# Gold Aura Limited

## A.B.N. 75 067 519 779

# Concise Financial Report

### For the year ended 30 June 2005

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**IMPORTANT INFORMATION FOR MEMBERS**

The Directors' Report, Concise Financial Report and Auditor's Statement contained within this document represent a Concise Financial Report.

The Full Financial Report of Gold Aura Limited for the financial year ended 30 June 2005 and the Auditor's Report thereon will be sent, free of charge, to members upon request. Members wishing to receive the Full Financial Report and Auditor's Report may arrange delivery by calling (07) 3833 3833 or by visiting our website at www.goldaura.com.au.

The Concise Financial Report contained within this document has been derived from the Full Financial Report of Gold Aura Limited for the financial year ended 30 June 2005 and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the Full Financial Report.

# COMPANY DIRECTORY

**DIRECTORS**

Robert Boutflower Murdoch - Managing Director
Ken Chapple – Executive Exploration Director
Alan Tim Prowse – Non Executive Director

**COMPANY SECRETARY**

Michael Johann Ilett

**REGISTERED OFFICE**

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**SHARE REGISTRY**

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Telephone: (07) 3228 4260
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**AUDITORS**

Pitcher Partners, Brisbane

**SOLICITORS**

Hopgood Ganim, Brisbane

**STOCK EXCHANGE LISTING**

Gold Aura Limited shares and options are quoted on the Australian Stock Exchange as code “GOA” and “GOA04”.

**WEB SITE**

www.goldaura.com.au

# DIRECTORS' REPORT

The Directors present their report on the consolidated financial report for the year ended 30 June 2005.

**DIRECTORS**

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

| | |
|---|---|
| **R B MURDOCH**<br>**B.A. (Earth Sciences) M.A.I.M.M., M.A.I.G.**<br>**(Executive Director/ Chairman)** | **Robert Murdoch** is the Chairman and the Director responsible for the corporate activities and promotion of the company. 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 Union Resources Limited, Gold Aura Limited, Jab Technologies Limited and Austex Mining NL. Director since 1992. |
| **K G CHAPPLE**<br>**B.Sc., B.Econ.**<br>**(Executive Exploration Director)** | **Ken Chapple** is the Director responsible for the implementation and supervision of the gold exploration program. Ken was previously the Exploration Manager with Gold Aura Limited. From 1994-1997, Ken managed exploration activities in Papua New Guinea for Gold Aura 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 probably the world's largest undeveloped zinc resource. Before joining the Gold Aura group, Ken worked with BHP exploration for 23 years. Ken is currently a Director of Gold Aura and Union Zinc Pty Limited. Director since 2002. |
| **A T PROWSE**<br>**B Eng (Mining) (Hons)**<br>**M Aus IMM**<br>**(Non Executive Director)** | **Tim Prowse** is a qualified mining engineer and graduated from Sydney University with an honours degree in mining engineering in 1978. He has over 25 years experience in the industry primarily in gold mining, but with broad experience in coal and base metals. Mr Prowse has held senior positions with Australian and Overseas mining companies and has operated a private mining and earth moving contracting business. Mr Prowse is also a Director of Norton Gold Fields Limited. Director since November 2004.<br><br>His special responsibilities include being a member of the audit committee and providing advice to the Board on nomination and remuneration matters. |

N. White was a Director from the beginning of the financial year until his resignation on 25 July 2005.

T. Roeggla was a Director from the beginning of the financial year until his resignation on 11 February 2005.

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

The Company Secretary is Mr M. J. Ilett B Bus (Acc), Grad Dip Adv Acc, Grad Dip Corp Gov, MBA, CA, ACIS.

Mr Ilett has been Company Secretary since 11 February 2005 and is a Queensland Counsellor for Chartered Secretaries Australia. In 2003 he graduated with the MBA medallion from the Brisbane Graduate School and recently graduated as Queensland dux in Chartered Secretaries' Corporate Governance Course. Before joining the Company in May 2002 he was employed in a number of senior financial and accounting roles.

# DIRECTORS' REPORT (continued)

**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 and South East Asia including;.

(a) Exploration for 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) which have been granted.

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.

**REVIEW AND RESULTS OF OPERATIONS**

The consolidated entity recorded a net loss of $522,801 for the year ended 30 June 2005 (2004: $627,675).

