OROPA LIMITED AND CONTROLLED ENTITIES

ABN 77 009 241 374

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

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CORPORATE DIRECTORY

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Oropa Limited is a company limited by shares, incorporated and domiciled in Australia.

CHAIRMAN'S REVIEW

Dear Shareholder,

The year under review has witnessed a sustained growth market in most resource commodities, which has driven both mining and exploration companies to new levels of mineral production and increased exploration activities. Throughout the year Oropa has adopted a very aggressive exploration approach towards its Pungkut gold project ("Pungkut") in Indonesia, by virtue of two major fund raisings in mid-2005 and earlier this year, the proceeds of which have been directed towards significantly increased exploration and drilling activities at a number of prospects in both blocks during the past 12 months or so.

During the second half of this reporting period, three drilling rigs have been on site at Pungkut and some $1.9 million has been spent on exploration during this year, an increase of approximately $850,000 over the previous year.

In the south block, 3 prospects were drill tested and a number of others prospected and evaluated in preparation for drilling in the future. Numerous targets remain untested by drilling at this stage, which will be followed up over the coming months, depending on their mineral potential and accessibility.

In the north block, the Company has focused all of its exploration activities along the Sihayo 1 North/Sambung trend, with the objective being to add to the inferred resource already outlined at Sihayo 1 North (610,000oz Au) through the discovery of new satellite ore-bodies. Oropa has drilled some 14 holes for 991.6m at Sihayo 1 (nearest prospect to Sihayo 1 North) and an additional 28 holes for 2004.25m at Sambung, approximately 2km south of Sihayo 1. These drilling campaigns have been encouraging and the Company is currently preparing to undertake a resource calculation in the central portion of the Sambung prospect. Another pod has been identified approximately 400m further to the south and this area has recently been prepared for scout drilling, shortly to commence while the central Sambung resource is being quantified.

Regrettably, I am not able to inform you that the Company has resumed field activities at any of its diamond projects in India. However, some progress was made in the Chhattisgarh and Andhra Pradesh high courts with the respective court cases.

Despite the ongoing disappointments in India, Oropa has made considerable progress in Indonesia and it is appropriate that we take heart from these positives and build on them during the coming year. The Company continues to seek other quality projects that are sufficiently advanced and fulfil our rigorous criteria to add to the portfolio. Although several projects have been assessed and discarded during the past year, this stringent selection criteria is vital to Oropa's long term viability.

Finally, I wish to thank my fellow board members, company staff, consultants and contractors for their sustained efforts throughout the past 12 months and the patience and continued support from our valued shareholders. Collectively, these unheralded contributions will assist Oropa with its objective to become a mineral producer and subsequently add value to our shareholders' investments

Brian J Hurley

REVIEW OF OPERATIONS
OVERVIEW

Early in the reporting year, the Company announced that it had raised $1,452,000 before costs and fees to fund expanded exploration and development programmes in the southern block of the Pungkut gold project in Sumatra, Indonesia ("Pungkut"). These funds were raised in two tranches ($1,011,600 under the Company's 15% rule capacity and the balance, by obtaining shareholders' approval at a Shareholders' Meeting that was convened on 31 October 2005). At that meeting, shareholders also overwhelmingly approved a consolidation of Oropa's share capital on a 1 for 10 basis, resulting in a post consolidation share capital of 68,226,697 ordinary shares on issue and 13,280,776 listed options exercisable at 50 cents on or before 31 December 2007.

The Company's Annual General Meeting was held on 29 November 2005. All resolutions were passed.

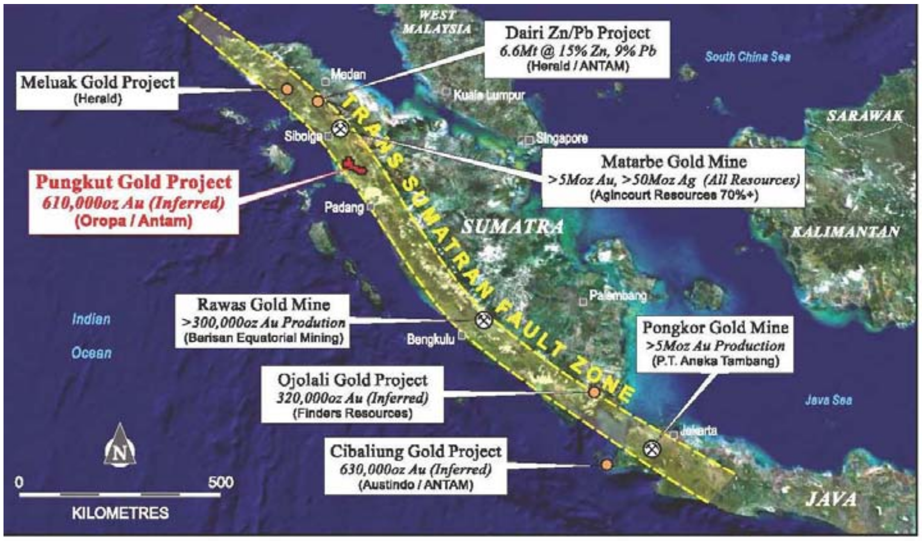
A pro rata non-renounceable rights issue to shareholders was announced on 22 November 2005 to raise up to $3.82 million via the issue of up to 27,290,678 shares on the basis of two shares for every five held at an issue price of $0.14 per share, together with up to 13,645,340 free attaching options, each to acquire one share at $0.20 on or before 31 December 2006. The rights issue initially was scheduled to close on 21 December 2005 but was subsequently extended until 3 February 2006. Under the terms of the Prospectus, the Company's directors were entitled to place any shortfall not taken up in the offer to shareholders within 3 months from the closure, the bulk of which was placed to local and foreign institutional investors, resulting in the issue being almost fully subscribed, with $3,582,632 being raised.

After the allotment of all shares and options under the offer, the Company currently has 93,816,886 shares on issue, along with 12,795,104 listed options exercisable at 20 cents, expiring on 31 December 2006, plus 13,280,776 listed options exercisable at 50 cents on or before 31 December 2007. Funds raised throughout the duration of the extended issue (6 months) and post the completion of the issue have been directed towards significantly increased levels of exploration and development programmes at the Pungkut gold project.

Owing to the prolonged increased exploration and drilling activities at Pungkut, Oropa further reduced its tenement portfolio in Western Australia, resulting in the Company presently holding minority interests or free carried interests in three prospects in the state.

