



# Gold Aura Limited

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## QUARTERLY REPORT FOR THE QUARTER ENDING 31 MARCH 2006

During the March Quarter, Gold Aura Limited continued its focus on securing gold production in the short term and exploring in areas that hold high potential for the discovery of world class gold deposits.

### HIGHLIGHTS

- Gold Aura Kazakhstan LLP (GAK), an independent Kazakhstan-registered company with which GOA has an agreement to acquire an 80% equity, has won a tender giving it the exclusive right to negotiate an Exploration Contract with the Kazakhstan Government to acquire the gold exploration rights to the Southern Bayankol Concession area in SE Kazakhstan. Previous work in the Sazhen area of the Concession has delineated a significant gold anomalous zone at least 7.5 km long by up to 2.5 km wide with gold values ranging up to 238.0 g/t.
- The favourable findings of the Fergusson Island Pre-Feasibility Study, the recent rise in the gold price and preliminary re-interpretation of the structural controls of the high grade zones have enhanced the attractiveness of this Project and a Feasibility Study will now be commenced into its possible commercial development.
- GOA has entered into a three month option agreement over a number of prospects in the Tapajos region of Northern Brazil where extensive gold bearing alluvials indicate the presence of substantial bedrock gold sources.
- Untested geophysical anomalies and new interpretation of the structural controls of the gold mineralisation in the Croydon Project offer new opportunities for large gold occurrences in this significant and under-explored, previous gold producing, area of North Queensland.

### 1. SAZHEN AND SAIYKALE JV GOLD PROJECTS

GAK, a Kazakhstan registered company independent of GOA, has recently won a tender giving GAK the exclusive right to negotiate an Exploration Contract with the Kazakhstan Government to acquire the gold exploration rights to the Southern Bayankol Concession area in SE Kazakhstan (Figure 1). Gold Aura has an agreement with GAK to obtain an 80% interest in GAK immediately upon the signing of the Exploration Contract. Once the Exploration Contract is signed, the tenement is granted and GOA acquires its 80% equity in GAK, GOA will fund an aggressive exploration program in this high potential area.

A review of previous exploration undertaken within the Southern Bayankol Concession area has revealed significant and highly encouraging gold anomalism in rock outcrop samples collected over an extensive ENE-WSW trending zone 7.5 kilometres long and up to 2.5 kilometres wide in the Sazhen area (Figure 1). The anomalous zone is terminated to the east by the Chinese border but is open to the west. Anomalous gold values range from 0.1 g/t up to a high of 238.0 g/t.

