Gold Aura Limited

A.B.N. 75 067 519 779

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2003

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Company Directory

Directors

Brian Gerry Moller - Chairman
Robert Boutflower Murdoch - Executive Corporate Director
Kenneth Graeme Chapple - Executive Technical Director
Thomas Roeggla - Non-Executive Director

Company Secretary

Peter Russell Sauerberg

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

Douglas, Heck & Burrell
300 Queen Street
BRISBANE QLD 4000
AUSTRALIA

Postal Address:
GPO Box 35
BRISBANE QLD 4001
Telephone: (07) 3228 4219
Facsimile: (07) 3221 3149

Auditors

Douglas Heck & Burrell, Chartered Accountants

Solicitors

Hopgood Ganim, Brisbane

Stock Exchange Listings

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

Web Site

www.goldaura.com.au

The Board of Directors present their report on the economic entity consisting of Gold Aura Limited (Gold Aura) and its controlled entity for the year ended 30 June 2003.

Principal activities

The principal activities during the year, in each entity within the consolidated entity were exploration on the company's gold tenements in Papua New Guinea and North Queensland. The company also evaluated a number of additional gold projects, for potential investment.

Review and result of operations

Gold Aura, formerly Croydon Gold Pty Ltd, has held gold tenements in the Croydon Area of North Queensland since 1994. In July 2002 Croydon changed its name to Gold Aura and acquired Union Mining (PNG) Limited, a 150,000 tpa carbon in pulp plant and various gold tenements in the Georgetown area, 150 km east of Croydon. Union Mining (PNG) Limited has approximately 61% interest in the Fergusson Gold Project.

Gold Aura completed an Initial Public Offering raising $2.1 million and listed on the Australian Stock Exchange in November 2002.

During the year Gold Aura focussed its exploration on the Fergusson Island Project located in South Eastern Papua New Guinea. In early 2003, Gold Aura completed an 850 metre, four hole diamond drilling program down dip of the Gameta gold resource on Fergusson Island. The program extended the potential of the deposit at least 200-400 metres down dip. A review of the program has suggested that the best target for potential development is to focus on evaluating high grade gold intersections. Gold Aura is seeking a joint venture partner to further expand this project.

Gold Aura is currently reviewing its Croydon Gold Project in North Queensland and a number of targets have been identified for drilling and trenching. The company has also carried out investigations on a number of potential gold projects.

The Georgetown tenements and processing plant have been under care and maintenance.

Administration & finance

The parent entity raised funds of $2,147,613 during the year through the issue of 8,571,326 shares and exercising of 19,128 options.

Environmental regulation and performance

The consolidated entity is subject to environmental regulation in respect to its exploration activities and plant site 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.

The liability at the Georgetown plant site relates to the company's requirement under legislation to clean up the gold plant site and cover the tailings dam. However, should the plant be moved there is no further environment work required under the bond conditions.

The company is subject to environmental regulations with respect to its exploration activities on Fergusson Island in Papua New Guinea by the Department of Mines. The maximum extent of that liability is $5,435 and relates to the company's requirement under legislation that drill sites and other such areas of exploration activities are cleaned subsequent to completion of such work.

The consolidated entity has carried out mineral exploration activities in Queensland and Papua New Guinea. To the company's knowledge, all restoration work required at this time has been completed in accordance with the requirements of the governing bodies.

Results and dividends

The consolidated loss of the economic entity for the financial year was $354,726 after income tax expense of nil. 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 financial year. The directors do not recommend that a dividend be provided for the year ended 30 June 2003.

Significant changes in the state of affairs

On 26 July 2002, Croydon Gold Pty Ltd changed its name and company status to Gold Aura Limited. Gold Aura undertook a share spit of the 35,002 shares then on issue into 4,256,000 shares. Loans of $641,419 owing to Union were forgiven.

On 26 July 2002, Gold Aura a then wholly owned subsidiary of Union, acquired for fair value from the parent entity:

(a) The beneficial ownership of all the shares in Union Mining (PNG) Limited for a consideration of 6,560,000 shares in Gold Aura Limited issued at 25 cents each. Loans of $11,346,721 owing to the parent entity by Union Mining (PNG) Limited were forgiven. Union Mining (PNG) Limited is the holder of the tenement interests in Fergusson Island.

