



# Gold Aura Limited

A.B.N. 75 067 519 779

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Level 6, 200 Creek Street, Brisbane

PO Box 728  
Spring Hill Qld  
Australia 4004

18 December 2006

Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Re: Rights Issue Prospectus**

Please find accompanying a copy of the Company's prospectus for a non-renounceable rights issue which has been lodged with the Australian Securities and Investments Commission.

Yours faithfully  
**GOLD AURA LIMITED**

A handwritten signature in blue ink, appearing to read 'J. Lemon'.

John Lemon  
Company Secretary



**Gold Aura Limited**  
**ABN 75 067 519 779**

**18 December 2006**

A Prospectus for a non-renounceable Rights Issue to Eligible Shareholders to raise approximately \$2,837,717

This Prospectus is an important document and should be read in its entirety. If you have any queries about any part of this Prospectus, you should consult your stockbroker or other professional adviser.

## CORPORATE DIRECTORY

### **Directors**

Mr Rob Murdoch (Chairman)  
Mr Ken Chapple (Managing Director)  
Mr James Collins-Taylor (Non-Executive Director)

### **Company Secretary**

Mr John Lemon

### **Registered Office**

Level 6, 200 Creek Street,  
Brisbane Queensland 4000  
Telephone (07) 3833 3833  
Facsimile (07) 3833 3888  
Website <http://www.goldaura.com.au>  
**E-mail** info@goldaura.com.au

### **Share Registry**

Link Market Services Limited  
Level 12, 300 Queen Street,  
Brisbane Queensland 4000

GPO Box 2537  
Brisbane Qld 4001  
Telephone: (02) 38280 7454  
Facsimile: (07) 3228 4999

### **Stock Exchange Listing**

Australian Stock Exchange Limited  
ASX Code: GOA

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## 1. IMPORTANT NOTICE

This Prospectus is dated 18 December 2006. A copy of this Prospectus was lodged with the ASIC on 18 December 2006.

The ASIC takes no responsibility as to the contents of this Prospectus.

In accordance with the Corporations Act, no securities will be allotted or issued on the basis of this Prospectus after the expiry date of 17 January 2008 which is 13 months after the date of this Prospectus.

This is an important document. Before deciding to participate in the Rights Issue you should consider whether it is a suitable investment for you. This Prospectus constitutes only general advice and does not take into account your individual investment objectives, financial situation or particular needs. The Company encourages you to seek independent financial and taxation advice before making a decision about whether to participate in the Rights Issue. You should have regard to the risks involved. Some of these risks are discussed in more detail in section 5 of this Prospectus.

An investment in the Offer should be considered speculative.

This Prospectus and the Entitlement and Acceptance Form do not constitute an offer or invitation to subscribe in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

A copy of this Prospectus can be downloaded from the website of the Company at <http://www.goldaure.com.au>. Any person accessing the electronic version of this Prospectus for the purposes of making an investment in the Company must be a Shareholder with a registered address in Australia or New Zealand and must only access the Prospectus from within Australia or New Zealand. The Corporations Act prohibits any person distributing the Application Form unless it is included in or accompanies a hard copy of this Prospectus, which may be obtained by contacting the Company.

This Prospectus is a short form prospectus issued in accordance with section 713 of the Corporations Act. This means that this Prospectus does not itself contain all the information that is generally required to be set out in a document of this type. Rather, in preparing this Prospectus, regard is had to the Company's status as a disclosing entity for the purposes of the Corporations Act and to the fact that certain matters may reasonably be expected to be known to investors and their professional advisers.

**Key Dates\***

Announcement of Rights Issue	15 December 2006
Application to the ASX for quotation of Shares and Options under the Prospectus	15 December 2006
Lodgement of Prospectus with ASIC and the ASX	18 December 2006
Notice to shareholders and option holders	19 December 2006
Shares trade "Ex" the entitlements issue on the ASX	3 January 2007
Record Date to identify Eligible Shareholders and to determine Entitlements under the Prospectus	9 January 2007
Despatch of Prospectus and Entitlement and Acceptance Form ("Opening Date")	12 January 2007
Closing Date	2 February 2007
ASX notified of under-subscriptions	7 February 2007
Despatch Date of Share and Option Holding Statements	12 February 2007

\*These dates are indicative only. Subject to the Corporations Act and the ASX Listing Rules, the Company reserves the right to vary the Closing Date without prior notice.

**Key Definitions**

Certain words and phrases used in this Prospectus have defined meanings set out in section 10 of this Prospectus.

## 2. CHAIRMAN'S LETTER

Dear Shareholder

Gold Aura Limited ("GOA") is actively exploring world class gold projects in several countries with a view to becoming a significant gold producer.