During the 12 months to June 2005, Gold Aura Limited (GOA) activities comprised;

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

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

**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 – 135 million ounces). A number of tenements have been applied and three in Western China (Saiyikale) have been granted.

**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 with assays up to 4% Cu has been located. There is evidence of previous alluvial gold mining activity. Further exploration is in progress.

**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 were 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 confirming additional resources suitable for mining. The potential is encouraging as many of the previous drill holes at Gameta failed to intersect the full gold bearing section and the deposit is considered open both along strike and down dip. 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.

**CROYDON**

The Company has focused it exploration along major fault zones near the northern and western edge of the Croydon Goldfields. The faults are characterised by broad zones of anomalous gold geochemistry and hence considered to offer the greater potential to host major minerlaisation. The Gilded Rose Project occurs within part of one such zone for example, and is known to contain around 70,000 ozs. Two geophysical targets occur under cover rocks north of the outcrop area. These targets are regional magnetic lineaments that may reflect larger fault structures and circular features that could reflect volcanic calderas. Both targets could host larger deposits of gold mineralisation of the type sought by GOA. The Company is seeking joint venture partners to fund the further exploration of the targets.

# DIRECTORS' REPORT (continued)

**OPERATING RESULTS AND DIVIDENDS**

The operating loss from ordinary activities after income tax attributable to the members of Gold Aura Limited for the year ended 30 June 2005 was $522,215 (June 2004: loss $626,585). The operating loss from ordinary activities after income tax of the consolidated entity for the year ended 30 June 2005 was $522,801 (June 2004: loss $627,675).

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 2005.

**RISK MANAGEMENT**

The Board has been pro-active in identifying and analysing risks across the operations of the Company. Although the Board has been instrumental in managing risk, it has not established a separate risk management committee. The Board has requested its executive management to minimise the normal risks that relate to exploration and mining activities in developing countries and hence are inherent in the business and accepted by investors into the business.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Shareholders' equity increased to $4,817,593 from $4,198,347; an increase of $619,246. The movement was largely a result of capital raised through share issues via private placements. The Company increased exploration and evaluation expenditure from $294,434 to $495,141.

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 29 August 2005 the company issued 7,255,882 new ordinary shares at an issue price of 8.5 cents per share and 7,255,882 free attaching options convertible at 13 cents expiring 31 March 2009 in a private placement to a number of sophisticated investors.

On 13 September 2005 Union Resources Limited ('Union") completed an in-specie share distribution of 10,143,271 Gold Aura Limited shares to the eligible Union shareholders on the basis of one (1) ordinary Gold Aura Share for every fifty (50) Union shares held. The shares have been 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 the result of the in- specie share distribution Union currently holds 0.96% (347,847 shares) in Gold Aura Limited and its subsidiary are no longer part of the Union consolidated group.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

Gold Aura will consider the completion of a full Feasibility Study into the commercial development of the Fergusson Island Gold Project. The Company will continue to evaluate the mining potential of the gold and graphite projects at Croydon. Further evaluation of potential new projects will be undertaken including projects on the Central Asian Black Shale Belt, with the view of identifying investment opportunities that will grow the company into the future.

**ENVIRONMENTAL REGULATION AND PERFORMANCE**

The consolidated entity is subject to environmental regulation in respect 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). The maximum extent of that liability as assessed and regulated by the Environmental Protection Authority of Queensland is $160,500.

**SHARE OPTIONS**

As at 30 June 2005, there were 2,000,000 unissued ordinary shares under options. Refer to note 15 of the Full Financial Report for further details of the options outstanding. Option holders do not have any right by virtue of the option, to participate in any share issue of the company.

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

**INDEMNIFICATION AND INSURANCE OF DIRECTORS**

During the year, Gold Aura Limited's premium of $26,459 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 2004 to 23 December 2005 inclusive.