INDONESIA

Pungkut Gold Project, Sumatra; (75%)



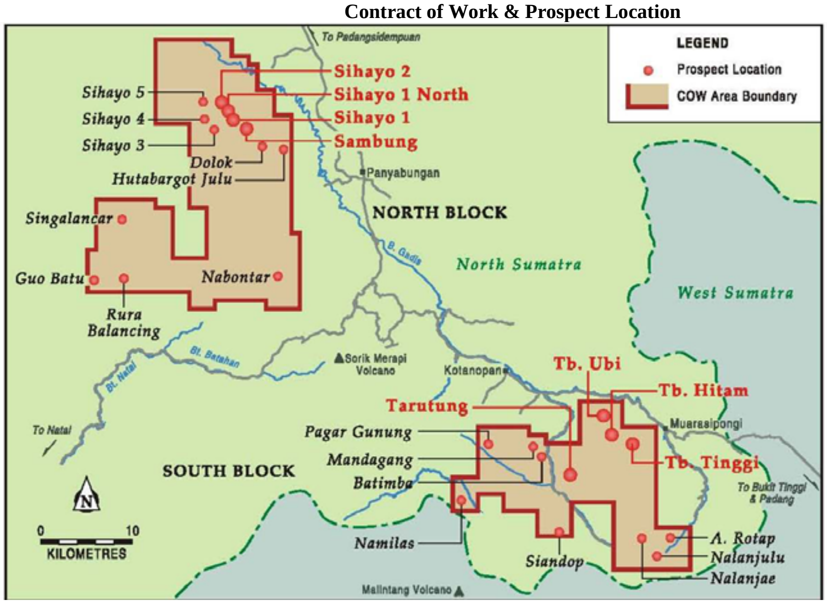
Pungkut is a 7th Generation Contract of Work ("CoW") located in North Sumatra, Indonesia. The project is owned by PT Sorikmas Mining, which in turn is 75% controlled by Oropa and the remaining 25% held by Indonesian diversified miner PT ANTAM Tbk. Oropa manages the project and is responsible for providing development funds until the commencement of production, at which time ANTAM repays its 25% of all project expenditure to date under a Loan Agreement.

<u>North Block</u>

Sihayo 1 North

Located 15km northwest of Panyabungang, the capital centre of Mandaling Natal province, the Sihayo 1 North deposit is defined as an Inferred Resource of 7.1Mt @ 2.71g/t Au for approximately 610,000 ounces of contained gold. Previous explorers of the Pungkut CoW focused their attentions on the Sihayo 1 North area, making this the most advanced prospect in the Pungkut CoW area.

Contract of Work & Prospect Location

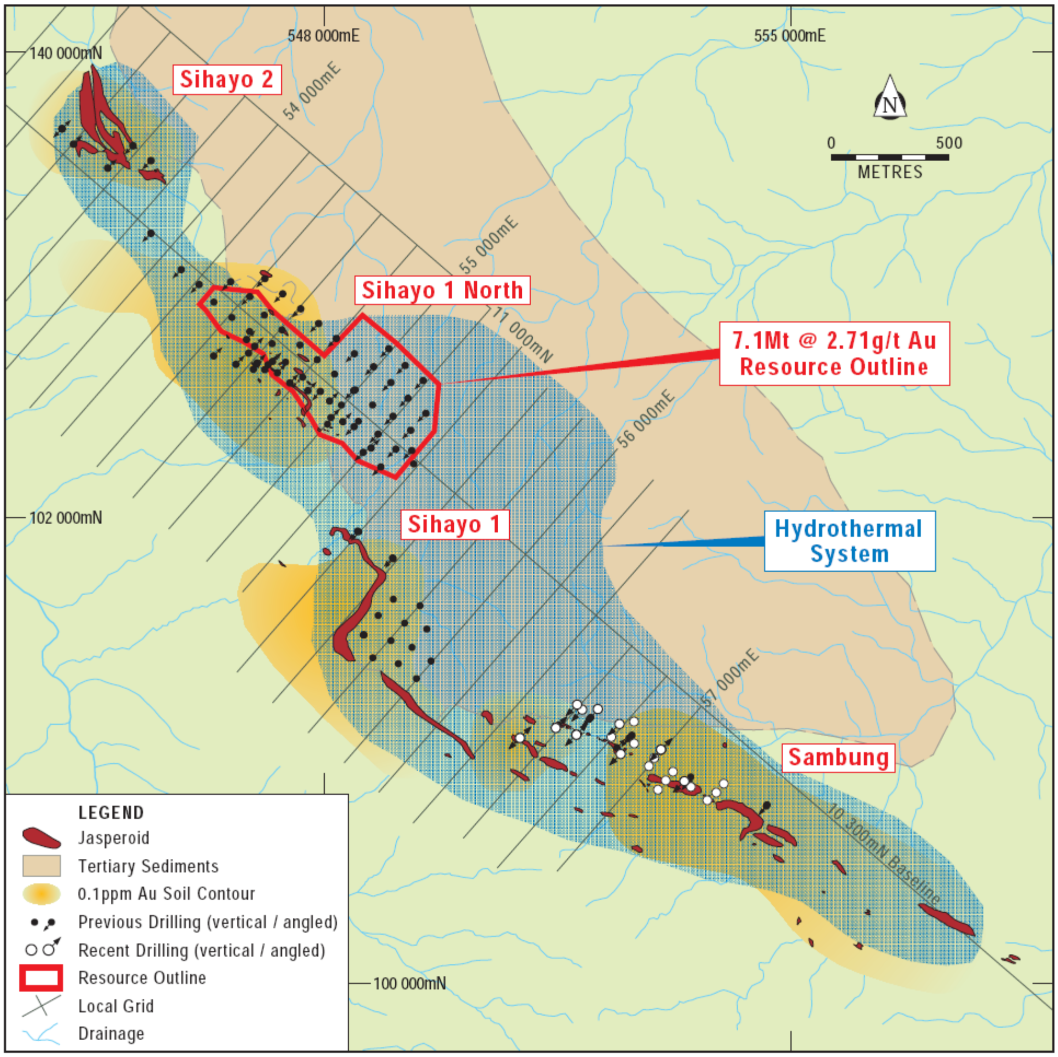


In preparation for further drilling activities around the Sihayo 1 North gold deposit, the Company completed a detailed preliminary metallurgical study on Sihayo gold ores.

The result of this work indicates that reasonable gold recoveries can be achieved by simple cyanide leach methods. Improvements to gold recovery via alternative or additional processing methods will be investigated in due course.

Mapping and remodelling of the deposit area highlighted the potential for down dip and lateral extensions of gold mineralisation to be discovered. Modelling concluded that gold mineralisation is intimately associated with the ponding of hydrothermal fluids at the unconformity between Tertiary sediments and Permian limestone. This ponding has resulted in the development of a large lateral footprint of gold mineralisation, generally in the form of jasperoid. Mapping of the Sihayo – Sambung corridor has delineated silica clay hydrothermal alteration in association with jasperoid, usually where the Tertiary unconformity outcrops, over an area of approximately 4km². Sampling of this jasperoid regularly returns gold values above 0.5g/t Au.