### **KAZAKHSTAN** (Southern Bayankol):

One exciting project is the Southern Bayankol Concession area in Kazakhstan. This area lies along a highly prospective geological belt that hosts the Kumtor Gold Mine which contains a 17 million ounce gold resource. The same geological zone continues further east into China where GOA is earning a 90% interest in the Saiyikale Project.

GOA has now acquired an 80% interest in Gold Aura Kazakhstan LLP ("GAK"). GAK is a Kazakhstan-registered company that has won a tender giving it the exclusive right to negotiate an Exploration Contract with the Kazakhstan Government to acquire the gold exploration rights to the Southern Bayankol Concession area. This Contract is expected to be concluded in the near future.

Work undertaken during the now completed field season within the Southern Bayankol Concession area has identified a number of gold anomalous areas. These will be investigated in detail next field season. Previous exploration in Southern Bayankol has revealed significant and highly encouraging gold anomalism in rock outcrop samples collected over an extensive ENE-WSW trending zone 7.5 kilometres long and up to 2.5 kilometres wide. Anomalous gold values range from 0.1 g/t up to a high of 238.0 g/t.

### **PAPUA NEW GUINEA** (Fergusson Island):

GOA has identified two separate gold resources on Fergusson Island. A Pre-Feasibility Study indicated that open pit mining and the production of a gold concentrate may be possible at an operating cost under \$US 250 per ounce.

Since then, a reinterpretation of the geology has suggested that the higher grade zones noted at Gameta Deposit may extend to depth, enhancing both the grade and size of the resource.

A 60 hole, 4,000 metre infill drilling program has commenced at Gameta, with three holes now completed. It is hoped that the drilling program will lead to a full feasibility study into possible commercial gold production at Gameta.

### **BRAZIL** (Tapajos Region):

Following on from its review of gold opportunities in the Tapajos region of Northern Brazil, GOA has entered into an agreement to acquire up to an initial 60% interest in a high grade gold and base metal property. The agreement is conditional upon confirmation of the vendor's title to the relevant tenements. GOA believes the Tapajos region has the potential to host a variety of medium to large high grade gold deposits.

**QUEENSLAND** (Croydon):

At the Company's Croydon Project, a series of major structural zones and untested geophysical anomalies offer opportunities for large gold occurrences in this significant and under-explored, major historical gold producing area of North Queensland. A drilling program to test three under-cover ("blind") magnetic anomalies has recently been commenced.

**CONTINUING THE EXPLORATION:**

Your directors are seeking to raise additional working capital for your company to further evaluate all of these excellent projects, with the objective of bringing one or more of them into production.

I commend this prospectus to you and encourage you to accept all of your entitlements under the Rights Issue.

For further information on the Company's projects, I direct your attention to the "Annual Review 2006" on the Company's website, [www.goldaura.com.au](http://www.goldaura.com.au), which you will find under "Company Projects".

Yours sincerely  
GOLD AURA LIMITED

A handwritten signature in black ink, appearing to read 'RM', with a long horizontal flourish extending to the right.

Rob Murdoch  
Chairman



### 3. DETAILS OF THE OFFER

#### 3.1 Overview of Offer

Pursuant to this Prospectus, the Company is seeking to raise approximately \$2,837,717 (before costs) by offering for subscription a total of approximately 25,797,431 New Shares at \$0.11 per New Share together with one free attaching New Option per two New Shares to Eligible Shareholders on the basis of one New Share for every three Existing Shares held at the Record Date. (Any fractions of New Shares or New Options will be rounded up to the nearest whole number).

The New Shares offered under this Prospectus will be fully paid and will rank equally in all respects with existing issued Shares. The rights and liabilities attaching to the New Shares are set out in the Constitution of the Company and in the Corporations Act. The principle rights and liabilities attaching to the New Shares and existing Shares are summarised in section 7.

The New Options will be exercisable at thirteen cents (\$0.13) each on or before 31 March 2009. Shares issued on exercise of the New Options will rank equally with existing Shares on issue. Further details relating to the terms and conditions of the New Options are set out in section 8.

The Offer is not underwritten.

#### 3.2 Rights Issue

##### a) The Rights Issue

Under the Rights Issue, the Company is offering Eligible Shareholders one New Share for every three Existing Shares held as at close of business on 9 January 2007. The issue price for each New Share is \$0.11 and is payable in full on Application. For each two New Shares issued under the Rights Issue, Eligible Shareholders will receive one free attaching New Option. The number of New Shares that each Eligible Shareholder is entitled to is shown on their personalised Entitlement and Acceptance Form. (Any fractional entitlements to New Shares or New Options will be rounded up to the nearest whole number).

The total number of New Shares issued under the Rights Issue will be approximately 25,797,431 to raise approximately \$2,837,717.

The Rights Issue will close at 7.00 pm (AEST) on 2 February 2007 or any other date the Company determines, subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws.

