# GOLD AURA LIMITED
## ABN 75 067 519 779

## FINANCIAL REPORT

## FOR THE HALF-YEAR ENDED
## 31 DECEMBER 2006

**Contents** **Page**



This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Gold Aura Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# CORPORATE DIRECTORY

| | |
|---|---|
| Directors | Ken Chapple (Managing Director)<br>Robert Murdoch (Non Executive Chairman)<br>James Collins-Taylor (Non Executive Director) |
| Company secretary | John Lemon |
| Registered office | Level 6<br>200 Creek Street<br>Brisbane QLD 4000<br>AUSTRALIA<br><br>Postal address:<br>PO Box 728<br>Spring Hill QLD 4004<br>AUSTRALIA<br><br>Telephone: (07) 3833 3833<br>Facsimile: (07) 3833 3888<br>E mail: info@goldaura.com.au |
| Share registry | Link Market Services Limited<br>Level 12<br>300 Queen Street<br>Brisbane QLD 4000<br>AUSTRALIA<br><br>Postal Address:<br>GPO Box 2537<br>Brisbane QLD 4001<br><br>Telephone: (02) 8280 7454<br>Facsimile: (07) 3228 4999 |
| Auditors | Pitcher Partners, Brisbane, QLD |
| Solicitors | Hopgood Ganim, Brisbane, QLD |
| Stock exchange listings | Gold Aura Limited shares and options are quoted on the Australian Securities Exchange as codes "GOA" and "GOAO" respectively. |
| Website address | www.goldaura.com.au |

## HIGHLIGHTS FOR THE HALF-YEAR

The half-year ended 31 December 2006 marked an important stage in the development of Gold Aura Limited ("GOA") into a successful exploration company.

Highlights included:

- ***Croydon (Queensland, Australia)*** – GOA commenced drilling magnetic anomalies in the Croydon area in November. Subsequent assay results have disclosed a significant poly-metallic (zinc-silver-copper-tin-lead) hydrothermal mineralised system in basement rocks below 115 metres of younger cover sediments within EPM 13775. The occurrence is located approximately 40 kilometres NNE of Croydon on the covered margin of the Croydon Goldfield.

- ***Fergusson Island (Papua New Guinea) –*** GOA commenced a 60 hole 4,000 metre in-fill drilling program at Gameta on Fergusson Island designed to upgrade the gold resource to JORC indicated and measured status, better define the high grade gold zones known to exist within the resource and continue to increase the resource size. It is expected that this program will lead to a full feasibility study and subsequently into possible commercial gold production at Gameta.

- ***Sazhen (South East Kazakhstan)*** – Gold Aura Kazakhstan LLP (GAK), a company in which GOA holds an 80% participating interest, signed an Exploration Contract with the Kazakhstan Government covering the Southern Bayankol Concession area in SE Kazakhstan.

- ***Tapajos (Brazil)*** – GOA signed an agreement to acquire up to an initial 60% interest in a high grade gold and base metal property in the Tapajos region of Para State in northern Brazil. The agreement is subject to confirmation of the vendor's tenement rights which is expected to be resolved in the first half of 2007.

# DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Gold Aura Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2006.

## Directors

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

K G Chapple (Managing Director)
R B Murdoch (Non Executive Chairman)
J D Collins-Taylor (Non Executive Director)

## Review of operations

The consolidated entity recorded a loss after tax of $627,964 for the half-year ended 31 December 2006 (loss after tax of $352,249 for the half-year ended 31 December 2005).

The half-year marked an important stage in the development of Gold Aura Limited ("GOA") into a successful exploration company. A summary of the status of the Company's projects follows.

*Croydon (Queensland, Australia)*

*Drilling of first hole (A2-001)*

GOA discovered a significant poly-metallic vein style hydrothermal mineralised system in basement rocks under 115 metres of younger cover sediments within EPM 13775 ("Wallabadah"). The occurrence is located approximately 40 kilometres north-north-east of Croydon on the covered margin of the Croydon Goldfield. The first drill hole (A2-001) was drilled on an inclination of 70$^{o}$ to the north to a total depth of 491.1 metres to test Anomaly A2, a prominent "bullseye" magnetic anomaly. The assay results show that the mineralised system is dominated by zinc (Zn), silver (Ag), copper (Cu), tin (Sn), lead (Pb) rich veins, with associated elevated levels of arsenic (As), antimony (Sb) and cadmium (Cd). The entire 369.5 metres of the mineralised shales intersected in the hole grades of 0.55% Zn, 12.7 g/t Ag, 0.041% Cu and 0.032% Sn.