(b) Plant and equipment at Georgetown North Queensland for a consideration of 480,000 shares in Gold Aura issued at 25 cents each; and

(c) Tenement interests at Georgetown for a consideration of 704,000 shares in Gold Aura at 25 cents each and the assumption of a liability of $120,000 for plant site restoration and tailings dam rehabilitation responsibilities in the event the plant is moved.

On 30 July 2002, Gold Aura issued a Prospectus for an Initial Public Offering (IPO) of 12,000,000 ordinary shares in Gold Aura. The IPO raised $2,142,831 and Union was reimbursed for the IPO costs it incurred on behalf of Gold Aura. At the date of this report, Union Capital Limited the ultimate Australian holding company holds 48.53% of Gold Aura Limited.

Likely developments and expected results

Gold Aura will focus its investment on exploration projects with the potential of generating exploration success in near or existing gold production opportunities have the capacity of deriving high returns on investment. The company will be seeking joint venture partners to further develop its Papua New Guinea tenements.

Directors

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

B MOLLER (Chairman)

Brian Moller LLB is a corporate partner in the Brisbane based law firm Hopgood Ganim. He was admitted as a solicitor in 1981 and was admitted partner in 1983. He is the non-executive Chairman of the Board and has over 20 years experience in the corporate area with a strong background in capital raisings, mergers and acquisitions. He holds a LLB (Hons) from the University of Queensland and is a member of the Australian Mining and Petroleum Law Association. Brian acts for many public listed resource and industrial companies and brings a wealth of experience and expertise to the board particularly in corporate regulatory and governance areas. He is also a director of D'Aguilar Gold Limited an ASX listed company.

R B MURDOCH (Executive Corporate Director)

Robert Boutflower Murdoch B. A. (Earth Sciences), M.A.I.M.M., M.A.I.G. has been appointed as the Director responsible for implementation and supervision of the corporate activities and promotion of the company. He has been Managing Director of Union Capital Limited since 1992. He has over 30 years of international business experience in the management of public companies predominantly in the mining industry. Mr Murdoch is currently a director of the economic entities within the Union Group and Austex Mining NL.

K CHAPPLE (Executive Technical Director)
Ken Chapple ***B. Sc., B Econ.*** is the Director responsible for the implementation and supervision of the gold exploration program and budget of Gold Aura. Ken was previously the Exploration Manager with Union Capital Limited. From 1994-1997, Ken managed exploration activities in Papua New Guinea for Union Capital resulting in the discovery of the Gamata Gold Deposit in the D'Entrecasteauz Islands of Papua New Guinea. In 1998 he identified the Mehidiabad lead-zinc deposit in Central Iran, which has now shown to be probably the world's largest undeveloped zinc resource. Before joining the Union group, Ken worked with BHP exploration for 23 years. Ken is currently a director of Union Resource Management Pty Ltd and Union Zinc Pty Limited.

T ROEGGLA (Non Executive Director)
Thomas Roeggla is based in Monaco and has an extensive background in business development, asset management and corporate finance. He is the founder of Aktieninvestor.com AG, an international equity investment organisation. Aktieninvestor.com AG is involved in investing in resource, high-tech and industrial sectors worldwide.

Directors' meetings
During the year there were 3 formal meetings of the directors and 3 circulating resolutions pursuant to the Company's Constitution. The attendance of directors at meetings of the Board were:

	Attended	Signed Resolutions
Brian Moller	3	3
Robert Murdoch	3	3
Ken Chapple	3	3
Thomas Roeggla	3	3

Corporate governance statement
In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in this annual report.

Directors' interests
The directors' interests in shares and options of the parent entity at the date of this report:

	Ordinary Shares		Options
	Direct	Indirect	
Brian Moller	--	16,000	24,000
Robert Murdoch	9,084	676,984	19,996
Ken Chapple	200,097	--	53,587
Thomas Roeggla	--	291,608	--

Directors' and officers' remuneration
Remuneration of directors and senior executives of the Company is determined by market reference with due recognition of experience and knowledge within the organisation and the industries in which Gold Aura operates.

Details of remuneration provided to directors and decision-making officers for the year were as follows:

Directors	Gross Salary $	Consultants Fees $	Directors Fees $	Superannuation $	Total $
Brian Moller			16,666		16,666
Robert Murdoch		88,950			88,950
Ken Chapple	96,692			8,273	104,965
Thomas Roeggla		10,000	10,000		20,000

Share options
No options were issued to directors, officers or employees during the year.

Insurance of directors and officers
During the financial year, Gold Aura paid a premium of $32,944 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 2002 to 23 December 2003.

