



GOLD AURA LIMITED

ABN 75 067 519 779

Concise Financial Report for the year ended 30 June 2006

IMPORTANT INFORMATION FOR MEMBERS

This Concise Report consists of Directors' Report, Concise Financial Report for the year ended 30 June 2006 and Auditor's Report.

The Full Financial Report of Gold Aura Limited for the financial year ended 30 June 2006 and the Auditor's Report therein will be sent, free of charge to members upon request. Members wishing to receive the Full Financial Report and Auditors' Report may arrange delivery by calling (07) 3833 3833 or by visiting the Company's website at www.goldaura.com.au.

This Concise Report has been derived from the Full Financial Report of Gold Aura Limited for the financial year ended 30 June 2006 and cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the consolidated entities as the Full Financial Report.

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Directors	Ken Chapple <i>(Managing Director)</i> Robert Boufflower Murdoch <i>(Chairperson, Non Executive Director)</i> James Collins-Taylor <i>(Non Executive Director)</i>
Company Secretary	John Lemon
Registered office	Suite 1, Level 6 200 Creek Street Brisbane QLD 4000 AUSTRALIA Postal address: PO Box 728 SPRING HILL QLD 4004 AUSTRALIA Telephone: (07) 3833 3833 Facsimile: (07) 3833 3888 E-mail: info@goldaura.com.au
Share registry	Link Market Services Limited Level 12 300 Queen Street Brisbane QLD 4000 AUSTRALIA Postal Address: GPO Box 2537 Brisbane QLD 4001 Telephone: (02) 8280 7454 Facsimile: (07) 3228 4999
Auditors	Pitcher Partners, Brisbane, QLD
Solicitors	Hopgood Ganim, Brisbane, QLD
Stock exchange listings	Gold Aura Limited shares and options are quoted on the Australian Stock Exchange as codes "GOA" and "GOAO" respectively.
Website address	www.goldaura.com.au

Directors' report

The Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Gold Aura Limited (referred to hereafter as "the Company" or "GOA") and its controlled entity for the year ended 30 June 2006.

Directors

The names and details of the Directors of the Company in office during the year and until the date of this report are:

K G Chapple B.Sc., B.Econ. (*Managing Director*).

Experience and expertise

Ken Chapple was appointed Managing Director on 20 April 2006. Prior to that he was the Director responsible for the implementation and supervision of the company's gold exploration program. Mr Chapple has extensive experience in gold and metal exploration. Before joining the Company, Mr Chapple worked for Union Resources Limited for 8 years and prior to that with BHP Exploration for 23 years. Director since 2002.

Special responsibilities

Managing Director

Interests in shares and options

960,000 ordinary shares in Gold Aura Limited
166,864 options over ordinary shares in Gold Aura Limited

R B Murdoch B.A. (Earth Sciences), M.A.I.M.M., M.A.I.G. (*Chairperson, Non Executive Director*)

Experience and expertise

Robert Murdoch has over 30 years of international business experience in the management of public companies, predominantly in the mining industry. Director since 1992.

Other current directorships

Union Resources Limited (director since 1992) and Jab Technologies Limited (director since 1999)

Special responsibilities

Member of the Audit Committee

Interests in shares and options

4,408,234 ordinary shares in Gold Aura Limited
662,343 options over ordinary shares in Gold Aura Limited

J D Collins-Taylor BA Bus ACA (*Non Executive Director*)

Experience and expertise

James Collins-Taylor was appointed a director of the Company on 20 October 2005. He is a chartered accountant and was formerly with Deloitte Touche Tohmatsu for 12 years. Mr Collins-Taylor has worked in the private equity and venture capital fields in Asia since 1992. He has extensive finance experience, and has been involved in a number of major transactions involving companies listed on the London and Hong Kong Stock Exchanges.

Other current directorships

Union Resources Limited (director since 2005)

Special responsibilities

Chairman of the Audit Committee

Interests in shares and options

257,402 ordinary shares in Gold Aura Limited
42,901 options over ordinary shares in Gold Aura Limited

Former Directors

N C White was a Director from the beginning of the financial year until his resignation on 18 July 2005.

A T Prowse was a Director from the beginning of the financial year until his resignation on 20 October 2005.

All Directors shown were in office for the entire year and up to the date of this report, unless otherwise stated.

Company Secretary

The Company Secretary is Mr John Lemon BA, LLB (Hons).