# DIRECTORS' REPORT (continued)

## DIRECTORS' MEETINGS

The numbers of meetings of Directors and meetings of committees of Directors held during the year, and the number of meetings attended by each Director were as follows:

| | DIRECTORS' MEETINGS | | COMMITTEE MEETINGS |
|---|---|---|---|
| | Attended | Circulating Resolutions | Audit |
| **Number of meetings held:** | 4 | 5 | 2 |
| **Number of meetings attended:** | | | |
| Rob Murdoch | 4 | 5 | -- |
| Ken Chapple | 4 | 5 | -- |
| Tim Prowse | 4 | 5 | 2 |
| Thomas Roeggla | 1 | -- | -- |
| Noel White | 4 | 5 | 2 |

## DIRECTORS' INTERESTS IN SHARES AND OPTIONS

*Equity instruments of Directors*

The interests in the equity instruments of the Company held by Directors of the reporting entity and their director related entities were:

| | Ordinary Shares | Options | |
|---|---|---|---|
| **Name** | **Fully Paid** | **Listed** | **Employee** |
| R. B. Murdoch | 2,880,781 | -- | -- |
| K. G. Chapple | 448,938 | -- | -- |
| **Total** | 3,329,719 | | |

## AUDIT COMMITTEE

This Audit Committee oversees and appraises the quality of audits conducted by the entity's external auditors, as well as determining the adequacy of administrative, operating and accounting controls. It is responsible for ensuring that the 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 2 audit committee meetings.

Members of the Audit Committee during the year were:

| **Name** | **Position** |
|---|---|
| T. Prowse | Non Executive Director |
| N. White | Non Executive Director |

## REMUNERATION REPORT

The remuneration report is set out under the follow 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 the Directors, Chief Executive Officer and the senior executives. The Board also reviews and ratifies the Chief Executive Officer's recommendations on the remuneration of key management and staff.

# DIRECTOR'S REPORT (continued)

**REMUNERATION REPORT (continued)**

**Executive Remuneration**

The remuneration policy ensures that contracts for services are reviewed on a regular basis and properly reflect the duties and responsibilities of the individuals concerned. The executive remuneration structure is based on a number of factors including length of service, relevant market conditions, knowledge and experience with the industry, organisational experience, performance of the Company and that the remuneration is competitive in retaining and attracting motivated people. There are no guaranteed pay increases included in the senior executives' contracts. The new Board is currently reviewing the executive remuneration.

Currently the executive remuneration comprises of a total fixed remuneration and does not comprise of any short-term incentive schemes or equity based remuneration except as stated in section D below.

The Directors are not entitled to any retirement benefits except those as provided by the superannuation guarantee scheme, which is currently 9%. Some individuals however, have chosen to sacrifice some or part of their salary and Director's Fees to increase payments towards superannuation.

**Non Executive Directors**

Remuneration for Non Executive Directors was increased from $12,000 to $18,000 per annum. The Non Executive Directors' do not currently participate in any cash bonus or share plans. Except for retirement benefits provided by the superannuation guarantee scheme there are no retirement benefits for the Non Executive Directors.

**B. Details of remuneration**

Details of the nature and amount of each element of the emolument of each director of the company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the year are as follows:

| DIRECTORS REMUNERATION | YEAR ENDED JUNE 2005 | | | |
|---|---|---|---|---|
| | **EMOLUMENTS** | | **LONG TERM EMOLUMENTS** | |
| **NAME** | Base Salary/Fees $ | Equity Shares $ | Superannuation $ | Total $ |
| R.B. Murdoch<br>Executive Chairman (1) | 75,750 | -- | -- | 75,750 |
| K G Chapple<br>Executive Exploration Director – Current | 140,000 | -- | 12,600 | 152,600 |
| T Prowse<br>Non Executive Director – Current (1,2) | 77,446 | -- | -- | 77,446 |
| N White<br>Non Executive Director – Former (1,3) | 19,800 | -- | -- | 19,800 |
| T Roeggla (4) | -- | -- | -- | -- |
| **Total** | **312,996** | **--** | **12,600** | **325,596** |

(1) The Directors and Executives remuneration have been determined on the basis of the cost to the entity, which includes specific benefits and GST.

(2) It is noted that Tim Prowse was appointed Director in November 2004.

(3) It is noted that Noel White was a Director from the beginning of the financial year until his resignation on 25 July 2005.

(4) It is noted that Thomas Roeggla was a Director from the beginning of the financial year until his resignation on 11 February 2005.

