CHAIRMAN'S LETTER

Dear Shareholders

The past year has been a significant one for Gold Aura Limited (Gold Aura).

In August 2002, the company, with the assistance of its former parent, Union Capital Limited, embarked on a successful initial public offer, culminating in listing on the ASX in November 2002. Gold Aura's clear vision is to ultimately become a substantial and highly profitable gold miner.

Gold Aura's present projects are contained within the Croydon and Georgetown tenements in north Queensland and the Fergusson Island tenements in Papua New Guinea. Gold resources occur within both tenement groups. The company is actively exploring these areas and evaluating new, exciting opportunities. The objective is to maximise the company's chances of achieving its vision within the shortest possible time frame.

Gold Aura's larger resources are within the Gameta and Wapolu Gold Projects on Fergusson Island (680,000 oz). During the year the company successfully completed a four-hole deep diamond-drilling program within the Gameta Gold Project. This program, although difficult and hence relatively expensive to execute, was needed to test the down dip potential of this resource. The program was reasonably successful and, while it did not intersect "bonanza grades" that might have heralded a world-class resource, it did establish that the gold mineralisation extends at least 200m further down dip than previously known. If further drilling showing this pattern can be sustained over the whole strike length, it would add considerably to the existing resource base. However, the focus of the next phase of exploration at Gameta will be on three high-grade zones (above a 3 g/t cut off) that occur within the resource area. Within these areas there are drill intersections of 49m at 4.1 g/t Au and 10m at 10.5 g/t Au, for example, and trench intersections of up to 28m at 8.5 g/t Au. The objective will be to determine whether sufficient tonnages occur to justify a selective mining operation. Similar high grade potential exists at the nearby Wapolu Project, with drill intersections to 10m at 5.9 g/t Au.

Within the Croydon tenements, the company has recently completed an evaluation of exploration carried out by Newcrest Mining over the Gilded Rose Gold Project. This project has a potential for 200,000-300,000 oz of high-grade gold resources. Past drilling intersections include 10m at 10.9 g/t Au. There is extensive low-grade mineralisation and gold-in-soils anomalies covering a wide area. Exploration is expected to start soon, with the aim of determining if the resource is large enough to support a small, high-grade mining operation using the company's existing gold processing plant.

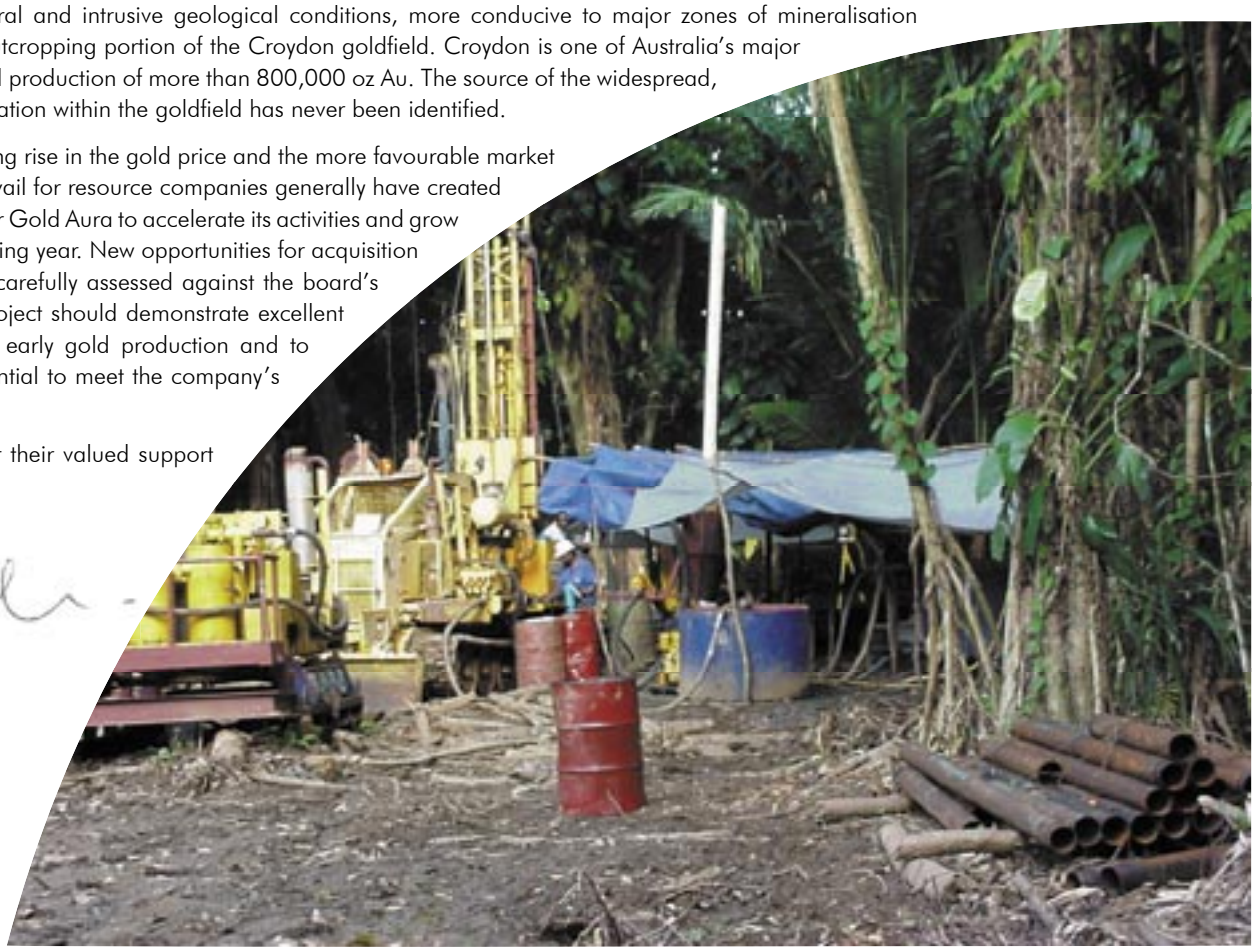
Also within the Croydon tenements, the Caldera and Wallabadah projects are intriguing grass roots geophysical targets, which may be reflecting buried volcanic, structural and intrusive geological conditions, more conducive to major zones of mineralisation than occur within the outcropping portion of the Croydon goldfield. Croydon is one of Australia's major goldfields, with recorded production of more than 800,000 oz Au. The source of the widespread, scattered gold mineralisation within the goldfield has never been identified.

