



**THE GOLD COMPANY LTD**  
**A.B.N. 85 118 463 004**

**Annual Report**

**JUNE 30 2006**

**THE GOLD COMPANY LTD**  
**A.B.N. 85 118 463 004**

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**THE GOLD COMPANY LTD**  
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**DIRECTORS' REPORT**

Your directors present their report on the company for the period from incorporation February 21 2006 to June 30 2006.

**Directors**

The names of directors in office at any time during or since the end of the period are:

Simon Kenneth Cato - appointed on February 21 2006  
Jeremy Sean Whybrow - appointed on February 21 2006  
Miles Simon Guy - appointed on April 12 2006  
Roderick Claude McIlree - appointed on February 21 2006 Resigned April 12 2006

**Company Secretary**

The following person held the position of company secretary at the end of the financial period:

Bruce Richard Acutt – B Comm

**Principal Activities**

The principal activity of the company during the financial period was resources mineral exploration.

There were no significant changes in the nature of the company's principal activities during the financial year.

**Operating Results**

The net loss of the company after providing for income tax amounted to \$324.

**Subsequent Events**

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods except as set out below:

On September 12 2006 the company issued 32,100,300 options for an issue price of \$0.005 each pursuant to a prospectus to raise \$160,501 less costs of the issue.

**Future Developments**

Disclosure of information regarding likely developments in the operations of the company in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

**Environmental Issues**

The company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, customers, employees and suppliers. The company's exploration activities are currently regulated by significant environmental regulation under laws of the Commonwealth and states and territories of Australia. The company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The directors are not aware of any particular or significant environmental issues, which have been raised in relation to the company's operations during the period covered by this report.

**THE GOLD COMPANY LTD**  
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**DIRECTORS' REPORT**

**Dividends**

In respect of the financial period ended 30<sup>th</sup> June 2006, no dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

**Review of Operations**

Operations were limited to the acquisition of the Three Sisters Project, the issue of the prospectus to raise \$4,000,000 and the subsequent capital raising.

**Significant Changes in State of Affairs**

During the period since incorporation the company has raised \$4,050,845 net of costs through the issue of shares. Of this \$3,830,845 was for cash consideration and \$220,000 was part consideration for the acquisition of the Queensland Exploration Permit EPM 14588. The benefit of this is shown at year end in cash held and in the tenement.

**Financial Position**

The net assets of the company were \$4,050,521 at year end arising as a result of capital raisings and acquisition of a mineral tenement.

The company was in a strong financial position at the end of the financial period with sufficient financial resources to undertake its objectives. The Company's objective is to locate new mineral discoveries that significantly upgrade the value of its projects and consider other opportunities in the resources sector.

**Information on Directors**

**Simon Kenneth Cato**

Qualifications

Experience

- Chairman
- B.A., MSDIA
- Appointed a director on February 21 2006.  
Mr Simon Cato has had more than 25 years capital markets experience in both broking and regulatory roles.

He has been employed by the Australian Stock Exchange Limited in Sydney and in Perth in the Companies department. In his position with the Companies department, Mr Cato administered the activities of listed companies.

Over the last 14 years, Mr Cato has been an executive director of two stock broking firms including Kirke Securities Limited. Mr Cato had the opportunity to be involved in a diverse range of management and capital investment activities while working in these roles including taking a number of companies to listing as both a broker and director.

Interest in Shares & Options - 800,100 Ordinary Shares in The Gold Company Ltd and 800,100 options.

Special Responsibilities - Mr Simon Cato is the Chairman of the company.

Directorships held in other listed entities - Current director of ASX companies Bentley International Limited, Scarborough Equities Limited and Sofcom Limited.

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**DIRECTORS' REPORT**

**Information on Directors (cont)**

**Jeremy Sean Whybrow**

Qualifications

Experience

- Executive Director
- B.Sc. (Mineral Exploration and Mining Geology), G.Dip(Minerals Economics), M.Aus.I.M.M
- Mr Jeremy Whybrow has had over 17 years experience in the mining industry both domestically and internationally.