Mr Lemon has been Company Secretary since 13 February 2006. He is a qualified solicitor and has previously worked as an in-house lawyer for a number of large corporations, as well as having worked as Company secretary for several other listed public companies.

Mr M Ilett was Company Secretary from the beginning of the financial year until his resignation on 13 February 2006.

Directors' meetings

The number of meetings of the Company's board of directors and of each board committee held during the year, and the number of meetings attended by each director were:

	Full meetings of directors		Meetings of committees	
	A	B	Audit	
	A	B	A	B
K G Chapple	7	7	**	**
R B Murdoch	7	7	2	2
J D Collins-Taylor	6	6	1	1
A T Prowse	2	2	1	1

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

** = Not a member of the relevant committee

Principal activities

During the year the principal continuing activities of the consolidated entity consisted of the evaluation of potential world class gold projects for investment in Australia, Papua New Guinea, Central Asia and South America including:

- (a) exploration and pre-feasibility study of the Company's gold tenements on Ferguson Island in Papua New Guinea;
- (b) office review of the Croydon Gold Project in North Queensland and planning for ground follow-up geophysical traversing;
- (c) acquisition of an 80% participating interest in Gold Aura Kazakhstan LLP ("GAK") and negotiation by GAK of the Exploration Contract for Southern Bayankol Concession area with Kazakhstan Government.
- (d) exploration of three tenements in NW China which are held by joint venture partner, China EcoMine Resources Co. Ltd.;
- (e) exploration of gold properties in the Tapajos region of central-northern Brazil; and
- (f) evaluation of potential world class opportunities worldwide.

Review of operations

The operating loss from ordinary activities after income tax of the consolidated entity for the year ended 30 June 2006 was \$494,087 (June 2005: loss \$522,801).

GOA's business strategy is to focus shareholder funds into exploration for major new discoveries, and further evaluation of the Company's existing projects. During the twelve months to 30 June 2006, GOA focused its operations in two main directions:

- (a) gold production in the short term; and
- (b) exploration in areas with potential for the discovery of world class gold deposits.

GOLD PRODUCTION IN THE SHORT TERM

Fergusson Island Gold Project, PNG

The Fergusson Island Gold Project comprises two main gold deposits (Gameta and Wapolu) and surrounding areas considered prospective for further gold mineralisation. A pre-feasibility study undertaken in 2004/2005 indicated that a viable gold mine could be established at Gameta with an annual gold production capacity of around 55,000 ounces at an operating cost of approximately US\$225 an ounce. This, together with the recent significant rise in the gold price, has enhanced the economic potential of the Project.

Towards the end of the financial year, the Company commenced preparations for drill-testing of gold anomalies at Wapolu and in-fill resource drilling at Gameta.

Review of operations (continued)

EXPLORATION AND EVALUATION IN AREAS WITH POTENTIAL FOR THE DISCOVERY OF WORLD CLASS GOLD DEPOSITS

Central Asian Black Shale Gold Belt

The main exploration focus has been in the Central Asian Black Shale Gold Belt which hosts a significant number of world class gold deposits including the largest in the world (Muruntau in Uzbekistan - a resource of 170 million ounces). Two active projects, Sazhen in Kazakhstan and Saiyikale in China, have so far resulted from this work.

• *Sazhen Joint Venture, Kazakhstan*

In accordance with an agreement previously entered into with Gold Aura Kazakhstan LLP ("GAK"), a Kazakhstan-registered company, GOA acquired an 80% participating interest in GAK in June 2006.

In December 2005 GAK 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 South-East Kazakhstan.

This Concession area contains the highly prospective Sazhen Prospect where previous exploration has revealed significant and highly encouraging gold anomalism in rock samples collected over an extensive ENE-WSW trending zone 7.5 kilometres long by up to 2.5 kilometres wide.

GAK commenced negotiations of the Exploration Contract with the Kazakhstan Government in early 2006 and was granted permission to commence field work prior to the signing of the Contract. Field work activities were planned for commencement in July 2006.

• *Saiyikale Gold Project, China*

GOA entered into a joint venture with Chinese company China EcoMine Resources Co. Ltd. ("China EcoMine") in 2004. China EcoMine holds three Mineral Exploration Rights ("MERs") in the Xinjiang Autonomous Region of North-Western China. The granted mineral tenements cover the extrapolated extension of the Sazhen mineralisation from Kazakhstan into China.