This report has been made in accordance with a resolution of directors.

……………………………..
K CHAPPLE
Director

……………………………..
R B MURDOCH
Director

30 September 2003
Brisbane

Gold Aura Limited and Controlled Entity

Statement of Corporate Governance

The board of directors of Gold Aura Limited is responsible for the corporate governance of the consolidated entity on behalf of the shareholders by whom they are elected and to whom they are accountable. To ensure the board is well equipped to discharge its responsibilities it has established guidelines for the operation of the board.

General

The company does not have any formally constituted committees of the board of directors. The directors consider that the company is not of a size nor are its affairs of such complexity as to justify the formation of special or separate committees except for the audit committee. The board as a whole is able to address the governance aspects of the company's activities and ensure that it adheres to appropriate ethical standards.

Composition of the board

The composition of the board is determined in accordance with the following principles and guidelines:

?? the board should comprise at least 3 directors and should maintain at least 2 non-executive directors;

?? the chairperson must be a non-executive director;

?? the board should comprise directors with an appropriate range of qualifications and expertise; and

?? the board shall meet regularly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The directors in office at the time of this statement are:

Name	Position
Brian Gerry Moller	Non-executive chairman
Robert Boutflower Murdoch	Executive director
Ken Graeme Chapple	Executive director
Thomas Roeggla	Non-executive director

As the company's activities increase in size, nature and scope, the size of the board will be reviewed periodically and the optimum number of directors required to supervise adequately the company's activities determined within the limitation imposed by the constitution.

Board membership

The board has no nomination committee. Members of the board have been brought together to provide a blend of qualifications, skills and national and international experience required for managing a company operating within the mining industry.

Appointment and retirement of non-executive directors

The company's constitution provides that directors are subject to retirement by rotation, by order of length of appointment. Retiring directors are eligible for re-election by shareholders at the annual general meeting of the company.

Duties of directors

Directors are expected to accept all duties and responsibilities associated with the running of a public company, to act in the best interests of the company and to carry out their duties and responsibilities with due care and diligence.

Directors are required to take into consideration conflicts when accepting appointments to other boards. Accordingly, directors wishing to accept appointment to other boards must first seek approval from the board, approval of which will not be unreasonably withheld.

The board is responsible for the overall strategic direction of the consolidated entity. The board reviews corporate strategy and financial targets in terms of shareholder expectations, performance and potential, establishes goals for management and monitors the achievement of these goals.

The board is updating the company's corporate governance requirements and putting in place a framework and operational policies for the management of the entity ensuring the proper management of internal controls and of risk in specific areas of its operation.

Independent professional advice
The board has determined that individual directors may, in appropriate circumstances engage outside advisers at the company's expense. The engagement of an outside adviser is subject to the prior approval of the board, which will not be unreasonably withheld.

Compensation arrangements
The maximum aggregate amount payable to non-executive directors as directors' fees has been set at $25,000. The Constitution provides that Director's fees can only change pursuant to a resolution at a general meeting. The Board is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

Audit committee
The board has established an audit committee to monitor the financial and legal affairs of the consolidated entity. This 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.

Members of the audit committee during the year were:

Name:	Position:
Brian Gerry Moller	Non-executive director
Peter Russell Sauerberg	Company secretary
Michael Johann Ilett	Financial accountant

Internal management controls
The company's corporate head office is located in Australia. The executive directors exercise control on a day to day basis over the operations. They also monitor the performance of outside consultants engaged from time to time to complete specific projects and tasks.

Identifying significant business risks
The board regularly monitors the operational and financial performance of the company's activities. They monitor and receive advice on areas of operation and financial risk and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the company's shares, however, the directors recognise that mining exploration is inherently risky.

Monitoring the board's performance and communication to shareholders
The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors.

Information is communicated to the shareholders through:
- ?? the annual report which is distributed to all shareholders;
- ?? the half-year report available to all shareholders via the ASX;
- ?? periodic releases on the ASX;
- ?? annual general meeting and other meetings so called to obtain approval for board action as appropriate.

The chairman to ensure that the board continues to discharge its responsibilities in an appropriate manner will review the performance of all directors annually. Directors whose performance is unsatisfactory will be asked to retire.

