Gold Aura Limited

A.B.N. 75 067 519 779

ANNUAL REPORT

For the year ended 30 June 2005

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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
Suite 1, Level 6
200 Creek Street
BRISBANE QLD 4000
AUSTRALIA

Postal Address:
PO Box 728
SPRING HILL QLD 4004
AUSTRALIA
Telephone: (07) 3833 3833
Facsimile: (07) 3833 3888
E-mail: info@goldaura.com.au

SHARE REGISTRY
ASX Perpetual Share Registry
Level 22
300 Queen Street
BRISBANE QLD 4000
AUSTRALIA

Postal Address:
GPO Box 35
BRISBANE QLD 4001
Telephone: (07) 3228 4260
Facsimile: (07) 3221 3149

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 (continued)

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 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 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 B.Sc., B.Econ. (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 B Eng (Mining) (Hons) M Aus IMM (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. 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 in 2003 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 has been 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 gms/tonne. 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 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.

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.

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 financial statements 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.

DIRECTORS' REPORT (continued)

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' 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	Signed Resolutions	Audit
Number of meetings held:	3	8	2
Number of meetings attended:			
Rob Murdoch	3	8	--
Ken Chapple	3	5	--
Tim Prowse	3	1	2
Thomas Roeggla	1	--	--
Noel White	3	1	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

DIRECTORS' REPORT (continued)

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.

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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

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 Chairman (1)	75,750	--	--	75,750
K G Chapple Executive Exploration Director – Current	140,000	--	12,600	152,600
T Prowse Executive Director – Current (1,2)	77,446	--	--	77,446
N White 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.

REMUNERATION OF OTHER EXECUTIVES	ANNUAL EMOLUMENTS		LONG TERM EMOLUMENTS	
NAME	Base Salary/Fees $	Other $	Superannuation $	Total $
M. Ilett (1) 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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

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
  Base salary of $700 per day casual consulting services

- 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 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 Financial Report.

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.

DIRECTORS' REPORT (continued)

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 following section of this report.

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

Director – R B Murdoch

AUDITORS' INDEPENDENCE DECLARATION

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

Level 21
300 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 35
Brisbane Qld 4001
Australia

Tel: 07 3228 4000
Fax: 07 3221 6420

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

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 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

R J ST CLAIR

Partner

Brisbane, 30 September 2005

An Independent Queensland Partnership. ABN 32 862 011 478

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place and the extent to which the Company has followed the recommendations of the ASX Corporate Governance Council ("ASX Council") throughout the year as contained in the ASX Council's "Principles of Good Corporate Governance and Best Practice Recommendations." Departures from the ASX Council best practice recommendations have be identified and explained below.

The statement and information contained therein is available on the Company's website at www.goldaura.com.au under the company information section.

Principle 1 - Lay solid foundations for management and oversight

The Board is responsible to shareholders for the group's overall Corporate Governance. The Board delegates to the Chief Executive Officer (CEO) and the executive team the responsibility for the operation and administration of the consolidated entity. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess performance.

The key responsibilities of the Board are to:

- Establish, monitor and modify the corporate, business and tactical level strategies of the Company;
- Ensure compliance with good corporate governance and other requirements of the law;
- Monitor the performance of the Company and its management;
- Undertake a review of risks and further develop systems of internal control;
- Approve decisions concerning capital and major expenditure; and
- Ensure proper disclosure to shareholders and other stakeholders.

During the previous financial year the Board reviewed its polices and practices in relation to the ASX best practice recommendations and developed a written Board charter which was formerly adopted at a meeting of directors of the Company held on 20 January 2004. A copy of the Board Charter can be found on the Company's website.

Principle 2 - Structure the Board to add value

The current Board of three members comprises of one non-executive director and two executive directors. The names, skills, experience of the directors in office at the date of this statement and the period of office of each director are set out in the Directors' Report contained in this Financial Report. The directors believe that the Board is of sufficient composition, size and commitment to adequately discharge its responsibilities and duties.

Independence of Directors

Mr Tim Prowse is a non-executive Director. Due the size and nature of the Company, the Board does not consist of a majority of the independent Directors. The Board believes that the individual directors make quality and independent judgements in the best interests of the Company.

The Board distinguishes between the concept of independence and issues of conflict of interest and material personal interest. The Board's policies and procedures ensure that interests in the matters are disclosed and that the relevant director is excluded from voting in matters relating to conflict of personal and material interest. All directors are also able to obtain independent advice at the expense of the Company.

The composition of the Board will be monitored to ensure that additional independent directors are appointed on a timely basis to fulfil specific skill sets needed by the Board to discharge its responsibilities competently and to meet its obligations.

Chairperson of the Board

Due to the size and nature of the Company, Mr Rob Murdoch is both the Executive Director and Chairperson of the Company.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle 2 - Structure the Board to add value (continued)

Nomination

As Gold Aura Limited has a relatively small Board it has not established a formal nomination committee. The whole Board participates in the selection of members of the Board. The Board formalised its Nomination and Remuneration Policy, which was formerly adopted at a meeting of Directors of the Company held on 20 January 2004. A copy of this policy has been published on the Company's website.

The Remuneration and Nomination Policy delegates to non-executive directors the responsibilities of:

- Assessing the necessary competencies of Board members to add value to the Company;
- Reviewing the Board succession plans;
- Evaluating the Board's performance; and
- Providing recommendations for the appointment and removal of members of the Board and Committees of the Board.

The Board has recently assessed the performance of individual directors and the Board as a whole and determined that there is no present need for the appointment of any additional directors.

Principle 3 - Promote ethical and responsible decision making

Code of Conduct

The Company is firmly committed to ethical business practices, a safe workplace and compliance with the law. Fair dealing with the Company's suppliers, advisors, customers, employees and competitors is expected at all levels of the organisation. All directors, executive management and employees are expected to act with integrity to enhance the performance of the Group. The Company has established a Code of Conduct, which provides a guide to the Directors and employees as to the practices necessary to maintain confidence in the Company's integrity and ethical practices. A copy of the Code of Conduct has been published on the Company's website.

Trading in Company Securities by Directors, Officers and Employees

The Board has established written guidelines set out in its Corporate Ethics and Securities Trading Policy that sets guidelines for trading in the Company's shares. The policy restricts the buying or selling of Company Shares within seven days prior to the release of the year and annual reports and at any time during which the directors are aware of unpublished price sensitive information.

A summary of the main provisions of the Corporate Ethics and Securities Trading Policy has been published on the Company's website.

Principle 4 - Safeguard integrity in financial reporting

Statement to the Board by the Chief Executive Officer and Chief Financial Officer

The Board requires that the Chief Executive Officer and Chief Financial Officer to state in writing to the Board that the consolidated financial statements of Company and its controlled entities present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with applicable accounting standards.