Under its agreement with China EcoMine, GOA will acquire 90% equity in the MERs by the expenditure of US\$2.0 million.

During the first quarter of the financial year China EcoMine completed a reconnaissance exploration programme within the joint venture area. The reconnaissance located widespread limonite stained rock float and separate rock chip assays of 1g/t Au and up to 4% Cu were obtained. In the latter part of the financial year field work was carried out in the more prospective western and central MERs. Rock samples were collected and assay results are awaited.

Brazil Gold Project

GOA commenced an assessment of the Tapajós District of central-northern Brazil where some 18 million ounces of mainly alluvial gold has been produced since 1958. GOA considers this district to be an under-explored area holding considerable potential for the discovery of narrow high grade gold quartz veins and quartz vein stockworks. A three month option agreement was entered into over a number of gold properties and was subsequently extended to 31 August 2006.

Croydon Gold Project, North Queensland

GOA holds tenements over a significant area of the Croydon Goldfields, 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.

GOA has previously served notices as provided for under the Native Title Access regime to gain ground access to the area covered by GOA's tenements for the purpose of undertaking exploration activities. During the year heavy rains in the area due to cyclonic activity delayed field inspections requested by the local Aboriginal Land claimants. Preparations were made to undertake ground magnetic surveys to fine-tune drill targets in the Caldera and Wallabadah Prospect areas following completion of field inspections.

Dividends - Gold Aura Limited

No dividends of the parent entity or any entity of the economic entity have been paid or declared or recommended since the end of the preceding year. The Directors do not recommend the payment of any dividend for the year ended 30 June 2006.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- | | | |
|-----|---|-------------------------|
| (a) | An increase in contributed equity of \$3,990,494 (from \$4,817,593 to \$8,808,087) as a result of: | |
| | Issue of 7,255,882 fully paid ordinary shares @ 8.5 cents each under a private placement (29 August 2005) | 616,750 |
| | Issue of 10,863,851 fully paid ordinary shares @ 8.5 cents each under Share Purchase Plan (14 October 2005) | 923,429 |
| | Issue of 23,421,951 fully paid ordinary shares @ 8.5 cents each under Rights Issue (24 May 2006) | 1,990,868 |
| | Issue of 7,023,445 fully paid ordinary shares @ 8.5 cents each under a private placement (24 May 2006) | 596,993 |
| | Issue of 40,414 fully paid ordinary shares @ 13 cents each on exercise of options (21 June 2006) | 5,254 |
| | Less: Transaction costs arising on share issues, net of current income tax | (142,800) |
| | Net increase in share capital | <u>3,990,494</u> |
| | | |
| (b) | On 13 September 2005 Union Resources Limited ("Union") completed an in specie share distribution of 10,142,764 Gold Aura Limited shares to eligible Union shareholders on the basis of one (1) ordinary Gold Aura Share for every fifty (50) Union shares held. The shares were distributed equally to eligible Union shareholders on a pro rata basis based on the number of shares held on the record date on 7 September 2005. As a result of the in specie share distribution Gold Aura Limited ceased to be a subsidiary of Union. | |
| (c) | The Company acquired an 80% participating interest in Gold Aura Kazakhstan LLP, a Kazakhstan-registered entity, on 13 June 2006. | |
| (d) | The Company increased exploration and evaluation expenditure from \$4,138,178 to \$5,083,090. | |

Significant events after the balance date

Significant events occurring after the balance date of 30 June 2006 are as follows:

- (a) Exploration drilling at the Wapolu Prospect on Fergusson Island commenced in early September 2006 and was completed in late September. The drill rig is being re-located to Gameta to commence the in-fill drilling programme;
- (b) Exploration by Gold Aura Kazakhstan LLP ("GAK") in the Southern Bayankil Concession area was commenced in July, and in August the GAK exploration field team reached the highly prospective Sazhen Prospect site and commenced investigations and sampling. Assay results are awaited;
- (c) The field program at Saiyikale was completed. Assay results are awaited;
- (d) The Option Agreement in Brazil was completed. Assessment of results is in progress;
- (e) Ground geophysical traversing was commenced and completed in the Croydon Project area. Assessment of data collected is in progress;
- (f) In early September 2006 the Company entered into a contract for the sale of the Company's Georgetown (Queensland) Gold Plant and associated mining leases;
- (g) On 22 September 2006 Gold Aura Limited ("GOA") and Gold Aura Kazakhstan LLP ("GAK") entered into a loan agreement which provides for GOA to advance to GAK by way of loan the sum of US\$299,000.