Prior to Elemental Minerals, Mr Whybrow has worked for companies such as Sons of Gwalia Ltd, PacMin Ltd, Teck Australia Ltd, Mount Edon Gold Mines Ltd an Croesus Mining NL. He has vast experience mainly in the operational environment and includes exposure to exploration and mining operations, project evaluation and feasibility studies.

Lately, Mr Whybrow has been working internationally in China, Tanzania and the Philippines. He is currently holding the position of a director in an unlisted mining company, Grace Mining Limited. Mr Whybrow most certainly brings "hands on" geological experience to the company.

- Interest in Shares & Options - 700,100 Ordinary Shares of The Gold Company Ltd and 700,100 options.

- Directorships held in other entities - Current director of Grace Mining Limited and Elemental Minerals Limited.

**Miles Simon Guy**

Qualifications

Experience

- Non Executive Director
- Assoc Dip Bus Accounting
- Mr Miles Guy is an accountant with 10 years public practice.

Miles has worked for a number of small and medium sized accounting firms and for the last 5 years has operated his own public practice and consulting business. He has gained extensive accounting, taxation and management experience working with clients in small business through to public listed and large private companies.

Miles has worked with businesses involved in mining and retail and financial related industries.

- Interest in Shares & Options - 200,000 Ordinary shares of the Gold Company Ltd and 200,000 options.

## DIRECTORS' REPORT

### Remuneration Report

This report details the nature and amount of remuneration for each director of The Gold Company Ltd and for the executives receiving the highest remuneration.

### Remuneration Policy

The remuneration policy of The Gold Company Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The board of The Gold Company Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create alignment of interests between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors with a base fee and, for special exertion, at market rates for time, commitment and responsibilities. The board as a whole, fulfilling the role of the remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

### Employment Contracts and arrangements

Mr Simon Cato is executive chairman of the company and receives a fee of \$40,000 plus superannuation.

Mr Miles Guy is a non- executive director of the company and receives a fee of \$20,000 plus superannuation.

In April 2006 the Company entered into an agreement by letter with Mr Jeremy Whybrow engaging him as executive director geological services of the Company on and from the date of official quotation of the Shares of the Company on the ASX.

By the agreement, the Company engaged Mr Whybrow on an ongoing basis to perform all geological and executive director services as the Company reasonably requires up to a maximum of 40 hours per month.

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**DIRECTORS' REPORT**

The Company will pay Mr Whybrow the sum of \$50,000 per annum plus statutory superannuation being 9% per annum, which moneys are payable monthly in arrears. In addition the Company will reimburse Mr Whybrow for all out of pocket expenses necessarily incurred in the performance of his duties including relating to entertainment, travelling, accommodation, meals and telephone. Further, if the Company requires Mr Whybrow to perform work in the field, the Company will pay Mr Whybrow \$350 per day for each such day of field work. Mr Whybrow will not receive a separate director's fee.

The remuneration will be reviewed every 12 months or as otherwise agreed between the parties. Either the Company or Mr Whybrow may terminate the engagement without cause by giving the other party 3 month's written notice. The Company may terminate Mr Whybrow's engagement without notice in the event of serious misconduct.

**Company performance, shareholder wealth and director and executive remuneration**

The remuneration policy has been tailored to align the interests of shareholders, directors and executives. To achieve this aim, the entity may issue options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company notes that all directors are shareholders at present and that the company has no present intention to issue incentive shares or options to directors.

The following table shows the gross revenue and profits for the period from incorporation to June 30 2006 for the listed entity, as well as the share price at the end of the financial year.