Audit Committee

The Board established an Audit Committee in August 2004, which operates under a Charter approved by the Board. It is the Audit Committee's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board confirmed the role and responsibilities of the Audit Committee in a written charter, which was formerly adopted at a meeting of directors. A copy of the audit committee charter has been published on the Company's website.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle 4 - Safeguard integrity in financial reporting (continued)

Audit Committee (continued)

Some meetings of the Committee were attended by invitation by the Managing Director, Chief Financial Officer, the engagement partner from the Company's external auditors and any such other senior staff or professional people as may be appropriate from time to time. The Company ensured that at least one person present had financial experience and that some members had an understanding of the resource sector.

During the period the audit committee met with the external auditor to review the independence of the external auditor and discuss the need for rotation of external audit engagement partners. The audit committee determined that was no need for any change in the external auditor.

Principle 5 - Make timely and balanced disclosure

The Company has established policies and procedures designed to ensure compliance with the ASX Listing Rule requirements so that announcements are made in a timely manner, are factual, do not omit material information, are balanced and are expressed in a clear and objective manner so as to allow investors to assess the information when making investment decisions. The Chief Executive Officer and Chief Financial Officer are responsible for interpreting and monitoring the Company's disclosure policy and the Company Secretary is responsible for all communications with the ASX.

ASX announcements are also published on the Company's website. The Company's Statement of Governance Policy contains procedures relating to the timely and balanced disclosure. A copy of this policy has been published on the Company's website.

Principle 6 - Respect the rights of shareholders

The Company aims to keep shareholders informed of the Company's performance and all major developments in an ongoing manner. Gold Aura regularly communicates to its shareholders in a timely manner through:

- Relevant disclosures made in accordance with ASX Listing Rule disclosure requirements;
- Annual financial reports which are distributed unless specifically requested otherwise;
- Making documents that have been released publicly available on the Company's website; and
- Communicating with shareholders electronically through the Company's web based application.

The Company's web site contains a corporate governance section that includes copies of policies, procedures and charters.

The Company has requested that the external auditor attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7 - Recognise and manage risk

Oversight of the risk management function

Gold Aura recognises that it is necessary to undertake activities that involve a level of risk in order to achieve high levels of performance. The Board and Audit Committee are responsible for the oversight of the Group's risk management and control framework.

The size of the Company and the comprehensive nature of its reporting systems have led the Board to conclude that a formal internal audit process would not be cost effective nor reduce risk. There is no formal Risk Management Policy, however the Company is focused on the identification and management of risk including:

- Establishing the Company's corporate level and business level goals and monitoring and implementing strategies to achieve these goals;
- Identifying and measuring risks that might impact upon the achievement of the Company's goals and monitor for trends and emergent factors;
- Reviewing the year-end reports and other reports required to be lodged with the ASX; and
- Established separate project teams to identify risk management strategies and monitor the risk and implementation strategies for each major company project. The project managers report to the Board on a regular basis.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle 7 - Recognise and manage risk (continued)

Oversight of the risk management function (continued)

The Board believes that there are adequate controls to ensure that financial reports provide a truthful and factual position for the Company.

Certification of risk management controls

The Chief Executive Officer and Chief Financial Officer are required to make an annual written statement to the Board with respect to risk management and internal controls.

Principle 8 - Encourage enhanced performance

The Board undertakes an annual review of its performance and the performance of key executives. Directors were initially invited to join the Board on the basis of their experience and skills in relation to the Company's activities.

The performance criteria against which Directors' and executives are assessed align with the Company's objectives. The Board has a responsibility to ensure that executive remuneration is fair and reasonable, having regard to the competitive market for executive talent, structured effectively to motivate and retain valued executives, and designed to produce value for shareholders.

Principle 9 - Remunerate fairly and responsibly

As Gold Aura Limited has a relatively small Board it has not established a formal remuneration committee. The whole Board is responsible for recommending and reviewing the remuneration arrangements for the directors, chief executive officer and senior executive team. The Board has formalised its Nomination and Remuneration Policy which was formerly adopted at a meeting of Directors of the Company held on 20 January 2004. A copy of this policy has been published on the Company's website.

The Nomination and Remuneration Policy requires that a majority of non-executive directors must approve changes to the remuneration or contract terms of Directors; the design of new remuneration packages, equity based remuneration packages, performance based remuneration, any cash-based incentive plans and termination payments to Directors.

It is the objective of Gold Aura Limited to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors' and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration policy are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives, which allow executives to share the rewards of the success of the Company.

Executive directors are remunerated by means of a fixed based remuneration. The Company is currently reviewing its remuneration policies and practices and considering the introduction of performance based and equity based remuneration. As non-executive director Mr. T Prowse, is entitled to director's fees. Non-executive directors are not entitled to any retiring allowance payable upon their retirement as a director of the Company. The details of the Directors' and Senior Executives' remuneration are set out in the Directors' Report and in note 23 to the Financial Report.

Principle 10 - Recognise the legitimate interests of stakeholders

The Company recognises its legal and other obligations including its responsibility to act in good faith and with integrity whilst dealings with Company affairs. These responsibilities relate to all stakeholders including clients, customers, suppliers, government, financial institutions, shareholders and to the community as a whole.

The Company is firmly committed to ethical business practices, a safe workplace and compliance with the law. These include trade practices and fair dealing laws, consumer protection, and respect for privacy, employment law, occupational health and safety, equal employment opportunity, superannuation, environment and pollution controls.

As indicated under Principle 3, the Company has established a Code of Conduct to guide compliance with legal and other obligations to the legitimate stakeholders of the Company.

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	CONSOLIDATED		GOLD AURA LIMITED	
		JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
Revenues from ordinary activities	2	43,927	46,869	43,927	37,351
Expenses from ordinary activities	2	(566,728)	(674,544)	(566,142)	(663,936)
Profit (Loss) from ordinary activities before income tax expense		(522,801)	(627,675)	(522,215)	(626,585)
Income tax expense relating to ordinary activities	4	--	--	--	--
Net Profit (Loss)		(522,801)	(627,675)	(522,215)	(626,585)
Net Profit (loss) attributable to members of Gold Aura Limited	17	(522,801)	(627,675)	(522,215)	(626,585)
Total changes in equity other than those resulting from transactions with owners as owners	17	(522,801)	(627,675)	(522,215)	(626,585)

Basic loss per share (cents per share)	5	(1.72)	(2.77)	--	--
Diluted loss per share (cents per share)	5	(1.72)	(2.77)	--	--
Franked dividends per share (cents per share)		--	--	--	--