Gold Aura Limited and Controlled Entity

	Notes	Consolidated 2003 $	Parent Entity 2003 $
Revenue from ordinary activities	2	**52,954**	**47,733**
Employee benefits expense		79,731	73,043
Audit fees		29,750	29,570
Consulting fees		68,276	67,388
Directors' expenses		55,478	55,478
Legal fees		15,417	15,417
Share registry costs		9,808	9,808
Telephone expenses		8,430	8,430
Travel expenses		11,186	9,115
Depreciation and amortisation charges		25,549	23,446
Borrowing costs expense		211	211
Carrying value of non current assets sold		750	--
Marketing and promotion expenses		29,270	29,270
Provision for diminution of asset values		8,803	--
Other expenses from ordinary activities		30,859	31,453
Rent and outgoings		34,162	34,162
Loss from ordinary activities before income tax expense		**(354,726)**	**(339,058)**
Income tax expense relating to ordinary activities	4	--	--
Net loss		**(354,726)**	**(339,058)**
Total changes in equity other than those resulting from transactions with owners as owners	17	**(354,726)**	**(339,058)**
Basic loss per share (cents per share)	5	**(1.72)**	
Diluted loss per share (cents per share)	5	**(1.72)**	

The above statements of financial performance should be read in conjunction with the accompanying notes.

Gold Aura Limited and Controlled Entity

Statement of financial position
As at 30 June 2003

	Notes	Consolidated 2003 $	Parent Entity 2003 $
Current assets			
Cash assets	7,20	945,423	943,074
Receivables	8,20	14,478	14,478
Other	9	20,930	20,930
Total current assets		**980,831**	**978,482**
Non-current assets			
Receivables	8	--	603,737
Other financial assets	10	--	1,640,000
Property, plant and equipment	11	116,482	103,329
Exploration and evaluation expenditure	12	3,542,639	1,328,587
Other	9,20	168,979	163,554
Total non-current assets		**3,828,100**	**3,829,207**
Total assets		**4,808,931**	**4,817,689**
Current liabilities			
Payables	13,20	359,312	352,402
Provisions	14	5,721	5,721
Total current liabilities		**365,033**	**358,123**
Non-current liabilities			
Payables	14	7,748	7,748
Total non-current liabilities		**7,748**	**7,748**
Total liabilities		**372,781**	**365,871**
Net assets		**4,436,150**	**4,451,818**
Equity			
Parent equity interest			
Contributed equity	15	3,768,878	3,768,878
Reserves	16	1,021,998	1,021,998
Accumulated losses	17	(354,726)	(339,058)
Total equity		**4,436,150**	**4,451,818**

The above statements of financial position should be read in conjunction with the accompanying notes.

Statement of cash flows
For the year ended 30 June 2003

	Notes	Consolidated 2003 $	Parent Entity 2003 $
Cash flows from operating activities			
Receipts from customers		--	--
Other revenue		3,731	--
Interest received		44,758	44,758
Payments to suppliers and employees		(271,396)	(268,896)
Security deposit		(168,980)	(163,554)
Net operating cash flows	21	**(391,887)**	**(387,692)**
Cash flows from investing activities			
Payments for property, plant and equipment	11	(22,781)	(6,775)
Payment for exploration, evaluation and development	12	(438,537)	(93,364)
Proceeds from sale of property, plant and equipment	11	750	--
Loans granted to controlling entity		--	(366,973)
Net cash outflow from investing activities		**(460,568)**	**(467,112)**
Cash flows from financing activities			
Proceeds from issues of shares and options	15	2,147,613	2,147,613
Share issue and transaction costs		(349,735)	(349,735)
Net cash inflow from financing activities		**1,797,878**	**1,797,878**
Net increase (decrease) in cash held		**945,423**	**943,074**
Cash at the beginning of the financial year		--	--
Cash at end of the financial period	7	**945,423**	**943,074**

The above statements of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

Note 1. Summary of significant accounting policies

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.

(a) Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Gold Aura Limited as at 30 June 2003 and the results of the controlled entity for the year then ended. Gold Aura Limited and its controlled entity together are referred to in this financial report as the economic entity. The effects of all transactions between the two entities in the consolidate entity are eliminated in full.

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

(b) 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.

(c) Foreign currency transactions
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.

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of asserts 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.

(e) 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 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.

Note 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 acquisition 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.

(h) 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.

(i) 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.

(j) 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).

(k) 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 revalued 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 for all assets, with annual reassessments for major items. The expected useful lives for plant and equipment are 3 - 6 years.

Note 1. Summary of significant accounting policies (continued)

(l) 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.