##### b) Entitlements

Eligible Shareholders will receive a personalised Entitlement and Acceptance Form showing the number of New Shares the Eligible Shareholder is entitled to subscribe for under the Rights Issue (rounded up to the nearest whole number if there is a fractional entitlement).

The Company currently has 24,438,308 Options on issue. Option holders may participate in the Rights Issue by exercising any or all of these Options before the Record Date. The exercise of any Options prior to the Record Date will increase the issued capital of the Company and may increase the number of New Shares issued under the Rights Issue and the total amount raised under the Rights Issue.

Option holders who are not Shareholders cannot participate in the Rights Issue without first exercising their Options.

c) Eligible Shareholders and their choices

Eligible Shareholders may:

1. take up their Rights in full;
2. take up part of their Rights and allow the balance to lapse; or
3. not take up their Rights and allow them to lapse.

Eligible Shareholders who wish to take up part or all of their Rights should follow the instructions in section 3.5.

d) Applications in excess of Rights and Shortfalls

Eligible Shareholders may take up any New Shares offered on the basis of this Prospectus which are not taken up by other Eligible Shareholders. To do this, the Eligible Shareholders must, in addition to completing the portion of their Entitlement and Acceptance Form which relates to their entitlement, complete the portion of the form relating to the additional shares they wish to take up.

The Directors reserve the right to issue any shortfall in subscription for New Shares and New Options under the Rights Issue at their discretion within 3 months after the close of the Rights Issue.

The Directors reserve the right to accept, scale back or refuse any application for additional New Shares in excess of a Shareholder's entitlement or any application in excess of the shortfall available for issue under the Rights Issue.

Any excess Application Money will be refunded without interest.

e) Rights are non-renounceable

The Rights Issue is non-renounceable, meaning that Eligible Shareholders cannot sell or transfer their Rights.

f) Rights not taken up

Rights not taken up will lapse at the Closing Date of the Rights Issue. Eligible Shareholders who do not take up their Rights will receive no benefit for their Rights and, although they will continue to own the same number of Shares, their proportionate interests in the Company will be diluted by the Rights Issue.

g) Overseas Shareholders

The Rights Issue is only being extended to Shareholders with registered addresses in Australia and New Zealand. All other Shareholders (**Non-Resident Shareholders**) will not be offered Rights under this Prospectus. The Company has determined, in accordance with the ASX Listing Rules, that it would be unreasonable to make an offer under this Prospectus to Non-Resident Shareholders having regard to:

1. the number of Shareholders in the places where the offer would be made;
2. the number and value of the rights that would be offered; and
3. the cost of complying with the legal requirements in those places.

No Entitlement and Acceptance Forms are being sent to Non-Resident Shareholders, and this Prospectus may be sent to them for information purposes only.

### **3.3 Purpose of the Offer**

The net proceeds from the Offer will be used to finance the exploration and development of tenements in the Company's existing portfolio, and for working capital generally. During the remainder of the 2007 financial year (to 30 June 2007), assuming that the Offer is fully subscribed, the Company's proposed expenditure on the Company's project portfolio using the funds raised is:- Fergusson Island (PNG) – approximately \$650,000; Croydon (Queensland) – approximately \$400,000; Southern Bayankol (Kazakhstan) – approximately \$500,000; Saiyikale (China) – approximately \$50,000; and Brazil - approximately \$750,000. The balance of the funds raised will be used for working capital generally.

### **3.4 Minimum Subscription**

There is no minimum subscription for the Offer.

### **3.5 How to Apply**

To apply for part of or all of their Rights, Eligible Shareholders should:

1. Complete and return the personalised Entitlement and Acceptance Form enclosed with this Prospectus in accordance with the instructions set out on the form.

Eligible Shareholders who wish to apply for only part of their Rights should complete the Entitlement and Acceptance Form, nominating the number of New Shares they wish to apply for.

Eligible Shareholders who wish to apply for additional New Shares in excess of their rights should complete the relevant section of the Entitlement and Acceptance Form, nominating the number of additional New Shares they wish to apply for.

2. Include with their completed personalised Entitlement and Acceptance Form a cheque, or bank draft drawn on and payable at an Australian bank in Australian currency for an amount equal to the number of New Shares for which they wish to apply multiplied by \$0.11 per New Share. Cheques or bank drafts must be made payable to “*Gold Aura Limited*” and crossed “*Not Negotiable*”. Eligible Shareholders who wish to pay by credit card should complete the relevant section on their personalised Entitlement and Acceptance Form.
3. Return the completed Entitlement and Acceptance Form, together with payment for the New Shares to the Company:

**by post:**

Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH, NSW 1235

**or in person:**

Link Market Services Limited  
Level 12, 680 George Street,  
SYDNEY, NSW 2000

**or by facsimile (only available if paying by credit card):**

Link Market Services Limited  
(02) 9287 0303

The Entitlement and Acceptance Form must be received no later than 7.00 pm (AEST) on 2 February 2007.