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

STATEMENT OF FINANCIAL POSITION

		CONSOLIDATED		GOLD AURA LIMITED	
	Notes	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
CURRENT ASSETS					
Cash assets	7	156,774	338,477	154,917	332,226
Receivables	8	9,718	5,923	9,718	5,923
Other assets	9	15,727	18,374	15,727	18,376
TOTAL CURRENT ASSETS		182,219	362,774	180,362	356,525
NON-CURRENT ASSETS					
Receivables	8	--	--	826,988	660,409
Other financial assets	10	--	--	1,640,000	1,640,000
Property, plant and equipment	11	55,952	85,018	55,721	84,668
Evaluation and exploration expenditure	12	4,138,178	3,789,121	1,697,054	1,515,795
Other	9	165,766	166,127	160,500	160,500
TOTAL NON-CURRENT ASSETS		4,359,896	4,040,266	4,380,263	4,061,372
TOTAL ASSETS		4,542,115	4,403,040	4,560,625	4,417,897
CURRENT LIABILITIES					
Payables	13	176,415	132,292	177,581	130,391
Provisions	14	21,193	17,574	21,193	17,574
TOTAL CURRENT LIABILITIES		197,608	149,866	198,774	147,965
NON-CURRENT LIABILITIES					
Provisions	14	10,118	15,230	10,118	15,230
TOTAL NON-CURRENT LIABILITIES		10,118	15,230	10,118	15,230
TOTAL LIABILITIES		207,726	165,096	208,892	163,195
NET ASSETS		4,334,389	4,237,944	4,351,733	4,254,702
EQUITY					
Total contributed entity	15	4,817,593	4,198,347	4,817,593	4,198,347
Total reserves	16	1,021,998	1,021,998	1,021,998	1,021,998
Total accumulated losses	17	(1,505,202)	(982,401)	(1,487,858)	(965,643)
TOTAL EQUITY		4,334,389	4,237,944	4,351,733	4,254,702

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

STATEMENT OF CASH FLOWS

	Notes	CONSOLIDATED		GOLD AURA LIMITED	
		JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Deposits received		11,000	2,852	11,000	3,054
Interest received		22,927	40,326	22,927	40,326
Interest and other financial costs paid		(1,818)	--	(1,818)	--
Payments to suppliers and employees		(397,414)	(604,946)	(380,801)	(594,521)
NET CASH FLOWS FROM OPERATING ACTIVITIES	21(b)	(365,305)	(561,768)	(348,692)	(551,141)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of physical non-current assets		(3,363)	(7,649)	(3,363)	(7,128)
Purchase of exploration, evaluation and development assets		(452,995)	(459,924)	(277,921)	(215,860)
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)	(166,579)	(266,188)
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(435,644)	(474,647)	(447,863)	(489,176)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of ordinary shares and options		631,964	457,500	631,964	457,500
Other - Share issue costs		(12,718)	(28,031)	(12,718)	(28,031)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		619,246	429,469	619,246	429,469
NET INCREASE/(DECREASE) IN CASH HELD		(181,703)	(606,946)	(177,309)	(610,848)
Add opening cash brought forward		338,477	945,423	332,226	943,074
CLOSING CASH CARRIED FORWARD	21(a)	156,774	338,477	154,917	332,226

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial statements have been prepared in accordance with the historical cost convention, except for certain assets, which as noted, are at valuation.

In preparing the financial statements the directors note that the ability of Gold Aura Limited group of companies (referred to collectively throughout these financial statements as the "economic entity" or "Gold Aura") to continue as a going concern is uncertain in that it is dependent upon:

- the continued ability of Gold Aura to raise equity capital;
- the improved profitability of the economic entity's technology investments;
- the containment of operating expenses at a level that is commensurate with Union's revenue generating potential; and
- Gold Auracontinuing to enhance the value of assets that are retained including the possibility of developing these assets through joint venture arrangements; or
- the disposal of assets at a value that generates adequate cash flows to Union.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Gold Aura Limited as at 30 June 2005 and the results of all controlled entities for the year then ended. The effects of all transactions between the economic entities in the consolidate entity are eliminated in full. Outside equity interests in the results and equity of the controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during the year its results are included for that part of the year during which control existed.

(c) Income Tax

Tax effect accounting procedures are followed whereby the income tax in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. The provision for deferred income tax liability and the future income tax benefit include the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes, calculated at the tax rate expected to apply when the differences reverse.

(d) Foreign currencies

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currencies at the rates of exchange current at that date. Resulting exchange differences relating to monetary items are included in the Statement of Financial Performance, as exchange gains or losses, in the period when the exchange rates change. The financial statements of all foreign operations are translated using the temporal rate method, as they are considered reliant on the parent entity.

(e) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issues or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in acquisition, the value of the instruments is their market price as at acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

NOTES TO FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets - Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill and amortised on a straight-line basis over the period during which the benefits are expected to arise. The unamortised balance of goodwill is reviewed at each balance date and charged to profit from ordinary activities to the extent that applicable future benefits are no longer probable. The carrying amount of goodwill relating to the acquisitions to date has been charged to the statement of financial performance.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

- provision of technology services – revenue from provision of technology services is recognised when the economic entity has performed services for the customer and billing for those services has occurred in accordance with contract terms and conditions; and
- interest – interest revenue is recognised on an accrual basis.

(h) Recoverable amount of non-current assets

All non-current assets are reviewed at least annually to determine whether their carrying amounts require write-down to a recoverable amount. The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and cash outflows arising from continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its receivable amount, the asset is written down to its recoverable amount.

(i) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is capitalised in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or interest or when activities in the areas of interest have not yet reached a stage which permit reasonable assessment of the existence of economically recoverable reserves.

The ultimate recoupment of capitalised costs is dependent on the successful development and commercial exploitation, or sale, of the respective areas of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Where costs are capitalised on exploration, evaluation and development, they are amortised over the life of the area of interest to which they relate once production has commenced. Amortisation charges are determined on a production output basis, unless a time basis is more appropriate under specific circumstances.

(j) Provision for restoration and rehabilitation

Provision is made for anticipated costs of restoration and rehabilitation necessitated by disturbance arising from exploration, evaluation, development and production activity, and form part of the costs of the respective phases of operations. Restoration and rehabilitation costs accumulate in the provision on a production output basis commencing in the period that disturbance occurred. Costs included in the provision cover land reclamation, plant removal and on-going revegetation programs. The provision is determined based on anticipated future costs, utilising known technology, and is reviewed at regular intervals.

(k) Investments

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost and dividend receivable is recognised in the statement of financial performance when receivable. Controlled entities are accounted for in the consolidated financial statements as set out in note 1(a). Interests in controlled entities, the investment is written down to its recoverable amount.