A second hole (A2-002) was drilled on an inclination of $70^o$ to the north to a depth of 502.4 metres and located approximately 850 metres to the south-east intersected similar style poly-metallic veining although the intensity of veining is somewhat less.

The poly-metallic veining encountered is considered to be highly encouraging and in view of the two intersections located 850 metres apart, it is interpreted that the hydrothermal system may be of significant extent. While the mineralisation encountered to date is Zn-Ag-Cu-Sn-Pb dominated, it is expected that there will be zones of differing elemental dominance developed within the system. A number of tenement applications have been lodged in surrounding areas to acquire additional aeromagnetic anomalies similar to that encountered at Anomaly A2. These areas have been selected using existing Government geophysical survey data.

A third hole (C4-003) was drilled 15 kilometres south-south-west of hole A2 to test a magnetic anomaly in the Caldera Prospect area, within EPM 11597, located to the south-west of Anomaly A2. The hole, drilled on an inclination of $70^0$ to the south south-west, was completed at a depth of 443.4 metres. Basement volcanics were intersected at a depth of 59.0 metres, from which HQ coring was commenced and continued to the end of the hole. The hole intersected a thick sequence of magnetic, fine grained, dark grey to black, volcanic/intrusive from 273.9 to 417.2 metres. The magnetic mineral is expected to be magnetite and it is likely that this is the source of the anomaly. Although no obvious mineralisation was noted, selected intervals will be check assayed. Several samples have been submitted for petrological examination.

The Croydon drilling program has now been postponed due to heavy rains in the project area. GOA is highly encouraged by the Croydon discovery and looks forward to recommencing the drilling program in late March or early April 2007 and weather permitting, continuing it throughout the remainder of 2007. A second drill rig may be contracted from this period to accelerate this exciting project. Drilling when recommenced will initially focus on the Anomaly A2 discovery area.

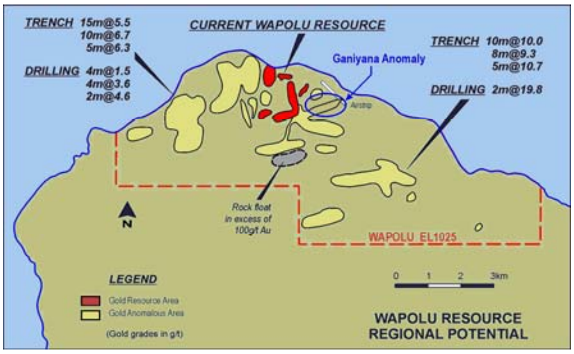
Expenditure of $452,900 was incurred on exploration at the Croydon area of interest for the half-year ended 31 December 2006. This amount has been capitalised as exploration and evaluation expenditure.

*Fergusson Island (Papua New Guinea)*

The Fergusson Island project is a GOA operated joint venture between GOA and Yamana Gold Inc ("Yamana"), a Canadian listed company. Yamana is a non-contributing partner who is currently diluting its interest down from an original 40%. Exploration to date has located two gold deposits within the

Project area, Wapolu located in the north-west corner of Fergusson Island and Gameta located in the north-east corner.

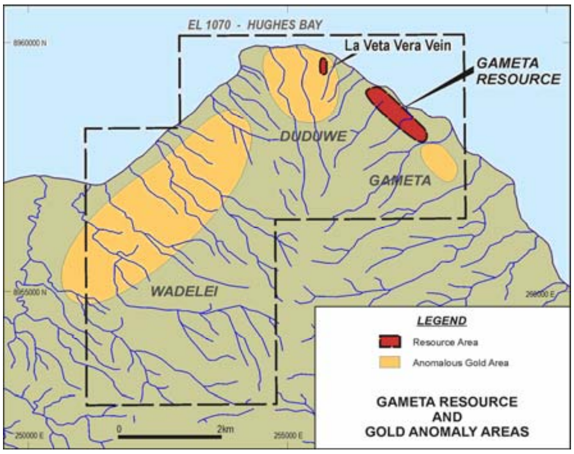
A previous pre-feasibility study indicated that open pit mining and the production of gold concentrate may be possible at an operating cost of under US$250 per ounce.