# DIRECTOR'S REPORT (continued)

**REMUNERATION REPORT (continued)**

| REMUNERATION OF OTHER EXECUTIVES | ANNUAL EMOLUMENTS | | LONG TERM EMOLUMENTS | |
|---|---|---|---|---|
| NAME | Base Salary/Fees | Other | Superannuation | Total |
| | $ | $ | $ | $ |
| M. Ilett (1)<br>Company Secretary & Chief Financial Officer | 37,819 | -- | -- | 37,819 |
| **Total** | **37,819** | **--** | **--** | **37,819** |

It is noted that there was only one (1) Executive during the year.

**C. Service Agreements**
Remuneration and other terms of employment for the Chief Executive Officer and other executives 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:

- R. B. Murdoch (Chairman & Chief Executive Officer)
  Base Salary of $125 per hour plus travel, accommodation and general out of pocket expenses
  Period of Termination – Three (3) Months

- K. G. Chapple (Executive Exploration Director)
  Term of agreement – 26 July 2002 to 30 June 2005
  Base salary of $140,000 per annum plus superannuation
  Period of Termination – Three (3) Months

- A. T. Prowse (Non-Executive Director)
  Term of agreement – November 2004 to June 2005
  Directors fee of $18,000 per annum plus travel, accommodation and general out of pocket expenses

- M. J. Ilett (Chief Financial Controller Company Secretary)
  Base salary of $72 per hour
  Period of Termination – Four (4) weeks

- N. White (Non- Executive Director)
  Term of agreement – July 2003 to July 2005
  Directors fee of $18,000 per annum plus travel, accommodation and general out of pocket expenses

- T. Roeggla (Non-Executive Director)
  Term of Agreement – July 2002 to February 2005
  Directors fee of $12,000 per annum plus travel, phone and general out of pocket expenses

Directors and specified executives did not receive any cash bonuses, non-monetary benefits or retirement benefits during the reporting period. No options were issued as remuneration to directors, officers or employees during the year. Further details of the remuneration are detailed in note 23 of the Full Financial Report.

**D. Share Based Compensation**
No incentives were offered to 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 note 25 of the Full Financial Report.

# DIRECTOR'S REPORT (continued)

**REMUNERATION REPORT (continued)**

**TAX CONSOLIDATION**

Effective 1 July 2003, for the purposes of income taxation, Gold Aura and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

**AUDITORS' INDPEPENDENCE**

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 30 June 2005. The written Auditor's Independence Declaration is attached to the Directors Report and forms part of this Director's Report.

**ROUNDING**

The amounts contained 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.

**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 Full Financial Report.

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

Director – R B Murdoch
30 September 2005
Brisbane

# AUDITORS' INDEPENDENT DECLARATION

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

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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 audit of the concise financial report of Gold Aura Limited for the year ended 30 June 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
Partner

Brisbane, 30 September 2005

An Independent Queensland Partnership. ABN 32 862 011 478

# STATEMENT OF FINANCIAL PERFORMANCE

| | Notes | CONSOLIDATED JUNE 2005 $ | JUNE 2004 $ |
|---|---|---|---|
| **Revenues from ordinary activities** | 2 | **43,927** | 46,869 |
| **Expenses from ordinary activities** | 2 | **(566,728)** | (674,544) |
| **Profit (Loss) from ordinary activities before income tax expense** | | **(522,801)** | (627,675) |
| **Income tax expense relating to ordinary activities** | | **--** | -- |
| **Net Profit (Loss)** | | **(522,801)** | (627,675) |
| **Net Profit (loss) attributable to members of Gold Aura Limited** | | **(522,801)** | (627,675) |
| **Total changes in equity other than those resulting from transactions with owners as owners** | | **(522,801)** | (627,675) |
| **Basic loss per share (cents per share)** | 4 | **(1.96)** | (2.77) |
| **Diluted loss per share (cents per share)** | 4 | **(1.96)** | (2.77) |
| **Franked dividends per share (cents per share)** | | **--** | -- |

## DISCUSSION AND ANALYSIS – STATEMENT OF FINANCIAL PERFORMANCE

### SEGMENT ANALYSIS

An analysis of revenue and profit from ordinary activities before income tax by segment is set out in note 5.

### TRENDS IN REVENUES ARISING FROM OPERATING ACTIVITIES

Gold Aura Limited and its economic entity achieved a net loss of $522,801 for the year ended 30 June 2005 which compared with a net loss of $627,675 in the previous financial year. Total revenue decreased by 6.28% from $46,869 to $43,927. The major sources of the decrease in revenue were the reduction in interest income by 38.62% to $22,927 and no disposals in non current assets in current financial period. The decrease in revenue was offset by $21,000 in other revenues that relate to a non-refundable option fee relating to the proposed disposal of Georgetown mining assets to a third party.