### **3.6 When to Apply**

Although copies of this Prospectus will be available within seven days of the Prospectus Date (in paper form or electronically through the internet site maintained by the Company – refer to the Corporate Directory on page 1 of this Prospectus), you will not be able to access an Application Form until at least seven days after the Prospectus Date. The Company will not accept an application for New Shares before the end of that seven day period.

The purpose of the seven day period is to give market participants the opportunity to examine the Prospectus before the Company accepts any application for New Shares. The seven day period may be extended by the ASIC up to 14 days.

Completed Application Forms, together with the full amount payable, may be lodged at any time after the commencement of business on 27 December 2006.

Application Forms must be received by 7.00 pm (AEST) on 2 February 2007. Eligible Shareholders are encouraged to submit their Applications as early as possible.

### **3.7 ASX Listing**

The Company has applied to the ASX for the New Shares and New Options offered under this Prospectus to be quoted on the ASX. If the ASX does not grant permission for official quotation of the New Shares and New Options within 3 months of the date of this Prospectus, none of the New Shares and New Options offered under this Prospectus will be issued. In these circumstances, the Company will refund all Application Monies within the time prescribed by the Corporations Act.

The ASX takes no responsibility for the contents of this Prospectus.

### **3.8 Taxation**

Shareholders should be aware that there are taxation implications for subscribing for New Shares and New Options. These taxation implications will vary between different Shareholders and Shareholders should consult their own professional tax adviser in relation to the taxation implications.

### **3.9 Risk Factors**

Before deciding to invest in the Company, investors should read the Prospectus in its entirety and in particular, should carefully consider the risk factors that could affect the Company. A description of the potential risks is outlined in section 5. An investment of this kind involves a number of risks, some of which are specific to the Company and the industry in which it operates.

## **4. INFORMATION ABOUT THE COMPANY**

### **4.1 Company objective**

The Company was incorporated on 19 December 1994 and has been included in the Official List of the ASX since 1 November 2002.

The Company's corporate objective is to become a leading gold producer. The Company's business strategy is to focus shareholder funds into exploration for major new discoveries, and further evaluation of the Company's existing projects. The Company's project focus is the Central Asia, South-West Pacific and South American areas.

The Company's exploration programme focuses attention on:

1. the exploration of existing projects to the stage where the Company can conclude whether they are capable of achieving the corporate objective or not; and
2. the acquisition of strategic new gold projects with potential to allow the Company to achieve its corporate objective.

### **4.2 Disclosing Entity**

This Prospectus is issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

The Company is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on the ASX, the Company is subject to the ASX Listing Rules which require continuous disclosure to the market of any information the Company has which a reasonable person would expect to have a material effect on the price or value of the Company's shares.

The ASX maintains files containing publicly disclosed information about all companies listed on the ASX. The Company's file is available for inspection at the ASX in Brisbane during normal working hours.

The ASIC also maintains records in respect of documents lodged with it by the Company and copies of these documents may be obtained from or inspected at any Regional Office of the ASIC.

### **4.3 Information Available to Shareholders and Prospective Investors**

The Company will provide a copy of each of the following documents free of charge, to any Shareholder or prospective investor who so requests during the application period under this Prospectus:

1. the 2006 Annual Report of the Company; and
2. the following announcements lodged with the ASX since release of the Company's 2006 Annual Report:

<b>Date</b>	<b>Announcement</b>
15/12/2006	Appendix 3B
15/12/2006	Non-Renounceable Issue
04/12/2006	Drilling Update – Fergusson Island Gold Project
24/11/2006	Amended Constitution
24/11/2006	Results of Annual General Meeting
17/11/2006	Change of Director’s Interest Notice
17/11/2006	2006 Annual Review
17/11/2006	2006 Annual review
17/11/2006	Small Shareholders Sale
17/11/2006	Change of Director’s Interest Notice
16/11/2006	Brazilian Agreement Reached
09/11/2006	Croydon Drilling Program
08/11/2006	Change of Director’s Interest Notice
31/10/2006	First Quarter Cashflow Report
31/10/2006	First Quarter Activities Report
25/10/2006	Concise Financial Report
24/10/2006	Notice of Annual General Meeting
03/10/2006	Drilling Results for Fergusson Island

#### **4.4 Market Prices of the Company’s Shares on the ASX**

The highest and lowest market sale price of the Company’s shares on the ASX during the 3 months immediately preceding the date of this Prospectus, and the respective dates of those sales and the last sale on the ASX trading day immediately preceding the date of this Prospectus were as follows:

	<b>Price</b>	<b>Date</b>
Highest	\$0.099	13/12/2006
Lowest	\$0.062	21/09/2006 & 22/09/06
Latest	\$0.090	15/12/2006

## **5. RISK FACTORS**

As with all investments, investors should be aware that the market price of securities may fall as well as rise. It is recommended that investors read the entire Prospectus to assess the risks of investing in the Company. The potential returns of the Company will be exposed to risks specific to the Company and to general investment risks. While it is impossible to identify all risks, the attention of investors is drawn to the following particular risks.