*Wapolu Resource*

A three hole drilling programme was completed at Wapolu in October 2006 for a total of 166.4 metres. The holes were drilled to the east of the known Wapolu gold resource within the Ganiyana Anomaly, located to the west of the Wapolu airstrip. The Ganiyana Anomaly includes a circular gold in soil anomaly and an anomalous clay horizon. Surface rock sampling had located gold values of up to 4.56 g/t Au. The sample assay results indicate the presence of a significant thickness of low grade gold mineralisation.

The drill rig was relocated to Gameta in November 2006 and a 60 hole, 4,000 metre in-fill drilling program commenced, with three holes being completed by the end of the half-year.




*Gameta Resource*

The first hole at Gameta (GDH-011) was sited some three metres from previous RC hole (GRC-191) which was abandoned due to difficult drilling conditions after intersecting 49 metres at 4.1 g/t Au. This hole (GDH-011) was also abandoned at a depth of 65.9 metres after encountering difficult drilling conditions. Assays have been received for the interval from the alluvium-bedrock boundary to a depth of 60 metres. Results are as follows: 20 metres (40.0-60.0 metres) @ 2.54 g/t Au. This compares with the equivalent interval of 20 metres from 39 to 60 metres in hole GRC-191 @ 4.46 g/t gold. While there is an obvious discrepancy between the two adjacent intersections, a full assessment of this situation will await the additional assays from GDH-011 and a re-drill of the interval.

Subsequent to the end of the half-year, the remaining assays were received from the diamond core in-fill drilling undertaken in 2006. The highlight was a thick intersection of 65 metres at 1.22 g/t Au obtained from hole GHD-013/013A. This assay potentially increases the resource size in the immediate area and raises the possibility that further thick zones of mineralisation are developed throughout the deposit, particularly where previous drilling was terminated within mineralisation due to difficult drilling conditions. These zones will be tested in the current in-fill program.

The Fergusson Island drilling program has now recommenced for 2007 with one hole (GDH-014) drilling ahead at 117.7 metres. A number of mineralised intersections were noted.

The in-fill drilling program is designed to lead to a full feasibility study and possible commercial gold production.

Expenditure of $366,400 was incurred on exploration at the Fergusson Island area of interest for the half-year ended 31 December 2006. This amount has been capitalised as exploration and evaluation expenditure.

*Sazhen (South East Kazakhstan)*

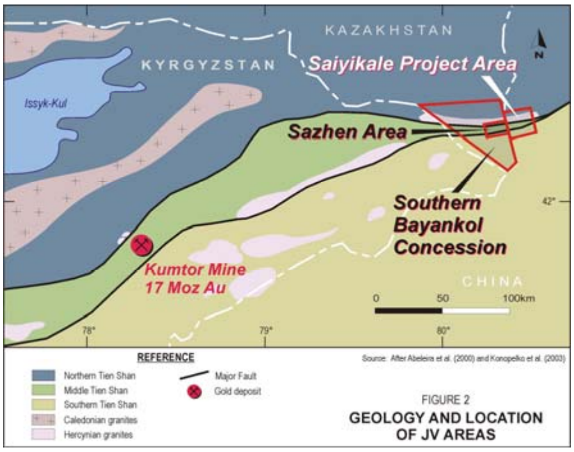


FIGURE 2
GEOLOGY AND LOCATION OF JV AREAS

Gold Aura Kazakhstan LLP (GAK), a company in which GOA holds an 80% participating interest, signed an Exploration Contract with the Kazakhstan Government covering the Southern Bayankol Concession area in SE Kazakhstan. The Concession area contains the Sazhen Prospect where quartz-carbonate hosted gold mineralisation is developed within black carbonaceous shales. Previous rock chip sampling and sampling undertaken during the completed 2006 field program have located gold anomalous values over an area 7.5 km long by 2.5 km wide. The Exploration Contract is for a 5 year period and, depending on results, involves expenditure of up to US$9.5 million.

The Sazhen Prospect lies along a major ENE-WSW fault zone developed within Middle Tien Shan lithologies of the Central Asia Black Shale Gold Belt (CABSGB) that extends along strike from the Kumtor Gold Mine area (17 Moz Au resource) located some 180 kilometres to the west. Further to the west, the CABSGB also hosts the largest gold deposit in the world (Muruntau in Uzbekistan –170 Moz Au resource).