Sihayo-Sambung Prospect Drilling Summary Plan

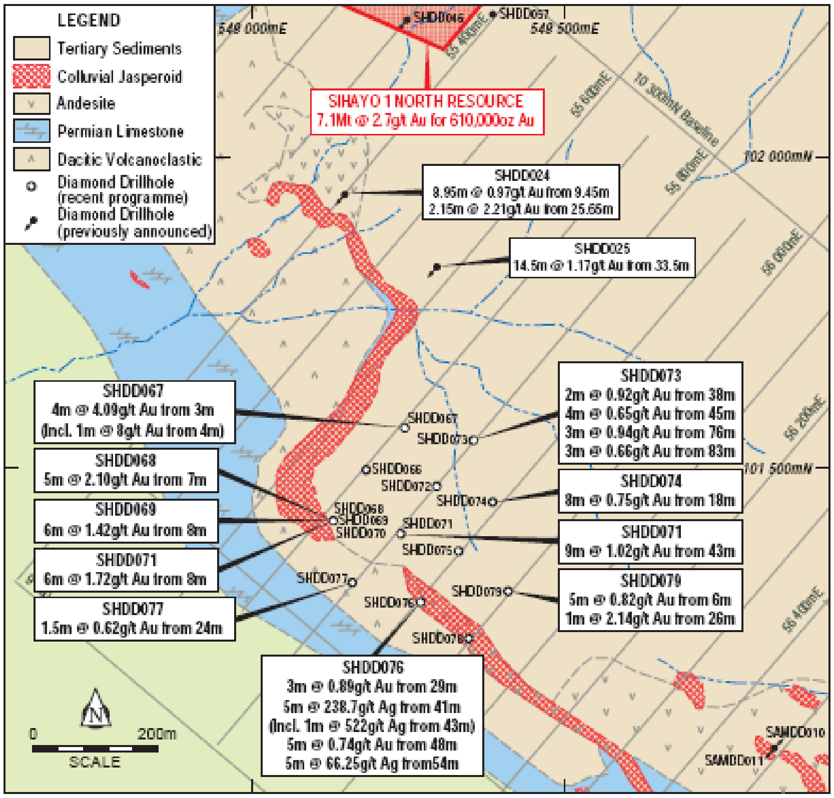


The occurrence of gold mineralisation over such a broad area, consistently at the Tertiary unconformity in close association with jasperoid and intense silica–clay hydrothermal alteration, indicates that gold mineralisation within the Sihayo – Sambung corridor relates to a large hydrothermal alteration system or systems. A significant portion of the identified hydrothermal alteration system remains untested.

Sihayo 1

Located just 1km south of the Sihayo 1 North Resource and very similar geologically, the Sihayo 1 prospect was identified as a high priority target due to the discovery of mineralised jasperoid. Rock chip sampling of outcropping jasperoid developed on the Tertiary contact at Sihayo 1 returned 45 samples > 1g/t Au, with values up to 5.4g/t Au.

Sihayo 1 Drill Intersections



Oropa completed a total of 991.6m of drilling over 14 diamond drill holes this year, testing better soil and rock geochemical anomalies and the prospective Tertiary contact. Holes were drilled vertically on a 100m x 100m grid, with the intention of quickly assessing the potential for a shallow, open cut gold resource.

Drilling encountered intense hydrothermal alteration of Permian and Tertiary lithology, with the latter being predominantly a permeable dacite volcaniclastic unit (as opposed to the impermeable mudstone and siltstone found at the Sihayo 1 North deposit).

Gold mineralisation was encountered at the Tertiary contact position and within intensely altered, brecciated limestone and dacite volcaniclastic units.

Better results returned from drilling included SHDD067: **4m@ 4.09g/t Au from 3m** and SHDD068: **5m @ 2.1g/t Au from 7m**.

Drill hole SHDD076 intersected several zones of gold and silver mineralisation in an intensely altered dacite volcaniclastic and limestone that included **5m @ 238.75g/t Ag from 41m (including 1m @ 522g/t Ag from 43m)** and **5m @ 66.25g/t Ag from 54m**.

Drilling has now confirmed the presence of widespread anomalous gold and isolated silver mineralisation at Sihayo 1. Gold mineralisation is related to intense hydrothermal alteration and, similarly to the nearby Sihayo 1 North gold deposit, occurs as both Tertiary contact jasperoid and jasperoid breccias. Silver mineralisation appears to be related to a more structurally complex zone typified by hydrothermal brecciation of limestone and dacite volcaniclastic units.
The presence of the dacite volcaniclastic unit on the Tertiary contact at the Sihayo 1 prospect may have had an important effect on the nature of gold mineralisation identified in this drilling. At the Sihayo 1 North gold deposit, gold-bearing jasperoid is thought to have formed at the Tertiary contact as a result of hydrothermal fluids ponding at the impermeable mudstone/siltstone Tertiary contact. This differs with Sihayo 1, where hydrothermal fluids appear to have migrated freely through the more permeable overlying Tertiary dacite volcaniclastic unit, resulting in the development of a thin, modestly mineralised jasperoid on the Tertiary contact and intense hydrothermal alteration of the overlying dacite volcaniclastic.

Additional exploration in the form of trenching, mapping and follow-up drilling is warranted to test better zones of mineralisation identified in drilling.

Sambung
Sambung, located approximately 2km southeast of the Sihayo 1 North Resource, was first discovered through the recognition of mineralised jasperoid by field geologist mapping the area on the late 1990s.

In 2004, a reconnaissance drilling programme consisting of 5 holes for 517.15m was completed on higher grade jasperoid rock chip sampling results. This drilling identified significant gold mineralisation, with intercepts such as SAMD003: **20cm @ 443g/t Au from 22.55m** and **SAMDD004: 13.8m @ 2.69g/t Au** from surface.

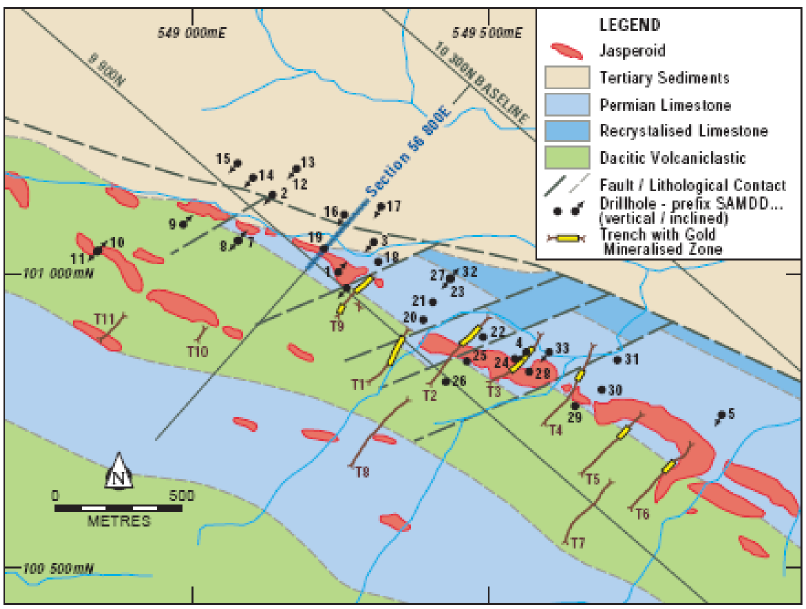
Jasperoid at Sambung was found to be similar to that observed at Sihayo 1 North, in that it occurs on the preserved Tertiary contact. In addition, a primary jasperoid breccia was recognised, that appeared to relate to a regional northwest structural trend. A blanket of jasperoid colluvium developed over some of the main jasperoid breccia trend was also noted.

Exploration activities over the Sambung prospect this year have focused on delineating gold mineralisation identified through previous exploration campaigns.

Following up these earlier encouraging results, exploration efforts this year have included trenching, mapping and diamond drilling.

A total of 11 trenches extending over 1.5km were completed this year. Trenching defined a gold mineralised zone over 600m in length, with values of up to **48m @ 7.34g/t Au** (trench 3) and **24m @ 4.77g/t Au** (trench 9)). Mineralisation appears to remain open towards grid east.