The board feels the strong rise in the gold price and the more favourable market conditions that now prevail for resource companies generally have created the ideal environment for Gold Aura to accelerate its activities and grow the company in the coming year. New opportunities for acquisition and investment will be carefully assessed against the board's criteria that any new project should demonstrate excellent potential for significant early gold production and to generally have the potential to meet the company's vision.

I thank shareholders for their valued support over the past year.

Brian Moller

Chairman



Drilling at Gameta, Fergusson Island.

OVERVIEW

THE VISION: Gold Aura Limited's (Gold Aura) vision is to become a significant and highly profitable gold producer. While this may be achieved through the acquisition of an operating mine, it is much more likely to occur through the successful exploration and subsequent development of advanced gold projects.

THE STRATEGY: Gold Aura is focusing on acquiring and exploring advanced gold projects that have the potential to generate strong operating cash surpluses, subject to further exploration and feasibility studies. However, due to the high inherent risk in gold exploration, the company may have to explore several projects before it ultimately achieves its vision.

THE CURRENT STATUS

FERGUSSON ISLAND TENEMENTS:

Gameta Project:

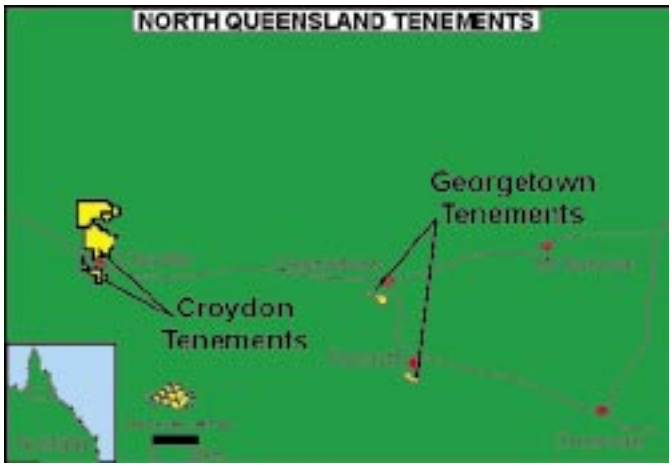
- Known gold resource: 4 million tonnes at 2.4 g/t Au.
- Recent drilling has extended the deposit at least 200m further down dip, substantially increasing the potential size of the resource.
- Future exploration will focus on three higher-grade gold zones occurring within the resource area.
- The high-grade zones include:

  Trench results of 32m @ 6.7 g/t Au, 28m @ 8.5 g/t Au, 25m @ 6 g/t Au.

  Drill results of 49m @ 4.1 g/t Au, 27m @ 5.9 g/t Au, 10m @ 10.5 g/t Au.
- The high grade zones may be controlled by steep faults extending through the detachment fault zone and underlying basement.
- Drilling may outline sufficient resources to justify a selective mining operation.

Wapolu Project:

- Known gold resource: 7.6 million tonnes at 1.6 g/t Au.
- Down dip potential: There is a similar potential to extend the deposit down dip as occurs at Gameta.
- Future exploration will focus around high-grade drill intersections of 10 m@ 5.9 g/t Au, 10m @ 4.3 g/t Au, 13 m @ 3.2 g/t Au.
- There is high-grade rock float in excess of 100 g/t Au for which a source has not yet been found.
- High-grade zones would supplement a selective mining operation at Gameta.



CROYDON TENEMENTS:

Gilded Rose Project:

- The potential high-grade gold resource is in the range 200,000-300,000 oz (consultant's view).
- High-grade drill intersections include:

  10m @ 10.9 g/t, 5m @ 11.6 g/t, 3m @ 10.0 g/t.
- Substantial low-grade potential surrounding the high-grade resource. Intersections include 94m @ 0.5 g/t and 46m @ 0.5 g/t.
- Deep drilling has established mineralisation continues to depths of at least 330m.
- Soil and rock chip gold anomalies extend over an area of 0.5 square km.
- There is further exploration potential under shallow cover.

Caldera Gold Project:

- Aeromagnetic interpreted volcanic eruptive centre (Caldera).
- Potential mineralised structural zone, adjacent to regional linears?

Wallabadah Project:

- Two discrete magnetic highs that might reflect intrusive bodies.
- Nearby large gravity high.

GEORGETOWN TENEMENTS:

- Small high-grade targets of secondary interest.

NEW PROJECTS

Gold Aura is actively seeking new opportunities and has evaluated several advanced gold projects in Australia and overseas over the past year. Negotiations are in progress on several possible new opportunities, and details will be announced when agreements are concluded.

FERGUSSON ISLAND TENEMENTS: (61% Gold Aura)

The Fergusson Island tenements contain two gold deposits at Gameta and Wapolu which are in the advanced exploration stage.

The inferred and indicated gold resources identified before the 2003 Gameta Project drilling program are:

Deposit	Tonnes	Au Grade	Oz Au
Wapolu	7.6 million	1.55 g/t	378,700
Gameta	4.0 million	2.36 g/t	303,500
Total	11.6 million	1.83 g/t	682,200

This resource was calculated by the Winter Consulting Company of the US for Yamana Resources in 1997.