NOTES TO FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment

Property, plant and equipment are stated at cost or recoverable amount. Depreciation is calculated on a straight-line basis to write off the net cost or re-valued amount of each item of property, plant and equipment (excluding land and investment properties) over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis fro all assets, with annual reassessments for major items. The expected useful lives for plant and equipment is 4 - 5 years.

(m) Leased assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits of ownership of the leased assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

(n) Financial instruments

Cash at bank and term deposits earn an average floating interest rate of 5.2% pa (2004: 4.90% pa). These are the only financial assets which expose the entity to interest rate risk. The average floating interest rate represents the most recently determined rate applicable to the instrument at the end of the year. Interest bearing convertible notes exposes the economic entity to interest rate risk. The notes earn interest at a fixed rate of 10% per annum. The carrying amounts of financial assets and liabilities as shown in the Statement of Financial Position approximate their net fair value.

(o) Employee benefits

Employee benefit on-costs including payroll tax are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect to services provided by the employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employees, anticipated departures and periods of service. Expected future payments are discounted using market yields as the reporting date on national government bonds with terms to maturity that match as closely as possible the estimated future cash outflows.

(p) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred except to the extent they are included in the costs of qualifying assets.

(q) Earnings per share

Basic earnings per share is determined by dividing the net profit after tax attributable to the members of the company, excluding any costs of servicing equity other then ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares.

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.

(r) Reclassification of liabilities for certain employee benefits

The liabilities for wages and salaries and related on-costs expected to be settled within 12 months of reporting date have been classified as other creditors in the current year in accordance with AASB 1044 Provisions, Contingent Liabilities and Contingent Assets. The directors do not believe there are any significant uncertainties relating to the amount and timing of the future payments for these employee benefits, therefore they do not meet the definition of a provision under AASB 1044.

NOTES TO FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of good and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows arising from operating activities are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to the ATO, are classified in operating cash flows.

(t) Employee option ownership schemes

Certain employees are entitled to participate in option ownership schemes. The details of the schemes are described in Note 26. No remuneration expense is recognised in the Statement of Financial Performance in respect of employee options issued.

(u) Revaluation of non-current assets

Subsequent to initial recognition as exploration evaluation and development expenditure, capitalised assets are measured at fair value being the amounts for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Revaluations were made to the gold tenements prior to the initial public offering of Gold Aura Limited to ensure that the carrying amount of each exploration evaluation and development expenditure capitalised, as assets did not differ materially from their fair value.

(v) Impact of adopting international financial reporting standards

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. This summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The key potential implications of the conversion to IFRS on the consolidation entity are as follows:

- Financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value.
- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and as the tax effect follows the underlying transaction, some tax effects will be recognised in equity.
- Impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired.
- Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

Further discussion on the impact of IFRS is contained in note 29.

NOTES TO FINANCIAL STATEMENTS (continued)

	CONSOLIDATED		GOLD AURA LIMITED	
	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $

2. PROFIT FROM ORDINARY ACTIVITIES

(a) Specific Items

Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

	CONSOLIDATED JUNE 2005 $	CONSOLIDATED JUNE 2004 $	GOLD AURA LIMITED JUNE 2005 $	GOLD AURA LIMITED JUNE 2004 $
(i) Revenues from operating activities				
Revenue from sale of goods	--	--	--	--
Revenues from non-operating activities				
Foreign currency gain	--	287	--	--
Interest – unrelated parties	22,927	37,351	22,927	37,351
Proceeds from sales of non current assets	--	9,231	--	--
Debt forgiveness income	--	--	--	--
Proceeds from sale investments	--	--	--	--
Other revenue	21,000	--	21,000	--
Total revenue from operating activities	43,927	46,869	43,927	37,351
(ii) Expenses from ordinary activities				
Annual report printing	--	23,825	--	23,825
Audit fees	13,000	33,350	13,000	33,350
Bank fees/Borrowing costs	6,555	2,783	7,548	5,445
Consulting fees	91,890	120,180	91,890	120,180
Directors' expenses	57,226	82,242	57,226	82,242
Depreciation and Amortisation	32,248	28,175	32,428	25,788
Diminution of asset values	139,120	41,123	139,120	47,953
Employee benefits	80,974	169,656	80,974	166,352
Insurance	4,253	6,013	4,253	6,013
Legal Fees	3,500	(5,182)	--	(5,182)
Marketing and promotion expenses	6,397	3,252	6,367	2,973
Occupancy expenses	28,126	33,229	28,126	33,229
Repairs & maintenance, equipment lease	6,926	8,659	6,926	8,659
Share registry / meeting costs/Listing fees	50,153	23,191	50,153	22,168
Stationary, postage and printing	20,111	5,732	20,111	5,732
Telephone	12,152	14,609	12,152	14,609
Travel	7,876	50,740	7,786	50,821
Training and seminars	3,500	6,956	3,500	6,956
Other expenses from ordinary activities	2,722	26,011	4,582	12,823
Total expenses from ordinary activities	566,729	674,544	566,142	663,936

NOTES TO FINANCIAL STATEMENTS (continued)

	CONSOLIDATED		GOLD AURA LIMITED	
	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
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. INCOME TAX

(a) Income tax expense

The prima facie income tax expense on operating profit reconciles to the income tax expense in the accounts as follows:

Profit /(Loss) from ordinary activities before income tax	(522,801)	(627,675)	(522,215)	(626,585)
Income tax calculated at 30%	(156,840)	(188,302)	(156,665)	(187,976)
Add/(less) tax effect of permanent differences				
Business related capital costs	(23,429)	(40,966)	(23,429)	(40,966)
Exploration and prospecting expenditure	(148,542)	(56,163)	(98,203)	(56,163)
Depreciation	--	7,091	--	7,091
Other	(86)	(2,322)	--	(2,648)
Income tax (expense)/benefit adjusted for permanent differences	(328,897)	(280,662)	(278,297)	(280,662)
Future income tax benefit attributable to tax losses and timing differences not brought into account	328,897	280,662	278,297	280,662
Income tax benefit charged to profit and loss account	--	--	--	--

b) Income tax losses not brought to account

The Income Tax reconciliation disclosed the tax loss for the 12 month period ended June 30, 2005.The Directors estimate that the potential net future income tax benefit arising from income tax losses as at 30 June 2005 amounts to $619,397 (June 2004: $290,500)

The net future income tax benefit, which has not been recognised as an asset, will only be obtained if:

(i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realized;

(ii) the economic entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the economic entity in realising the benefit.

4. INCOME TAX (continued)

(c) Tax consolidation legislation

Gold Aura and its wholly owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003.

The wholly-owned entities have fully compensated Gold Aura Limited for deferred tax liabilities assumed by Gold Aura Limited that have been recognised in the accounts on the date of the implementation of the legislation and have been fully compensated for any deferred tax assets transferred to Gold Aura Limited that have been brought to account.