Sambung Drill Hole Location Plan & Geology

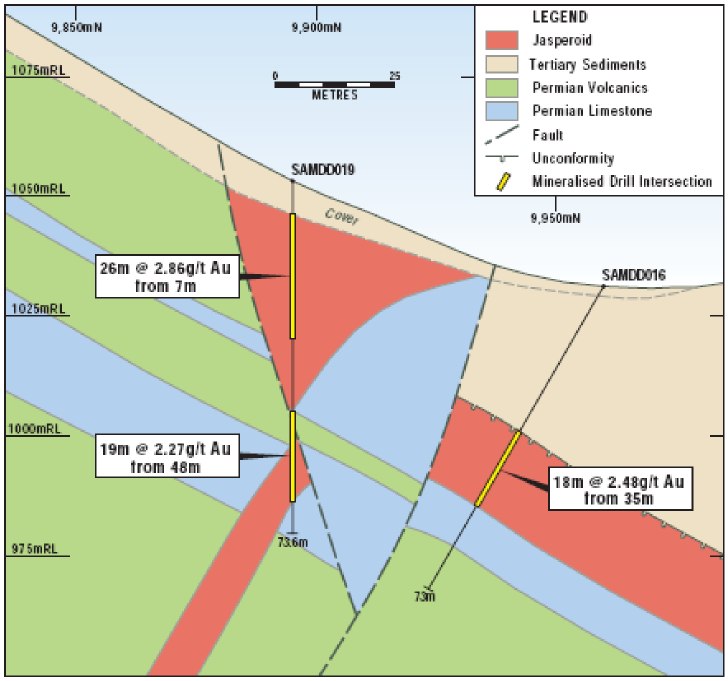


By the end of this financial year, Oropa had completed a further 28 drill holes for 2004.35m of diamond drilling at Sambung. Drilling was designed to test geophysical anomalies, zones of gold values in trenching and rock chip sampling, follow up earlier successful drill holes and to test the upslope and downslope extent of shallow colluvial jasperoid scree.

To date, drilling has delineated a zone of gold mineralisation over a 650m strike length. Mineralisation is associated with jasperoid developed on the Tertiary contact, as primary breccias and as colluvial scree derived from eroded Tertiary contact mineralisation.

Thickening of the jasperoid on several sections in conjunction with a distinctive brecciated jasperoid that has higher gold grades suggests that mineralisation is related to at least one steeply dipping primary breccia zone (e.g. **SAMDD019 2m @ 12.5g/t Au from 61m within a zone of 19m @ 2.27g/t Au from 48m**). This core breccia zone can be tracked out over several sections and may provide a viable deeper target for further exploration assessment.

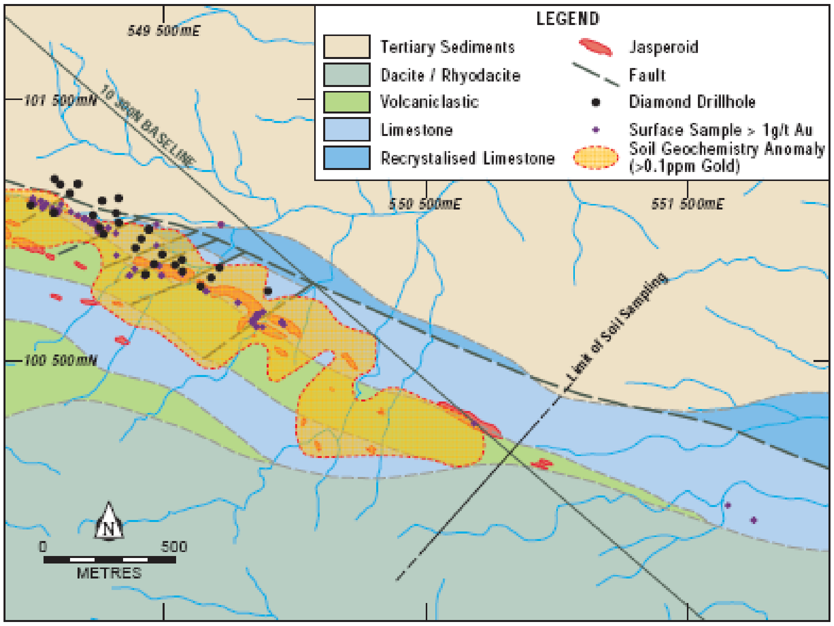
Sihayo 56800E Cross Section



Visible gold was noted in several holes (e.g. **SAMDD022: 1m @ 38.6g/t Au from 8m within a zone of 22.05m @ 5.86g/t from 0m**) drilled near trench zones of higher gold grades. A table of Drill Intersections are presented as Appendix 1

Drilling is progressing towards the completion of a preliminary resource calculation for the central Sambung section. Gold mineralisation remains open towards grid east, with mineralised intersections in drilling 300m east of this central section (SAMDD005: **5.2m @ 3.79g/t from 0m**) and up to 800m grid east of this central section in rock chip sampling of outcropping jasperoid, with values up to 11g/t Au.

Sambung Regional Geology & Geochemistry

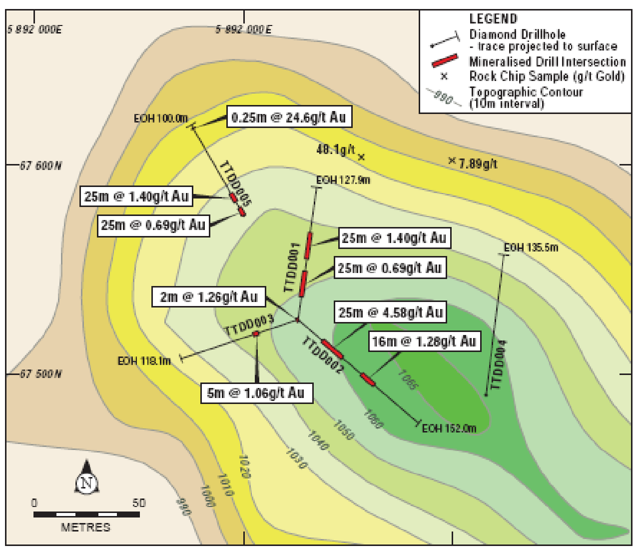


South Block

Tambang Tinggi

The Company completed five scout drill holes for 633.5m at the Tambang Tinggi prospect during the year. The prospect, located approximately 2km east of Tambang Hitam, was selected as a primary target area due to highly anomalous rock chips of up to 51 g/t Au, 36 g/t Ag & 1.6% Cu, collected from small-scale local workings.

Tambang Tinggi Drill Hole Location Plan & Gold Intersections



Drill hole TTDD001 intersected several zones of mineralisation that included **25m @ 0.68g/t Au from 22m and 25m @ 1.4g/t Au from 59m**. Copper mineralisation was also intersected in several zones that included **11m @ 0.12% Cu from 45m and 7.8m @ 0.2% Cu from 64m**.

The second drill hole TTDD002, drilled in a direction 120 degrees around from THDD001 from the same pad also intersected several zones of gold mineralisation that included **25m @ 4.58g/t Au from 31m**, which included **1.2m @ 60.5g/t from 52.8m, 16m @ 1.28g/t Au from 80m and 2.6m @ 5.1g/t Au from 110m**.

Hole TTDD003 was drilled a further 120 degrees around from hole TTDD002 from the same drill pad, encountering numerous small zones of mineralisation that included **2m @ 1.25g/t Au** from surface and **5m @ 1.06g/t Au from 40m**.

TTDD004, collared 100m to the east of the previous holes and drilled towards the north, also encountered numerous zones of mineralisation that included **1m @ 2.20g/t Au from surface, 1m @ 2.44g/t Au from 71m and 3m @ 1.21g/t Au from 78m**.