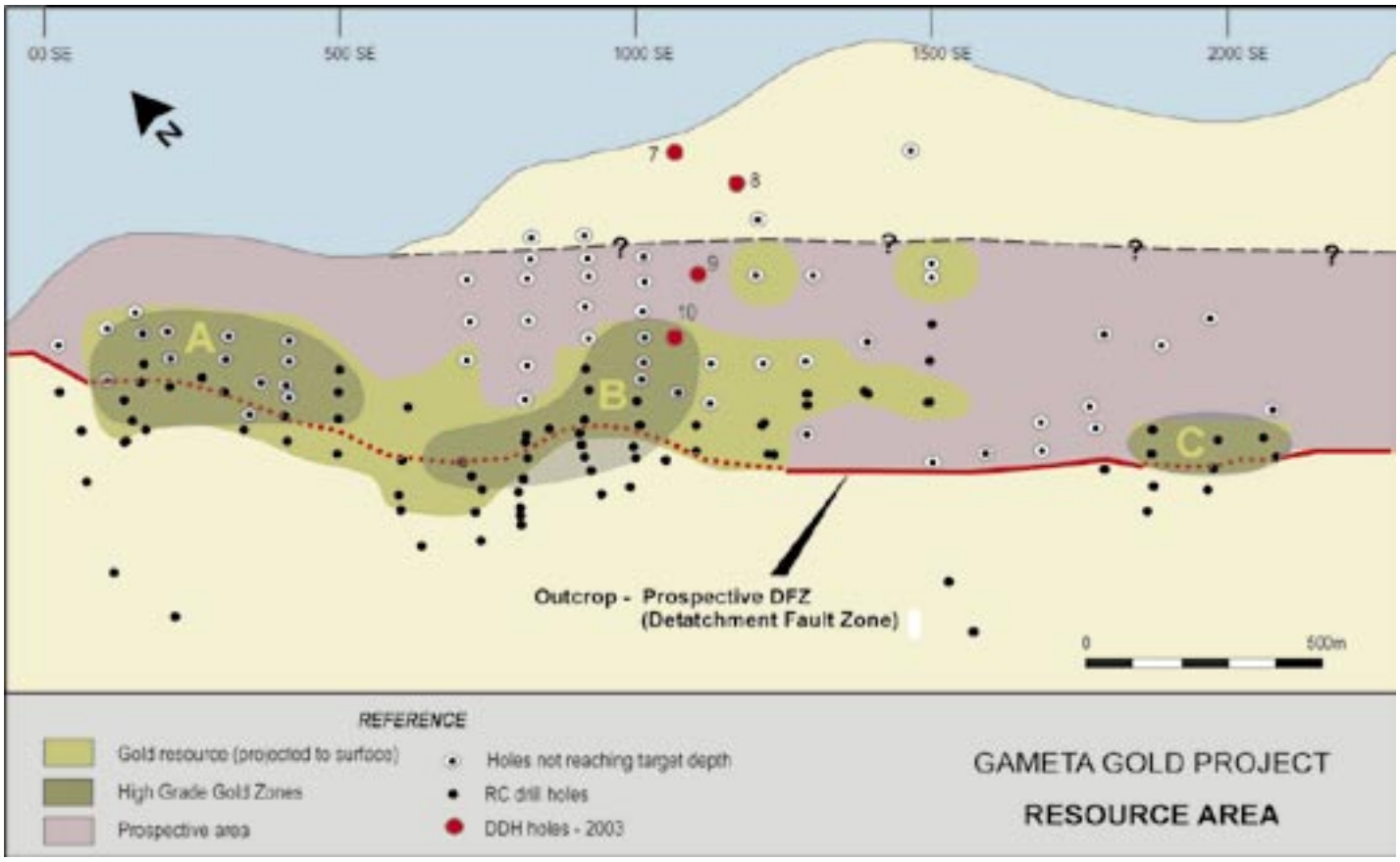
Fergusson Island is the largest island in the D'Entrecasteaux Group and is to the north of the south-eastern tip of the Papua New Guinea mainland. Gold exploration has been conducted on the island intermittently since 1982 with several gold anomalous targets being delineated. Subsequent detailed surface investigations and drilling have identified two gold deposits of significance at Wapolu and Gameta.

The Fergusson Island topography is dominated by actively up-rising metamorphic core complexes that form dome-shaped mountains rising to over 2000m ASL. The core complexes represent blocks of the Australian Plate that have re-emerged at the surface as a result of density re-adjustment, after having initially collided with and been thrust below an oceanic sea floor plate. This activity has formed a deep collision suture and a zone of emergent core complexes that runs along the mountainous central spine of the Papua New Guinea–West Irian land mass. Several major gold and copper deposits occur along this spine, including Grasberg (52 million oz), Porgera (22 million oz), Ok Tedi (10 million oz), and Misima (5 million oz), together with several smaller deposits. The collision suture allows hot granitic rocks generated in the lower crust to rise to the near-surface, providing "heat engines" to circulate ground waters enriched in gold and which eventually precipitate that gold in favourable surface and near-surface structures. The core complexes are overlain by thin slices of the sea floor plate rocks, through which they have been thrust. Shallow detachment fault zones (DFZ), dipping between 30 to 45 degrees, have developed between the core complexes and the overlying sea floor plate rocks. Gold mineralisation at Gameta and Wapolu is hosted by the DFZ and associated fault structures.

Gameta Gold Project

At the Gameta Gold Project, drill intersections have defined a gold resource, extending along strike for a distance of 2,000m and up to 200m down-dip with intersections often in excess of 10m thickness. Many of the early drill holes into the deposit were reverse circulation holes that either terminated still in mineralisation or had not reached their target before being abandoned due to drilling difficulties.

The gold mineralisation is associated with sulphides (pyrite, arsenopyrite and stibnite) mainly within siliceous alteration zones and epithermal textured quartz veins developed within the DFZ. The veins continue below the DFZ into the underlying metamorphic basement and are gold bearing for a limited distance into the basement. Gold mineralisation is developed in places within altered ultramafic sea plate rocks which overlie the DFZ. Minor gold mineralisation also occurs in quartz veins at the margins of



intrusive dykes and sills within or immediately next to the DFZ.