Planning for the 2007 follow-up program in the prospective Southern Bayankol area is in progress.

Expenditure of $257,000 was incurred on exploration at the Sazhen area of interest for the half-year ended 31 December 2006. This amount has been capitalised as exploration and evaluation expenditure.

*Saiyikale (China)*

Following completion of the 2006 field program within the adjacent Saiyikale project within China, it was concluded that the best potential for containing extensions of the Sazhen gold mineralisation lies within the western-most tenement that abuts the Kazakhstan border.

Accordingly the western tenement was renewed for another one year term and the central and eastern tenements were surrendered.

Expenditure of $52,600 was incurred on exploration at the Saiyikale area of interest for the half-year ended 31 December 2006. This amount has been capitalised as exploration and evaluation expenditure.

*Tapajos (Northern Brazil)*

During the half-year GOA, through its wholly owned subsidiary Gold Aura do Brazil Mineracao Ltda, signed an agreement to acquire up to an initial 60% interest in a high grade gold and base metal property in the Tapajos region of Para State in northern Brazil. The agreement is subject to confirmation that the mineral rights hold priority over the area which is expected to be resolved in the next few months.

The Tapajos Mineral Province covers an area of 168,000 $km^2$ within the Amazon Region of Northern Brazil. The geology of the region comprises locally altered and mineralised Middle Proterozoic felsic volcanics and intrusive rocks with only minor sedimentary units. Primary gold mineralisation is strongly structurally controlled and is mainly of the fissure vein and vein-stockwork styles developed within regional shear zones.

The Tapajos Mineral Province has been a significant gold producer with total production from the first discovery in 1958 up to the end of 1993 estimated to be around 18 Moz. Production peaked in the period 1983 to 1989 when more than 300,000 local artisinal miners produced about 1 Moz per year. This production has been predominately from alluvial and elluvial deposits although more recently the region has been recognised as a major hardrock gold province. It is widely believed that the Tapajos region has the potential to host a variety of high grade medium (>0.5 Moz Au) to large (>3 Moz Au) open-pittable, oxide and mixed oxide/sulphide deposits.

Expenditure of $349,000 was incurred on exploration at Tapajos for the half-year ended 31 December 2006. Expenditure has been carried forward to the extent it specifically relates to the area of interest.

*Georgetown (Queensland, Australia)*

GOA entered into a contract with Plentex Limited ("Plentex"), an ASX-listed Company, for the sale of the Georgetown Gold Plant and associated Mining Leases to Plentex's wholly owned subsidiary company, Plentex (Operations) Pty Ltd.

Completion of the sale is awaiting finalisation of certain conditions. The carrying value of the assets has been written down to the value of consideration received on completion.

There was no significant expenditure on the Georgetown area of interest for the half-year ended 31 December 2006.

*Rights issue*

GOA issued a prospectus on 18 December 2006 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 (9 January 2007). The options have an exercise price of $0.13 each with an expiry date of 31 March 2009.

17,679,812 shares and 8,839,963 options were issued pursuant to the prospectus raising $1,944,779.

*Operating costs*

Operating expenses were $271,348 for the half-year ended 31 December 2006 compared to $216,778 for the half-year ended 31 December 2005. Consultants have increased by $56,147 when compared against the corresponding half-year in 2005 due to the increasing level of corporate activity and the compliance burden. Operating expenses excluding consultants have decreased by 1%.

*Outlook*

The primary focus for 2007 will be:

- continuing exploration at the exciting Croydon project. When drilling recommences following the current weather delays, it will initially be focussed on the Anomaly A2 discovery area.
- continuation of in-fill drilling at Fergusson Island which is designed to lead to a full feasibility study and possible commercial gold production at Gameta.

In addition, exploration activities will be continued in the Sazhen, Saiyikale and Tapajos areas.