The entities have also entered into a tax sharing and funding arrangement. Under the terms of this agreement, the wholly-owned entities reimburse Gold Aura Limited for any current income tax payable by Gold Aura Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due. As there are significant income tax losses carried forward by the consolidated entity, no tax-related receivable/payable amounts have been recognised by Gold Aura Limited.

In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liabilities of the wholly owned entities in the case of a default by Gold Aura Limited.

	CONSOLIDATED	
5. LOSS PER SHARE	JUNE 2005 $	JUNE 2004 $
Basic loss per share (cents per share)	(1.72)	(2.77)
Diluted loss per share (cents per share)	(1.72)	(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 FINANCIAL STATEMENTS (continued)

6. 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	
Geographic segment	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
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)

NOTES TO FINANCIAL STATEMENTS (continued)

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6. SEGMENT REPORTING (continued)

	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
	$	$	$	$	$	$			$	$
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 FINANCIAL STATEMENTS (continued)

	CONSOLIDATED		GOLD AURA LIMITED	
	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
7. CASH ASSETS				
Current				
Cash at bank and on hand	156,774	338,477	154,917	332,226
	156,774	338,477	154,917	332,226

Deposits at call

The deposits at call are bearing floating interest rates of between 4.9% and 5.2% (2004: 4.9% and 5.2%).

	CONSOLIDATED		GOLD AURA LIMITED	
	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
8. RECEIVABLES				
Current				
Trade debtors	--	--	--	--
Other debtors	9,718	5,923	9,718	5,923
	9,718	5,923	9,718	5,923
Non-current				
Loans to controlled entities (unsecured)	--	--	826,988	660,409
	--	--	826,988	660,409
9. OTHER ASSETS				
Current				
Prepayments	15,727	18,374	15,727	18,376
	15,727	18,374	15,727	18,376

(a) Tax Offset (research and development)

This amount represents the anticipated tax offset from the Australian Taxation Office calculated on the 2003 research and development expenditure.

	CONSOLIDATED		GOLD AURA LIMITED	
	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
Non-current				
Security deposits	5,266	5,627	--	--
Bank guarantees (a)	160,500	160,500	160,500	160,500
	165,766	166,127	160,500	160,500

(a) Bank guarantees

On November 26, 2002 the parent entity lodged a bank guarantee with the Queensland Department of Mines to be held as security to indemnify the Queensland State Government for compliance with the Mineral Resources Act (1989) and Environmental Protection Act (1994). The total bank guarantees lodged are not recoverable and will remain in force until the payment of $160,500 or restorations are made. The Queensland Department of Mines will notify the bank in writing at the time when the guarantees are no longer required.

The balance guarantee deposits is earning a floating interest rate of between 4.9% and 5.2% (2004: 4.87% and 5.00%).

NOTES TO FINANCIAL STATEMENTS (continued)

10. OTHER FINANCIAL INVESTMENTS	CONSOLIDATED JUNE 2005 $	CONSOLIDATED JUNE 2004 $	GOLD AURA LIMITED JUNE 2005 $	GOLD AURA LIMITED JUNE 2004 $
Non-current				
Shares in controlled entities (see note 24)	--	--	1,640,000	1,640,000
	--	--	1,640,000	1,640,000

The ultimate recovery of the carrying value in the controlled entity is primarily dependent upon the successful development and commercial exploitation or alternatively the sale of the relevant areas of interest at amounts in excess of their book values.

11. PLANT AND EQUIPMENT

Plant and equipment:				
Opening balance (a)	134,406	142,031	133,902	126,776
Additions	3,361	7,651	3,363	7,126
Disposals	--	(15,276)	--	--
Closing value at 30 June 2005	137,767	134,406	137,265	133,902
Accumulated depreciation				
Opening balance	(49,388)	(25,549)	(49,234)	(23,446)
Depreciation for the period	(32,427)	(28,175)	(32,310)	(25,788)
Disposals	--	4,336	--	--
Closing value at 30 June 2005	(81,815)	(49,388)	(81,544)	(49,234)
Total property, plant and equipment (net)	55,952	85,018	55,721	84,668

(a) Opening balances are gross of provision for diminution

12. EVALUATION AND EXPLORATION EXPENDITURE	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
Capitalised exploration, evaluation and development expenditures:				
Cost: In exploration and/or evaluation stage				
Opening carrying value (a)	3,789,121	3,542,639	1,515,795	1,328,587
Additions	495,141	294,435	327,343	235,161
Total	4,284,262	3,837,074	1,843,138	1,563,748
Contribution from earn-in partner				
Provision for diminution / amortisation	(146,084)	(47,953)	(146,084)	(47,953)
Closing value at 30 June 2005 (b)	4,138,178	3,789,121	1,697,054	1,515,795

(a) Opening balances are gross of provision for diminution.

(b) The ultimate recovery of the carrying value of the capitalised exploration, evaluation and development expenditures is primarily dependent upon the successful development and commercial exploitation, or alternatively, the sale of the relevant areas of interest at amounts in excess of their book values.

NOTES TO FINANCIAL STATEMENTS (continued)

	CONSOLIDATED		GOLD AURA LIMITED	
13. PAYABLES	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
Current				
Trade creditors	111,468	65,729	111,603	63,828
Accruals	53,248	44,724	53,249	44,724
Other	11,699	21,839	12,729	21,839
	176,415	132,292	177,581	130,391

14. PROVISIONS

Current				
Employee entitlements (see note 26)	21,193	17,574	21,193	17,574
Non-Current				
Employee entitlements (see note 26)	10,118	15,230	10,118	15,230

	CONSOLIDATED		GOLD AURA LIMITED	
	JUNE 2005		JUNE 2004	
15. CONTRIBUTED EQUITY	Number of Shares	$	Number of Shares	$
Issued and paid up capital				
(a) Ordinary shares fully paid	28,957,728	4,820,241	23,640,454	4,198,347
(b) Movements in shares on issue	--	--	--	--
On issue at the beginning of the year	23,640,454	4,198,347	20,590,454	3,768,878
Share Purchase Plan shares at 13 cents	2,311,274	300,464	--	--
Placement of shares at 10 cents	2,000,000	200,000	--	--
Placement of shares at 15 cents	1,000,000	130,000	3,050,000	457,500
Options converted at 25 cents	6,000	1,500	--	--
Issue Costs (c)	--	(12,718)	--	(28,031)
On issue at end of the year	28,957,728	4,817,593	23,640,454	4,198,347

(c) During the year the company incurred share issue costs totalling $12,718

NOTES TO FINANCIAL STATEMENTS (continued)

15. CONTRIBUTED EQUITY (continued)

Options to acquire issued capital

Each option entitles the holder to purchases one share. The names of all persons who currently hold share options, granted at any time, are entered in the register kept by the Company, pursuant to Section 168 of the Corporations Act 2001, which may be inspected free of charge. Persons entitled to exercise these options have no right, by virtue of the options, to participate in any share issue by the parent entity or any other body corporate.