### MAIN INFLUENCES ON THE COSTS OF OPERATION

Total expenses decreased by $107,815 (15.98%) to $566,729. The decrease in expenses were as a result of savings in the reduction administrative overheads in the period from $605,246 to $365,361, which is largely due to an $88,862 reduction in employee benefits and $28,290 in savings in consulting fees and the sharing of the corporate offices with Union Resources Limited and Jab Technologies Limited. The savings in administration costs is offset by an increase in write off of evaluation and exploration expenditure from $41,123 (increase of 238.30%) to $139,120 that was charged directly to the Statement of Financial Performance and represents costs relating the evaluation of new projects.

The accompanying notes form an integral part of this Statement of Financial Performance

# STATEMENT OF FINANCIAL POSITION

| | Notes | CONSOLIDATED JUNE 2005 $ | JUNE 2004 $ |
|---|---|---|---|
| Cash assets | | **156,774** | 338,477 |
| Receivables | | **9,718** | 5,923 |
| Other assets | | **15,727** | 18,374 |
| **TOTAL CURRENT ASSETS** | | **182,219** | 362,774 |
| Receivables | | **--** | -- |
| Other financial assets | | **--** | -- |
| Property, plant and equipment | | **55,952** | 85,018 |
| Evaluation and exploration expenditure | | **4,138,178** | 3,789,121 |
| Other | | **165,766** | 166,127 |
| **TOTAL NON-CURRENT ASSETS** | | **4,359,896** | 4,040,266 |
| **TOTAL ASSETS** | | **4,542,115** | 4,403,040 |
| Payables | | **176,415** | 132,292 |
| Provisions | | **21,193** | 17,574 |
| **TOTAL CURRENT LIABILITIES** | | **197,608** | 149,866 |
| Provisions | | **10,118** | 15,230 |
| **TOTAL NON-CURRENT LIABILITIES** | | **10,118** | 15,230 |
| **TOTAL LIABILITIES** | | **207,726** | 165,096 |
| **NET ASSETS** | | **4,334,389** | 4,237,944 |
| Total contributed entity | | **4,817,593** | 4,198,347 |
| Total reserves | | **1,021,998** | 1,021,998 |
| Total accumulated losses | 6 | **(1,505,202)** | (982,401) |
| **TOTAL EQUITY** | | **4,334,389** | 4,237,944 |

## DISCUSSION AND ANALYSIS – FINANCIAL POSITION

### CHANGES IN THE COMPOSITION OF ASSETS

Total assets increased by $139,075 (3.16%) to $4,542,115 primarily as a result of a net increase in evaluation and exploration expenditure of $349,057 which is offset by a decrease in cash assets of $181,703 and a reduction in the carrying value of the property, plant and equipment ($29,066). The net increase in exploration and evaluation expenditure is largely due to expenditure incurred on the tenements held at Fergusson Island in Papua New Guinea and at the Croydon Project and exploration expenditure on prospective tenements located in South East Asia along the Central Asian Black Shale Belt.

### CHANGES IN THE COMPOSITION OF LIABLITLIES

Total liabilities increased from $42,630 (25.81%) to $207,726 mainly as a result of an increase in trade creditors relating to the exploration and evaluation expenditure.

### OTHER SIGNFICANT MOVEMENTS IN STATEMENT OF FINANCIAL POSITION ITEMS

Contributed equity increased from $619,246 (14.75%) to $4,817,593 as a result of allotment of 5,317,274 new ordinary shares under a share purchase plan, placement of shares and exercise of options. The funds will be used to fund working capital, continued exploration and evaluation of existing tenements and evaluation of potential new gold tenements in Australia and South East Asia.

### RELATIONSHIP BETWEEN DEBT AND EQUITY

The Company's activities have been largely funded through new share issues and as at 30 June 2005 the company had no financial debt.