From January to May 2003, Gold Aura completed a four-hole diamond-drilling program totalling 875.4m. The program was designed to test the DFZ at depth, up to 400m down-dip of the then known extent of the Gameta resource. This was considered to be the best approach to quickly test for the presence of a significantly increased resource size.

The area selected for the program was down-dip of previous drill hole GRC-191 that intersected 49m at 4.1 g/t Au. This hole was terminated while still in mineralisation due to drilling difficulties.

Three of the holes intersected the DFZ with the following gold mineralised intersections being obtained:

Drillhole	Distance downdip (m)	Total depth (metres)	Interval	Grade (g/t)	Depth of intersection
GDH-008	400	356.6	3 metres	0.8 g/t	267-270 m
GHD-009	200	195.4	5 metres 3 metres	2.4 g/t 1.1 g/t	57-62 m 65-68 m
GHD-010	100	135.4	6 metres	2.6 g/t	112-118 m

The first hole, GDH-007, was abandoned at 188.0m due to drilling difficulties, a problem that was overcome in subsequent holes by changing the procedure from pre-collaring followed by diamond coring to direct coring from surface.

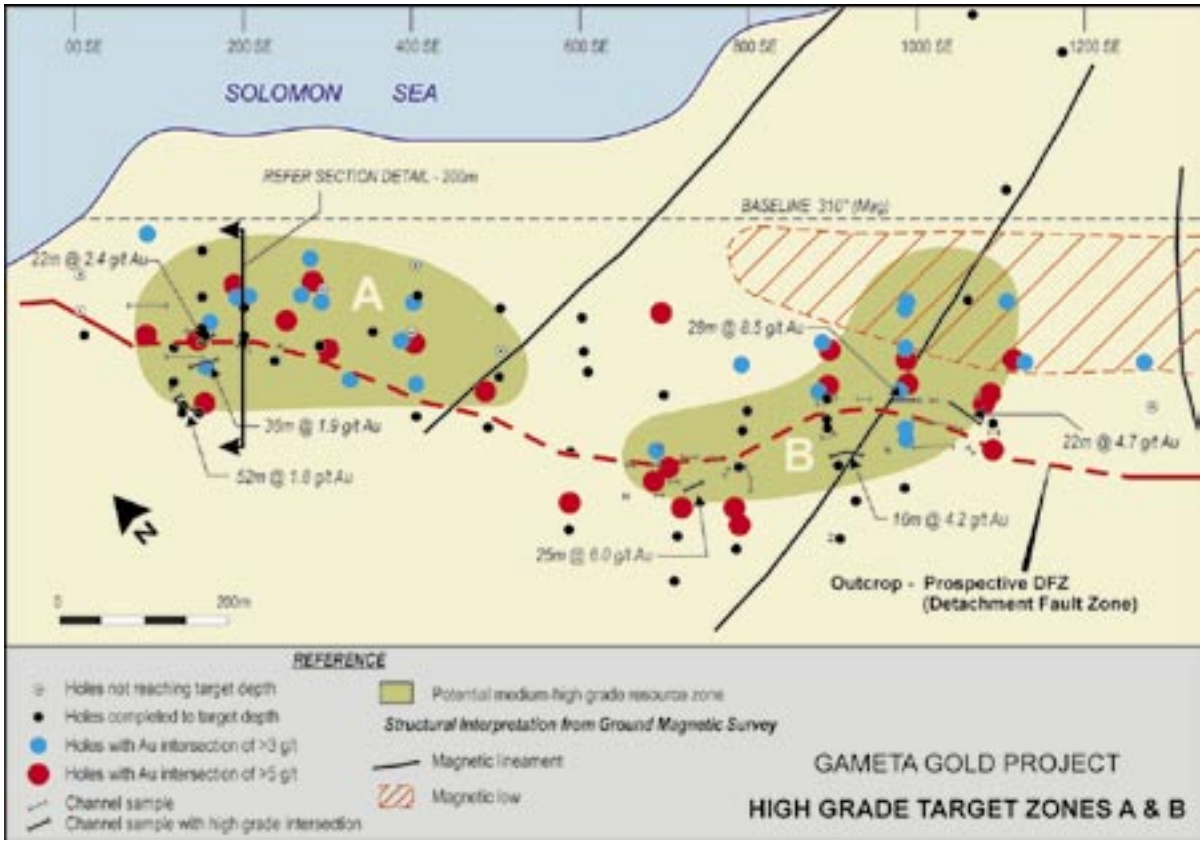
The drilling indicated that significant gold mineralisation (>1.0 g/t) extended further down-dip for a distance of at least 200m in the area tested. While the gold grades encountered were in line with those of the previously known resource, the intersections were thinner than those generally encountered up-dip but do indicate that the resource potential at Gameta is significantly more than currently known.

However, a new resource estimate would require additional step out drilling at least at 200m centres over the 2,000m of strike length of the Gameta deposit and extending to at least 200m down-dip of the current resource. Given the limited thicknesses and grades encountered, Gold Aura feels that, rather than undertake this work now, the focus of further exploration would be better directed to following up high-grade drill hole intersections and high-grade surface excavator trench results encountered within the current resource area.

Drill hole intersections with grades of at least 3.0g/t Au, sustained over drill hole intervals of at least 5m are listed below, in ascending order of grade x intercept:

Drill hole	Interval (metres)	Intercept (metres)	Grade Au (g/t)	Max 1.0m Grade(g/t)
GRC 191	42-91*	49	4.1	23.1
GRC 037	8-34	27	5.9	16.3
GDH 2	3-43	40	3.3	12.0
GRC 097	23-33*	10	10.5	22.4
GRC 045	12-23*	11	6.8	16.7
GDH 005	23-38	15	4.0	6.7
GRC 108	15-23	8	7.0	19.0
GRC 186	11-22	11	3.4	7.6
GRC 180	42-49*	7	4.4	10.4
GRC 042	3-10	7	4.0	12.9
GRC 097	11-18	7	3.7	6.5
GRC 161	65-71	6	3.0	4.1
GRC 044	0-20	20	3.3	5.3
GRC 062	0-5	5	3.2	6.4