Movement in the numbers of options to acquire share capital are as follows:

		Number of Options	
		JUNE 2005	JUN 2004
On issue at the beginning of the period		12,215,659	9,165,659
Issued During the year		3,000,000	3,050,000
Expired during the period		(13,215,659)	--
On issue at the end of the period		2,000,000	12,215,659
Expiry Date	Exercise Price		
31 March 2005 - Listed	$0.25c	--	12,215,659
31 March 2009 - Listed	$0.13c	2,000,000	--
		2,000,000	12,215,659

16. RESERVES	CONSOLIDATED JUNE 2005 $	CONSOLIDATED JUNE 2004 $	GOLD AURA LIMITED JUNE 2005 $	GOLD AURA LIMITED JUNE 2004 $
Asset revaluation reserve (a)	1,021,998	1,021,998	1,021,998	1,021,998
	1,021,998	1,021,998	1,021,998	1,021,998

(a) The asset revaluation reserve has resulted from the revaluation of the opening exploration, evaluation and development expenditure in accordance with the independent geologist report, a summary of which is contained in section 11 of Gold Aura's prospectus dated 30 July 2002. The outside equity interest share of the asset revaluation reserve is $624,199. The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances permitted by law.

17. ACCUMULATED LOSSES

Reconciliation of accumulated losses				
Balance at the beginning of the year	(982,401)	(354,726)	(965,643)	(339,058)
Net profit (loss) for the financial year	(522,801)	(627,675)	(522,215)	(626,585)
Balance at end of year	(1,505,202)	(982,401)	(1,487,858)	(965,643)

NOTES TO FINANCIAL STATEMENTS (continued)

18. FINANCIAL COMMITMENTS

	CONSOLIDATED		GOLD AURA LIMITED	
	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $

Operating Leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	28,249	26,265	28,249	26,265
Later than one year but not later than five years	70,974	--	70,974	--
Commitments not recognised in the financial statements	99,223	26,265	99,223	26,265

Operating leases are entered into to enable access to utilise office equipment. Rental payments are fixed.

Exploration Expenditure

Exploration Expenditure committed to maintain exploration tenements and complete bankable feasibility study currently held is payable as follows:

Not later than one year	37,464	49,005	37,464	31,689
Later than one year but not later than five years	178,784	201,736	178,784	158,444
	216,248	250,741	216,248	190,133

19. CONTINGENT LIABILITIES

Contingent liabilities at balance date, not otherwise provided for in these financial statements are categorised as follows:

Security Bonds

The maximum liability of the economic entity for security bonds lodged and insurance bonds issued is $165,766 (June 2004: $166,127) comprising:

Bank Guarantee held by Queensland Department of Mines	160,500	160,500	160,500	160,500
Security bonds lodged with PNG Department of Mining & Petroleum	5,266	5,627	--	--
	165,766	166,127	160,500	160,500

20. FINANCIAL INSTRUMENTS

The Australian dollar equivalents of foreign currency monetary items included in balance sheet headings to the extent they are not effectively hedged are set out below. These amounts include the receivable from foreign subsidiaries, which are not effectively hedged.

(a) Foreign currency exposure

Amounts receivable in foreign currency which are not effectively hedged:

Current Assets				
Papua New Guinea (Kina)	1,856	6,251	--	--
Non-Current Assets				
Papua New Guinea (Kina)	5,266	5,627	825,957	660,409
Amounts payable in foreign currency which are not effectively hedged:				
Current Liabilities				
Papua New Guinea (Kina)	135	1,901	--	--

NOTES TO FINANCIAL STATEMENTS (continued)

20. FINANCIAL INSTRUMENTS (Continued)

(b) Interest rate risk exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable for each class of asset or liability refer to the individual notes to the financial statements.

		Fixed Interest maturing in							
		1 year or less		Over 1 – 5 years		Non interest bearing		Total	
	Notes	$'000		$'000		$'000		$'000	
		JUN 2005	JUN 2004	JUN 2005	JUN 2004	JUN 2005	JUN 2004	JUN 2005	JUNE 2004
Financial assets									
Cash and deposits	7	156,774	338,477	--	--	--	--	156,774	338,477
Receivables	8	--	--	--	--	9,718	5,923	9,718	5,923
Other	9	165,766	166,127	--	--	--	--	165,766	166,127
Total		322,540	504,604	--	--	9,718	5,923	332,258	510,527
Weighted average interest rate		5.20%	4.90%						
Financial liabilities									
Payables	13	--	--	--	--	111,468	65,729	111,468	65,729
Loan	13	--	--	--	--	11,699	21,839	11,699	21,839
Total		--	--	--	--	123,167	87,645	123,167	87,645
Net financial assets (liabilities)		322,540	504,604	--	--	(113,449)	(81,645)	209,091	422,959

Interest is only earned on cash deposits.

NOTES TO FINANCIAL STATEMENTS (continued)

21. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH FLOW (USED IN) OPERATING ACTIVITIES

(a) Reconciliation of cash

For the purpose of the Statements of Cash Flows, cash includes cash on hand and in banks and deposits at call, net of bank overdrafts. Cash at the end of the year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial position as follows:

	CONSOLIDATED		GOLD AURA LIMITED	
	JUNE 2005 $	JUNE 2004 $	JUNE 2005 $	JUNE 2004 $
Cash at bank / on hand	156,774	338,477	154,917	332,226
	156,774	338,477	154,917	332,226

The parent entity earns interest from most of its cash at bank. The average of the floating interest rate at year end was 5.20% per annum (June 2004: 4.9% per annum).

(b) Reconciliation of net cash absorbed by operating activities to operating loss after Income tax.

Net profit (loss)	(522,801)	(627,675)	(522,215)	(626,586)
Adjustments for non-cash income and expense items:				
Depreciation and amortisation of non current assets	32,428	28,175	32,310	25,789
Profit/(loss) on sale of non-current assets	--	1,541		
Diminution of value of exploration asset	148,084	41,122	148,084	47,953
Net foreign exchange (gains)/losses	--	(287)	--	--
Changes in assets and liabilities:				
(Increase)/decrease in assets:				
Decrease/(increase) in trade and other receivables	--	8,555	--	8,555
Decrease/(increase) in prepayments	(3,795)	2,554	(3,795)	2,554
Decrease/(increase) in other assets	2,649	2,852	2,649	3,054
(Decrease)/increase in liabilities:				
(Decrease)/increase in creditors and accruals	(20,376)	(37,940)	(4,231)	(31,795)
(Decrease)/increase in employee entitlements	(1,494)	19,335	(1,494)	19,335
(Decrease)/increase in other provisions	--	--	--	--
Net operating cash flows	(365,305)	(561,768)	(348,692)	(551,141)

NOTES TO FINANCIAL STATEMENTS (continued)

22. INVESTMENTS IN CONTROLLED ENTITIES AS AT 30 JUNE 2005

Name of entity	Country of Incorporation	Percentage Ownership JUNE 2005 %	Percentage Ownership JUNE 2004 %
Controlled entities (a)			
Union Mining (PNG) Limited	PNG	100%	100%

(a) The financial year of the controlled entity is the same as that of the parent.