The accompanying notes form an integral part of this Statement of Financial Position

# STATEMENT OF CASH FLOWS

| | CONSOLIDATED | |
|---|---|---|
| | **JUNE 2005 $** | JUNE 2004 $ |
| Deposits received | **11,000** | 2,852 |
| Interest received | **22,927** | 40,326 |
| Interest and other financial costs paid | **(1,818)** | -- |
| Payments to suppliers and employees | **(397,414)** | (604,946) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | **(365,305)** | (561,768) |
| Purchase of physical non-current assets | **(3,363)** | (7,649) |
| Purchase of exploration, evaluation and development assets | **(452,995)** | (459,924) |
| Proceed from return of security deposit | **361** | -- |
| Proceeds from disposal of physical non-current assets | **--** | 15,273 |
| Loans repaid (granted) to subsidiary and investee companies | **20,353** | (22,347) |
| **NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES** | **(435,644)** | (474,647) |
| Proceeds from issue of ordinary shares and options | **631,964** | 457,500 |
| Other - Share issue costs | **(12,718)** | (28,031) |
| **NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES** | **619,246** | 429,469 |
| **NET INCREASE/(DECREASE) IN CASH HELD** | **(181,703)** | (606,946) |
| Add opening cash brought forward | **338,477** | 945,423 |
| **CLOSING CASH CARRIED FORWARD** | **156,774** | 338,477 |

## DISCUSSION AND ANALYSIS – CASH FLOWS

### CHANGES IN CASH FLOWS FROM OPERATIONS

Cash decreased from $181,703 (53.68%) to $156,774 as a result of exploration, evaluation expenditure of $452,995 and payment to suppliers and employees of $397,414, which offset of net capital rasing of $619,246.

The net cash flows used in operating activities decreased $196,463 (35%) as a result of a reduction in administration costs which was partially offset to a decrease in interest income due to the lower cash assets.

### FINANCING OF CAPITAL EXPENDITURE PROGRAMS

Significant cash flows from investing activities in the period were exploration, evaluation and development expenditure on the Fergusson Island Project in South Eastern Papua New Guinea and on the Croydon Project in North Queensland as well as new project expenditure in Australia and South East Asia along the Central Asian Black Shale Belt.

### CASH FLOWS FROM FINANCING ACTIVITIES

The most significant cash flows from financing activities during the year were proceeds from issues of shares. During the year the Company raised $619,246 through issues of new ordinary shares. The proceeds from this issue was utilised to fund the operating and investing activities of the company.

The accompanying notes form an integral part of this Statement of Cash Flows

# NOTES TO THE CONCISE FINANCIAL STATEMENTS

## 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 Standard AASB 1039 "Concise Financial Reports".

**Changes in accounting policies and estimates**
The accounting policies adopted are consistent with those of the previous year.

## 2. REVENUE AND EXPENSES FROM OPERATING ACTIVITIES

| | CONSOLIDATED | |
|---|---|---|
| | **JUNE 2005 $** | JUNE 2004 $ |
| Foreign currency gain | -- | 287 |
| Interest – unrelated parties | **22,927** | 37,351 |
| Proceeds from sales of non current assets | -- | 9,231 |
| Other revenue | **21,000** | -- |
| **Total revenue from operating activities** | **43,927** | 46,869 |

## 3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

**(a) Dividends proposed and recognised as a liability**

| | | |
|---|---|---|
| Franked dividends | **--** | -- |

**(b) Dividends Paid**

| | | |
|---|---|---|
| Franked dividends | **--** | -- |

## 4. LOSS PER SHARE

| | CONSOLIDATED | |
|---|---|---|
| | **JUNE 2005 $** | JUNE 2004 $ |
| Basic loss per share (cents per share) | **(1.96)** | (2.77) |
| Diluted loss per share (cents per share) | **(1.96)** | (2.77) |
| Earnings used in calculating of basic loss per share | | |
| Earnings used in calculating of diluted loss per share | **(522,801)** | (627,675) |
| **Weighted average number of shares used as the denominator** | | |
| Weighted average number of ordinary shares used in the dominator in calculating basic loss per share | **26,736,348** | 22,654,427 |
| Weighted average number of ordinary shares used in the dominator in calculating diluted loss per share | **26,736,348** | 22,654,427 |

At year-end, the economic entity had 2,000,000 options on issue representing 2,000,000 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 8.1 cents per share, which is well below the exercise price for the options.

