GOLD AURA LIMITED

ABN 75 067 519 779

AND CONTROLLED ENTITY

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2005

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by Gold Aura Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

GOLD AURA LIMITED AND CONTROLLED ENTITY

FINANCIAL REPORT FOR THE HALF-YEAR ENDED

31 DECEMBER 2005

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Directors

Robert Murdoch – Executive Chairman
Ken Chapple – Executive Exploration Director
James Collins-Taylor – Non-Executive Director

Company Secretary

John Lemon – LLB (Hons), BA

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Solicitors

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Web Site

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Stock Exchange Listing & Options

Gold Aura Limited shares are quoted on the Australian Stock Exchange as code "GOA"

Directors' Report

The Board of Directors of Gold Aura Limited ("the Company") present their report of the financial half-year ended 31 December 2005.

Directors

The names and details of the directors of Gold Aura Limited in office at the date of this report are:

K G Chapple B.Sc., B.Econ.
(Executive Exploration Director)

Ken Chapple is the Director responsible for the implementation and supervision of the gold exploration program. He was previously the Exploration Manager with Union Resources Limited. From 1994-1997, he managed exploration activities in Papua New Guinea for Union Resources resulting in the discovery of the Gameta Gold Deposit in the D'Entrecasteaux Islands of Papua New Guinea. In 1998 he identified the Mehdiabad lead-zinc deposit in Central Iran, which has now shown to be one of the world's largest undeveloped zinc resources. Before joining the Union group, Ken worked with BHP exploration for 23 years. He is currently a Director of Union Resource Management Pty Ltd and Union Zinc Pty Limited. Ken has been a Director since 2002.

His responsibilities include being a member of the Executive Management and providing special geological advice.

R B Murdoch B.A. (Earth Sciences)
M.A.I.M.M., M.A.I.G.
(Chairman)

Robert Murdoch is the Chairman and the Director responsible for the corporate activities and promotion of the company. He has been the Managing Director of Union Resources Limited since 1992. He has over 30 years of international business experience in the management of public companies, predominantly in the mining industry. Mr Murdoch is currently a Director of the economic entities within the Union Group, which include Jab Technologies Limited and Austex Mining NL. Robert has been a Director since 1995.

His responsibilities include being a member of the Executive Management, a member of the Audit Committee and providing specialist mining and corporate advice.

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

James Collins-Taylor has extensive corporate finance experience and has been involved in a number of major transactions involving companies listed on the London and Hong Kong Stock Exchanges. He has also overseen and been involved in a number of significant acquisitions, sales and financial investigations. Mr Collins-Taylor is a Director of Asia Capital Management Limited, a private investment advisory and venture capital firm based in Hong Kong. He has been involved in the private equity and venture capital business in Asia since 1992. He is a director of Union Resources Limited. James has been a Director since October 2005.

His responsibilities include being a member of the Audit Committee and providing financial advice.

Mr Noel White resigned as a director on 25 July 2005 and Mr Tim Prowse resigned as a director on 25 October 2005.

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

Principal activities

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

(a) Exploration of the consolidated entity's gold tenements on Ferguson Island in Papua New Guinea and the Croydon Gold Fields in North Queensland; and

(b) Exploration in South East Asia, in the Central Asia Black Shale Belt, where a number of tenements have been applied for and three tenements, in Western China (Saiyikale) have been granted; and

(c) Exploration for gold in the highly prospective Tapajos region of Northern Brazil.

There was no significant change in the nature of these activities during the year.

The Company is a Company limited by shares and incorporated and domiciled in Australia.

Directors' Report (continued)

Review and results of operations

The consolidated entity recorded a net loss of $352,249 for the half-year ended 31 December 2005 (2004: $350,152 loss).

During the 6 months to December 2005, Gold Aura Limited (GOA) activities consisted of:

(a) Exploration in areas considered to offer the best opportunity for major new gold discoveries; and
(b) A pre-feasibility into the potential development of the Fergusson Island Gold Project in Papua New Guinea.

Gold Aura's business strategy is to focus shareholders' funds into exploration for major new discoveries, whilst at the same time seek partners for the development of the Company's existing projects.