<b>Remuneration Report</b>	2006
Revenue	21,272
Net Profit/(Loss)	(324)
Share Price at Year-end	0.26

**Details of remuneration for year ended 30 June 2006**

The remuneration for each director and each of the executive officers of the entity receiving the highest remuneration during the year was as follows:

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Options	Total
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Simon Kenneth Cato	1,210	109	-	-	-	1,319
Jeremy Sean Whybrow	1,205	108	-	-	-	1,313
Miles Simon Guy	603	54	-	-	-	657
	<u>3,018</u>	<u>271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,289</u>

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**DIRECTORS' REPORT**

**Options**

At the date of this report, the unissued ordinary shares of The Gold Company Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
12/09/2006	30/06/2011	20c	32,100,300
			<hr/> 32,100,300 <hr/>

Each option gives the option holder the right to subscribe for one fully paid ordinary share in the company at an exercise price of 20c at any time up to June 30 2011.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

**Non-audit Services**

The board of directors, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence

No fees for non-audit services were paid/payable to the external auditors during the period ended 30 June 2006:

**Meetings of Directors**

During the financial period, 3 meetings of directors were held. Attendances by each director during the period were as follows:

Director	Directors Meetings	
	Number eligible to attend	Number attend
S K Cato	3	3
J S Whybrow	3	3
M S Guy	1	-
R McIlree	2	2

**Indemnifying Officers**

Since the date of incorporation the Company has not paid any premiums to insure the directors or auditors against liabilities arising as a result of their roles. The company has, however entered into Deeds of Indemnity and access with all directors.



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**DIRECTORS' REPORT**

**Shares**

During the period ended 30 June 2006, the following ordinary shares of The Gold Company Ltd were issued:

<b>Date</b>	<b>Issue Price</b> <b>\$</b>	<b>Number of</b> <b>Shares Issued</b>	<b>\$</b>
21/02/2006	0.20	300	60
10/04/2006	0.01	11,000,000	110,000
14/06/2006	0.20	20,000,000	4,000,000
14/06/2006	0.20	1,100,000	220,000
		<u>32,100,300</u>	<u>4,330,060</u>

**Options**

No options were issued, exercised or lapsed during the financial year and no options are outstanding at the end of the financial period.

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

**Corporate Governance**

The primary responsibility of the board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the board is responsible for the overall corporate governance of the company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the board include:

- Protection and enhancement of shareholder value;
- Formulation, review and approval of the objectives and strategic direction of the company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- The identification of significant business risks and ensuring that such risks are adequately managed;
- The review and performance and remuneration of executive directors and key staff;
- The establishment and maintenance of appropriate ethical standards;
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations;

The Board recognises the need for the company to operate with the highest standards of behaviour and accountability.

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**DIRECTORS' REPORT**

Subject to the exceptions outlined below the company has adopted the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

The board sets out on the below "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

Recommendation Reference - ASX Guidelines	Notification of Departure	Explanation for Departure
2.1, 2.2	No majority of Independent directors including Chairman	<p>The board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent non-executive Directors.</p> <p>The Board believes that the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.</p> <p>The Company's Chairman, Mr Simon Cato, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent director. However, the Board believes that the Chairman is able and does bring quality and independent judgement to all relevant issues falling within the scope of the role of a Chairman.</p> <p>Additionally, Mr Jeremy Whybrow as an executive director is considered by the Board to not be independent in terms of the ASX Corporate Governance Council's definition of independent director.</p>
2.4	A separate Nomination Committee has not been formed.	<p>The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.</p>

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**DIRECTORS' REPORT**

4.2, 4.3, 4.4	A separate Audit Committee has not been formed.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems.
9.2	There is no separate Remuneration Committee.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

**Auditor's Independence Declaration**

The auditor's independence declaration for the period ended 30 June 2006 has been received and is included in the financial report.

Signed in accordance with a resolution of the Board of Directors.



S Cato  
Director

Date: 26 September 2006

**THE GOLD COMPANY LTD  
A.B.N. 85 118 463 004**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF THE GOLD COMPANY LTD**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2006 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*MACK & CO*

Mack & Co  
Chartered Accountants  
2nd Floor, 35 Havelock Street  
West Perth WA 6005

*n a Calder*

N A Calder, Partner

Date: 26 September 2006

**THE GOLD COMPANY LTD**  
**A.B.N. 85 118 463 004**

**INDEPENDENT AUDIT REPORT**  
**TO THE MEMBERS OF THE GOLD COMPANY LTD**

**Scope**

**The financial report and directors' responsibility**

The financial report comprises the income statement, balance sheet, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for The Gold Company Ltd, for the period ended 30 June 2006.