Diluted loss per share excludes options as their conversion price in well in excess of their exercise price. As such, the directors believe that the options are not likely to be currently exercised and therefore, not potential dilutive to the ordinary shares.

# NOTES TO THE CONCISE FINANCIAL STATEMENTS (continued)

## 5. SEGMENT REPORTING

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. Geographically, the group operates within three predominant segments being Australia, South East Asia 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 whilst exploration is being carried out in South East Asia

| Segment Information – Primary segment | Australia | | Papua New Guinea | | Corporate | | South East Asia | | Consolidation | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **JUNE 2005** | JUNE 2004 | **JUNE 2005** | JUNE 2004 | **JUNE 2005** | JUNE 2004 | **JUNE 2005** | JUNE 2004 | **JUNE 2005** | JUNE 2004 |
| **Geographic segment** | **$** | $ | **$** | $ | **$** | $ | **$** | $ | **$** | $ |
| Sales to customers outside the consolidated entity | **--** | -- | **--** | -- | **--** | -- | **--** | -- | **--** | -- |
| Other revenues from customers outside the consolidated entity | **21,000** | -- | **--** | 9,231 | **22,927** | 37,351 | **--** | -- | **43,927** | 46,582 |
| Total Segment Revenue | **21,000** | -- | **--** | 9,231 | **22,927** | 37,351 | **--** | -- | | |
| Total Consolidated Revenue | | | | | | | | | **43,927** | 46,582 |
| **Results** | | | | | | | | | | |
| Segment result | **96,366** | 47,952 | **588** | (1,090) | **343,819** | (674,537) | **82,028** | -- | **(522,801)** | (627,675) |
| Consolidated entity profit/(loss) from ordinary activities before income tax expense | | | | | | | | | **(502,801)** | (627,675) |
| Income tax expense/ (benefit) | | | | | | | | | **--** | -- |
| Net loss | | | | | | | | | **(502,801)** | (627,675) |

| | Australia | | Papua New Guinea | | Corporate | | South East Asia | | Consolidation | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **JUNE 2005** | JUNE 2004 | **JUNE 2005** | JUNE 2004 | **JUNE 2005** | JUNE 2004 | **JUNE 2005** | JUNE 2004 | **JUNE 2005** | JUNE 2004 |
| | **$** | $ | **$** | $ | **$** | $ | **$** | $ | **$** | $ |
| **Assets** | | | | | | | | | | |
| Segment assets | **1,747,510** | 1,594,837 | **2,453,742** | 2,291,180 | **292,135** | 517,023 | **48,728** | -- | **4,542,115** | 4,403,040 |
| **Liabilities** | | | | | | | | | | |
| Segment liabilities | **--** | 12,601 | **6,216** | 6,216 | **201,510** | 146,277 | **--** | -- | **207,726** | 165,094 |
| **Other segment information:** | | | | | | | | | | |
| Acquisition of property, plant and equipment, intangible assets and other non-current assets | **167,956** | 154,807 | **167,798** | 32,961 | **3,363** | -- | **159,387** | - | **498,504** | 187,498 |
| Depreciation and amortisation | **96,366** | 25,788 | **118** | 2,387 | **--** | -- | **82,028** | -- | **178,512** | 28,175 |

# NOTES TO THE CONCISE FINANCIAL STATEMENTS (continued)

| | CONSOLIDATED | |
|---|---|---|
| | JUNE 2005<br>$ | JUNE 2004<br>$ |
| **6. ACCUMULATED LOSSES** | | |
| Reconciliation of accumulated losses | | |
| Balance at the beginning of the year | **(982,401)** | (354,726) |
| Net profit (loss) for the financial year | **(522,801)** | (627,675) |
| Balance at end of year | **(1,505,202)** | (982,401) |

**7. SIGNIFICANT EVENTS AFTER BALANCE DATE**

On 29 August 2005 the company issued 7,255,882 new ordinary shares and 7,255,882 free attaching options convertible at 13 cents expiring 31 March 2009 in a private placement to a number of sophisticated investors at an issue price of 0.085 cents per share.

On 13 September 2005 Union Resources Limited completed an in specie share distribution of 10,143,271 Gold Aura Limited shares to the eligible Union Resource shareholders on the basis of one (1) ordinary Gold Aura Share for every fifty (50) Union Resource shares held. The shares have been distributed equally to eligible Union Resource shareholders on a pro-rata basis based on the number of shares held on the record date on 7 September 2005. As the result of the in specie share distribution Union Resources currently holds 347,847 shares in Gold Aura Limited and Gold Aura Limited and its subsidiary are no longer part of the Union Resources Limited consolidated group.