23. DIRECTORS AND EXECUTIVE DISCLOSURES

	CONSOLIDATED JUNE 2005 $	CONSOLIDATED JUNE 2004 $
The following table compares the Directors and Executives remuneration for the year ended June 30 2004 compared to Year ended 30 June 2005. Income paid or payable or otherwise made available to directors by entities in the consolidated entity and related parties in connection with the management of the affairs of the parent entity or its controlled entity. The Directors and Executives remuneration have been determined on the basis of the cost to the entity which includes specific benefits and GST.	347,906	265,701

JUNE 2005

Specified Directors		Salary & Fees	Superannuation	Equity Shares	Total Consolidated
R. B. Murdoch (1)	JUN 2005	75,750	--	--	75,750
(CEO)	JUN 2004	71,608	--	--	71,608
T.Roeggla (4)	JUN 2005	--	--	--	--
(Non Executive Director)	JUN 2004	20,000	--	--	20,000
B. G. Moller	JUN 2005	--	--	--	--
(Non Executive Director)	JUN 2004	20,625	--	--	20,625
K. G. Chapple	JUN 2005	140,000	12,600	--	152,600
(Executive Director)	JUN 2004	145,384	13,084	--	158,468
N. C. White (1,3)	JUN 2005	28,800	--	--	28,800
(Non Executive Director)	JUN 2004	--	--	--	--
T. Prowse (1,2)	JUN 2005	90,756	--	--	90,756
(Non Executive Director)	JUN 2004	--	--	--	--
Total Remuneration	JUN 2005	335,306	12,600	--	347,906
	JUN 2004	252,617	13,084	--	265,701

(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.

NOTES TO FINANCIAL STATEMENTS (continued)

23. DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

		JUNE 2005			
Specified Executives		Salary & Fees	Superannuation	Equity Shares	Total Consolidated
M. Ilett (1)	JUN 2005	37,819			37,819
(Chief Financial Officer)	JUN 2004	38,387	--	--	38,387
Total Remuneration	JUN 2005	37,819	--	--	37,819
	JUN 2004	38,387	--	--	38,387

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

Equity provided as remuneration

There were no ordinary shares in the company provided as remuneration to the directors of the company.

Service Agreements

Remuneration and other terms of employment for the R. B. Murdoch and K. G. Chapple and the specified executive are formalised in service contracts. Each of these agreements provide of the provision of remuneration. The major provisions of the agreements relating to remuneration are set out below:

R. B. Murdoch (Chief Executive Officer)
Term of agreement - 1 July 2004 to 30 June 2005
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 Technical 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

M. Ilett (Chief Financial Controller)
Base Salary of $72 per hour
Period of Termination – Four (4) weeks

The directors and executives received no remuneration in the form of cash bonuses, non-monetary benefits, post employment retirement benefits, equity options or other bonuses during the financial period.

The directors and executives received no remuneration in the form of cash bonuses, non-monetary benefits, post employment retirement benefits, equity options or other bonuses during the financial period.

NOTES TO FINANCIAL STATEMENTS (continued)

24. REMUNERATION OF AUDITORS	CONSOLIDATED JUNE 2005 $	CONSOLIDATED JUNE 2004 $	GOLD AURA LIMITED JUNE 2005 $	GOLD AURA LIMITED JUNE 2004 $
During the year the auditors of the parent company and its related practices earned the following remuneration:				
Pitcher Partners, Audit or review of financial reports of the entity or any entity in the consolidated entity	14,300	36,685	14,300	36,685
Pitcher Partners Other Services	1,479	1,018	1,479	1,018
	15,779	37,703	15,779	37,703

25. RELATED PARTY DISCLOSURES

Directors

The following persons have held the position of director of Gold Aura Limited during the past two years, unless otherwise stated:

R. B. Murdoch

K. G. Chapple

T. Prowse - Director since November 2004

N. White – Resigned July 2005

T. Roeggla – Resigned February 2005

	JUNE 2005 Number	JUNE 2004 Number
Directors' shareholdings - share and share options acquired During the year:		
Ordinary shares	639,467	699,728
Ordinary share options	(115,587)	11,753

Remuneration of directors

Information on remuneration of directors is disclosed in note 25

Share and share options held directly or indirectly at the end of the year:		
Ordinary shares	2,253,034	1,631,001
Ordinary share options	--	115,587

Other director transactions

During the year Murdoch Geosciences Pty Ltd, a company associated with Mr. Robert Murdoch, charged at cost $75,750 to the economic entity for provision of his labour and related party transactions.

Transactions with controlled entities

During the year the parent entity advanced funds to its controlled entities. The amounts due from the controlled entities at year end are shown in Note 8. These amounts are non-interest bearing and have no set repayment date.

Ultimate controlling entity

The ultimate Australian parent entity is Union Resources Limited, which at 30 June 2005 owns 36.23% of the issued ordinary shares of Gold Aura Limited.

NOTES TO FINANCIAL STATEMENTS (continued)

26. EMPLOYEE BENEFITS	CONSOLIDATED JUNE 2005 $	CONSOLIDATED JUNE 2004 $	GOLD AURA LIMITED JUNE 2005 $	GOLD AURA LIMITED JUNE 2004 $
Employee benefit and related on-cost liabilities				
Included in accruals (note 13)	2,348	1,794	2,348	1,794
Provision for employee benefits – current (note 14)	21,193	17,574	21,193	17,574
Provision for employee benefits – non-current (note 14)	10,118	15,230	10,118	15,230
Aggregate employee benefit and related party on-costs liabilities	33,659	34,598	33,659	34,598

As explained in note 1(o) amounts for long service leave that are expected to be settled more than 12 months from the reporting date are measured at their present values. The average number of employees during the year was 2.

The consolidated entity contributes 9% of the employees' wages and salaries to various accumulated superannuation funds.

27. FRANKING AMOUNT

The balance in the franking account at year-end for parent account and economic entity was nil.

28. SIGNIFICANT EVENTS AFTER BALANCE DATE

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.

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

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.

29. 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. The Company has evaluated the financial impact of key differences in accounting policies that are expected to arise from adopting AIFRS and based on the current information, 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").