### **5.1 Mining and Exploration**

Mining and exploration are high risk endeavours which can create high returns. The Company's projects are at an exploration stage and it is uncertain if further exploration will lead to economic production of minerals.

### **5.2 Tenancy**

The Company could be forced to relinquish an area it did not want to relinquish either by ministerial direction or because it had not met its statutory minimum expenditure commitments. In the process of area reduction to reduce statutory expenditure commitments, the Company could inadvertently relinquish ground where a mineral deposit was present, but remained undiscovered.

### **5.3 Resource Estimates**

Resource estimates are not precise and involve expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates depend to a significant extent on interpretation of geological boundaries, which may prove to be inaccurate. Should the Company encounter unusual mineralization to that predicted by past drilling and mining, resource estimates may have to be adjusted and feasibility studies may have to be altered in a way which could either benefit or adversely affect the Company's financial projections.

### **5.4 Commodity Prices and Exchange Rates**

Future sales of commodities produced by the Company will expose the potential income of the Company to commodity price and exchange rate risks. The international prices of various commodities are denominated in United States Dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency. The potential revenues of the Company will be exposed to the fluctuations and volatility of commodity prices and the rate of exchange between the United States dollar and the Australian dollar as determined in Australian markets.

### **5.5 Valuation of Tenements**

This Prospectus does not rely upon any valuation of the mineral tenements in which the Company has interests and makes no representation as to the value of those mineral tenements. Intending investors and their advisers should make their own assessment as to the value of those mineral tenements.



## **5.6 Funding**

The Company may be dependent upon obtaining future equity, debt or joint venture financing to support long term exploration, evaluation and development of its projects.

## **5.7 Economic Factors**

Demand for gold and factors such as inflation, exchange rate fluctuations, interest rates, industrial disruption, political decisions, cost over-runs and technical problems all affect the ability of the Company to profit from any discovery. The international market price of gold is beyond the control of the Company.

## **5.8 Share Market Conditions**

The price of the Company's Shares, when quoted on the ASX, will be influenced by international and domestic factors which generally affect equity, financial and commodity markets. The value of its Shares and Options may also affect the Company's ability to raise equity capital.

## **5.9 Native Title**

The Directors are aware of a number of native title claims within Australia which partially cover the Company's exploration project areas. These claims may impact upon planning and implementation of future exploration programs. The potential also exists for further native title claims to be lodged over any existing or future tenement area. Native title claims have the potential to cause significant delays to exploration. The Directors have undertaken some limited investigations to assess the likelihood of the success of a native title claim over any areas in which the company presently holds an interest. However, the Directors are not in a position to assess in detail the impact of native title on the Company's planned operations. The Directors therefore consider the potential for native title claims to be lodged over the areas containing exploration projects to be a risk to investment.

## **5.10 Aboriginal Heritage Sites**

Commonwealth and State legislation obliges the Company to identify and protect Australian Aboriginal heritage sites. It is likely that, due to the substantial area held, some sites of significance will be identified within the Company's tenements. It is therefore probable that one or more sites of significance will exist in an area which the Company considers to be prospective. The Company's policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

## **5.11 Land Access**

Immediate access to tenements cannot in all cases be guaranteed. The Company may be required to seek consent of landholders or other persons or groups with an interest in real property encompassed by tenements. Judicial decisions and Commonwealth or State legislation could unforeseeably restrict access to tenements.

### **5.12 Environmental Conditions**

The operations and proposed activities of the Company are environmentally sensitive and cannot be carried out without prior approval from and compliance with all requirements of the relevant environmental authorities. The Company intends to conduct all of its activities in an environmentally responsible manner and in accordance with all relevant laws.

### **5.13 Sovereign Risk**

While the countries in which the Company undertakes its activities, are generally regarded as politically stable, they may nevertheless be subject to social and economic uncertainty, or the laws pertaining to tenure of title may change, any of which could slow the activities of the Company or render them uneconomic, or affect its financial performance, the tenure of titles and the value of its assets.

### **5.14 General Investment Risks**

There is a risk that the price of Shares and returns to shareholders may be affected by changes in:

1. local and world economic conditions;
2. interest rates;
3. levels of tax, taxation law and accounting practice;
4. government legislation or intervention;
5. inflation or inflationary expectations; and
6. natural disasters, social upheaval or war in Australia or overseas.