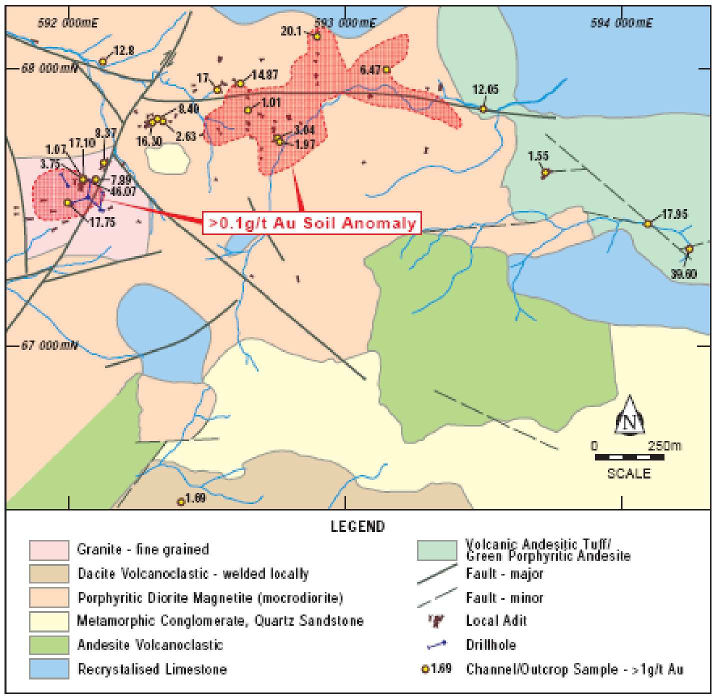
TTDD005, drilled to the northwest of holes TTDD001, 2 and 3, intersected **8m @ 1.03g/t Au from surface and 9m @ 0.82g/t from 15m, plus an isolated zone of 0.25m @ 24.6g/t Au from 95.5m**.

A table of Drill Intersections are appended as Appendix 1.

To better understand the nature of this mineralisation and the geological context in which it sits, Oropa completed 57 line kilometres of gridding, soil sampling and geological mapping on a 50m grid spacing. Soil and rock chip sampling has identified an extensive, cohesive gold soil anomaly (values greater than 0.1g/t Au and up to 1.51g/t Au) approximately 800m x 250m.

Small scale mining by local villagers, who recover gold from narrow quartz veins developed within a magnetite-rich diorite intrusive body, occurs within the boundary of the soil gold anomaly. Rock chip sampling of exposed veins within the anomaly returned values up to **20.1g/t Au**.

Tambang Tinggi Regional Geology & Gold Geochemistry



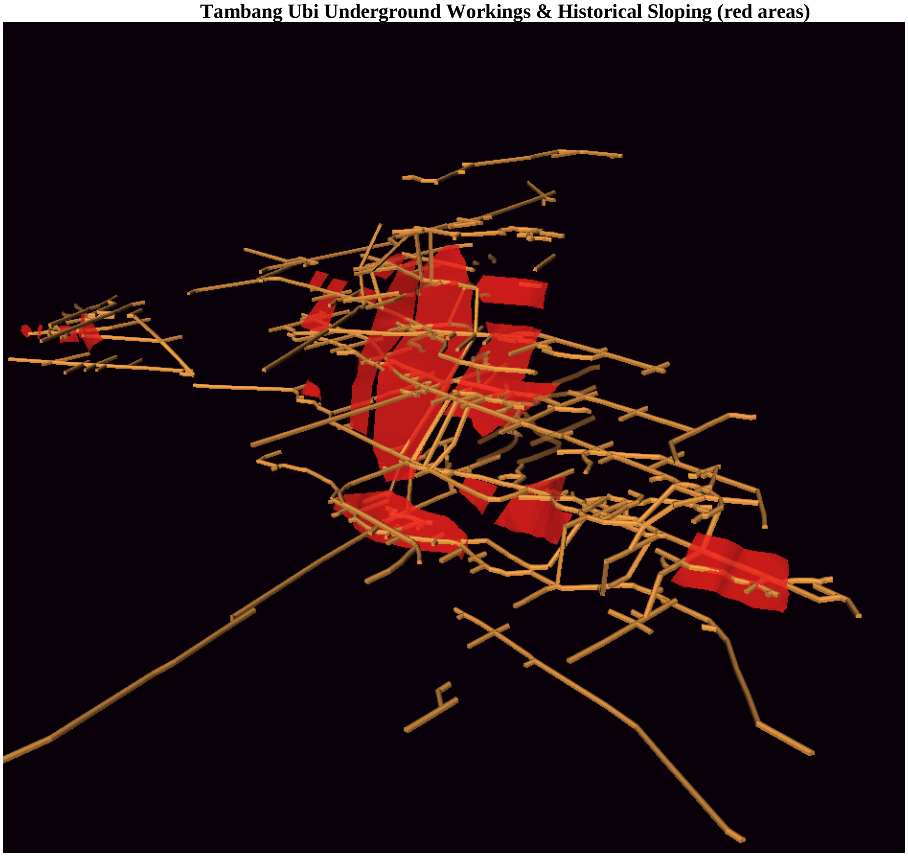
Soil sampling also clearly highlighted the Tambang Tinggi granite-hosted zone of gold mineralisation identified by scout drilling. Mapping has now confirmed that gold mineralisation encountered in drilling at Tambang Tinggi is associated with a hydrothermally altered micro-granite intrusive plug.

Exploration activities are on-going at Tambang Tinggi and surrounding areas which will include the completion of a ground magnetic survey over the soil grid, trenching of the main soil anomalies, drill testing of the most prospective portions of newly discovered anomalies and follow-up drilling at the initial discovery site.

Tambang Ubi

Mapping and gridding at Tambang Ubi commenced this year, focusing on the historical Dutch underground workings and the surrounding areas. Tambang Ubi is a copper-gold skarn deposit mined by a Dutch company for 3 years until the outbreak of the Second World War. Local miners continue to mine gold/copper mineralisation at a number of locations around and within the old Dutch workings. Rock chip sampling of historical and active underground workings returned maximum values of **39.4g/t Au, 4.7% Cu and 88g/t Ag.**

Tambang Ubi Underground Workings & Historical Sloping (red areas)