NOTES TO FINANCIAL STATEMENTS (continued)

29. INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued))

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

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 in the following table and notes to the accompanying Balance Sheet.

	Notes	CONSOLIDATED		
		AGAAP 30 JUNE 2005 $	AIFRS IMPACT $	AIFRS 30 JUNE 2005 $
CURRENT ASSETS				
Cash assets		156,774	--	156,774
Receivables		9,718	--	9,718
Other assets		15,727	--	15,727
TOTAL CURRENT ASSETS		182,219	--	182,219
NON-CURRENT ASSETS				
Property, plant and equipment		55,952	--	55,952
Evaluation and exploration expenditure	a,b	4,138,178	(305,000)	3,833,178
Other		165,766	--	165,766
TOTAL NON-CURRENT ASSETS		4,359,896	(305,000)	4,054,896
TOTAL ASSETS		4,542,115	(305,000)	4,237,115
CURRENT LIABILITIES				
Payables		176,416	--	176,415
Provisions	b	21,193	195,000	216,193
TOTAL CURRENT LIABILITIES		197,609	195,000	392,608
NON-CURRENT LIABILITIES				
Provisions		10,118	--	10,118
TOTAL NON-CURRENT LIABILITIES		10,118	--	10,118
TOTAL LIABILITIES		207,726	--	407,726
NET ASSETS		4,334,389	(500,000)	3,834,389
EQUITY				
Total contributed entity		4,817,593	--	4,817,593
Total reserves		1,021,998	--	1,021,998
Total accumulated losses	a,b	(1,505,202)	(500,000)	(2,005,202)
TOTAL EQUITY		4,334,389	(500,000)	(3,834,389)

NOTES TO FINANCIAL STATEMENTS (continued)

29. INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The following notes detail the differences between the balance sheet presented under AFIRS and the balance sheet under the previous AGAAP:

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

The directors declare that the financial statements and other notes:

(a) Comply, with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(b) Give, a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the opinion of the directors:

(a) The, financial statements and notes are in accordance with the Corporations Act 2001; and
(b) There, are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

R B MURDOCH
Director

30th September 2005
Brisbane

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

Level 21
300 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 35
Brisbane Qld 4001
Australia

Tel: 07 3228 4000
Fax: 07 3221 6420

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

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GOLD AURA LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the Directors' declaration for both Gold Aura Limited (the company) and Gold Aura Limited group (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that 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.

Audit approach

We conducted an independent audit in order to express an opinion 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 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 performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

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

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

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

Independence

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

Audit opinion

In our opinion, the financial report of Gold Aura Limited is in accordance with:

(a) the Corporations Act 2001, including:
- i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
- ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Inherent uncertainty regarding continuation of going concern

Without qualification to the statement expressed above, attention is drawn to the following matter.

As a result of the matters described in Note 1 to the financial statements, there is significant uncertainty as to whether the consolidated entity will be able to obtain additional funding to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Inherent uncertainty regarding capitalised mineral exploration costs

Without qualification to the statement expressed above, attention is drawn to the capitalised exploration and development costs (note 12) 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.

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

SHAREHOLDER INFORMATION AS AT 20 SEPTEMBER 2005

Shares and options in Gold Aura Limited are quoted on the Australian Stock Exchange (ASX Codes "GOA" and "GOAO")

% of total holding of 20 largest shareholders – 61.98%
% of total holding of 20 largest option holders – 100%

Substantial shareholder and their number of equity securities are:
Westpac Custodian Nominees Limited
ANZ Nominees Limited
Austex Mining NL
Bow Lane Nominees Pty Ltd

(a) Distribution of equity securities
Analysis of numbers of equity holders by size of holdings:

	Shares	Options
1 - 1,000	843,964	0
1,001 - 5,000	1,359,881	0
5,001 - 10,000	2,056,881	0
10,001 - 100,000	7,461,864	300,000
100,000 and Over	24,491,020	8,355,228
	36,213,610	9,255,882

Number of holders with holdings less than a marketable parcel are:	4,005
Total Holders:	2,524,095

(b) Equity security holders
The 20 largest holders of each class of equity securities in the company as at 20 September 2005 are:

	SHARES		OPTIONS	
Name	Number	%	Number	%
Westpac Custodian Nominees Limited	6,318,524	17.45	4,494,118	48.55
ANZ Nominees Limited	5,418,584	14.96	600,000	6.48
Austex Mining NL	2,250,059	6.21		
Bow Lane Nominees Pty Ltd	1,902,894	5.25	600,000	6.48
Toltec Holdings Pty Ltd	1,210,000	3.34	300,000	3.24
Sancoast Pty Ltd	946,679	2.61	350,000	3.78
Persal & Co Investments Pty Ltd	453,752	1.25	250,000	2.70
Kenneth Graeme Chapple	448,938	1.24		
Societe Generale Australia Branch	430,769	1.19		
Vinciullo Pty Ltd <N Vinciullo Family A/c>	400,000	1.10	250,000	2.70
Robert Murdoch <Murdoch Geophysics Super A/c>	353,396	0.98		
Union Resources Limited	347,847	0.96		

(b) Equity security holders (continued)

SHAREHOLDER INFORMATION AS AT 20 SEPTEMBER 2005

The 20 largest holders of each class of equity securities in the company as at 20 September 2005 are:

	SHARES		OPTIONS	
Name	Number	%	Number	%
National Nominees Limited	303,220	0.84		
Hisenk Pty Ltd	300,000	0.83		
Share Raider Pty Ltd <Caf Pietropaolo Super A/c>	300,000	0.83		
Fairmount International Pty Ltd	240,000	0.66		
Rincewind Pty Ltd	212,215	0.59		
			211,764	2.29
Austex Mining NL	204,915	0.57		
Peter Nicholas & Susan Roma Pavliuk	202,000	0.56		
Showcity Pty Ltd	200,000	0.55		
Dog Meat Pty Ltd			1,000,000	10.80
Sancoast Pty Ltd			250,000	2.70
Toltec Holdings Pty Ltd			250,000	2.70
Harry Arialdo & Matilde Maria Capararo			200,000	2.16
Vinciullo Pty Ltd <N Vinciullo Family A/c>			200,000	2.16
Cadden Nominees Pty Ltd <CJ Carson Family A/c>			100,000	1.08
Conchava Pty Ltd			100,000	1.08
Hawkings Nominees Pty Ltd			100,000	1.08
Total held by twenty largest holders	22,443,792	61.98	9,255,882	100.00
Total equities on issue	13,213,610	100.0	9,255,882	100.00

(c) Voting Rights:
On a show of hands, each member present shall have one vote.
One a poll, each member present or by proxy, shall have one vote for every share held.
Option holders do not have any voting rights.