(m) Cash assets
For purposes of the statement of cash flows, cash includes deposits at call with financial institutions. These are the only financial assets which expose the entity to interest rate risk and are subject to an insignificant risk of changes in value.

(n) 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 as 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 employee 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.

(o) 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.

(p) 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 financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to taken 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.

(q) 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 be reclassified from provisions to other creditors in the current years as a result of the adoption of the new accounting standard, 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 the new standard.

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 2. Revenue		
Revenues from outside the operating activities		
Interest from unrelated parties	47,733	47,733
Other revenue	3,731	--
Sale of non-current assets	533	--
Foreign exchange gains (net)	957	--
Revenue from ordinary activities	52,954	47,733

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 3. Profit from ordinary activities		
Net gains and expenses		
Loss from ordinary activities before income tax includes the following specific net gains (losses) and expenses:		
Property, plant and equipment:		
Revenue - cash consideration (note 11)	533	--
Expense - carrying amount of the assets (note 11)	(750)	--
Loss on sale	(217)	--

NOTE 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:

	Consolidated 2003 $	Parent Entity 2003 $
Loss from ordinary activities before income tax	(354,726)	(339,058)
Income tax calculated at 30%	(106,418)	(101,717)
Add/(less) tax effect of permanent differences		
Business related capital costs	(20,984)	(20,984)
Exploration on prospecting expenditure	(203,809)	(28,677)
Depreciation	(34,938)	(30,999)
Other	979	979
Income tax expense/(benefit) adjusted for permanent differences	(365,170)	(181,398)
Future income tax benefits attributable to tax losses and timing differences not brought to account	365,170	
Income tax expense/(benefit) charged to profit and loss account	--	--

(b) Income tax losses not brought to account

The economic entity has significant future income tax benefits attributable to unconfirmed tax losses, the benefit of which has not been brought to account at 30 June 2003 because the directors do not believe it is appropriate to regard realisation as virtually certain. The benefits for tax losses 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 .

(c) Tax consolidation legislation

The economic entity has decided to implement the tax consolidation legislation during the 2004 financial year. The Australian Taxation Office has not yet been notified of this decision. The financial effect of the implementation of the legislation has not been recognised in the financial statements for the year ended 30 June 2003.

	Consolidated 2003
NOTE 5. Loss per share	
Basic loss per share - (cents per share)	(1.72)
Diluted loss per share - (cents per share)	(1.72)
Earnings used in calculating basic and diluted loss per share	(354,726)
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	20,589,039
Weighted average number of ordinary shares used in the dominator in calculating diluted loss per share	20,589,039

At the end of the year the economic entity had 9,165,659 options with an exercise price of 25 cents. It is not probable that the options will be converted into shares in to the future, as the share price at the end of the financial year was 8.5 cents which is well below the exercise price for the options. As such the directors believe that the options are not potential ordinary shares for dilution. There has been no conversions to, calls of, or subscriptions for ordinary shares or issue of potential ordinary shares since report and before completion of the annual report.

NOTE 6. Segment information

The economic entity's operating entities are organised and managed according to the nature of the products and services they provide. The economic entity operates solely within the mining and exploration industry. Geographically, the group operates mines within two predominant segments being Australia and Papua New Guinea. The investment opportunities of the group take place in Australia.

Business Segments

	Australia 2003 $	Papua New Guinea 2003 $	Corporate 2003 $	Consolidated 2003 $
Revenue				
Sales to customers outside the consolidated entity	--	--	--	--
Other revenues from customers outside the consolidated entity	--	5,221	47,733	52,954
Total segment revenue	--	5,221	47,733	52,954
Results				
Segment result	(8,867)	(15,668)	(330,191)	(354,726)
Consolidated entity profit/(loss) from ordinary activities before income tax expense				(354,726)
Income tax expense				--
Net loss				(354,726)
Assets				
Segment assets	1,426,491	2,240,404	1,142,036	4,808,931
Liabilities				
Segment liabilities	2,225	236,764	133,792	372,781
Other segment information:				
Acquisition of property, plant and equipment, intangible assets and other non current assets	102,364	599,779	--	702,143
Depreciation and amortisation expense	23,446	2,103	--	25,549

	Consolidated	Parent

	2003 $	Entity 2003 $

NOTE 7. Cash assets

Current		
Cash at bank and on hand	18,638	16,289
Deposits at call	926,785	926,785
	945,423	943,074

Deposits at call
The deposits at call are bearing floating interest rates between 4.0% and 4.6%

NOTE 8. Receivables

Current		
Interest receivable	2,975	2,975
Other debtors	11,503	11,503
	14,478	14,478
Non-current		
Loans to controlled entity (unsecured)	--	603,737

Further information relating to the loan to the "investment" in the entity is set out in note 22

NOTE 9. Other

Current		
Prepayments	20,930	20,930
Non-current		
Security deposit	5,425	--
Deposit - bank guarantee	163,554	163,554
	168,979	163,554

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

The balance of $3,054 represents interest accrued on the bank guarantee. The bank guarantee deposit is bearing an interest rate of 4.41%.