FERGUSSON ISLAND
The Fergusson Island Gold Project comprises two known gold deposits (Gameta and Wapolu) and a large area considered prospective for further gold mineralisation. The Pre-feasibility Study ("PFS") has indicated that a viable gold mine could be established with a production capacity of 55,000 ounces a year at an operating cost of approximately US$225 an ounce. The resources considered for mining are 7 million tonnes @ 2.1 g/t Au. The PFS recommends the development of three open cut pits at Gameta. The resources within these pits total 3 million tonnes @ 2.2 g/t Au. Further pits or pit extensions are subject to drilling that confirms 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. There is also potential to locate additional deposits within the tenements held. The company is seeking joint venture partners to undertake further exploration, a full Bankable Feasibility Study and to develop this project if the results continue to be favourable.

CROYDON
The Company has focused exploration along major fault zones near the northern and western edge of the Croydon Goldfield. The faults are characterised by broad zones of anomalous gold geochemistry and are considered to offer the best potential to host major gold mineralisation. The Gilded Rose Project occurs within part of one such zone for example, and is considered to contain around 70,000 ozs gold. Two geophysical targets occur under recent cover north of the outcrop area. These targets are discreet magnetic anomalies developed along regional magnetic lineaments and may be associated with gold mineralisation. A circular feature in the northern part of the outcrop area could reflect a volcanic caldera in which gold mineralisation is developed. Both targets could host large deposits of gold mineralisation of the type sought by GOA. The Company is seeking joint venture partners to fund further exploration of the targets.

CENTRAL ASIAN BLACK SHALE BELT
The main exploration has been 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 – 170 million ounce resource). A number of tenements have been applied for and three in Western China (Saiyikale) have been granted to our joint venture partner.

SAIYIKALE
GOA is earning a 90% interest in three adjoining Exploration Permits covering around 100 sq. kms in Western China by expending the first US$2 million on exploration. Within the tenements a major prospective fault zone 200 metres wide within which rock assays up to 4% Cu and 1.0g/t Au has been located. There is evidence of previous alluvial gold mining activity in the area to the north of the major fault. Further exploration is in progress.

SOUTHERN BAYANKOL
The Company is earning an 80% interest by funding exploration, effective following the awarding of the exploration tenement.

BRAZIL
The company is evaluating a number of gold opportunities held under an adoption agreement in the highly prospective Tapajos region of Brazil. The Tapajos Mineral Province covers an area of 168,000 sq. kms within the Amazon Region of Northern Brazil. 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 artisinal miners) produced about 1 Moz per year. 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.

Field work has identified a large area of potential epithermal gold mineralisation in the Cachoeira Prospect area. Further follow-up work in this area has recently commenced.

Indemnification and insurance of directors and officers

Gold Aura Limited carries insurance that indemnifies 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.

Directors' Report (continued)

Auditors' independence

Section 307C of the Corporations Act 2001 requires the Company's auditors, Pitcher Partners, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the period ended 31 December 2005. The written Auditors' Independence Declaration is attached to the Directors' Report and forms part of this Directors' Report.

Rounding

The amounts contained in the report and in the financial report have been rounded to the nearest $1 under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors:

Rob Murdoch

Chairman

Brisbane, 16 March 2006

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AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL - OFFICES THROUGHOUT THE WORLD

Auditor's Independence Declaration to the Directors of Gold Aura Limited

In relation to our review of the half-year financial report of Gold Aura Limited and its controlled entity for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PITCHER PARTNERS

R J St Clair

R J St Clair
Partner

Brisbane, 16 March 2006

Consolidated Income Statement

For the half-year ended 31 December 2005	Notes	DECEMBER 2005 $	DECEMBER 2004 $
Revenues from continuing operations	3	**22,807**	13,390
Expenses from continuing operations	3	**(375,056)**	(363,542)
Profit/(loss) before income tax		**(352,249)**	(350,152)
Income tax expense		**—**	—
Profit/(loss) from continuing operations		**(352,249)**	(350,152)
Profit/(loss) attributable to members of Gold Aura Limited		**(352,249)**	(350,152)
Earnings per share for profit attributable to the ordinary equity holders of the Company		**Cents**	Cents
Basic/(loss) per share (cents per share)		**(0.91)**	(1.55)
Diluted/(loss) per share (cents per share)		**(0.91)**	(1.55)