As permitted by the Corporation Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures") required by Accounting Standard AASB 124 Related Party disclosures under the heading "remuneration report" of the directors' report and not in the financial report.

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. The directors are also responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

**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 and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124. The nature of an audit is influenced by factors such as the use of professional judgment, 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 financial position, and of its performance as represented by the results of its operations and cash flows and whether the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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.

**THE GOLD COMPANY LTD**  
**A.B.N. 85 118 463 004**

**INDEPENDENT AUDIT REPORT**  
**TO THE MEMBERS OF THE GOLD COMPANY LTD**

**Independence**

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

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out in financial report has not changed as at the date of providing our audit opinion.

**Audit Opinion**

In our opinion, the financial report of The Gold Company Ltd is in accordance with:

- a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the period ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.
- c) the remuneration disclosures contained in the directors' report and identified as being subject to audit comply with Accounting Standard AASB 124.

*MACK & CO*

Mack & Co  
Chartered Accountants  
2nd Floor, 35 Havelock Street  
West Perth WA 6005

*n a Calder*

N A Calder, Partner

Date: 26 September 2006

**THE GOLD COMPANY LTD**  
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**DIRECTORS' DECLARATION**

The directors of the company declare that:-

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the period ended on that date of the Company.
2. In the directors' opinion, 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 Board of Directors:



Director                      S Cato

Date: 26 September 2006

**THE GOLD COMPANY LTD**  
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**INCOME STATEMENT**  
**FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006**

	NOTE	2006 \$
Other revenue from ordinary activities	2	21,272
Other expenses from ordinary activities	3	<u>(21,596)</u>
Profit/(loss) from ordinary activities before income tax expense		(324)
Income tax expense relating to ordinary activities		<u>-</u>
Profit/(loss) from ordinary activities after related income tax expense		<u>(324)</u>
		Cents
Basic earnings per share		0.0
Diluted earnings per share		0.0

The above Income Statement should be read in conjunction with the accompanying notes.



**THE GOLD COMPANY LTD**  
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**BALANCE SHEET**  
**AS AT JUNE 30 2006**

	<b>NOTE</b>	<b>2006</b> <b>\$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	5	3,703,731
Receivables	6	<u>50,017</u>
<b>TOTAL CURRENT ASSETS</b>		<u>3,753,748</u>
<b>NON CURRENT ASSETS</b>		
Exploration, evaluation and development expenditure	7	<u>331,867</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>331,867</u>
<b>TOTAL ASSETS</b>		<u>4,085,615</u>
<b>CURRENT LIABILITIES</b>		
Payables	8	<u>35,094</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>35,094</u>
<b>TOTAL LIABILITIES</b>		<u>35,094</u>
<b>NET ASSETS</b>		<u>4,050,521</u>
<b>EQUITY</b>		
Issued capital	9	4,050,845
Accumulated losses		<u>(324)</u>
<b>TOTAL EQUITY</b>		<u>4,050,521</u>

The accompanying notes form part of these financial statements.

THE GOLD COMPANY LTD  
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STATEMENT OF CHANGES IN EQUITY  
AS AT JUNE 30 2006

	Issued Capital \$	Retained Earnings \$	Total \$
Opening balance	-	-	-
Issue of fully paid ordinary shares	4,330,060	-	4,330,060
Capital raising costs	(279,215)	-	(279,215)
Profit/(loss) for year	-	(324)	(324)
<b>Balance at June 30 2006</b>	<b>4,050,845</b>	<b>(324)</b>	<b>4,050,521</b>

The accompanying notes form part of these financial statements.