## 6. EFFECT OF THE OFFER

### 6.1 Capital Structure

The issued capital of the Company as at the date of this Prospectus and the pro forma issued capital after the issue of the New Shares and New Options under this Prospectus is set out below.

	As at the Prospectus Date	Assuming Full Subscription under the Rights Issue
Issued Shares	77,563,271	103,360,702#
Issued Options	24,438,308*	37,337,024

# Approximately 170,978 Shares are held by overseas holders who are not eligible to participate in the Rights Issue. Accordingly, these Shares are not taken into account in the pro forma issued capital assuming full subscription under the Rights Issue. Further, the pro forma issued capital in respect of the total number of issued Shares also does not take into account any Options that may be exercised prior to the Record Date in calculating the total number of Shares that may be issued under the Rights Issue.

\* The terms and conditions of these Options are exactly the same as the terms and conditions on which the New Options will be issued pursuant to this Prospectus (refer to section 8).

### 6.2 Historical and Pro forma Statement of Financial Position

Set out below is the Consolidated Historical Statement of Financial Position as at 30 June, 2006 for the Company and its Controlled Entity, together with an unaudited Pro-Forma Statement of Financial Position showing the net effect of the issue of New Shares and New Options under the Offer, as if these events have occurred on 30 June, 2006 fully subscribed. The Consolidated Historical Statement of Financial Position as at 30 June, 2006 has been derived from the full Financial Report of Gold Aura Limited for the financial year ended 30 June 2006 and cannot be expected to provide as full an understanding of the financial position of the Company and its Controlled Entity as the full Financial Report of the Company. The full Financial Report for the Company is contained in the Company's Annual Report for the financial year ended 30 June, 2006. For more information on the financial condition of the Company as at 30 June, 2006, please refer to the Company's Annual Report for the year ended 30 June, 2006.

**HISTORICAL AND PRO FORMA STATEMENT OF FINANCIAL POSITION**  
**GOLD AURA LIMITED**  
**ABN 75 067 519 779**

	<b>31 December 2005 (\$)</b>	<b>Consolidated 30 June 2006 (\$)</b>	<b>Consolidated Pro Forma (\$)</b>
Cash assets and equivalents	1,074,720	2,482,095	5,271,513
Trade and other Receivables	39,828	32,429	32,429
<b>TOTAL CURRENT ASSETS</b>	<b>1,114,548</b>	<b>2,514,524</b>	<b>5,303,942</b>
Receivables		209	209
Property, plant and equipment	45,254	97,823	97,823
Impairment of mining tenements	(305,000)	---	---
Exploration and evaluation expenditure	4,300,260	5,083,090	5,083,090
Other assets	165,970	418,266	418,266
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,206,484</b>	<b>5,599,388</b>	<b>5,599,388</b>
<b>TOTAL ASSETS</b>	<b>5,321,482</b>	<b>8,113,912</b>	<b>10,903,330</b>
Payables	128,783	213,356	213,356
Provisions	23,071	35,064	35,064
Provision for Impairment	195,000	---	---
<b>TOTAL CURRENT LIABILITIES</b>	<b>346,854</b>	<b>248,420</b>	<b>248,420</b>
Provisions	11,428	34,487	34,487
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>11,428</b>	<b>34,487</b>	<b>34,487</b>
<b>TOTAL LIABILITIES</b>	<b>358,282</b>	<b>282,907</b>	<b>282,907</b>
<b>NET ASSETS</b>	<b>4,963,200</b>	<b>7,831,005</b>	<b>10,620,423</b>
Contributed equity	6,298,653	8,808,087	11,597,505
Reserves	1,021,998	1,021,998	1,021,998
Accumulated losses	(2,357,451)	(1,999,289)	(1,999,289)
Minority Interest	--	209	209
<b>TOTAL EQUITY</b>	<b>4,963,200</b>	<b>7,831,005</b>	<b>10,620,423</b>

*The above statement of financial position should be read in conjunction with the accompanying notes set out below.*

**NOTES TO HISTORICAL AND PRO FORMA STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE, 2006**

**NOTE 1: CASH ASSETS AND EQUIVALENTS**

The Company's cash assets are expected to increase by up to \$2,789,418 from \$2,482,095 to \$5,271,513 as a result of net funds to be raised pursuant to this Prospectus, as detailed in Note 2 (below).

**NOTE 2: ESTIMATED COSTS OF THE ISSUE**

Funds raised	\$2,837,717
Expenses associated with the Offer	
Legal Fees	\$10,000
Shareholder Mail Out	\$5,000
Share Registry Fees	\$25,000
ASX Listing Fees*	\$8,299
Total expenses of the Offer	\$48,299
<b>Funds raised after deducting expenses</b>	<b>\$2,789,418</b>

*\* These costs will vary according to the amount subscribed under the Rights Issue.*

## **7. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

Full details of the rights and liabilities attaching to the New Shares and existing Shares are set out in the Company's constitution (Constitution), a copy of which can be inspected at the Company's registered office during normal business hours or may be viewed on the Company's website. A broad summary (although not an exhaustive or definitive statement) of the rights and liabilities attaching to the New Shares and existing Shares is outlined below. All New Shares issued under this Prospectus are of the same class and rank equally in all respects with the existing Shares on issue.