* *Hole terminated still in mineralisation and did not penetrate the full target depth.*



The high-grade excavator trench channel sample intervals above 3.0g/t Au are:

Length (metres)	Grade Au (g/t)
32	6.7
28	8.5
25	6.0
22	4.7
16	4.2
48	3.1

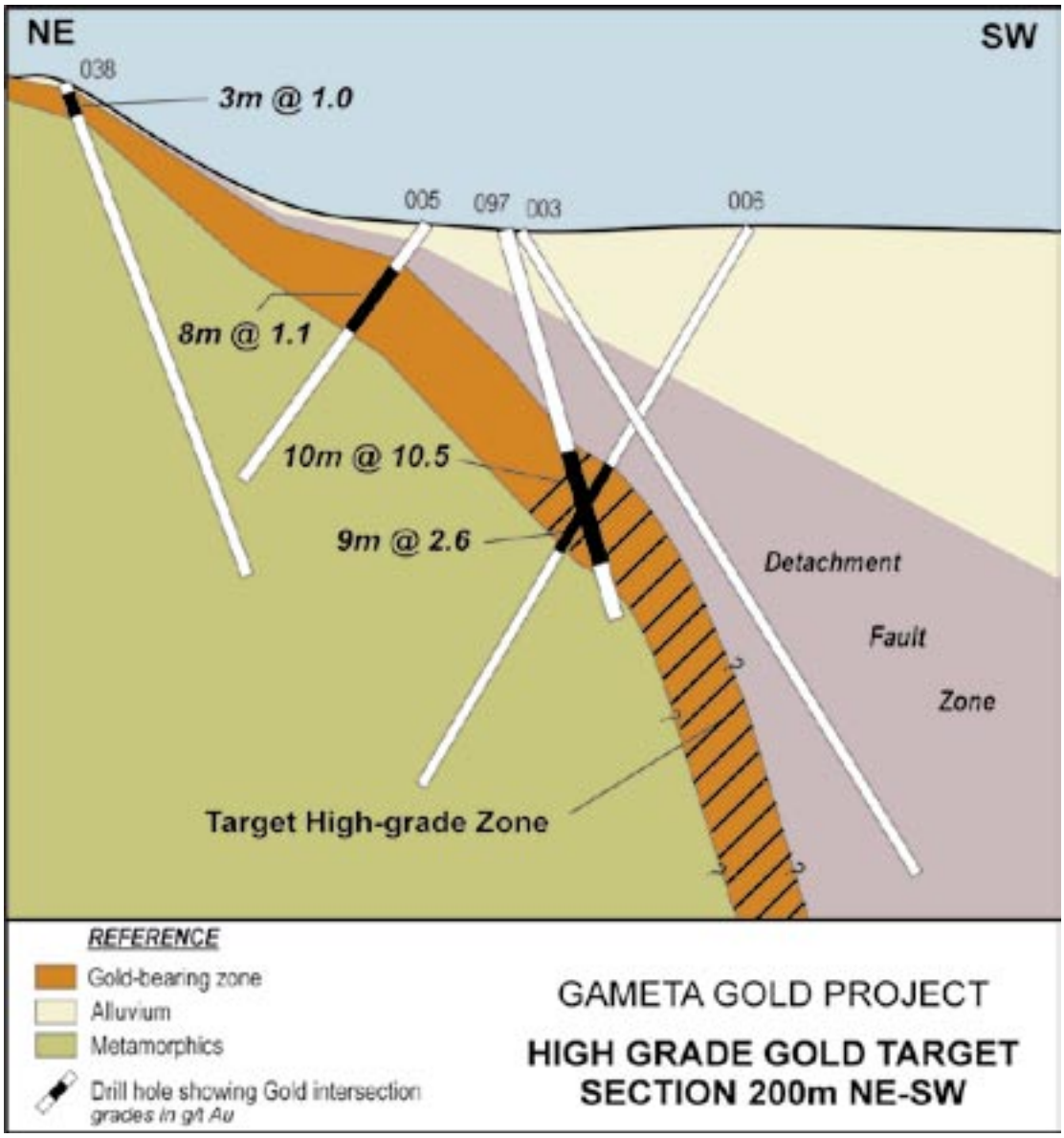
It is expected that the high-grade zones are structurally controlled. Further evaluation will now be undertaken and directed towards identifying these structures and their spatial trends for the purpose of generating future drill targets. It is considered possible that a smaller, but high-grade gold resource could be delineated at Gameta.

Wapolu Gold Project

At Wapolu, numerous shallow drill-hole intersections of gold mineralisation have been obtained over an area of one square km. Intersection thicknesses are often in the range 15-25m, with mineralisation occurring from near surface to depths of up to 60m in the DFZ and DFZ-derived talus breccia. Faults, in part, have provided control for the emplacement, thickening, and upgrading of the gold-bearing veins.

The current gold resource is 7 million tonnes at a grade of 1.6 g/t Au. This current resource is also considered to be too low grade to support a viable mining operation at this time. However, as at Gameta, previous drilling has outlined several high-grade gold intersections as follows:

Drill Hole	Interval (metres)	Intercept (metres)	Gold (g/t)
WPA-163	2.0-15.0	13.0	3.2
WPA-036	0.0-10.0	10.0	5.9
WPA-134	8.0-18.0	10.0	4.3
WPD-072	6.7-14.4	7.7	4.3
WPD-020	22.7-28.7	6.0	4.3
WPD-091	9.0-14.6	5.6	4.2
UR-165	22.0-27.0	5.0	4.6
WPD-042	2.5-5.0	2.5	10.2
LVR-010	18.0-20.0	2.0	19.8



Investigation of the spatial distribution of the high-grade zones will be undertaken. Most of the previous drilling was focused on shallow targets and hence little deep drill testing has been undertaken.

The persistence of gold mineralisation down-dip of the Gameta resource provides encouragement for a similar situation existing at Wapolu. In addition, the airstrip area, which has a similar spatial relationship to the core complex as the Gameta gold resource, has not yet been tested.