**THE GOLD COMPANY LTD**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006**

	NOTE	2006 \$
CASH FLOWS PROVIDED/(USED) IN OPERATING ACTIVITIES		
Payments to suppliers		(34,693)
Interest received		21,272
Income tax paid		<u>(1,826)</u>
Net cash provided/(used) in operating activities	11	<u>(15,247)</u>
CASH FLOWS PROVIDED/(USED) INVESTING ACTIVITIES		
Payments for exploration and development		<u>(111,867)</u>
Net cash provided/(used) in investing activities		<u>(111,867)</u>
CASH FLOWS PROVIDED/(USED) FINANCING ACTIVITIES		
Proceeds from issue of shares		4,110,060
Share issue expenses		<u>(279,215)</u>
Net cash provided/(used) in financing activities		<u>3,830,845</u>
Net increase in cash held		3,703,731
Cash at beginning of financial period		<u>-</u>
Cash at end of financial period	5	<u>3,703,731</u>

The accompanying notes form part of these financial statements.

**THE GOLD COMPANY LTD**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, urgent issues group consensus views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers The Gold Company Ltd as a company. The Gold Company Ltd is a company limited by shares, incorporated and domiciled in Australia. The Gold Company Ltd was incorporated on February 21 2006. The financial report covers the period from February 21 2006 to June 30 2006.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the considerations given in exchange for assets.

The financial report of The Gold Company Ltd complies with all Australian equivalents to International Financial Reporting Standards (A-IFRS) in their entirety.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

**(a) Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**(b) Impairment of Assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(c) Revenue**

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

Interest income is recognised as it accrues.

**(d) Receivables**

All trade receivables are recognised when invoiced as they are due for settlement in the short term.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

**(e) Trade and other payables**

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(f) Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(g) Fair Value Estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**(g) Fair Value Estimation (cont)**

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

**(h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(i) Capitalisation of exploration and evaluation expenditure**

Exploration, evaluation and development expenditure incurred is accumulated 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 where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining or petroleum permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**(i) Capitalisation of exploration and evaluation expenditure (cont)**

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**(j) Acquisition of Assets**

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

**(k) Share Based Payments**

The fair value of options and shares of the company issued to directors and other parties is recognised as an expense in the financial statements in relation to the granting of these options.

**(l) Employee Benefits**

**(i) *Wages, salaries and annual leave***

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

**(ii) *Superannuation***

Contributions are made by the company to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

**(iii) *Employee benefit on costs***

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

**(iv) *Options***

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Upon the exercise of options, the balance of the share based payments relating to those options is transferred to share capital.

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**(m) Earnings Per Share**

(i) *Basic earnings per share*

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

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(n) Issued Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

**NOTE 2: OTHER REVENUE**

Revenue from outside operating activities

Interest

2006  
\$

21,272

Revenue from ordinary activities

21,272

**NOTE 3: PROFIT FROM ORDINARY ACTIVITIES**

Profit from ordinary activities has been determined after

expenses - remuneration of auditor

- other services

10,000

-

10,000



**THE GOLD COMPANY LTD**  
A.B.N. 85 118 463 004

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006**

	2006 \$
<b>NOTE 4: INCOME TAX EXPENSE</b>	
The components of tax expense comprise:	
Current tax	-
Deferred tax	-
	-

The prima facie tax payable on the operating Profit/(loss) is reconciled to the income tax provided in the accounts as follows:

Prima facie income tax payable on operating profit/(loss) calculated at 30%	(97)
Non allowable items	785
Effect of timing differences not previously taken up	
(Decrease)/increase in deferred tax asset not brought to account	(688)
Income tax expense/(benefit)	-

Deferred tax assets will only be realised if the conditions for deductibility set out in Note 1 (b) occur.

The directors advise that the potential future income tax benefit at June 30 2006 in respect of tax losses not brought to account is \$12,641.

**NOTE 5: CASH**

Cash on hand	60
Cash at bank	703,671
Deposits maturing within 4 months	3,000,000
	3,703,731

Cash at bank is earning interest on floating interest rates between zero and 5.5%.

Deposits are earning interest at rates ranging from 5.98% to 6.11%.