### **7.1 Voting**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed two proxies) and one vote per share on a poll. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share. Where there are two or more joint holders of the share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

### **7.2 Issues of further shares**

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

### **7.3 Variation of rights**

At present, the Company has on issue one class of shares only, namely ordinary shares. Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

### **7.4 Transfer of Shares**

Subject to the Constitution, the Corporations Act and the ASX Listing Rules, ordinary shares are freely transferable. The shares may be transferred by a proper transfer effected in accordance with the ASX Business Rules, by any other method of transferring or dealing introduced by the ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or the ASX that is permitted by the Corporations Act. The Directors may decline to register a transfer of shares (other than a proper transfer in accordance with the ASX Business Rules) where permitted to do so under the ASX Listing Rules. If the Directors decline to register a transfer, the Company must,

within five business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of shares when required by law, by the ASX Listing Rules or by the ASX Business Rules.

### **7.5 Partly Paid Shares**

The Directors may, subject to compliance with the Constitution, the Corporations Act and the ASX Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. Such shares will have limited rights to vote and to receive dividends.

### **7.6 Dividends**

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class. Each Share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the Share (excluding any amount paid in advance of calls) bears to the total issue price of the Shares.

### **7.7 Winding Up**

Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid up on their shares when the winding up begins.

### **7.8 Share Plans**

The members of the Company, in general meeting, may authorise the Directors to implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

### **7.9 Share Buy-Backs**

Subject to the provisions of the Corporations Act and the ASX Listing Rules, the Company may buy-back shares in itself on terms and at times determined by the Directors.

## 8. TERMS AND CONDITIONS OF OPTIONS

The New Options will be issued on the following terms and conditions which are intended to be exactly the same terms and conditions as for the existing 24,438,308 options already on issue. The Directors have resolved not to adjust the exercise price of the existing Options, which is possible under the terms of issue of those Options:

- The Options are options to subscribe for ordinary shares in the capital of the Company;
- The exercise price of the Options is thirteen cents (\$0.13) per Option (“Exercise Price”);
- Shares issued on exercise of the Options will rank pari passu with all existing ordinary shares of the Company from the date of issue;
- The Options may be exercised wholly or in part by notice in writing to the Company received at any time on or before 31 March 2009 (“Expiry Date”) together with payment for the Exercise Price and the options certificate (if any) for those Options for cancellation by the Company;
- The Company will allot the number of shares the subject of any exercise notice, and apply at its cost for listing of the shares so allotted;
- The Option holder will be permitted to participate in new issues of securities of the Company on the prior exercise of the Options, in which case the holder of the Options will be afforded the period of at least 14 days notice prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the Options.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - the number of Options, the exercise price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
  - subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- If there is a pro rata issue (except a bonus issue), the exercise price of an Option may be reduced according to the following formula:

$$O^n = O - E \frac{[P - (S + D)]}{N + 1}$$

Where:

- $O^n$  = the new exercise price of the Option;
- $O$  = the old exercise price of the Option;
- $E$  = the number of underlying securities into which one Option is exercisable;
- $P$  = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;



S = the subscription price for a security under the pro rata issue;  
D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);  
N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the exercise price, increase the number of Options or change any period for exercise of the Options.

## 9. ADDITIONAL INFORMATION

### 9.1 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is or was partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- a) the formation or promotion of the Company;
- b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- c) the Offer, and no amounts have been paid or agreed to be paid (whether in cash or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce that person to become, or to qualify as, a Director or otherwise for services rendered by that person or by the firm in connection with the promotion or formation of the Company or the Offer.

### Directors' Remuneration

The remuneration or other amounts paid to Directors and their related entities for the year ended 30 June 2006 is set out below:

Director	Salary and Fees (\$)	Superannuation (\$)	Equity (\$)	Other Benefits (\$)	Total (\$)
Rob Murdoch	35,225	--	--	--	35,225
Ken Chapple	149,733	13,472	--	--	163,205
James Collins-Taylor	13,000	--	--	--	13,000

### Security Holdings

Set out below are details of the interests of the Directors, either directly or indirectly or beneficially, in the securities of the Company as at the Prospectus Date:

Director	Shares	Options
Rob Murdoch	4,407,417	662,343
Ken Chapple	960,606	166,864
James Collins-Taylor	257,402	42,901

### Transactions with director-related entities

The Company in 2002 entered into an "Executive and Administrative Services Agreement" with Robert Bouflower Murdoch and Geophysical Research Pty Ltd, a company associated with Robert Murdoch, for the provision of executive and office administration services to the Company. Although the agreement has expired, the parties to the agreement continue to observe the terms and conditions contained in the agreement, other than the fees payable to Geophysical Research Pty. Ltd. which have been increased above those stipulated in the agreement.