Numerous areas of anomalous levels of gold in soils have been identified and they require follow-up to delineate the source areas. Of particular interest is the RL 700E area where oxidised and altered rock float, ranging in grade up to in excess of 100 g/t gold, has been located in an area of scree cover. The source of this float has not yet been identified.

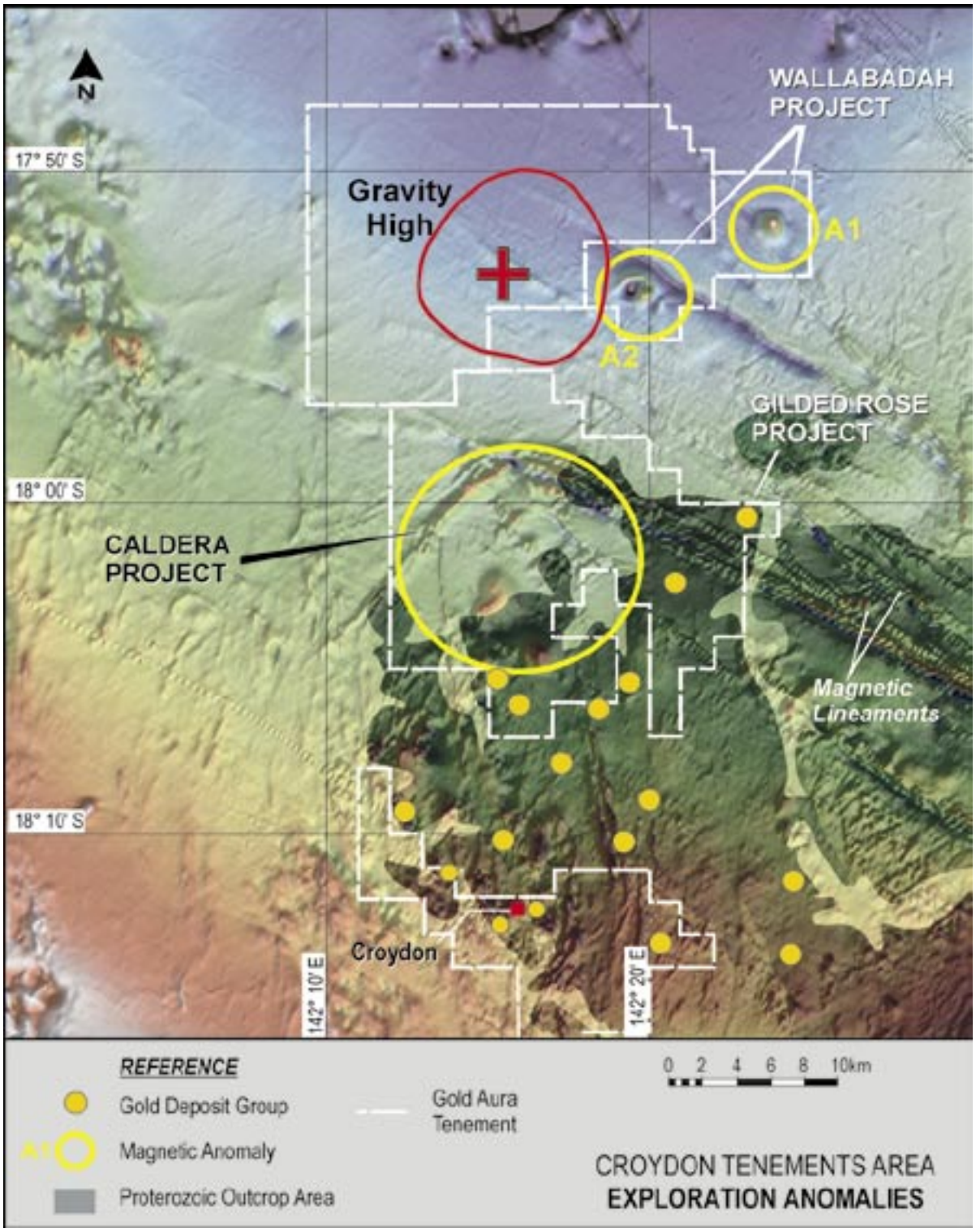
CROYDON TENEMENTS: (100% Gold Aura)

The Croydon goldfield is one of the major goldfields of Australia. Mining of narrow reefs occurred in the late 19th century to the early 20th century and there was further open-cut mining in the 1980s, yielding a total of 850,000 oz of gold and 950,000 oz of silver. The prospective geology comprises Proterzoic granites (Esmeralda granite) and Proterozoic felsic volcanics (Croydon volcanics). Geological evidence suggests the extrusion of the volcanics was closely followed by the intrusion of granitic rocks of similar composition. The uplift associated with the intrusion resulted in the development of shallow to moderately dipping NW-WNW trending detachment faults, thought to have provided important structural control for the development of gold mineralisation.

Gold mineralisation in the Croydon goldfield occurs as two major types:

(a) In the granites, within sheared zones and graphitic zones of up to 9m in thickness.