Funding required for this increased level of activity, particularly at Croydon and Fergusson Island, will necessitate raising of additional capital in 2007.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

## Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the Directors' report. Amounts in the Directors' report have not been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

**R B Murdoch**
**Chairman**

**K G Chapple**
**Managing Director**

Brisbane
16 March 2007

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

Level 21
300 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 35
Brisbane Qld 4001
Australia

Tel: 07 3228 4000
Fax: 07 3221 6420

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

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

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF GOLD AURA LIMITED

In relation to the half-year independent review for the six months to 31 December 2006, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the Corporations Act 2001

(ii) No contraventions of any applicable code of professional conduct

Pitcher Partners

PITCHER PARTNERS

R J St Clair

R J St Clair
Partner

Brisbane, 16 March 2007

# CONSOLIDATED INCOME STATEMENT
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

| | Notes | Half-year 2006 $ | 2005 $ |
|---|---|---|---|
| **Revenue from continuing operations** | 3 | **63,863** | 22,807 |
| Other income | 4 | **-** | 115 |
| Expenses, excluding finance costs | 5 | **(530,679)** | (374,540) |
| Finance costs | | **(1,176)** | (631) |
| **Profit / (loss) before income tax** | | **(467,992)** | (352,249) |
| Income tax benefit | | **-** | - |
| Profit/(loss) from continuing operations | | **(467,992)** | (352,249) |
| Profit/(loss) from discontinued operations | 11 | **(159,972)** | - |
| **Profit / (loss) for the half-year** | | **(627,964)** | (352,249) |
| Profit/(loss) for the half-year is attributable to: | | | |
| Members of Gold Aura Limited | | **(627,755)** | (352,249) |
| Minority interests | | **(209)** | - |
| | | **(627,964)** | (352,249) |
| | | **Cents** | Cents |
| **Profit / (loss) per share for profit from continuing operations attributable to the ordinary equity holders of the company:** | | | |
| Basic loss per share | | **(0.60)** | (0.91) |
| Diluted loss per share | | **(0.60)** | (0.91) |
| **Profit / (loss) per share for profit attributable to the ordinary equity holders of the company:** | | | |
| Basic earnings per share | | **(0.81)** | (0.91) |
| Diluted earnings per share | | **(0.81)** | (0.91) |

*The above consolidated income statement should be read in conjunction with the accompanying notes.*

# CONSOLIDATED BALANCE SHEET
## AS AT 31 DECEMBER 2006

| | Notes | December 2006 $ | June 2006 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **682,198** | 2,482,095 |
| Trade and other receivables | | **292,770** | 32,429 |
| Non-current assets classified as held for sale | 11 | **130,000** | - |
| Total current assets | | **1,104,968** | 2,514,524 |
| **Non-current assets** | | | |
| Receivables | | **176** | 209 |
| Other financial assets | | **168,182** | 418,266 |
| Exploration and evaluation | 7 | **5,885,587** | 5,083,090 |
| Property, plant and equipment | | **132,063** | 97,823 |
| Total non-current assets | | **6,186,008** | 5,599,388 |
| **Total assets** | | **7,290,976** | 8,113,912 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **288,268** | 213,356 |
| Provisions | | **36,642** | 35,064 |
| Total current liabilities | | **324,910** | 248,420 |
| **Non-current liabilities** | | | |
| Provisions | | **36,176** | 34,487 |
| Total non-current liabilities | | **36,176** | 34,487 |
| **Total liabilities** | | **361,086** | 282,907 |
| **Net assets** | | **6,929,890** | 7,831,005 |
| **EQUITY** | | | |
| Contributed equity | 8 | **8,784,907** | 8,808,087 |
| Reserves | 9 | **772,027** | 1,021,998 |
| Accumulated losses | 10 | **(2,627,044)** | (1,999,289) |
| Minority interest | | **-** | 209 |
| **Total equity** | | **6,929,890** | 7,831,005 |

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

| | Half-year | |
|---|---|---|
| | **2006** | 2005 |
| | **$** | $ |
| **Total equity at the beginning of the half-year** | **7,831,004** | 3,834,389 |
| Exchange differences on translation of foreign operations | **(249,971)** | - |
| **Net income recognised directly in equity** | **(249,971)** | - |
| **Profit / (loss) for the half-year** | **(627,964)** | (352,249) |
| **Total recognised income and expense for the half-year** | **(877,935)** | (352,249) |
| Transactions with equity holders in their capacity as equity holders: | | |
| Contributions of equity, net of transaction costs | **(23,179)** | 1,481,060 |
| **Total equity at the end of the half-year** | **6,929,890** | 4,963,200 |
| | | |
| Total recognised income and expense for the half-year is attributable: | | |
| Members of Gold Aura Limited | **(877,726)** | (352,249) |
| Minority interest | **(209)** | - |
| | **(877,935)** | (352,249) |