## **9.2 Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no promoter nor any other person named in this Prospectus as performing a function in a professional, advisory or other capacity (Relevant Persons) in connection with preparation or distribution of this Prospectus, nor any firm in which any of those Relevant Persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- a) the formation or promotion of the Company;
- b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- c) the Offer, and no amounts have been paid or agreed to be paid (whether in cash or otherwise) to any Relevant Persons or to any firm or company in which any Relevant Person is a partner, for services rendered by that Relevant Person or by the firm or company in connection with the promotion or formation of the Company or the Offer.

Hudson Henning & Goodman, Solicitors, have acted as legal adviser in respect of the Offer. In aggregate, the Company has paid or agreed to pay Hudson Henning & Goodman, Solicitors approximately \$10,000 (plus GST and disbursements) for these services. Further amounts may be paid to Hudson Henning & Goodman, Solicitors in accordance with its normal time based charges.

## **9.3 Expenses of the Offer**

The total expenses connected with the Offers, including legal and other advisory fees, listing, printing and other miscellaneous expenses are estimated to be approximately \$48,299 based on full subscription of the Offer.

## **9.4 Consent**

The people and other entities set out below have given and as at the Prospectus Date had not withdrawn their written consent as set out below. Each of the following has consented (and has not withdrawn such consent prior to lodgement of this Prospectus with the ASIC) to being named in this Prospectus:

- a) Link Market Services Limited to being named in this Prospectus as the Company's share registry;
- b) Hudson Henning & Goodman have consented to being named in section 9.2 of this Prospectus in the form and context in which their name appears.

None of the parties listed above have caused the issue of this Prospectus and, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any part of, this Prospectus, other than the reference to its name in this Prospectus.

## 10. DEFINITIONS

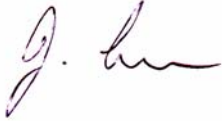
In this Prospectus, unless the context otherwise requires:

- \$** means Australian dollars (and references to cents are to Australian cents);
- Applicant** means a person who submits a valid Application;
- Application** means a valid application for New Shares under this Prospectus;
- Application Form** means the Entitlement and Acceptance Form;
- Application Money** means the money payable on Application;
- ASIC** means Australian Securities and Investments Commission;
- ASX** means ASX Limited (ABN 98 008 624 69);
- ASX Listing Rules** means the official Listing Rules of ASX;
- Closing Date** means 7.00 pm (AEST) on 2 February 2007 or such other date as the Directors may determine;
- Company** means Gold Aura Limited ABN 75 067 519 779;
- Controlled Entity** means the Company's wholly-owned subsidiary company;
- Corporations Act** means Corporations Act 2001 (Cth);
- Director(s)** means the director(s) of the Company;
- Eligible Shareholder** means a registered holder of Shares as at close of business on 9 January 2007 whose registered address is in Australia or New Zealand;
- Entitlement and Acceptance Form** means a personalised entitlement and acceptance form for Eligible Shareholders accompanying this Prospectus and relating to the Rights Issue;
- Existing Shares** means Shares issued before close of business on 9 January 2007;
- Issue** means the issue of New Shares and New Options under this Prospectus;
- Issue Price** means \$0.11 per New Share;
- New Options** means the Options to be issued under this Prospectus pursuant to the Offer;
- New Shares** means Shares issued pursuant to the Rights Issue;
- Offer** means the Rights Issue;
- Options** means options to subscribe for Shares on the terms summarised in section 8 of this Prospectus;
- Prospectus** means this document dated 18 December 2006;
- Prospectus Date** means the date appearing on the cover of this Prospectus;
- Record Date** means the record date to determine the Shareholders entitled to participate in the Rights Issue, being close of business on 9 January 2007;
- Related Party** has the meaning given in the Corporations Act;
- Rights** means the right of an Eligible Shareholder to subscribe for one New Share for every three Existing Shares held as at the Record Date under the Rights Issue;
- Rights Issue** means the non-renounceable rights issue of New Shares and New Options, as described in section 3.2 of this Prospectus;
- Shareholder(s)** means a holder of Share(s);
- Share(s)** means fully paid ordinary share(s) in the Company.

**11. DIRECTORS' AUTHORISATION**

Each Director has consented to the lodgement and issue of this Prospectus.

Signed in accordance with a resolution of the Directors.

A handwritten signature in purple ink, appearing to read 'J. Lemon', is written over a light grey rectangular background.

John Lemon  
Company Secretary