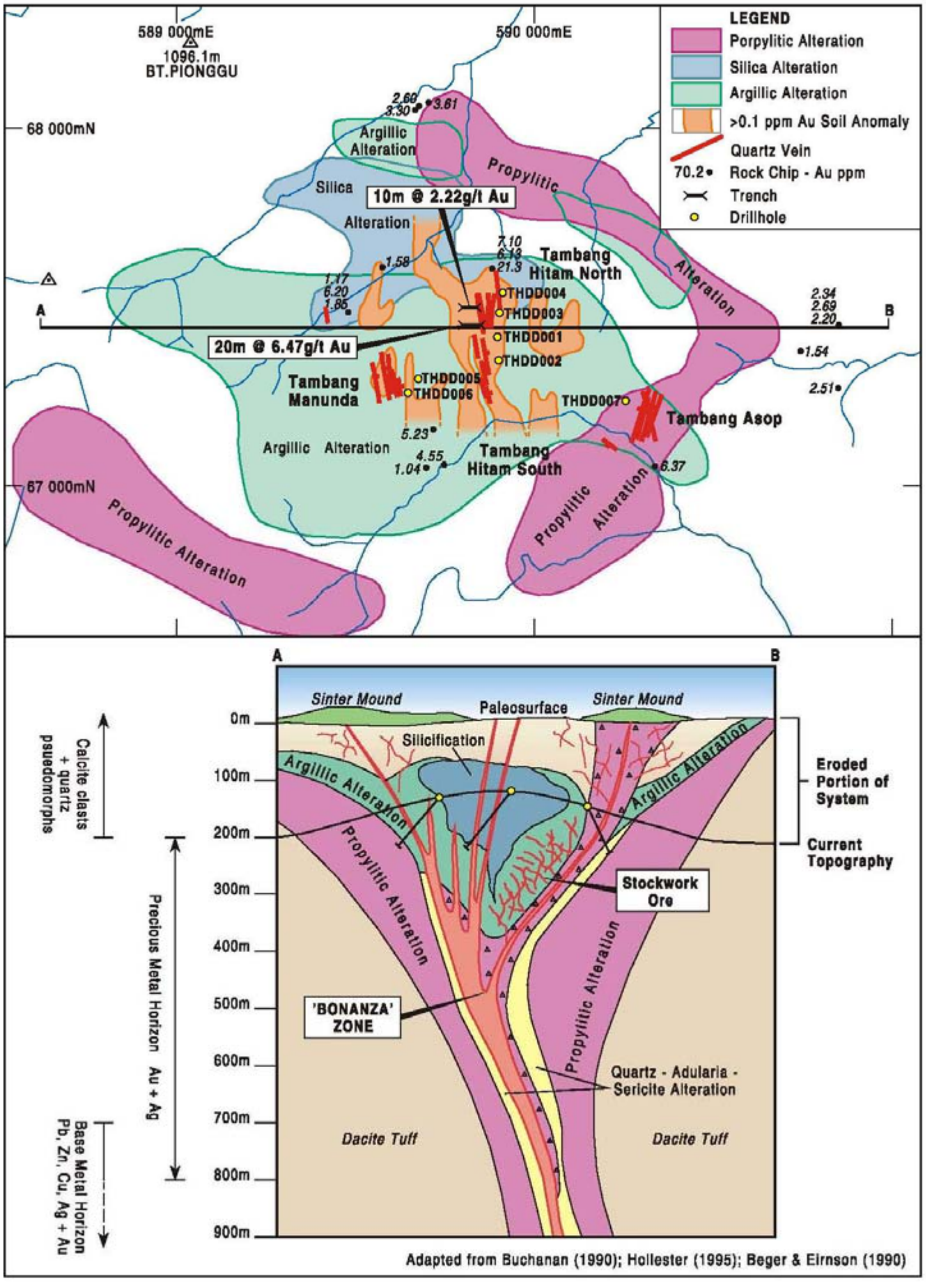
A total of 27.8 line km of gridding was established over the main prospect to assist in mapping and the accurate surveying of historical and more recent mine workings.

This work has progressed Tambang Ubi to a drill-ready status, with drilling scheduled to commence in the fourth quarter of this calendar year.

Tambang Hitam

During the past year, Oropa's field staff completed a programme of work at the Tambang Hitam prospect, located 5km from the Trans – Sumatran highway in the Southern Block of the project area.

Oropa undertook a scout drilling programme that targeted gold-mineralised epithermal vein systems identified by soil sampling, surface mapping, trenching and surveying of historical underground workings. The exploration model for Tambang Hitam suggested the possibility of discovering shallow gold mineralisation amenable to open pit mining, and was tested by completing a total of seven holes for 855.9m of drilling.



Tambang Hitam Drill Hole Location, Alteration & Mineralisation Model

Gold mineralisation at Tambang Hitam was intersected in several holes, with better results of **1m @ 3.93g/t Au from 105m in drill hole THDD001, 4m @ 2.75g/t Au from 80m in THDD002, which included 1m @ 10.10g/t Au from 76m and 2m @ 2.01g/t Au from surface in THDD005, which also intersected 2m @ 2.58g/t Au from 109m.** Drill intersections are presented as Appendix 1.

The type of alteration and quartz vein textures observed in drill core indicates that drill holes intersected the uppermost, lower temperature zone of a low sulphidation epithermal system. This upper zone is typified by an abundance of silica in conjunction with often lower grade gold values. Geological modelling of the deposit suggests that better gold grades may be present at depth, where bonanza and vein-hosted zones are more likely to have formed.

Although drilling intersected significant mineralisation, it is apparent that the probability of defining a mineable near-surface resource is low. A programme of deep diamond holes would be required to further test the potential for economic gold mineralisation.

INDIA

Block D-7 Diamond Project, Chhattisgarh; (18%)

B.Vijaykumar Chhattisgarh Exploration Pvt Ltd's ("BVCE's") protracted high court case against the Chhattisgarh state government to resurrect the Block D-7 Prospecting Licence ("P/L") took a number of positive steps forward during the year, with the supreme court in Delhi dismissing the second of three frivolous applications for small areas of land within the P/L area, after the Jabilpur court had previously dismissed the first claim. These two claims were lodged in jurisdictions outside of Chhattisgarh and duly dealt with by the respective courts, thereby paving the way for the Chhattisgarh high court to reject the third claim on similar grounds and dismiss the case. A number of meetings and case hearings were convened in June, July and August between the parties, generating some optimism that the case may be reaching its conclusion and being set aside for a final hearing to discharge the matter and hand it back to the state government. Regrettably, this did not eventuate and it was not dealt with by the case judge.

The saga took another direction in early September when the case judge retired without handing down his decision. This was extremely disappointing considering that the parties (BVCE and the current state government) had strenuously lobbied to have the case dealt with by the court for the past 18 months or longer. To put this into some context, since BVCE initiated its legal proceedings against the former state government in January 2002, more than 40 dates were set aside by the high court for case hearings, the vast majority to be heard by the now retired judge, without achieving a final judgement.

We are now advised that the Chief Justice of the high court will assign these pending cases to other high court judges for them to deal with. Oropa, being a minority shareholder and a foreign entity, has little or no influence over the course of events taken by the Indian parties, including BVCE. However, in order to maintain some level of awareness with the ongoing proceedings in the sub-continent, Oropa's directors made a number of trips to India during the year to meet with BVCE and BVTS senior personnel, their legal advisors in Chhattisgarh and Andhra Pradesh and state government officials.

The current state government has long advocated that it would greatly benefit from any mineral production derived from the block via its 11% sweat (free carried) equity in the project. This is in addition to the royalty stream payable to the central government from production. The state also acknowledges that a resumption of field work and any subsequent development programmes undertaken by BVCE would once again generate a considerable amount of employment and social development in the local villages, particularly Mainpur. On a broader scale, B.Vijaykumar & Company contemplated constructing a state of the art cutting and polishing facility in Raipur, in the event that a commercial mining operation was developed by BVCE in Block D-7.

Raipur West Diamond Project, Chhattisgarh; (20%)

This 2,400km^2 rectangular block is situated immediately to the west of Block D-7. BVTS applied for the area to cover the north-west trending structures that host the Raipur Kimberlite Field in the southern portion of Block D-7, and which appears to extend into Raipur West. The Reconnaissance Permit ("R/P") application was approved by the Government of Madhya Pradesh and ratified thereafter by the central government in mid-2002, but the Chhattisgarh state government has refused to issue the R/P license to BVTS until the Block D-7 matter is resolved. This again highlights the fundamental flaws in the system and lack of interaction between the central government and state governments to streamline the processing and approvals of mineral projects that the central government claims it is implementing to attract foreign investment from the global mining communities.