Likely developments and expected results of operations

Gold Aura will commence the in-fill drilling programme at Gameta with the expectations that it will lead to a full feasibility study into the commercial development of the Fergusson Island Gold Project at Gameta. Negotiations of an Exploration Contract by Gold Aura Kazakhstan LLP are continuing with the Kazakhstan Government and are expected to be completed shortly. Further evaluation of potential new projects will be undertaken including projects in the Central Asian Black Shale Belt, and Brazil with a view to identifying investment opportunities that will grow the Company into the future. It is expected that drill targets will be selected following the geophysical survey at Croydon with drilling, subject to rig availability, to commence in the second quarter of the current financial year.

Environmental regulation and performance

The consolidated entity is subject to environmental regulation in relation to its former mining activities in North Queensland by the Environmental Protection Agency of Queensland. The company complies with the Mineral Resources Act (1989) and Environmental Protection Act (1994).

Shares under option

Unissued ordinary shares of Gold Aura Limited under option at the date of this report are 24,438,308 options with an exercise price of 13 cents, expiring on 31 March 2009.

Option holders do not have any rights under the options to participate in any share issue of the Company.

No options were issued to directors, officers or employees during the year as part of their remuneration.

Shares issued on the exercise of options

40,414 Gold Aura Limited Shares were issued during the year ended 30 June 2006 as a result of the exercise of options over unissued shares in the Company. No further shares have been issued since that date.

Indemnification and insurance of directors

During the year, Gold Aura Limited paid a premium of \$47,266 to insure the directors and officers of the company in relation to all liabilities and expenses arising as a result of the performance of their duties in their respective capacities to the extent permitted by law. The insurance period covered is from 24 December 2005 to 23 December 2006.

Non-audit services

During the financial year Gold Aura Limited paid the following amounts to the Consolidated Entity's auditor, Pitcher Partners, for non-audit services provided:

taxation advice - \$11,308

The Directors of Gold Aura Limited have considered the position and in accordance with the advice received from the Company's Audit Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by Pitcher Partners did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Audit Committee

The Audit Committee oversees and appraises the quality of audits conducted by the consolidated entity's external auditors, as well as determining the adequacy of administrative, operating and accounting controls. It is responsible for ensuring that the consolidated entity properly complies with all legislation and policies affecting its daily operations. It maintains open lines of communication between the Board and external advisers and oversees the identification of risk to ensure its proper management. During the year the Company held two audit committee meetings.

Members of the Audit Committee during the year were:

J Collins-Taylor - Non Executive Director

R B Murdoch - Non Executive Director

A T Prowse - Non Executive Director

Remuneration report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

A Principles used to determine the nature and amount of remuneration.

The Board of Directors is responsible for determining and reviewing compensation arrangements for Directors and senior executives. The Board also reviews and ratifies the Managing Director's recommendations on the remuneration of key management and staff.

Executive Remuneration

Contracts for services are reviewed on a regular basis to ensure that they properly reflect the duties and responsibilities of the individuals concerned. The Executive remuneration is based on a number of factors including length of service, relevant market conditions, knowledge and experience within the industry, organisational experience, performance of the Company, and ensuring that the remuneration is competitive in retaining and attracting motivated people. There are no guaranteed pay increases included in senior executives' contracts.

Currently executive remuneration comprises total fixed remuneration, and does not comprise any incentive-based remuneration.

The Directors are not entitled to any retirement benefits, except under the superannuation guarantee legislation.

Non Executive Directors

Non Executive Directors other than Mr Murdoch each receive remuneration of \$18,000 per annum. Mr Murdoch does not receive director's fees. Non Executive Directors do not currently participate in any cash bonus or share or option plans. Other than compulsory payments made under the superannuation guarantee legislation, there are no retirement benefits provided to Non Executive Directors.