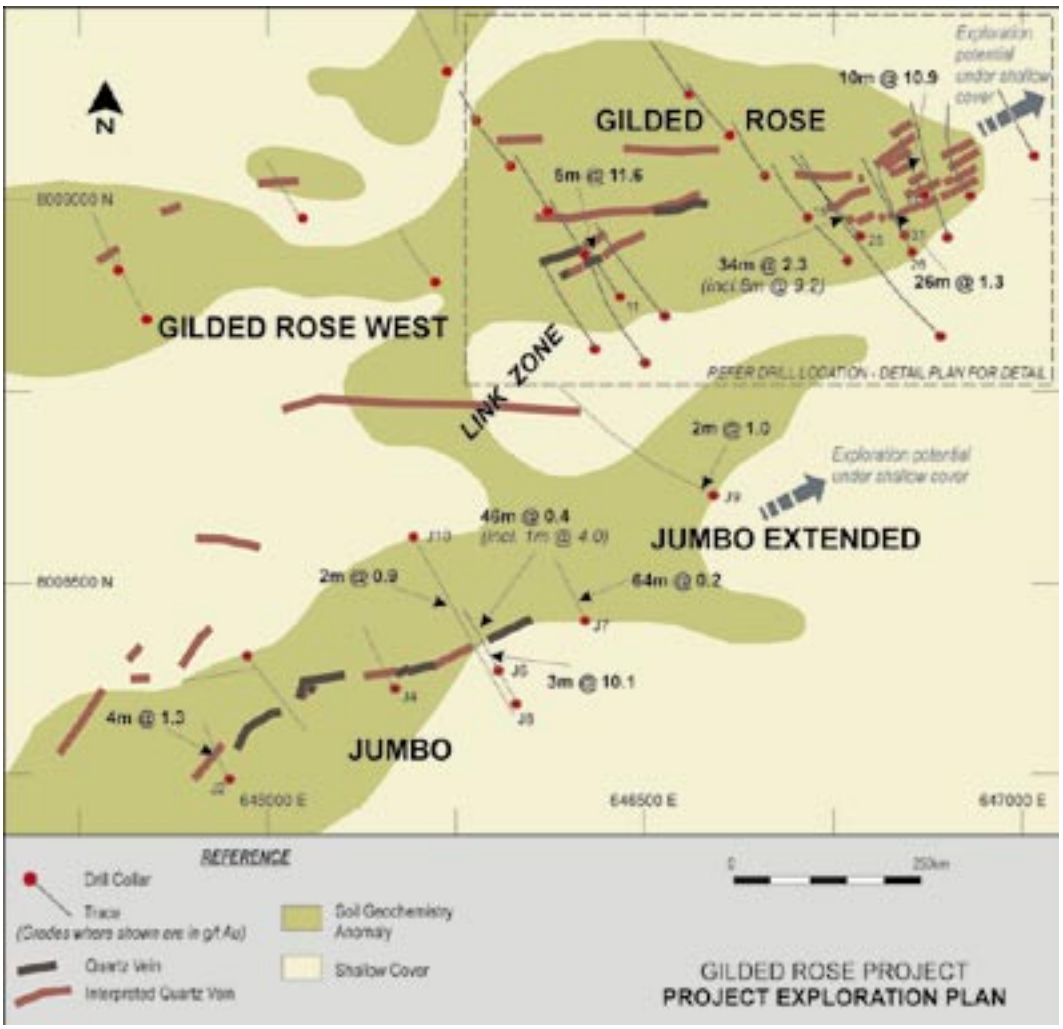
(b) In the volcanics, mainly within shallowly dipping quartz reefs up to 4.5m in thickness and in more steeply dipping quartz veins of narrower thickness.



Both types of mineralisation are often developed close to contact zones between granites and volcanics. Stacked vein systems have been identified in some areas and hold considerable exploration potential.

Gilded Rose Gold Project

The Gilded Rose Gold Project is 27km north-east of Croydon, close to the edge of the outcropping portion of the Croydon goldfield. The project encompasses the area surrounding the old Gilded Rose, Gilded Rose extended, Jumbo, Jumbo Extended, Vanderbilt, Sarina Gem and Blue Jacket workings. Newcrest Mining's drilling has located several broad intercepts of significant gold mineralisation plus several broad areas that offer large tonnages of low-grade stockwork gold mineralisation that may offer heap leach potential. Most of the better intersections occur within the oxide and supergene zones. However, most of Newcrest's drilling targeted deeper levels of the vein systems (below 60m) in the hope of outlining a major gold deposit of at least 2-3 million oz. Hence the potential of the nearer surface oxide and supergene zones, where gold grades could be expected to be richer, has not been adequately tested.



Significant drill intersections from the Gilded Rose area include:

Hole Number	Prospect	Intercept (m)	Interval (m)	Au Grade (g/t)
GRRC011	Gilded Rose	138-143	5	11.6
GRRC017	Gilded Rose	38-48	10	10.9
GRRC019	Gilded Rose	76-78 101-106	2 5	9.0 3.7
GRRC021	Gilded Rose	102-128	26	1.3
GRRC024	Gilded Rose	148-162 192-193	14 1	1.1 5.4
GRRC025	Gilded Rose	66-100 including 67-75	34 8	2.3 9.2
GRRC026	Gilded Rose	108-202	94	0.5
JMRC006	Jumbo	38-84	46	0.5
JMRC008	Jumbo	126-129	3	10.1

Gold Aura's project consultant feels it is not unreasonable to assume a potential resource of 200,000-300,000 oz of gold, at perhaps a grade of 4-5 g/t Au, within the Gilded Rose Gold Project area. Silver is also present and locally reaches very high values (in excess of 100 g/t Ag).

In addition there is substantial low-grade potential surrounding the high-grade resource. Drill intersections include 94m @ 0.5 g/t Au and 46m @ 0.5 g//t Au.

Deep drilling beneath the workings by Newcrest has identified values of up to 11.3 g/t Au in narrow quartz veins at depths up to 330m. This enhances the potential for significant deep mineralisation to be developed within major structures in other parts of the Croydon tenements area.

Surrounding the workings there is a series of broad gold in soil anomalies in excess of 50 ppb covering an area of at least 0.5 square km. Soil values in excess of 50 ppb, together with the drilling and surface sampling results, have delineated three main prospective areas for follow-up exploration.