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

Consolidated Balance Sheet

As at 31 December 2005	Notes	31 DECEMBER 2005 $	30 JUNE 2005 $
ASSETS			
Current assets			
Cash assets and equivalents		**1,074,720**	156,774
Receivables		**39,828**	25,445
Total current assets		**1,114,548**	182,219
Non-current assets			
Property, plant and equipment		**45,254**	55,952
Impairment of mining tenements		**(305,000)**	--
Exploration and evaluation expenditure		**4,300,260**	4,138,178
Other assets		**165,970**	165,766
Total non-current assets		**4,206,484**	4,359,896
Total assets		**5,321,482**	4,542,115
LIABILITIES			
Current liabilities			
Payables		**128,783**	176,415
Provisions		**23,071**	21,193
Provision for impairment		**195,000**	--
Total current liabilities		**346,854**	197,608
Non-current liabilities			
Provisions		**11,428**	10,118
Total non-current liabilities		**11,428**	10,118
Total liabilities		**358,282**	207,726
Net assets		**4,963,200**	4,334,389
EQUITY			
Contributed equity	6	**6,298,653**	4,817,593
Reserves		**1,021,998**	1,021,998
Accumulated losses		**(2,357,451)**	(1,505,202)
Total equity		**4,963,200**	4,334,389

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2005	DECEMBER 2005 $	DECEMBER 2004 $
Total equity at the beginning of the half-year	**3,834,389**	4,237,944
Net income recognised directly in equity		
Profit/(Loss) for the half-year	**(352,249)**	(350,152)
Total recognised income and expense for the half-year	**(352,249)**	(350,152)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	**1,481,060**	419,744
Total equity at the end of the half-year	**4,963,200**	4,307,536
Total recognised income and expense for the half-year is attributable to:		
Members of Gold Aura Limited	**(352,249)**	(350,152)
	(352,249)	(350,152)

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2005	DECEMBER 2005 $	DECEMBER 2004 $
Cash flows from operating activities		
Payment to suppliers and employees (inclusive of goods and services tax)	**(235,402)**	(208,655)
Interest received	**21,740**	19,313
GST refunded	**18,894**	14,563
Net cash (outflow) from operating activities	**(194,768)**	(174,779)
Cash flows from investing activities		
Payment for purchase of exploration, evaluation and development assets	**(357,037)**	(284,043)
Payment for property, plant and equipment	**(3,805)**	(3,362)
Net cash (outflow) from investing activities	**(360,842)**	(287,405)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	**1,540,179**	430,464
Share issue transaction costs	**(66,623)**	(10,721)
Net cash inflow from financing activities	**1,473,556**	419,743
Net increase in cash and cash equivalents	**917,946**	(42,441)
Cash and cash equivalents at the beginning of the year	**156,774**	338,477
Cash and cash equivalents at end of the half-year	**1,074,720**	296,036

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

Notes to the Financial Statements

31 December 2005

1. Summary of significant accounting policies

This general purpose financial report for the half year reporting period ended 31 December 2005 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by Gold Aura Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation of the half-year financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards
This half-year financial report is the first Gold Aura Limited half-year financial report to be prepared in accordance with AIFRS. AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Gold Aura Limited until 30 June 2005 have been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Gold Aura Limited half-year financial report for the half year ended 31 December 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 139 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and its net income are given in Note 8.

Early adoption of standard
The Group has elected to apply AASB 119 *Employee Benefits* (issued in December 2004) to the reporting periods beginning 1 July 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gold Aura Limited ("company" or "parent entity") as at 31 December 2005 and the results of its subsidiary for the half-year then ended. Gold Aura Limited and its subsidiary together are referred to in this financial report as "the Group" or "the consolidated entity".

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(i)).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Gold Aura Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity. Non monetary assets and liabilities carried at fair value that are dominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

(ii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) do not have a functional currency different from the presentation currency, however, if the functional currency was different from the presentation currency, the translation would occur as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences would be recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(f) Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. As it is not considered probable that future taxable amounts will be available the Group entities has not recognised deferred tax assets and liabilities.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

As Gold Aura Limited has a Papua new Guinea subsidiary, it has not needed to implement the tax consolidation legislation.