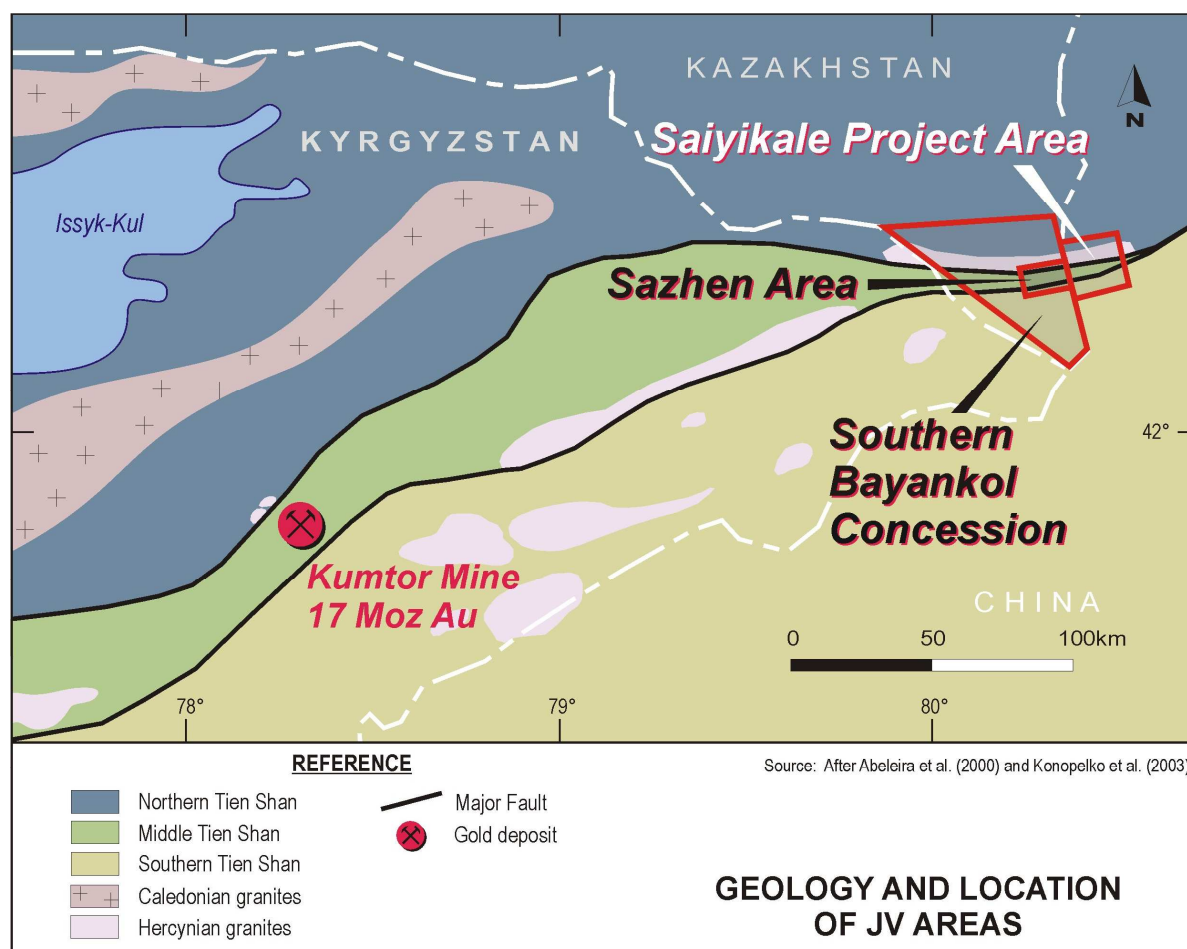


Figure 1

Previous work in the Concession area was undertaken by a Kazakhstan Government agency in 1985 during a 1:50,000 geological mapping program. The Sazhen area was identified as having similarities to the geology, alteration and mineralisation of the Kumtor Gold Mine, a 17 million ounce gold resource located some 180 kilometres to the west in Kyrgyzstan. Both areas lie along the Central Asian Black Shale Gold Belt that has been targeted for large world class gold deposits by Gold Aura Limited (GOA) for the last two years (Figure 1).

Sampling in the Sazhen area involved the collection of 255 rock chip samples along 10 traverse lines (Figure 2). Each sample represented a two metre chip sample wherever outcrop could be reasonably identified. Sample spacing, although dictated by outcrop, usually varied between 20 and 40 metres and averaged 35 metres. Although all samples were analysed for Au by AAS, those with values in excess of 1.0 g/t Au were re-assayed by the more accurate fire assay method.

The results of the rock sampling were particularly encouraging with anomalous values of up to 238.0 g/t Au being obtained. In particular;

- 101 (40%) of the 255 samples were reported to contain 0.2 g/t or more Au
- 68 (26.5%) of the 255 samples were reported to contain 0.5 g/t or more Au
- 40 (15.5%) of the 255 samples were reported to contain 1.0 g/t or more Au
- 6 (2.3%) of the 255 samples were reported to contain 5.0 g/t or more Au, with a high of 238.0