B Details of remuneration (audited)

Details of the nature and amount of each element of the emoluments of each director and the four executives of the consolidated entity receiving the highest emoluments for the year are as follows:

Directors remuneration*

2006	Short-term benefits	Post-employment benefits	Share-based payment	
	Cash salary and fees \$	Super-annuation \$	Equity shares \$	Total \$
Executive Directors - Current*				
K G Chapple (Managing Director)	149,733	13,472	-	163,205
Non Executive Directors - Current*				
R B Murdoch (Chairperson, Non Executive Director)	35,225	-	-	35,225
J D Collins-Taylor (Non Executive Director)	13,000	-	-	13,000
Non Executive Directors - Non current**				
A T Prowse (Non Executive Director)	-	-	-	-
N C White (Non Executive Director)	-	-	-	-
Other key management personnel - Current***				
J A Lemon	23,308	-	-	23,308
C C Estwick	4,903	441	-	5,344
M J Ilett	23,635	-	-	23,635
J P Stephenson	35,735	3,216	-	38,951
Total Directors and Other key management personnel	285,539	17,129	-	302,668

*The Directors' and Executives' remuneration have been determined on the basis of the cost to the entity which includes specific benefits and GST.

** A T Prowse was a Director of the Company from the beginning of the financial year until his resignation on 20 October 2005. N C White was a Director from the beginning of the financial year until his resignation on 18 July 2005.

*** There were only four key management personnel during the year ended 30 June 2006.

Remuneration report (continued)

B Details of remuneration (audited) (continued)

Amounts of remuneration (continued)

2005

	Short-term employee benefits	Post- employment benefits	Share-based payment	
	Cash salary and fees \$	Super- annuation \$	Equity shares \$	Total \$
Executive Directors - Current*				
R B Murdoch (Chairman)	75,750	-	-	75,750
K G Chapple (Executive Exploration Director)	140,000	12,600	-	152,600
Non Executive Directors - Non Current*				
A T Prowse (Non Executive Director)	77,446	-	-	77,446
N C White (Non Executive Director)	19,800	-	-	19,800
T Roeggla (Non Executive Director)**	-	-	-	-
Other key management personnel - Current*				
M J Ilett	37,819	-	-	37,819

C Service agreements (audited)

Remuneration and other terms of employment for the Directors and other key management personnel are formalised in service agreements. The contractual arrangements contain certain provisions typically found in contracts of this nature. Other major provisions of the agreements relating to the remuneration are set out below:

K G Chapple (Managing Director)

- Term of agreement - 29 October 2005 to 28 October 2008
- Base salary of \$180,000 per annum plus superannuation guarantee
- Period of Termination - Three (3) Months

R B Murdoch (Chairperson)

- Base Salary of \$1,250 per day plus travel, accommodation and general out of pocket expenses
- Period of Termination - Three (3) Months

J D Collins-Taylor (Non-Executive Director)

- Director's fee of \$18,000 per annum plus travel, accommodation and general out of pocket expenses

J Lemon (Company Secretary)

- Base Salary \$85 per hour for Company Secretarial services
- Base Salary \$125 per hour for Legal Services
- Period of Termination - Four (4) Weeks

C C Estwick (Chief Financial Officer)

- Base Salary of \$125 per hour inclusive of superannuation guarantee.
- Period of Termination - Four (4) Weeks

M J Ilett

- Base Salary of \$85 per hour inclusive of GST
- Period of Termination - Four (4) Weeks

D Share-based compensation (audited)

No equity-based compensation was paid to officers and employees.

Directors' interests in contracts

No material contracts involving Directors' interests were entered into during or at the end of the year, other than those transactions detailed in the Financial Report in note

Loans to directors and executives

No loans were made to Directors or Executives..

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page9.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Corporate governance

The Board of Directors is responsible for the Corporate Governance of the consolidated entity. The Board is committed to achieving the highest standards of corporate behaviour and accountability. The company's corporate governance statement is contained in the following section of this report.

Signed for and on behalf of the Board in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'R B Murdoch', with a long horizontal line extending to the right.

R B Murdoch - Chairman

A handwritten signature in black ink, appearing to read 'K G Chapple', written in a cursive style.