(g) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(h) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(t)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(m) Investments and other financial assets

From 1 July 2004 to 30 June 2005

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes to carrying amounts are taken to retained earnings or reserves.

From 1 July 2005

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(n) Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (note (i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(r) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits, where applicable, are provided to employees via the Gold Aura Limited Employee Option Plan and an employee share scheme.

Shares options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Shares options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted under the Gold Aura Limited Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the half-year, adjusted for bonus elements in ordinary shares issued during the half-year.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Financial instrument transaction costs

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Group has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the Group was immaterial.

(v) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest dollar.

Notes to the Financial Statements

2. Segment Information

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 within the mining and exploration industry. Geographically, the group operates within two predominant segments being Australia and Papua New Guinea. The investment opportunities of the group take place in Australia. The mining operations are conducted in Papua New Guinea and Australia.

Business segments	South East Asia		Australia		Papua New Guinea		Corporate		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**DEC 2005**	DEC 2004
Revenue										
Sales to customers outside the consolidated entity	–	–	–	–	–	–	–	–	–	–
Other revenues from customers outside the consolidated entity	–	–	–	–	–	–	**22,807**	13,390	**22,807**	13,390
Total segment revenue	–	–	–	–	–	–	**22,807**	13,390	**22,807**	13,390
Segment result	–	–	**(172,144)**	(138,966)	**(380)**	(339)	**(179,725)**	(210,847)	**(352,249)**	(350,152)
Assets										
Segment Assets	**167,731**	48,728	**1,879,753**	1,747,510	**2,471,516**	2,453,742	**1,107,482**	292,135	**5,321,482**	4,542,115
Liabilities										
Segment Liabilities	–	–	–	–	**6,216**	6,216	**157,066**	201,510	**358,282**	207,726
Other segment information: Acquisition of property, plant and equipment, intangible assets and other non current assets	**119,003**	159,387	–	167,956	**17,774**	167,798	**4,101**	3,363	**140,878**	498,504

Notes to the Financial Statements

For the half-year ended 31 December 2005	DECEMBER 2005 $	DECEMBER 2004 $
3. Profit/(Loss) for the half-year		
Profit/(Loss) for the half-year includes the following revenues and expenses:		
Revenues from continuing operations		
Interest – unrelated parties	**22,807**	13,390
Total revenues from continuing operations	**22,807**	13,390
Expenses from continuing operations		
Employee benefits expense	**75,660**	35,794
Audit/Accounting fees	**17,140**	8,000
Consulting – other	**20,301**	35,139
Consulting – Murdoch Geosciences	**14,500**	23,750
Directors' expenses	**(9,870)**	3,578
Directors' fees	**(14,500)**	16,500
Share registry costs	**16,430**	9,102
ASX fees	**6,710**	14,805
Travel	**6,236**	767
Telephone	**6,339**	6,122
Depreciation and amortisation expense	**14,799**	17,251
Finance costs	**631**	1,042
Rent and outgoings	**13,107**	12,107
Write-off exploration costs	**157,762**	124,554
Insurance	**14,055**	19,136
Foreign exchange loss	**(115)**	213
General administration expenses	**35,871**	35,682
Total expenses from continuing operations	**375,056**	363,542
4. Dividends paid or provided for on ordinary shares		
(a) **Dividends proposed and recognised as a liability**		
Franked dividends	—	—
(b) **Specific Items**		
Franked dividends	—	—
	—	—

Notes to the Financial Statements

5. Contingent assets and liabilities

(a) Contingent liabilities

The parent entity and the Group had contingent liabilities consisting of restoration and rehabilitation costs. The maximum liability of the group consists of security bonds lodged $165,970, which has been treated as non-current other asset. The security bonds consist of a bank guarantee of $160,500 held by Queensland Department of Natural Resources & Mines and security bonds of $5,970 lodged with PNG Department of Mining & Petroleum.

(b) Contingent assets

There were no contingent assets at the date of this half-year report.