NOTE 10. Other financial assets

Non-current		
Shares in controlled entity at cost (note 22)	--	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.

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 11. Property, plant and equipment		
Plant and equipment		
At cost	142,031	126,775
Less: accumulated depreciation	25,549	23,446
Total plant and equipment	116,482	103,329

Reconciliations

Reconciliations of the carrying amount of each class of property, plant and equipment at the beginning and end of the current financial period is set out below:

Opening carrying value (a)	120,000	120,000
Additions	22,781	6,775
Disposals	(750)	--
Depreciation	(25,549)	(23,446)
Carrying value at June 30, 2003	116,482	103,329

(a) On 26 July, 2002 the parent company acquired plant and equipment at Georgetown for the consideration of 480,000 Gold Aura shares at 25 cents each as part of the Initial Public Offering of Gold Aura Limited.

NOTE 12: Evaluation and exploration expenditure

Evaluation and exploration expenditure	3,542,638	1,328,587
Capitalised exploration, evaluation and development expenditures:		
Cost: in exploration and/or evaluation stage		
Opening carrying value (a)	2,992,080	1,352,998
Additions	679,362	95,589
Reversal of provision for rehabilitation	(120,000)	(120,000)
Provision for diminution	(8,803)	--
Closing value at 30 June 2003	3,542,639	1,328,587

(a) The opening exploration, evaluation and development expenditure of $2,992,080 has been reviewed by an independent geologist, a summary of which is contained in section 11 of the parent company's prospectus dated 30 July 2002. 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.

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 13. Payables		
Current		
Trade creditors	296,026	289,116
Accruals	29,748	29,748
Loan from Union Capital Limited	33,538	33,538
	359,312	**352,402**

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 14. Provisions		
Current		
Employee benefits (note 28)	5,721	5,721
Non current		
Employee benefits (note 28)	7,748	7,748

	Parent Entity Number of Shares	Parent Entity $
NOTE 15. Contributed equity		
Consolidated capital (a)		4,118,615
Less: share issues costs		349,737
Contributed equity		3,768,878
(a) Ordinary shares fully paid	20,590,454	4,118,615
(b) Movements in shares on issue		
Transactions relating to Initial Public Offering of Gold Aura Limited		
- Initial share split	4,256,000	35,002
- Purchase of Georgetown and Croydon tenements	704,000	176,000
- Purchase of Georgetown plant and equipment	480,000	120,000
- Purchase of Union Mining (PNG) NL	6,560,000	1,640,000
Shares issued under the prospectus dated 30 July 2002	8,571,326	2,142,831
12 November 2002 exercise of options at 25 cents	3,667	917
19 December 2002 exercise of options at 25 cents	15,461	3,865
Total	20,590,454	4,118,615

	Number of Options 2003
On issue at the beginning of the period	9,184,787
Less options exercised during the year – other parties (c)	19,128
On issue at the end of the year (d)	9,165,659

(c) These options were exercised at 25 cents per share.

(d) The options on issue at year end have an exercise price of 25 cents and convert into new ordinary shares at any time on or before 31 March 2005.

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 16. Reserves		
Asset revaluation reserve (a)	1,021,998	1,021,998

(a) The asset revaluation reserve 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 the parent company's prospectus dated 30 July 2002.

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.

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 17. Accumulated Losses		
Accumulated losses at beginning of the financial year	--	--
Net loss for the financial year	(354,726)	(339,058)
Accumulated losses at the end of the financial year	(354,726)	(339,058)

NOTE 18. Financial commitments

Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	31,494	31,494
Later than one year but not later than 5 years	24,245	24,245
Commitments not recognised in the financial statements	55,739	55,739

The operating leases represent office rental payments.