Krishna River Valley – Andhra Pradesh; (20%)

In October 2000, BVTS applied for a large first-in-time R/P application covering slightly in excess of 4,500km^2 over the lower meanders of this famous river after Oropa's geologists had completed a geological survey of the area in mid-2000. Owing to the negative fallout from the highly publicised Block D-7 controversy in Chhattisgarh, no action was taken by the Andhra Pradesh ("AP") government from the time of lodgement up until late 2003. Government officials claimed that they preferred to wait on the outcome of the Block D-7 before making any recommendations to the central government on the BVTS application. Although Oropa stressed the importance to BVTS that this application should be processed entirely on its merits regardless of the issue in Chhattisgarh, very little interaction between BVTS and the AP government ensued. This was extremely frustrating, taking into account that Oropa had initiated the geological reconnaissance of the area in mid-2000, long before the influx of foreign companies into India and had prepared the R/P application for BVTS to lodge with the AP government within a few months. To minimise the collateral damage being created by the Block D-7 fiasco, it was Oropa's intention to secure this quality project at the earliest opportunity and commence field exploration.

In the absence of any apparent progress and in order to obtain first hand information, Oropa's directors and a BVTS director visited AP in June 2005. After attending a number of meetings with senior Mines Department personnel and the Minister for Mines, it became evident that other Indian companies had subsequently lodged R/P applications for areas within and overlapping the BVTS application. After lodging a strong objection with the AP government and seeking legal advice from a prominent law firm in Hyderabad, BVTS initiated proceedings in the AP high court to force the state's hand by serving a Stay Order on the state preventing it from issuing the R/P to another party. This matter is currently before the AP high court.

Krishna River Delta – Andhra Pradesh; (20%)

Shortly after lodging the Valley R/P application in October 2000, Oropa's geologists considered that the alluvial diamond potential in the river terraces and gravels within the Valley area may also extend downstream into the delta areas exiting into the Bay of Bengal. Oropa prepared a R/P application for BVTS to lodge covering a fan shaped area that enveloped the eastern portion of the Valley R/P application and flared out to cover the delta. This first-in-time R/P application covering an area of 4,500km^2 was lodged with the AP government on 15 June 2001.

One positive aspect arising from the visit to Hyderabad in mid-2005, was that the AP government informed us that no other parties had applied for the delta area and that they were recommending the BVTS application to Delhi. However, we were later informed that this application, although approved by the central government, was being withheld by the state government, presumably because of the BVTS litigation involving the Valley R/P. Consequently, BVTS applied for and was granted a Show Cause Notice in the AP high court which was served on the state on 10 November 2005. Similarly, as with the Valley R/P litigation, the BVTS solicitors are pressing the high court to uphold its order on the state to issue the R/P, or show cause to the contrary.

Oropa's directors have been widely criticized for persevering with these Indian projects over the past 5 years. Certainly after reading this report you may endorse those criticisms. However, BVTS and BVCE collectively have been awarded, or are awaiting approvals for legitimate applications to explore for diamonds and other minerals in highly prospective areas collectively exceeding 16,000km^2 in Chhattisgarh and Andhra Pradesh. The ongoing costs for Oropa to maintain its interest in these projects are minimal and the Company's directors form the view that they are justified. Oropa adopts a positive viewpoint from the recent retirement of the high court case judge in Chhattisgarh, provided that the case is assigned to another judge without any undue delay. In Andhra Pradesh, we are advised by the case solicitors that both cases are scheduled to be heard by the AP high court in the near term.

From a technical aspect, Block D-7 exhibits enormous upside potential with six known kimberlites to be tested, with strong indications that more kimberlites will be discovered. Presently, Raipur West is an unknown quantity, but the Krishna River Valley and Delta R/P areas if granted to BVTS would present BVTS with exploration rights to slightly in excess of 9,000km^2 of highly prospective alluvial diamond properties. Oropa considers that these two areas have enormous potential to host large quantities of alluvial diamonds, similar to the Vaal, Orange and Buffels rivers in South Africa, given that some of the world's largest diamonds (Golconda diamonds) were recovered from the Krishna River terraces and river gravels in the middle ages. The hard rock sources of these famous historical diamonds have never been identified, but taking into account that some exceedingly large stones were recovered, their sources may not be too far distant. Interestingly, no modern ground exploration programmes or airborne geophysical surveys have ever been undertaken over these two areas.

AUSTRALIAN PROJECTS

Mulgabbie Gold Project; (95%, diluting to 44%)

The Mulgabbie gold project comprises Prospecting Licenses (P28/768, P28/769) and Mining Lease Application (MLA28/140 & MLA28/364) and is located approximately 130km northeast of Kalgoorlie, immediately to the east of the Carosue Dam gold mine. The project is operated under the terms of a farm-in agreement with Mulgabbie Mining Pty Ltd. ("Mulgabbie Mining"), which is earning a 51% interest by spending $100,000 on joint venture expenditure over a 3 year period. This expired last year and was extended by the parties. During the past 12 months Mulgabbie Mining completed a review of the previous data and conducted a drill programme of 31 holes to a maximum 2m depth in the Hotel and Perseverence prospect areas to test beneath transported soils. A maximum reading of 88ppbAu was obtained. Mulgabbie Mining intends to extend this type of auger survey over the entire area.

Lake Deborah Gold Project; (5% free carried)

The Lake Deborah tenement forms a portion of the Golden Valley Joint Venture ("GVJV") project area and it is subject to an agreement between Oropa, Polaris Metals NL ("Polaris"), Western Areas NL and Geoinformatics Exploration Limited (collectively "the Parties"). This tenement comprises only a small portion of the GVJV and Oropa is free carried to the completion of a bankable feasibility study by Polaris. Thereafter, Oropa has the option to increase its interest in the Lake Deborah area to a 15% Participating Interest by giving notice to Polaris and paying Polaris a $50,000 cash consideration, plus 15% of Polaris' gross expenditure on Lake Deborah up until the time that Oropa exercises the option.

During the June 2005 quarter, Polaris identified two "priority one" gold targets (Trident and Aquarius) located on the salt flats of Lake Deborah West. The targets were scheduled for immediate follow up drill testing. However, Polaris subsequently learned that the whole of Lake Deborah is entered on the Interim Register in the Department of Indigenous Affairs as an Aboriginal heritage "mythological" site. The consent of the parties who recorded the site, and the approval of the Minister for Indigenous Affairs are required before any exploration can proceed. Negotiations are ongoing.

As a result of recent changes to the Mining Act 1978, Polaris as Manager of the GVJV is conducting a reversion process of the tenements under the new regulations, resulting in a reduction in the number of exploration licences.

Mt Keith Gold Project; (2% nett smelter royalty)

Oropa currently holds a 2% nett smelter royalty on all minerals produced from the Mt Keith gold project (M53/490 and M53/491) arising from its relinquishment of its majority contributing interest in the tenements. Under the terms of the agreement the tenements are to be maintained in good standing.

PROJECT EVALUATION

With the ongoing impasse with legal matters in India, the Company stepped up its evaluation processes during the second half of the year and assessed a number of mineral projects located in Africa, South East Asia and South America. None were regarded as being capable of hosting significant resources, or alternatively, were grossly overvalued to justify further joint venture negotiations. However, this evalation process, both in Australia and overseas, is continuing.

NON MINERAL ACTIVITIES

CEPO Systems Pty Ltd; (9.9%)

During the year, Oropa as a non contributing shareholder in CEPO Systems Pty Ltd ("CEPO") agreed to transfer 10% of its equity in CEPO to permit CEPO's substantial shareholders to source new investors and partners to assist with the development and expansion of the company.

CEPO provides an order management and supply chain solution for the small to medium enterprise (SME) market. Because of the high costs and inefficiencies associated with conducting business by integrating many different electronic platforms, CEPO developed its unique solutions to provide a vertically integrated single electronic platform for any given industry, that is affordable and attractive to the SME market.