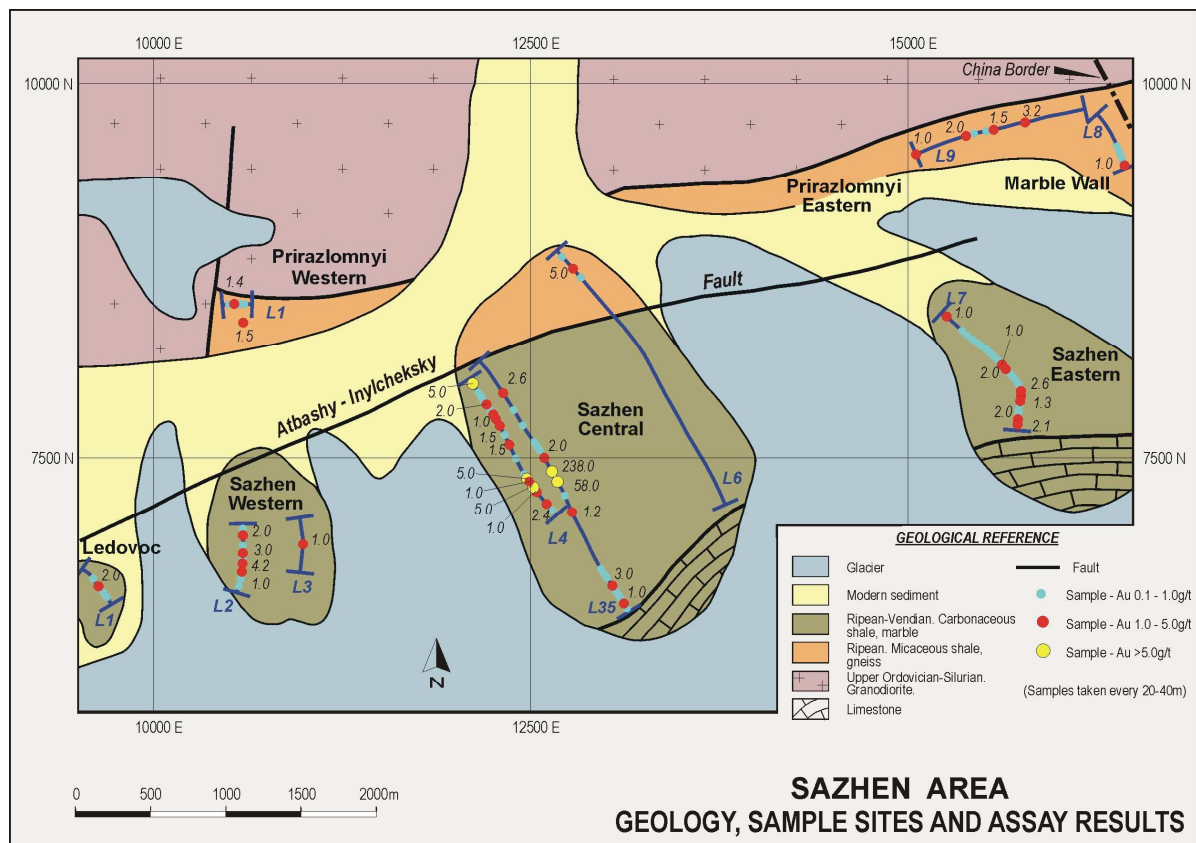


Figure 2

A subsequent verification trip, undertaken at a time when the area was under snow cover, located float samples of mineralised rock within moraines below the anomalous area. These samples were found to contain gold values ranging from 0.1 to 5.5 g/t.

Previous work has also identified a strike persistent quartz vein system that trends ENE-WSW across the Concession area to the north of Sazhen. The mineralisation was first discovered in 1940 and one of the occurrences was developed into an underground mine in 1941. The mine has operated intermittently since then and is currently in production. Gold production has amounted to several tonnes. The quartz veins are reported to be narrow but high grade.

Further exploration work within the Concession area in the 1960's located a number of gold occurrences along this quartz vein trend. In addition, alluvial gold has been found in the main drainages downstream of the vein system. Both of these occurrence types will be investigated during the work program.

The gold anomalous zone within the Concession area lies along a major ENE-WSW fault line developed within Middle Tien Shan lithologies that extends along strike from the Kumtor Gold Mine area. Although a 2.0 kilometre wide mineralised section of the Sazhen zone is bounded to the east by the Chinese border, the extension into China has been secured by tenements under Gold Aura's Saiyikale JV where a gold value of 1.0 g/t has already been obtained from a rock float sample (Figure 1).

## 2. FERGUSSON ISLAND GOLD PROJECT

The Fergusson Island Gold Project in Papua New Guinea comprises two known gold resources at Gameta and Wapolu (Figure 3). The potential to increase the resources at both deposits is considered to be good.

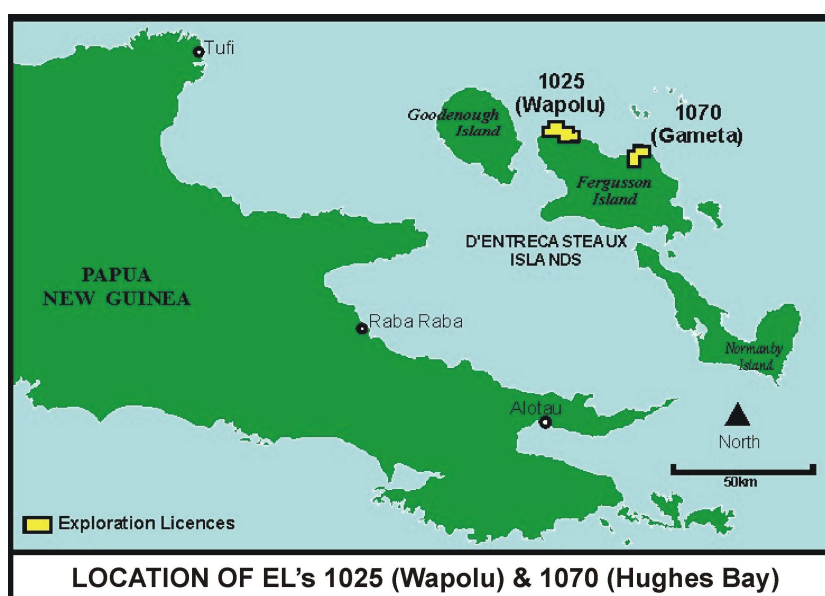


Figure 3

A Pre-Feasibility Study (PFS) conducted on the Fergusson Island Project 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 and grade. 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% gold 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 approximately A\$23 million.