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

# CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

| | Half-year | |
|---|---|---|
| | **2006** | 2005 |
| | **$** | $ |
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees | **(206,120)** | (235,402) |
| Goods and services tax refunded | **23,445** | 18,894 |
| Interest received | **60,621** | 21,740 |
| Interest paid | **(1,176)** | - |
| **Net cash (outflow) from operating activities** | **(123,230)** | (194,768) |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | **(68,428)** | (3,805) |
| Payments for exploration and evaluation | **(1,585,059)** | (357,037) |
| **Net cash (outflow) from investing activities** | **(1,653,487)** | (360,842) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of ordinary shares and options | **-** | 1,540,179 |
| Share issue costs | **(23,180)** | (66,623) |
| **Net cash (outflow) inflow from financing activities** | **(23,180)** | 1,473,556 |
| **Net (decrease) increase in cash and cash equivalents** | **(1,799,897)** | 917,946 |
| Cash and cash equivalents at the beginning of the half-year | **2,482,095** | 156,774 |
| **Cash and cash equivalents at end of the half-year** | **682,198** | 1,074,720 |

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 - *Interim Financial Reporting* and the *Corporations Act 2001*.

This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Gold Aura Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

## 2. Going concern

The financial statements are prepared on a going concern basis.

The consolidated entity has the ability to continue as a going concern so long as it is not materially affected by any adverse change in the external environment in which it operates. This would include, but not be limited to, its ability to raise sufficient capital to finance its exploration and operational expenditure.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

## 3. Revenue

| | **Half-year** | |
|---|---|---|
| | **2006 $** | 2005 $ |
| Interest | **58,863** | 22,807 |
| Other revenue | **5,000** | - |
| | **63,863** | 22,807 |

## 4. Other income

| | | |
|---|---|---|
| Foreign exchange gain (net) | **-** | 115 |

## 5. Profit / (loss) for the half-year

| | Notes | Half-year 2006 $ | 2005 $ |
|---|---|---|---|
| **Expenses, excluding finance costs, included in the income statement classified by nature** | | | |
| Audit fees | | **(1,331)** | 11,900 |
| Consulting fees | | **90,948** | 34,801 |
| Depreciation and amortisation expense | | **17,476** | 14,799 |
| Directors' expenses | | **23,519** | (14,319) |
| Employee benefits expense | | **51,221** | 76,414 |
| Foreign exchange losses (net) | | **1,746** | - |
| General administration expenses | | **23,905** | 39,877 |
| Insurance | | **4,002** | 4,004 |
| Marketing and promotion expenses | | **2,000** | 480 |
| Occupancy expenses | | **13,577** | 13,107 |
| Share registry / meeting costs | | **33,672** | 23,140 |
| Telephone | | **6,366** | 6,339 |
| Travel | | **4,247** | 6,236 |
| Diminution of asset values | 7 | **259,331** | 157,762 |
| | | **530,679** | 374,540 |

## 6. Segment information

The Company operates primarily in one business segment being the exploration for and evaluation of mineral resources, primarily gold.

## 7. Non-current assets – Exploration and evaluation expenditure

| | | |
|---|---|---|
| Balance 1 July | **5,083,090** | 4,138,178 |
| Additions | **1,481,188** | 162,082 |
| Provision for diminution | **(259,331)** | - |
| Transferred to assets held for sale | **(273,261)** | - |
| Effects of movements in exchange rates | **(146,099)** | - |
| Balance 31 December | **5,885,587** | 4,300,260 |

Provisions for diminution raised during the half-year is against expenditure incurred on identification of a project in Brazil which does not specifically relate to the current Tapajos area of interest ($259,331).

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

## 8. Equity securities issued

| | Half-year | | Half-year | |
|---|---|---|---|---|
| | **2006 Shares** | 2005 shares | **2006 $** | 2005 $ |
| **Movement in shares on issue** | | | | |
| Balance 1 July | **77,563,271** | 28,957,728 | **8,808,087** | 4,817,593 |
| Placement of shares at 8.5 cents | **-** | 7,255,882 | **-** | 616,750 |
| Share purchase plan at 8.5 cents | **-** | 10,863,851 | **-** | 923,429 |
| Issue costs | **-** | - | **(23,180)** | (59,119) |
| Balance 31 December | **77,563,271** | 47,077,461 | **8,784,907** | 6,298,653 |

The Company issued a rights issue prospectus on 18 December 2006 on the basis of 1 share for 3 shares held at an issue price of 11 cents per share. In addition one option with an exercise price of 13 cents attached to every 2 shares issued under the rights issue. Subsequent to the end of the half-year, 17,679,812 shares and 8,839,963 options were issued on 13 February 2007 with proceeds of $1,944,779.