The financial effect of these events have not been recognised in the 30 June 2005 financial statements of Gold Aura and the economic entity and these events have no material effect on the financial statements as at 30 June 2005.

**8. INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Company has evaluated the financial impact of key differences in accounting policies that are expected to arise from adopting Australian equivalents of International Financial Reporting Standards ("AIFRS") for application to reporting periods beginning on or after 1 January 2005.

A full discussion of the impact of the key differences can be found in note 29 contained in the Full Financial Report for the financial year ended 30 June 2005 and the Auditor's Report thereon which can be found by visiting our website by visiting our website at www.goldaura.com.au.

The adoption of AIFRS should have no material effect, except as noted below, on the economic entity's reported financial performance, cash flows, or assets, liabilities and contributed equity as disclosed in the Statement of Financial Position.

The economic entity has applied the exemptions provided in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, which permits the consolidated entity to grandfather all prior business combinations so that only minor restatements for prior consolidated entries are needed and permits the recognition of items of plant, property and equipment at deemed cost at the date of transition to AIFRS.

There are no material differences between the income statement presented under AFIRS and the income statement presented under previous Australian Generally Accepted Accounting Principles ("AGAAP").

There are no material differences between the cash flow statement presented under AFIRS and the cash flow statement presented under previous AGAAP.

There are no material differences between the income statement presented under AFIRS and the income statement presented under previous Australian Generally Accepted Accounting Principles ("AGAAP").

There are no material differences between the cash flow statement presented under AFIRS and the cash flow statement presented under previous AGAAP.

# NOTES TO THE CONCISE FINANCIAL STATEMENTS (continued)

## 8. INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

An explanation of the differences from previous AGAAP to AIFRS and its affect on the consolidated entity's financial position and financial performance is set out briefly as follows:

a) 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.

Gold Aura has maintained its tenements and has carried out exploration expenditure in each area of interest and will continue to carry forward its exploration and evaluation expenditure. Currently the areas of interest for Gold Aura Limited are considered to be either Greenfield or Brownfield exploration projects

An impairment trigger exists as the market capitalisation of Gold Aura Limited, a subsidiary of Union Resources Ltd, lower than the carrying value of the net assets of the Gold Aura Limited. In considering the impairment the underlying exploration and evaluation assets the Company considered under AASB 6 Exploration for and Evaluation of Mineral Assets, whether the areas of interest were about to expire, the current and future budget allocations for work in the particular area of interest, exploration activities that have been carried in the areas of interest and whether sufficient data is available on a area of interest to indicate that exploration expenditure is likely to be recovered from extractive activities.

As the result of the investigation of the exploration and evaluation assets, the Company has impaired the carrying value of the Gold Aura exploration and evaluation tenements.

b) Under AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the economic entity is required to make a provision for rehabilitation for its exploration tenements based on the present value of the expenditures expected to be required to settle the future obligations. The exploration and evaluation assets have been increased to reflect the provision for rehabilitation. Under AGAAP the cost of rehabilitation was incurred over the life of each area of interest.

c) 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, I state that in the opinion of the Directors:

(a) The Concise Financial Report of the consolidated entity for the year ended June 2005 is in accordance with Accounting Standard AASB 1039 "Concise Financial Report"; and

(b) The Financial statements and specific disclosures included in the Concise Financial Report have been derived from the Full Financial Report for the year ended 30 June 2005.

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

***R B MURDOCH***
Director

30 September 2005
Brisbane

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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 statement of financial position, consolidated statement of financial performance, consolidated statement of cash flows, discussion and analysis of and accompanying notes to the financial statements, and the Directors' declaration for Gold Aura Limited (the company), for the year ended 30 June 2005.

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 2005. Our audit report on the full financial report was signed on 30 September 2005.

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, discussion and analysis, 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.


An Independent Queensland Partnership. ABN 32 862 011 478

**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 $4,138,178 (2004: $3,789,121) that have been included in the consolidated entity's Statement of Financial Position as non-current assets (refer note 12 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, 30 September 2005