K G Chapple - Managing Director

Brisbane
29 September 2006

Gold Aura Limited
Consolidated income statement
For the year ended 30 June 2006

		Consolidated	
	Notes	2006	2005
		\$	\$
Revenue from continuing operations	2	54,259	43,927
Expenses, excluding finance costs		(546,906)	(564,910)
Finance costs		(1,440)	(1,818)
Profit /(Loss) before income tax		<u>(494,087)</u>	<u>(522,801)</u>
Income tax expense		<u>-</u>	<u>-</u>
Profit /(Loss) from continuing operations		<u>(494,087)</u>	<u>(522,801)</u>
Profit/(Loss) attributable to minority interest		<u>-</u>	<u>-</u>
Profit/(Loss) attributable to members of Gold Aura Limited		<u>(494,087)</u>	<u>(522,801)</u>
		Cents	Cents
Profit/(Loss) per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings/ (loss) per share	4	(1.08)	(1.96)
Diluted earnings/ (loss) per share	4	(1.08)	(1.96)
Profit/(Loss) per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic earnings/ (loss) per share	4	(1.08)	(1.96)
Diluted earnings/ (loss) per share	4	(1.08)	(1.96)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Gold Aura Limited
Consolidated balance sheet
As at 30 June 2006

	Consolidated	
Notes	2006	2005
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	2,482,095	156,774
Trade and other receivables	<u>32,429</u>	<u>25,445</u>
	<u>2,514,524</u>	<u>182,219</u>
 Total current assets	 <u>2,514,524</u>	 <u>182,219</u>
Non-current assets		
Receivables	209	-
Other financial assets	418,266	165,766
Property, plant and equipment	97,823	55,952
Evaluation and exploration expenditure	<u>5,083,090</u>	<u>4,138,178</u>
Total non-current assets	<u>5,599,388</u>	<u>4,359,896</u>
 Total assets	 <u>8,113,912</u>	 <u>4,542,115</u>
LIABILITIES		
Current liabilities		
Trade and other payables	213,356	176,415
Provisions	<u>35,064</u>	<u>21,193</u>
	<u>248,420</u>	<u>197,608</u>
 Total current liabilities	 <u>248,420</u>	 <u>197,608</u>
Non-current liabilities		
Payables	-	-
Provisions	<u>34,487</u>	<u>10,118</u>
Total non-current liabilities	<u>34,487</u>	<u>10,118</u>
 Total liabilities	 <u>282,907</u>	 <u>207,726</u>
 Net assets	 <u>7,831,005</u>	 <u>4,334,389</u>
EQUITY		
Contributed equity	8,808,087	4,817,593
Reserves	1,021,998	1,021,998
Accumulated losses	(1,999,289)	(1,505,202)
Minority interest	<u>209</u>	<u>-</u>
 Total equity	 <u>7,831,005</u>	 <u>4,334,389</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Gold Aura Limited
Consolidated statement of changes in equity
For the year ended 30 June 2006

	Notes	Consolidated 2006 \$	2005 \$
Total equity at the beginning of the financial year		<u>4,334,389</u>	<u>4,237,944</u>
Adjustment on adoption of AASB 132 and AASB 139, net of tax, to:			
Profit for the year		<u>(494,087)</u>	<u>(522,801)</u>
Total recognised income and expense for the year		<u>(494,087)</u>	<u>(522,801)</u>
Contributions of equity, net of transaction costs		3,990,494	619,246
Total changes in minority interest	21	<u>209</u>	<u>-</u>
		<u>3,990,703</u>	<u>619,246</u>
Total equity at the end of the financial year		<u>7,831,005</u>	<u>4,334,389</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Gold Aura Limited
Consolidated cash flow statement
For the year ended 30 June 2006

	Notes	Consolidated 2006 \$	2005 \$
Cash flows from operating activities			
Deposits received		-	11,000
Interest received		52,501	22,927
Interest and other financial costs paid		(1,440)	(1,818)
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(382,947)</u>	<u>(397,414)</u>
		<u>(331,886)</u>	<u>(365,305)</u>
Security Deposits Paid		<u>(252,500)</u>	<u>-</u>
Net cash (outflow) inflow from operating activities		<u>(584,386)</u>	<u>(365,305)</u>
Cash flows from investing activities			
Payments for equity investments		-	-
Payments for property, plant and equipment		(78,102)	(3,363)
Purchase of exploration, evaluation and development assets		(1,002,459)	(452,995)
Proceeds from refund of deposit		-	361
Loans repaid (granted) to subsidiary and investee companies		<u>-</u>	<u>20,353</u>
Net cash (outflow) inflow from investing activities		<u>(1,080,561)</u>	<u>(435,644)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares and options		4,133,294	631,964
Other - Share issue costs		<u>(142,800)</u>	<u>(12,718)</u>
Net cash inflow (outflow) from financing activities		<u>3,990,494</u>	<u>619,246</u>
Net increase (decrease) in cash and cash equivalents		2,325,547	(181,703)
Cash and cash equivalents at the beginning of the financial year		156,774	338,477
Effects of exchange rate changes on cash and cash equivalents		<u>(226)</u>	<u>-</u>
Cash and cash equivalents at end of year		<u>2,482,095</u>	<u>156,774</u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 Basis of preparation of the concise financial report

The concise financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standards AASB 1039 "Concise Financial Reports".