Exploration expenditure

Exploration expenditure committed to maintain exploration tenements currently held is payable as follows:		
Within one year	37,299	22,261
Later than one year but not later than 5 years	149,196	89,043
Commitments not recognised in the financial statements	186,495	111,304

NOTE 19. Contingent liabilities

Contingent liabilities at balance date, not otherwise provided for in these financial statements are categorised as follows:
The maximum liability of the economic entity for security bonds lodged and insurance bonds issued is $165,935 comprising:

Security bonds:		
Bank guarantee held by Queensland Department of Mines (see note 9)	160,500	160,500
Security bonds lodged with PNG Department of Mining & Petroleum	5,435	--
	165,935	160,500

NOTE 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)	2,349	
Non-current assets		
- Papua New Guinea (Kina)	5,425	603,738
Amounts payable in foreign currency which are not effectively hedged:		
Current liabilities		
- Papua New Guinea (Kina)	6,910	

(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.

		2003		
		Fixed Interest maturing in:		
		1 year or less	Non interest bearing	Total
	Notes	$'000	$'000	$'000
Financial assets				
Cash and deposits	7	945,423		945,423
Receivables	8		14,478	14,478
Other	9	168,979		168,979
		1,114,402	14,478	1,128,880
Weighted average interest rate		4.61%		
Financial liabilities				
Payables	13		296,026	296,026
Loan from ultimate Australian parent company	13		33,538	33,538
			329,564	329,564
Net financial assets (liabilities)		1,128,880	(329,564)	799,316

NOTE 21. Reconciliation of profit from ordinary activities after income tax to net cash flow inflow from operating activities

	Consolidated 2003 $	Parent Entity 2003 $
Loss from ordinary activities after related income tax	(354,726)	(339,058)
Adjustments for non-cash income and expense items:		
Net foreign exchange differences	(957)	--
Depreciation and amortisation	25,549	23,446
Net (profit)/loss on sale of non-current assets	217	--
Write off exploration costs	8,803	--
Change in operating assets and liabilities:		
Increase in receivables	(14,478)	(14,478)
Increase in prepayments	(20,930)	(20,930)
Increase in other assets	(168,979)	(163,554)
Increase in provisions	13,469	13,469
Increase in payables	120,145	113,413
Net operating cash flows	**(391,887)**	**(387,692)**

NOTE 22. Investments in controlled entity

Name of entity	Class of shares	Country of incorporation	Equity holding %
Controlled entity			
Union Mining (PNG) Limited	Ordinary	PNG	100

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

Acquisition of controlled entity

On 26 July 2002, Gold Aura Limited acquired 100% of the issued capital of Union Mining (PNG) Limited (Union PNG) from Union Capital Limited (Union) for a consideration of $1,640,000 made up of 6,560,000 new ordinary shares in Gold Aura Limited issued at 25 cents each. The identifiable net assets of Union PNG were recorded at fair value of $1,640,000 resulting in no goodwill on acquisition. This acquisition formed part of the Initial Public Offering as detailed in Gold Aura Limited's prospectus dated 30 July 2002.

NOTE 23. Change in composition and transactions relating the Initial Public Offering

On 26 July 2002, Croydon Gold Pty Ltd, a subsidiary of Union, changed its name and company status to Gold Aura Limited. Gold Aura undertook a share split of the 35,002 shares then on issue into 4,256,000 shares. Loans of $641,419 owing to Union from Gold Aura were forgiven.

On 26 July 2002, Gold Aura a then wholly owned subsidiary of Union, acquired for fair value from Union:

(a) The beneficial ownership of all the shares in Union Mining (PNG) Limited for a consideration of 6,560,000 shares in Gold Aura issued at 25 cents each. Loans of $11,346,721 owing to Union by Union Mining (PNG) Limited were forgiven. Union Mining (PNG) Limited is the holder of the tenement interests in Fergusson Island.
(b) Plant and equipment at Georgetown North Queensland for a consideration of 480,000 shares in Gold Aura issued at 25 cents each; and
(c) Tenement interests at Georgetown for a consideration of 704,000 shares in Gold Aura at 25 cents each and the assumption of a liability of $120,000 for plant site restoration and tailings dam rehabilitation responsibilities in the event the plant is moved.

On 30 July 2002, Gold Aura issued a prospectus for an Initial Public Offering (IPO) of 12,000,000 ordinary shares in Gold Aura. On 1 November 2002, Gold Aura was admitted to the official list of the Australian Stock Exchange Limited. Union was reimbursed for the IPO costs it incurred on behalf of Gold Aura.