**NOTE 6: RECEIVABLES**

Trade receivables	500
GST recoverable	47,691
Income tax refundable	1,826
	50,017

**NOTE 7: EXPLORATION, EVALUATION AND DEVELOPMENT  
EXPENDITURE**

Costs carried forward in respect of interests in:

Exploration and/or evaluation phase in the current year	331,867
Total exploration and evaluation expenditure	331,867

**THE GOLD COMPANY LTD**  
A.B.N. 85 118 463 004

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006**

2006  
\$

**NOTE 8: PAYABLES**

Accruals	35,094
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**NOTE 9: ISSUED CAPITAL**

Fully paid ordinary shares	4,330,060
Less: capital raising expenses	(279,215)
	4,050,845

**Movements in issued capital**

Date	Detail	Issue Price \$	Number	\$
21/02/2006	Issued on incorporation	0.20	300	60
10/04/2006	Seed capital	0.01	11,000,000	110,000
14/06/2006	Ordinary shares for cash	0.20	20,000,000	4,000,000
14/06/2006	Ordinary shares for exploration permit	0.20	1,100,000	220,000
	Balance at June 30 2006		32,100,300	4,330,060

**NOTE 10: DIVIDENDS**

No dividends have been proposed or paid during the period.

2006  
\$

Balance of franking account at period end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent periods.

NIL

**NOTE 11: NOTE TO STATEMENT OF CASH FLOWS**

Reconciliation of cash flows from operations with profit/(loss) from ordinary activities after income tax.

Profit/(loss) from ordinary activities after income tax	(324)
Changes in operating assets and liabilities	
Decrease/(increase) in receivables	(48,191)
Increase/(decrease) in payables	35,094
Income tax paid	(1,826)
Net cash provided by/(used in) operating activities	(15,247)

The company has no loan facilities.

**THE GOLD COMPANY LTD**  
**A.B.N. 85 118 463 004**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE PERIOD FEBRUARY 21 2006 TO JUNE 30 2006**

**NOTE 12: FINANCIAL INSTRUMENTS**

The entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities in as follows:

	<b>Weighted Average Effective Interest Rate 2006</b>	<b>Floating Interest Rate 2006</b>	<b>Non Interest Bearing 2006</b>
	%	\$	\$
<b>FINANCIAL ASSETS</b>			
Cash at bank & on hand	5.8	3,703,731	-
Receivables	-	-	50,017
Investments	-	-	-
Total financial assets		3,703,731	50,017
<b>FINANCIAL LIABILITIES</b>			
Payables	-	-	35,094
Total financial liabilities		-	35,904

**NOTE 13: SEGMENT INFORMATION**

The entity operates in one geographical segment for secondary reporting being Australia and in one business segment being exploration for minerals.

**NOTE 14: EVENTS SUBSEQUENT TO BALANCE DATE**

On September 12 2006 the company issued 32,100,300 options for an issue price of \$0.005 each pursuant to a prospectus to raise \$160,501 less the costs of issue. Each option gives the option holder the right to subscribe for one fully paid ordinary share in the company at an exercise price of 20c at any time up to June 30 2011.

**NOTE 15: COMMITMENTS FOR EXPENDITURE**

In order to maintain current rights of tenure to exploration licences, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements. These obligations are not provided for in the financial report and are approximately \$301,000 spread over the next four years.

If the Company decides to relinquish certain licences and/or does not meet these obligations, assets recognized in the balance sheet may require review to determine the appropriateness of the carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

**NOTE 16: COMPANY DETAILS**

The company was incorporated on February 21 2006, consequently this is the first period of operation and there are no comparative figures.

The registered office and principal place of business of the company is 6 Ord Street, West Perth, WA, 6005.

