of projects.

The company has made applications with others for exploration licences over two parts of prospective black shale gold belts. Further details will be released when these areas are granted.

Yours faithfully

**GOLD AURA LIMITED**



Rob Murdoch  
Executive Chairman