6. Equity securities issued

	DECEMBER 2005 Shares	DECEMBER 2004 Shares	DECEMBER 2005 $	DECEMBER 2004 $
Issues of ordinary shares during the half-year				
(a) Ordinary shares fully paid	**47,077,461**	26,951,728	**6,298,653**	4,618,091
(b) Movement in shares on issue				
On issue at the beginning of the half-year	**28,957,728**	23,640,454	**4,817,593**	4,576,115
Placement of shares at 8.5 cents	**7,255,882**	—	**616,750**	—
Share purchase plan at 8.5 cents	**10,863,851**	—	**923,429**	—
Placement of shares at 13 cents	—	1,000,000	—	130,000
Share purchase plan at 13 cents	—	2,311,274	—	300,464
Issue costs	—	—	**(59,119)**	(388,488)
On issue at the end of the half-year	**47,077,461**	26,951,728	**6,298,653**	4,618,091

7. Events occurring after the balance sheet date

There were no significant events that occurred after the balance sheet date.

Notes to the Financial Statements

8. Explanation of transition to Australian equivalents to IFRS

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

(a) At the date of transition to AIFRS: 1 July 2004

	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
ASSETS			
Current assets			
Cash and cash equivalents	338,477	—	338,477
Receivables	5,923	—	5,923
Non-current assets classified as held for sale	18,374	—	18,374
Total current assets	362,774		362,774
Non-current assets			
Receivables			
Investments accounted for using the equity method			
Other financial assets	166,127	—	166,127
Property, plant and equipment	85,018	—	85,018
Evaluation and exploration expenditure	3,789,121	—	3,789,121
Total non-current assets	4,040,266		4,040,266
Total assets	4,403,040		4,403,040
LIABILITIES			
Current liabilities			
Payables	132,292	—	132,292
Provisions	17,574	—	17,574
Total current liabilities	149,866		149,866
Non-current liabilities			
Provisions	15,230	—	15,230
Total non-current liabilities	15,230		15,230
Total liabilities	165,096		165,096
Net assets	4,237,944		4,237,944
EQUITY			
Contributed entity	4,198,347	—	4,198,347
Reserves	1,021,998	—	1,021,998
Retained profits/(losses)	(982,401)	—	(982,401)
Total equity	4,237,944		4,237,944

Notes to the Financial Statements

8. Explanation of transition to Australian equivalents to IFRS (continued)

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

(b) At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
ASSETS			
Current assets			
Cash and cash equivalents	296,036	–	296,036
Receivables	29,417	–	29,417
Non-current assets classified as held for sale	22,669	–	22,669
Total current assets	348,122		348,122
Non-current assets			
Other financial assets	165,599	–	165,599
Property, plant and equipment	71,128	–	71,128
Evaluation and exploration expenditure	3,941,917	–	3,941,917
Total non-current assets	4,178,644		4,178,644
Total assets	4,526,766		4,526,766
LIABILITIES			
Current liabilities			
Payables	192,533	–	192,533
Provisions	15,834	–	15,834
Total current liabilities	208,367		208,367
Non-current liabilities			
Provisions	10,863	–	10,863
Total non-current liabilities	10,863		10,863
Total liabilities	219,230		219,230
Net assets	4,307,536		4,307,536
EQUITY			
Contributed entity	4,618,091	–	4,618,091
Reserves	1,021,998	–	1,021,998
Retained profits/(losses)	(1,332,553)	–	(1,332,553)
Total equity	4,307,536		4,307,536

Notes to the Financial Statements

8. Explanation of transition to Australian equivalents to IFRS (continued)

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

(c) At the end of the last half-year reporting period under previous AGAAP: 30 June 2005

	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
ASSETS			
Current assets			
Cash and cash equivalents	156,774	—	156,774
Receivables	9,718	—	9,718
Non-current assets classified as held for sale	15,727	—	15,727
Total current assets	182,219		182,219
Non-current assets			
Other financial assets	165,766	—	165,766
Property, plant and equipment	55,952	—	55,952
Evaluation and exploration expenditure	4,138,178	(305,000)	3,833,178
Total non-current assets	4,359,896	(305,000)	4,054,896
Total assets	4,542,115	(305,000)	4,237,115
LIABILITIES			
Current liabilities			
Payables	176,415	—	176,415
Provisions	21,193	195,000	216,193
Total current liabilities	197,608	195,000	392,608
Non-current liabilities			
Provisions	10,118	—	10,118
Total non-current liabilities	10,118		10,118
Total liabilities	207,726	195,000	407,726
Net assets	4,334,389	(500,000)	3,834,389
EQUITY			
Contributed entity	4,817,593	—	4,817,593
Reserves	1,021,998	—	1,021,998
Retained profits/(losses)	(1,505,202)	(500,000)	(2005,202)
Total equity	4,334,389	(500,000)	(3,834,389)