**THE GOLD COMPANY LTD**  
**A.B.N. 85 118 463 004**

**TOP 20 SHARE HOLDERS**  
**AS AT 15 SEPTEMBER 2006**

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 - 1,000	1	392	0.001
1,001 - 5,000	34	105,544	0.329
5,001 - 10,000	201	1,997,991	6.224
10,001 - 100,000	119	5,122,578	15.958
Over 100,000	46	24,873,795	77.488
<b>Total</b>	<b>401</b>	<b>32,100,300</b>	<b>100.000</b>

Rank	Share holder	Total Shares	% Issue Capital
1	Falfaro Investments Ltd	3,000,000	9.345
2	Roderick Claude McIlree	2,375,095	7.398
3	Mrs Nancy-Lee Thomas	1,620,000	5.046
4	Nefco Nominees Pty Ltd	1,100,000	3.426
5	Mr Cameron John French	950,000	2.959
6	South Asian Commodity Holding	950,000	2.959
7	Worldpower Pty Ltd	900,000	2.803
8	Mr Stephen Frederick Schmedje & Mrs Cornelia Petra Schmedje	900,000	2.803
9	Mr Jeffrey Maxwell Jones	880,000	2.741
10	Mr Richard Homsany <Homsany Family A/C>	850,000	2.647
11	Mr Mario Claude Frichot	800,000	2.492
12	Redmont Resources Pty Ltd	750,000	2.336
13	Jeremy Sean Whybrow	700,100	2.180
14	Redstone Metals Pty Ltd	550,000	1.713
15	Bamboo Holdings Pty Limited	550,000	1.713
16	Simon Kenneth Cato	522,595	1.628
17	Mare Gmbh	500,000	1.557
18	Mr Terrance John Thomas	500,000	1.557
19	Roderick Claude McIlree & Barbara French <McIlree Super Fund A/C>	475,000	1.479
20	Kirke Securities Ltd	475,000	1.479
<b>Total</b>		<b>19,347,790</b>	<b>60.261</b>

Substantial shareholders

Falfaro Investments Ltd	9.65%
Roderick McIlree	9.37%
Nancy Thomas	5.056%

**THE GOLD COMPANY LTD**  
**A.B.N. 85 118 463 004**

**TOP 20 OPTION HOLDERS**  
**AS AT 15 SEPTEMBER 2006**

Spread of Holdings	Number of Holders	Number of Options	% of Total Issued Options
1 - 1,000	0	0	0.000
1,001 - 5,000	18	63,737	0.198
5,001 - 10,000	194	1,937,000	6.034
10,001 - 100,000	104	4,608,835	14.358
Over 100,000	47	25,490,728	79.410
<b>Total</b>	<b>363</b>	<b>32,100,300</b>	<b>100.00</b>

Rank	Option holder	Total Options	% Issued Options
1	Group #607104		
	Nefco Nominees Pty Ltd	4,100,000	12.772
2	Worldpower Pty Ltd	1,885,000	5.872
3	Mrs Nancy-Lee Thomas <Thomas Family A/C>	1,670,000	5.202
4	Roderick Claude McIlree	1,375,000	4.283
5	South Asian Commodity Holding	1,000,000	3.115
6	Mr Cameron John French	950,000	2.959
7	Worldpower Pty Ltd <Super Fund A/C>	900,000	2.803
8	Mr Jeffrey Maxwell Jones	880,000	2.741
9	Mr Richard Homsany	850,000	2.647
10	Mr Mario Claude Frichot	800,000	2.492
11	Mr Stephen Frederick Schmedje	800,000	2.492
12	Redmont Resources Pty Ltd <Cuthbert Invesment A/C>	750,000	2.336
13	Jeremy Sean Whybrow	700,100	2.180
14	Simon Kenneth Cato	550,100	1.713
15	Bamboo Holdings Pty Limited	550,000	1.713
16	Redstone Metals Pty Ltd	550,000	1.713
17	Kirke Securities Limited	500,000	1.557
18	Mare Gmbh	500,000	1.557
19	Mr Terrance John Thomas	500,000	1.557
20	Roderick Claude McIlree & Barbara French	475,000	1.479
<b>Total</b>		<b>20,285,200</b>	<b>63.183</b>

**Tenement Schedule**

EPM 14588 (Queensland)  
EMPA 15517 (Queensland)

The Gold Company Limited confirms it has used its cash, and assets in a form readily convertible to cash that it had at the time of admission to the Official List of the Australian Stock Exchange Limited, in a manner consistent with The Gold Company Ltd objectives.