While it has been known that there are high grade gold surface channel samples and drill intersections at Gameta, the significance of them has not previously been known. At present, the representation of the high grade intersections in the current resource model is directly proportional to their abundance and their spatial distribution. Due to their potential significance, computer assisted 3D analysis of the structural orientation of these high grade drill intersections is currently being conducted.

Preliminary indications from the 3D analysis are that the high grade zones have significant thickness and appear to be associated with flexures in the detachment fault zone which plunge obliquely across the dip. If this can be confirmed, it will potentially have a significant impact on the average gold grade.

This factor, combined with the favourable findings of the Pre-Feasibility Study and the recent significant rise in the gold price, has enhanced the attractiveness of the Fergusson Island Gold Project and a Feasibility Study will be immediately commenced into its possible commercial development.

### 3. TAPAJOS REGION, NORTHERN BRAZIL

GOA has entered into a Memorandum of Understanding with a local Brazilian national which provides a three month option over a number of gold properties in the Tapajos region of northern Brazil (Figure 4). At the end of this option period, GOA will be able to negotiate to undertake exploration for up to a maximum term of three (3) years on one or more of the projects selected prior to GOA deciding on whether or not to acquire equity in selected properties on terms to be negotiated.

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 developed within regional shear zones.



Figure 4

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 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-pittable, oxide and mixed oxide/sulphide deposits. GOA considers the region to offer considerable potential.

Field work has already identified a large area of potential hard-rock epithermal gold mineralisation in the Cachoeira Prospect area (Figure 4) and further follow-up work is currently in progress. Concentrations of various heavy minerals including gold, ilmenite, zircon and cassiterite have also been identified locally within the alluvials and these will also be investigated.

#### **4. CROYDON PROJECT, NORTH QUEENSLAND**

GOA holds tenements over a significant area of the Croydon Goldfield which has historical production of just under one million ounces of gold and one million ounces of silver, ranking it amongst the more significant goldfields in Australia. The gold has been won from more than 300 separate structurally controlled small quartz reef occurrences, grouped in districts and spread over 250 sq km.

While one or more significant sized gold deposits might be expected in this situation, none have been located to date. However, the significant volume of felsic volcanics in the project area implies the presence of a major eruptive (caldera) centre. Centres of this scale elsewhere in the world have subsequently developed major caldera collapse structures, which are often associated with later extensive alteration, intrusive activity and significant gold mineralisation. The interpreted eruptive centre (Caldera Prospect) therefore offers a prime target in the project area. Two discrete “bullseye” aeromagnetic anomalies that occur under cover on the margin of the Goldfield at Wallabadah also offer potential.

Three dimensional computer assisted interpretation of the seemingly non-continuous drill intersections obtained to date in the Gilded Rose Prospect area has revealed the presence of a series of vertically dipping high grade gold shoots that plunge at approximately 45° to the WSW. These high grade shoots are some 100 to 150 metres wide, range from 0.3 to 5.3 metres in true thickness and have gold grades ranging up to 18.7 g/t Au over one metre. Initial indications are that the average grade of the shoots identified to date may be in the vicinity of 6.0 g/t Au. Drill targets have been selected for follow-up.

The structural review is expected to show that much of the previous exploration work within the Goldfield has been wrongly targeted on simple down dip extensions to previously mined gold deposits rather than their down-plunge extensions. If correct, this would offer significant new drill targets in previously mined areas.

Heavy rains in the Croydon area due to cyclonic activity have delayed field inspections requested by the local Aboriginal Land Claimants. As soon as these can be completed, ground magnetic surveys will be undertaken to fine tune drill targets in the Caldera and Wallabadah Prospect areas in addition to drill targets selected from the structural review.

## **5. OTHER PROJECTS**

Other projects in high priority areas are being evaluated. Details will be announced if any of these evaluations are successful in identifying a high quality project.

## **6. RIGHTS ISSUE**

GOA has announced a Rights Issue whereby eligible GOA Shareholders receive an entitlement of 1 new share at 8.5 cents each for every two shares held at the entitlement record date (27 April 2006). The issue also provides for 1 free option, exercisable for 13 cents up until 31 March 2009, for every two new shares acquired. Under the Issue, up to 23,379,063 new ordinary shares and 11,689,531 new options will be issued to raise up to \$1,987,220. The issue opens on 2 May 2006 and closes 16 May 2006 unless extended beyond that date.

*The information contained in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Ken Chapple, Managing Director of Gold Aura Limited. Mr Chapple is a Member of the Australasian Institute of Mining and Metallurgy and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Chapple consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Yours faithfully  
**GOLD AURA LIMITED**



**Ken Chapple**  
Managing Director