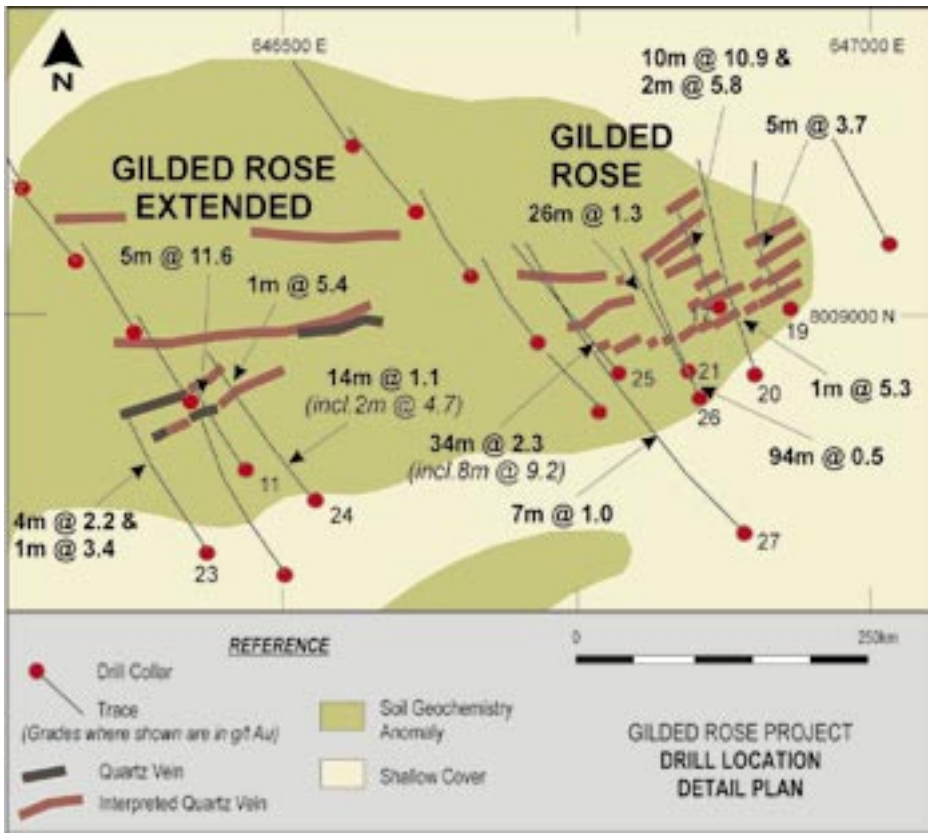
1. Gilded Rose–Gilded Rose West Anomaly: Approximately 1.2km long, up to 200m wide.
2. Jumbo–Jumbo Extended: Approximately 1km long, up to 200m wide.
3. Jumbo–Gilded Rose Link Zone: Approximately 200m long, 100m wide.

Exploration follow-up of these three prospective areas will involve:

1) Trenching and channel sampling, and
2) Drilling of selected target zones in the 0-60m depth range.

Caldera Gold Project

The significant volume of felsic volcanics within the Croydon goldfield implies the presence of a major caldera or volcanic eruptive centre. No such centre is evident within the outcropping portion of the goldfield. However, from recently generated airborne geophysical data, Gold Aura has interpreted a possible centre, between10-15km west of Gilded Rose, masked by younger geological cover. The interpreted eruptive centre is likely to have collapse structures associated with it. Such collapse structures provide excellent structural hosts for later stage hydrothermal alteration, intrusive activity and gold mineralisation. No gold anomalism is known in the area but this is considered to be due to the presence of alluvial cover and younger, unaltered, post-mineralisation Permo-Carboniferous intrusives. This geophysical anomaly has yet to be drill tested. Of encouragement is the number of gold occurrences in structures which appear to be radially extending from (and hence possibly sourced from) the interpreted eruptive structure. Gold Aura plans to drill several scout reverse circulation drill holes over the anomaly following detailed ground magnetic traversing



Wallabadah Project

Gold Aura was granted two exploration permits in the Wallabadah area, 20km NW of Gilded Rose, in April 2003. The Wallabadah Project covers a series of interesting geophysical features interpreted from recent aeromagnetic and gravity geophysical data. They include a major gravity high (20 milligals), two small aeromagnetic "bullseye" highs (A1 and A2) and a series of prominent WNW-ESE and NW-SW trending magnetic lineaments. The aeromagnetic highs are located along separate lineaments and situated on the eastern margin of the gravity high.

These geophysical features represent a different domain to the outcropping segment of the Croydon volcanics to the south, where the magnetic highs are associated with a broad gravity low. The geology of the Wallabadah Gold Project comprises recent alluvials and Cainozoic sediments overlying expected basement of Croydon volcanics and intrusive granites. The depth to the basement had not been determined at the time of application.

Gold Aura has now undertaken geophysical interpretation of the aeromagnetic data for the A1 and A2 anomalies. A1 is a relatively simple circular magnetic high which appears to be associated with NW-SE trending magnetic lineaments. It has been modelled as a S to SW plunging, pipe-like body, at a depth of around 270m.

A2 is more complex and is located just SW of a WNW-ESE trending magnetic lineament. It has been modelled as a zoned, steeply dipping, intrusive complex also at a depth of 270m.

Ground magnetic surveying will now be undertaken to better define the ground location and depths of the anomalies and, if the results are favourable, consideration will be given to at least drill testing the A2 anomaly which appears to be the more prospective of the two.

GEORGETOWN TENEMENTS

During the year, Gold Aura reduced its exploration licence holdings in the Georgetown area to focus on the Big Wonder Prospect, 7km south-west of Georgetown and the Big Reef Prospect in the Forsayth area, 40km south of Georgetown. Both tenements occur within the Etheridge goldfield, one of Queensland's significant goldfields, where past gold production has been from high-grade quartz veins located along dolerite–granite contacts within major fault zones. Prospective geological targets for further drilling are considered to be at the intersections of major structures.

Big Wonder Gold Project

Previous drilling at Big Wonder has intersected a wide zone of sericite-pyrite altered granites. Significant gold intersections were:

Drillhole Intersection (metres)	Au Grade (g/t)
25	2.2
10	2.1
13	1.5
26	1.1

Gold Aura owns a 120,000 tonne per annum gold carbon-in-pulp plant that is currently located on a granted mining lease within the Big Wonder tenement.

Forsayth Gold Project

The Forsayth Project is centred on the Big Reef gold workings. Discussions are currently in progress with another party regarding their participation in this project.