Notes to the Financial Statements

8. Explanation of transition to Australian equivalents to IFRS (continued)

(2) Reconciliation of profit/(loss) under previous AGAAP to profit under Australian equivalents to IFRS

(a) Reconciliation of profit(loss) for half-year ended 31 December 2004

	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
Revenue	**13,390**	—	**13,390**
Employee benefits expense	35,794	—	35,794
Depreciation and amortisation expense	17,251	—	17,251
Finance costs – net	25,162	—	25,162
Other expenses	285,335	—	285,335
Profit before income tax	(350,152)	—	(350,152)
Income tax expense	—	—	—
Profit from continuing operations	(350,152)	—	(350,152)
Profit from discontinued operations	—	—	—
Profit for the half-year	(350,152)	—	(350,152)
Profit attributable to minority interest	—	—	—
Profit attributable to members of Gold Aura	(350,152)	—	(350,152)

Notes to the Financial Statements

8. Explanation of transition to Australian equivalents to IFRS (continued)

(2) Reconciliation of profit/(loss) under previous AGAAP to profit under Australian equivalents to IFRS

(b) Reconciliation of profit/(loss) for the year ended 30 June 2005

	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
Revenue	**43,927**	—	**43,927**
Employee benefits expense	80,974	—	80,974
Depreciation and amortisation expense	32,248	—	32,248
Finance costs – net	50,153	500,000	550,153
Other expenses	403,353	—	403,353
Profit/loss before income tax	(522,801)	(500,000)	(1,022,801)
Income tax expense			
Profit from continuing operations	(522,801)	(500,000)	(1,022,801)
Profit from discontinued operations	—	—	—
Profit for the half-year	(522,801)	(500,000)	(1,022,801)
Profit attributable to minority interest	—	—	—
Profit attributable to members of Gold Aura	(522,801)	(500,000)	(1,022,801)

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

(a) Impairment

(i) 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 small 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.

(ii) 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 be available for recognition of deferred tax losses.

Directors' Declaration

In accordance with a resolution of the directors of Gold Aura Limited:

1. The directors declare that the financial statements and notes set out on pages 12 to 27 in accordance with the Corporations Act 2001:

   (a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

   (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2005 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that Gold Aura Limited will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Rob Murdoch
Chairman
Brisbane, 16 March 2006

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF GOLD AURA LIMITED

Scope

The Financial Report and Directors' responsibilities

The financial report comprises the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, accompanying notes to the financial statements, and the Directors' declaration for Gold Aura Limited and its controlled entity ("the consolidated entity") for the half-year ended 31 December 2005. The consolidated entity comprises Gold Aura Limited ("the company") and the entity it controlled at the end of, or during, the half-year.

The Directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We have conducted an independent review of the financial report in order for the company to lodge the financial report with the Australian Securities & Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with Accounting Standard AASB 134 : Interim Financial Reporting, other mandatory financial reporting requirements in Australia and the Corporations Act 2001, a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

Our review procedures were limited to:

i) inquiries of the company's personnel of certain internal controls, transactions, significant accounting estimates and individual items; and
ii) analytical procedures applied to financial data.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF GOLD AURA LIMITED (continued)

Review Approach (continued)

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The Australian Auditing Standards do not require, and we have not undertaken, an analysis of the appropriateness of the business decisions made by the Directors or management.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

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

Review Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Gold Aura Limited is not in accordance with:

a) the Corporations Act 2001, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
   ii) complying with Accounting Standard AASB 134 : Interim Financial Reporting and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements.

PITCHER PARTNERS

R J St Clair
Partner

Brisbane, 16 March 2006