This concise financial report relates to the consolidated entity consisting of Gold Aura Limited and the entities it controlled at the end of, or during the year ended 30 June 2006. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2 Revenue

	Consolidated	
	2006	2005
	\$	\$
From continuing operations		
<i>Other revenue</i>		
Interest - unrelated parties	54,259	22,927
Other revenue	-	21,000
	54,259	43,927

3 Dividends paid or provided for on ordinary shares

No dividends of the parent entity or any entity within the consolidated entities have been declared or recommended since the end of the preceding year. The Directors do not recommend the payment of any dividend for the year ended 30 June 2006.

4 Earnings/(Loss) per share

	Consolidated	
	2006	2005
	\$	\$
(a) Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	1.08	1.96
(b) Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	1.08	1.96

4 Earnings/(Loss) per share (continued)

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2006	2005
	\$	\$
<i>Basic loss per share</i>		
Loss from continuing operations	(494,087)	(522,801)
<i>Diluted earnings per share</i>		
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(494,087)	(522,801)

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2006	2005
	Number	Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	<u>45,863,291</u>	<u>26,736,348</u>
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	<u>45,863,291</u>	<u>26,736,348</u>

(i) Options

At year-end, the economic entity had 24,438,308 options on issue representing 24,438,308 options with an exercise price of 13 cents per share. It is unlikely that the options will be converted into shares, as the share price at the end of the year was 7.8 cents per share, which is well below the exercise price for the options. The options have not been included in the calculation of diluted loss per share because the Directors believe that the options are not likely to be exercised and therefore not potentially dilutive to the ordinary shares.

5 Segment information

(a) Description of segments

Business segments

The economic entity's operating entities are organised and managed according to the nature of the products and services they provide. The economic entity operates solely with the mining and exploration industry.

Geographical segments

Geographically, the group operates evaluation and exploration activities within four predominant segments being Australia, Central Asia, South America and Papua New Guinea.

Australia

The home country of the parent entity which is also the main operating entity.

(b) Primary reporting format - business segments

2006	Australia	Papua New Guinea	Corporate	Central Asia	South America	Total
	\$	\$	\$	\$	\$	\$
Other revenue	-	-	54,259	-	-	54,259
Total segment revenue/income	<u>-</u>	<u>-</u>	<u>54,259</u>	<u>-</u>	<u>-</u>	<u>54,259</u>
Segment result	(35,096)	(1,170)	(416,145)	(41,448)	(228)	(494,087)
Profit before income tax						(494,087)
Profit for the year						<u>(494,087)</u>
Segment assets	<u>1,912,043</u>	<u>2,917,439</u>	<u>2,384,291</u>	<u>635,226</u>	<u>264,913</u>	8,113,912
Total assets						<u>8,113,912</u>

5 Segment information (continued)

Segment liabilities	10,430	50,239	212,913	9,325	-	282,907
Total liabilities						<u>282,907</u>
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	112,957	224,603	-	469,675	257,712	1,064,947
Depreciation, discount on monetary values and diminution in asset values	34,742	523	-	159	228	35,652
Amortisation	538	-	-	41,483	-	42,021
2005	Australia \$	Papua New Guinea \$	Corporate \$	Other Overseas \$	South America \$	Total \$
Other revenue	21,000	-	22,927	-	-	43,927
Total segment revenue/income	<u>21,000</u>	<u>-</u>	<u>22,927</u>	<u>-</u>	<u>-</u>	<u>43,927</u>
Segment result	(96,366)	(588)	(343,819)	(82,028)	-	(522,801)
Profit before income tax						(522,801)
Profit for the year						<u>(522,801)</u>
Segment assets	1,747,510	2,453,742	292,135	48,728	-	4,542,115
Total assets						<u>4,542,115</u>
Segment liabilities	-	6,216	201,510	-	-	207,726
Total liabilities						<u>207,726</u>
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	167,956	167,798	3,363	159,387	-	498,504
Depreciation and Amortisation	96,366	118	-	82,028	-	178,512

6 Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) Reconciliation of equity and profit / (loss) as reported under previous AGAAP to that under IFRS. The previous adoption of AIFRS has not resulted in any material adjustments to the balance sheet presented under AGAAP.