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 24. Remuneration of directors		
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.	226,131	226,131

Remuneration of directors

The numbers of directors of the parent entity who received, or were due to receive, remuneration (including brokerage, commissions, bonuses, retirement payments and salaries), directly or indirectly from the parent entity or related parties was within the specified bands as follows:

	Parent Entity 2003
$10,000 to $19,999	1
$20,000 to $29,999	1
$80,000 to $89,999	1
$100,000 to $109,999	1

Directors' remuneration excludes insurance premiums of $32,944 paid by the parent entity in respect to directors' and officers' liability insurance contracts, as the contracts do not specify premiums paid in respect to individual directors and officers. Information relation to the insurance contracts is set out in the directors' report.

Note 25. Remuneration of executives

The number of executive officers who received, or were due to receive, directly or indirectly from the Company, or from any related body corporate, remuneration in connection with the management of affairs of the economic entity, or any related party whose remuneration is $100,000 or more whether as executive officers or otherwise, as shown in the following bands were:

	Consolidated 2003 $	Parent Entity 2003 $
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian-based executive officers (including directors) whose remuneration was at least $100,000:		
Executive officers of the parent entity	104,965	104,965
The number of Australian based executive officers (including directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:		
$100,000 to $109,999	1	1

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 26. Remuneration of auditors		
During the year the auditor of the parent company and its related practices earned the following remuneration:		
Douglas Heck & Burrell		
Audit or review of financial reports of the entity or any entity in the consolidated entity	29,750	29,750
Advisory services in relation to the parent entity's IPO	17,000	17,000
Related practices of Douglas Heck & Burrell		
Share registry services	23,213	23,213

NOTE 27. Related parties

Directors

The names of the persons who where directors of Gold Aura Limited (formerly Croydon Gold Pty Ltd) at any time during the financial year area as follows: Brian Moller, Kenneth Graeme Chapple, Robert Boutflower Murdoch, Peter Russell Sauerberg and Thomas Roeggla. All of these persons were also directors during the year ended 30 June 2002, except for Brian Moller and Thomas Roeggla who were appointed in August 2002. In addition Peter Russell Sauerberg held his office as a director until his retirement in August 2002.

Remuneration of directors

Information on remuneration of directors is disclosed in note 24.

Other director transactions.

During the financial year, Murdoch Geosciences, a company associated with Mr. Rob Murdoch, charged at cost $88,950 to the economic entity for provision of his labour and has been included in note 24.

Transactions of directors and director- related entities concerning shares or share options

Aggregate number of shares and share options of Gold Aura Limited acquired or disposed of during the year by the directors of the company and consolidated entity or their director-related entities from the company:

	Parent Company and Consolidated Number
Acquistions:	
Ordinary shares	931,273
Options over ordinary shares	103,834
Share and share options held directly or indirectly at the end of the year:	
Ordinary shares	931,273
Options over ordinary shares	103,834

Wholly-owned group

The wholly-owned group consists of Gold Aura Limited and its wholly owned controlled entity Union Mining (PNG) Limited. During the financial year Gold Aura Limited loaned $603,738 to its controlled entity as shown in note 8. The amounts loaned are non-interest bearing, unsecured and have no set repayment date.

Controlling Entity

The ultimate Australian parent entity is Union Capital Limited which at 30 June 2003 owns 48.53% of the issued ordinary shares of Gold Aura Limited

	Consolidated 2003 $	Parent Entity 2003 $
NOTE 28. Employee benefits		
Employee benefit and related on-cost liabilities		
Included in trade creditors (note 13)	8,215	8,215
Included in accruals (note 13)	587	587
Provision for employee benefits – current (note 14)	5,521	5,521
Provision for employee benefits - non current (note 14)	7,748	7,748
Aggregate employee benefit and related party on-costs liabilities	22,071	22,071

As explained in note 1(n) 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.

NOTE 29. Franking account

The balance in the franking account at year end for both the economic entity and the parent company is $Nil.

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 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial 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.

K CHAPPLE
Director

RB MURDOCH
Director

30 September 2003
Brisbane

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 2003. 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 2003 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 capitalised mineral exploration costs

Without qualification to the statement expressed above, attention is drawn to the capitalised exploration and development costs (note 12) totalling $3,542,638 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.

DOUGLAS HECK & BURRELL
Chartered Accountants

R C Brown
Partner

Brisbane, 30 September 2003