



Gold Aura Limited

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Dear Sir

DECEMBER 2004 QUARTERLY REPORT

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 existing project is the Fergusson Island Gold Project in Papua New Guinea, where the Pre-feasibility Study (PFS) has indicated a viable gold mine could be established producing 55,000 ounces a year, at a cash cost around US\$225 an ounce. GOA is now planning the full Bankable Feasibility Study.

Details of the quarter's activities were as follows:

1. FERGUSSON ISLAND GOLD PROJECT

During the quarter Gold Aura Limited (GOA) completed a PFS into the development of the Fergusson Island Gold Project.

Two gold deposits occur on Fergusson Island (Gameta and Wapolu). The study suggests the development of the Gameta deposit should occur first and the Wapolu deposit would follow, requiring a relocation of plant and infrastructure up to 30 kilometres.

Three pits at Gameta to mine initially 3 million tonnes at 2.2 gms/tonne have been planned. Further pits or pit extensions are subject to drilling confirming additional resources suitable for mining. The potential is encouraging as many of the previous drill holes at Gameta failed to intersect the full gold bearing section and the deposit is considered open both along strike and down dip.

At Wapolu there is an additional resource of 4 million tonnes at 2 g/t Au. The deposit is also open along strike and the area offers considerable exploration upside.

The total resources available for mining on Fergusson Island is estimated to be:

7 million tonnes at 2 g/t Au

The planned Bankable Feasibility Study (BFS) will involve in fill drilling to elevate this resources to a proven reserve.

The estimated cost of the BFS is A\$1.5 million. Whilst drilling will form a large part of the expenditure the BFS will also incorporate additional metallurgical and financial studies. Additional exploration drilling will also be carried out over other areas of known mineralisation.

The ore processing plant would involve primary crushing, SAG mill and flotation concentration, with off site processing of concentrates. Whilst the ore is highly refractory to conventional cyanide leaching, it produces a clean bulk sulphide concentrate with flotation. Metallurgical testwork has shown the overall gold recovery from the concentrate is expected to be around 85%.

The PFS suggested two alternative production levels:

- (a) A mining rate of 600,000 tonnes per annum of ore, which could be sustained by the existing resource over of a planned life of 12 years.
- (b) A mining rate of 1,000,000 tonnes per annum of ore, which could be sustained for at least seven years.

Because GOA feels that there is considerable upside for additional gold resources, the company's preference is to mine at the higher rate of one million tonnes per annum, subject to further drilling increasing the resource.

At the planned mining rate of 1 million tonnes per annum over project statistics are:

- (a) The gold production would be 55,000 ounces per annum
- (b) The operating cash cost would be around A\$300 (US\$225) per ounce
- (c) Capital Cost: of the mine and plant: A\$23 million
- (d) Cash operating surplus: A\$15 million per annum, based on current gold prices
- (e) The NPV would be A\$40 million at a discount of 12% per annum

GOA is currently considering several alternatives regarding the funding of the BFS.

2. CROYDON GOLD TENEMENTS

GOA holds a large part of the Croydon Goldfield under exploration tenure, approximately 400km west-southwest of Cairns.

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.

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

- (a) Six targets within the known outcrop area of the gold field, either
 - i. Larger, vertical to steeply dipping, structures typically consisting of discontinuous high grade lens-type quartz gold veins and broad lower grade zones, or
 - ii. Large areas of altered brecciated mineralised quartz-veined volcanic rocks characterised by broad zones of anomalous gold geochemistry.
- (b) Two geophysical targets occur under more recent cover rocks north of the outcrop area. These targets are regional magnetic lineaments that may reflect larger fault structures and circular features that could reflect volcanic calderas. Both targets could host larger deposits of gold mineralisation. They are yet to be drill tested.

The Gilded Rose Project is the only gold target that has been drilled to date. It consists of a broad structural zone over 4kms in length and up to 300 metres in width. The eastern 500 metres of strike length has been drilled and the potential gold resource contained therein is considered to be around 70,000 ozs.

The rest of the strike length of Gilded Rose Project and the other gold targets have been only superficially explored to date. Collectively they offer considerable potential for the type of large bulk tonnage mining opportunities GOA seeks.

GOA is seeking joint venture partners to fund the further exploration of the targets.

The total gold **resources within the GOA tenements is 200,000 ozs, mainly from small deposits.**

3. CHINA PROJECT

Gold Aura Limited's (GOA) Joint Venture partner China EcoMine Resources Company Limited (CER) has been granted three adjoining Exploration Permits covering around 100 sq. kms within the Xinjiang Autonomous Region of north-western China. Gold Aura will hold a 90% interest in the tenements by expending the first US\$2 million on exploration.

The tenements are located along the Central Asian Black Shale Belt which hosts a number of world class deposits including the largest gold deposit in the world (Muruntau in Uzbekistan – 135 million ounces).

The tenements cover the faulted contact between dolomitic limestone and schist that has been interpreted as offering considerable potential for the discovery of black shale hosted gold mineralisation. It appears that no previous gold exploration has been undertaken in the area.

CER are currently undertaking an initial field visit to the area and are collecting any previous geological and geochemical data that may exist.

An active exploration program is being planned for May/June 2005 when weather conditions will be more favourable for ground access.

4. NEW DIRECTOR APPOINTED

During the quarter Mr Tim Prowse was appointed as Executive Director Mining. Tim is a qualified mining engineer who graduated in 1978 from Sydney University with an honours degree in mining engineering. He has over 25 years industry experience primarily in gold mining and has broad experience in coal and base metals. He has held senior positions with Australian and overseas mining companies, and has operated a private mining and earth moving contracting businesses. Tim will bring invaluable knowledge and experience to the Board, based on his extensive experience and widely recognised technical knowledge.

Yours Faithfully
GOLD AURA LIMITED



Rob Murdoch
Executive Chairman