	Consolidated		
	30 June 2005 \$	31 December 2004 \$	1 July 2004 \$
Total equity under previous AGAAP	4,334,389	4,307,536	4,234,944
Changes from AGAAP to IFRSs	-	-	-
Total equity under AIFRS	<u>4,334,389</u>	<u>4,307,536</u>	<u>4,234,944</u>

6 Explanation of transition to Australian equivalents to IFRSs (continued)

(b) Reconciliation of profit under previous AGAAP to that under IFRSs (AIFRS). The adoption of AIFRS has not resulted in any material adjustments of income statement presented under AGAAP.

	Consolidated		
	30 June	31 December	1 July 2004
	2005	2004	2004
	\$	\$	\$
Loss under previous AGAAP	(522,801)	(350,152)	(627,675)
Changes from AGAAP to IFRSs	-	-	-
Loss under AIFRS	<u>(522,801)</u>	<u>(350,152)</u>	<u>(627,675)</u>

(2) Explanation of material adjustments to the cash flow statement

There is no material difference of cash flow statements presented under AIFRS and those presented under AGAAP.

(3) Notes to the reconciliations

(a) Impairment

Under AASB 136 "Impairment of Assets", the recoverable amount of an asset is determined as the higher of its net selling price and value in use which is determined using discounted cash flows. Impairment is assessed at an asset level or where an asset does not generate separately identifiable cash flows impairment is assessed on a cash generating unit basis, being the smallest group of assets that generates independent cash flows. Under AGAAP, future cash flows are not discounted and assets are grouped together under an area of interest concept, which include all of the exploration and evaluation assets within a geological area.

(b) Income tax

Under AASB 112 "Income Taxes", the consolidated entity will be required to use a balance sheet liability method, rather than the income statement method, which recognises deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base. A deferred tax asset is recognised to the extent that it is probable that there will be a taxable profit against which a deductible temporary difference can be used.

Even though the test for the adoption of deferred tax assets and tax affect accounting has moved from virtually certain to probable, the Company maintains it is not probable that future tax profit will be available to offset losses and the existence of unused tax and recent tax losses is evidence that future taxable profits are not available for recognition of deferred tax losses.

7 Events occurring after the balance sheet date

On 22 September 2006 Gold Aura Limited entered into a new loan agreement with Gold Aura Kazakhstan LLP ("GAK") which provided for Gold Aura Limited to advance to GAK a further loan of US\$299,000 (A \$398,600).

The financial effect of these events have not been recognised in the Group's 30 June 2006 financial statements. These events have no material effect on the financial statements as at 30 June 2006.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 17 to 51 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out on pages 7 to 8 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



R B Murdoch - Director

Brisbane, 29 September 2006



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 21
300 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 35
Brisbane Qld 4001
Australia

Tel: 07 3228 4000
Fax: 07 3221 6420

www.pitcher.com.au
info@pitcherqld.com.au

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GOLD AURA LIMITED

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the consolidated balance sheet, consolidated income statement, consolidated changes in equity, consolidated cash flows statement, and accompanying notes to the financial statements, and the Directors' declaration for Gold Aura Limited (the company), for the year ended 30 June 2006.

The Directors of the company are responsible for the preparation and true and fair presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We also performed an independent audit of the full financial report of the company for the financial year ended 30 June 2006. Our audit report on the full financial report was signed on 29 September 2006.

We performed procedures to assess whether in all material respects the concise financial report presents fairly, in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, and other disclosures in the concise financial report which were not directly derived from the full financial report.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the concise financial report of Gold Aura Limited complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

Inherent uncertainty regarding capitalised mineral exploration costs

Without qualification to the statement expressed above, attention is drawn to the capitalised exploration and development costs totalling \$5,083,090 (2005: \$4,138,178) that have been included in the consolidated entity's Balance Sheet as non-current assets (refer note 15 of the full financial report).

The ultimate recovery of the carrying values of these assets is dependent upon their successful development and commercial exploitation or, alternatively, the sale of the relevant assets at amounts in excess of their book values.

PITCHER PARTNERS



R J St Clair
Partner

Brisbane, 29 September 2006