## 9. Reserves

| | **December 2006 $** | June 2006 $ |
|---|---|---|
| Asset revaluation reserve | **1,021,998** | 1,021,998 |
| Foreign currency translation reserve | **(249,971)** | - |
| | **772,027** | 1,021,998 |

### Movements:

| | Half-year | |
|---|---|---|
| | **2006 $** | 2005 $ |
| *Foreign currency translation reserve* | | |
| Balance 1 July | **-** | - |
| Currency translation differences arising during the half-year | **(249,971)** | - |
| Balance 31 December | **(249,971)** | - |

There has been no movement in the asset revaluation reserve.

### Nature and purpose of reserves

*Option premium reserve*

Proceeds from the issue of options are taken to the option premium reserve.

*Foreign currency translation reserve*

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the profit and loss when the net investment is disposed of.

## 10. Retained earnings

Movements in retained earnings were as follows:

| | Half-year | |
|---|---|---|
| | **2006** | 2005 |
| | **$** | $ |
| Balance 1 July | **(1,999,289)** | (1,505,202) |
| Net profit/(loss) for the half-year | **(627,755)** | (352,249) |
| Balance 31 December | **(2,627,044)** | (1,857,451) |

## 11. Discontinued operations

### *(a) Description*

On 14 September 2006 the Company announced it had signed an agreement with Plentex for the sale of the Georgetown tenements and plant. The sale was not unconditional at 31 December 2006, therefore it has not been recognised, however the carrying value of the tenements and plant have been reclassified as assets held for sale and written down to the fair value less costs to sell.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

### *(b) Financial performance and cash flow information*

The financial performance and cash flow information presented are for the half-year ended 31 December 2006.

| | Half-year | |
|---|---|---|
| | **2006**<br>**$** | 2005<br>$ |
| Revenue | **-** | - |
| Expenses | **-** | - |
| Profit/(loss) before income tax | **-** | - |
| Income tax expense | **-** | - |
| Profit/(loss) after income tax of discontinued operations | **-** | - |
| Loss on measurement to fair value less costs to sell included in expenses | **(159,972)** | - |
| Income tax expense | **-** | - |
| Gain on sale of the division after income tax | **-** | - |
| **Profit/(loss) from discontinued operations** | **(159,972)** | - |
| Net cash inflow from operating activities | **-** | - |
| Net cash inflow (outflow) from investing activities | **-** | - |
| Net cash (outflow) from financing activities | **-** | - |
| Net increase in cash generated by the division | **-** | - |

### *(c) Carrying amounts of assets and liabilities*

The carrying amount of assets and liabilities as at 31 December 2006 are:

| | Half-year | |
|---|---|---|
| | **2006**<br>**$** | 2005<br>$ |
| Property, plant and equipment | **16,711** | - |
| Exploration and evaluation | **113,289** | - |
| **Total assets** | **130,000** | - |
| **Net assets** | **130,000** | - |

## DIRECTORS DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 12 to 20 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Gold Aura Limited will be able to pay its debts as and when they become due and payable.

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

**R B Murdoch**
**Chairman**

16 March 2007

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

Level 21
300 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 35
Brisbane Qld 4001
Australia

Tel: 07 3228 4000
Fax: 07 3221 6420

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

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

# INDEPENDENT REVIEW REPORT
# TO THE MEMBERS OF GOLD AURA LTD

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gold Aura Ltd, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Gold Aura Ltd, are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Gold Aura Ltd's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standards.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gold Aura Ltd, is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Gold Aura Ltd's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

*Inherent uncertainty regarding continuation of going concern*

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

As a result of the matters described in Note 2 to the financial statements, the consolidated entity has the ability to continue as a going concern so long as it is not materially affected by any adverse change in the external environment in which it operates. This would include, but not be limited to, its ability to raise sufficient capital to finance its exploration and operational expenditure.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Pitcher Partners

**PITCHER PARTNERS**
**Brisbane**

**R J St Clair**
**16 March 2007**