While focusing on this market, CEPO has continued to develop its wireless technology products and has expanded its client base with the signing up of a number of buying groups, including a global franchise organization.

Additionally, CEPO is currently partnering a telecommunication company and jointly promoting a "Business Tool" to the SME market, which allows retailers to receive their suppliers' promotional and fast moving products on a real-time basis.

During the coming 12 months CEPO will continue to develop its wireless software and extend its strategic partnerships to expand its markets, both in Australia and overseas.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Oropa Limited ("Oropa, or the Company") and the entities it controlled at the end of, or during the year ended 30 June 2006 ("the reporting period").

DIRECTORS

The following persons were directors of Oropa during the whole of the financial year and up to the date of this report:
Brian J Hurley
Philip C Christie
Roderick G Murchison
Bruce N V Tomich

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were mineral exploration. There were no significant changes in the nature of those activities during the financial year.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year and no dividend is recommended in respect of this financial year.

NATIVE TITLE

Claims of native title over certain of the company's tenements have been made, and may in the future be made under the Commonwealth Native Title Act. In the event that native title is established by an indigenous community over an area that is subject to the company's mining tenements, the nature of the native title may be such that consent to mining may be required from that community but is withheld.

No determination of native title has yet been made by the Federal Court or any other body with appropriate jurisdiction in respect of any of the land the subject of the company's tenements. It is also possible that some of the existing claims may be removed from the National Native Title Tribunal Register for failure to satisfy the new registration test which became operative upon proclamation of the Native Title Amendment Act 1998. The consequence of removal of a claim from the Register is that those claimants lose the right to negotiate under the Native Title Act in respect of the future grant of mining tenements over their claim area.

Due to uncertainties in the application of the Native Title Act, the effect, if any, of these claims and procedures on Oropa Limited is not clear.

REVIEW OF OPERATIONS

The review of operations are detailed at page 4 of the financial report.

OPERATING RESULTS

During the financial year the consolidated entity incurred a consolidated operating loss after tax of $2,481,662 (2005 - $5,628,105).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 30 September 2005, Oropa Limited issued 84,300,000 shares to raise additional working capital.
- On 10 November 2005, Oropa Limited issued 36,666,666 shares to raise additional working capital.
- On 15 November 2005, Oropa Limited undertook a 1 for 10 Consolidation of Capital.
- On 10 February 2006, Oropa Limited issued 11,484,918 shares to raise additional working capital.
- On 24 April 2006, Oropa Limited issued 2,467,271 shares to raise additional working capital.
- On 30 April 2006, Oropa Limited issued 1,111,000 shares to raise additional working capital.
- On 5 May 2006, Oropa Limited issued 10,527,000 shares to raise additional working capital.

EMPLOYEES

The consolidated entity employed 51 employees as at 30 June 2006 (2005: 51 employees)

CORPORATE STRUCTURE

The corporate group consists of the parent entity Oropa Limited, its 100% owned subsidiaries Inland Goldmines Pty Ltd, Excelsior Resources Ltd, Oropa Technologies Pty Ltd, Finders Indian Resources Pty Ltd and Aberfoyle Pungkut Investments Pte Ltd.

Aberfoyle Pungkut Investments Pte Ltd holds a 75% interest in PT Sorikmas Mining, with an Indonesian Government mining company PT Aneka Tambang holding the remaining 25%.

LIKELY FUTURE DEVELOPMENTS

Details of important developments occurring in this current financial year have been covered in the review of operations.

Further information on likely developments in the operations of the consolidated entity and the expected results have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

FINANCIAL POSITION

The net assets of the consolidated entity as at 30 June 2006 are $2,377,123 (2005: $176,755).

ENVIRONMENTAL REGULATION

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year.

INFORMATION ON DIRECTORS

Details of the directors of the Company in office at the date of this report are:

Brian J HURLEY *AWASM, MAusIMM*
(Chairman – appointed a director on 27 November 1992)

Experience & expertise
Mr Brian Hurley is a mining engineering graduate from the Western Australian School of Mines and a member of the Australasian Institute of Mining and Metallurgy. He has 40 years experience in open cut and underground gold and nickel mining operations. He currently conducts his own mining consultancy business since retiring as a senior executive with Western Mining Corporation.

Other current directorships
Currently chairman of Jaguar Mining Limited

Former directorships in last 3 years
Previously a director of White Gold Mining Limited until 2004

Special responsibilities
Chairman

Interests in shares and options
529,351 ordinary shares in Oropa Limited.
26,800 options to subscribe for fully paid ordinary shares at 50 cents at any time on or before the expiry date of 31 December 2007.

INFORMATION ON DIRECTORS (CONTINUED)

Philip C CHRISTIE
(Chief Executive Officer – appointed a director on 30 November 1992)

Experience and expertise
Mr Philip Christie offers more than 30 years of technical and management experience and skills relevant to the petroleum and exploration/mining industries. He has spent most of his professional career in the oil and gas industry, providing geological, production testing services and reservoir engineering to many of the world's major oil and gas companies operating in Australia, Asia, India, Pakistan and the Middle East. He has in excess of 20 years experience in providing these specialised services to the oil and gas industry, initially through holding executive positions in two of the industry's largest USA based multinational corporations and subsequently as the managing director of a private exploration and production services consulting group. Since returning to Australia in early 1990, he has provided management and geological consultancy services to the exploration and mining industry in Australia, South East Asia, India and South Africa.

Other current directorships
No other current directorships

Former directorships in last 3 years
No former directorships

Special responsibilities
Managing Director

Interests in shares and options
410,608 ordinary shares in Oropa Limited.
99,240 options to subscribe for fully paid ordinary shares at 50 cents at any time on or before the expiry date of 31 December 2007.
25,202 options to subscribe for fully paid ordinary shares at 20 cents at any time on or before the expiry date of 31 December 2006.

Roderick G MURCHISON
(Non Executive Director – appointed a director on 1 September 1999)

Experience and expertise
Mr Roderick Murchison was born in Singapore and educated in Western Australia. Upon completion of his education, he returned to Singapore to work in the family business. Subsequently, he held senior management positions with two large retail groups in Singapore before establishing his own food manufacturing and distribution business based in Singapore and Malaysia. This business has achieved steady growth during recent years and today it services large multinational oriental food distributors in UK, Europe, USA and Australia. Mr Murchison has been a substantial Oropa shareholder since 1993 and he has represented the interests of other substantial Singaporean and Malaysian shareholders from time to time at the Company's Annual General Meetings. His many years of international management experience gained from his former associations with Singapore's leading supermarket groups and his current dealings with international food distributors has complemented the Oropa board's ability to negotiate and progress the Company's international projects.

Other current directorships
No other current directorships

Former directorships in last 3 years
No former directorships

Special responsibilities
Nomination committee member
Audit committee member
Remuneration committee member

Interests in shares and options
709,852 ordinary shares in Oropa Limited.
100,000 options to subscribe for fully paid ordinary shares at 50 cents at any time on or before the expiry date of 31 December 2007.
101,408 options to subscribe for fully paid ordinary shares at 20 cents at any time on or before the expiry date of 31 December 2006.

Bruce N V TOMICH *BSc(Hons)*
(Non Executive Director – appointed a directior on 3 June 2003)

Experience and expertise
Mr Bruce Tomich has acquired thorough experience in numerous facets of the mining industry. He has worked at senior management levels within financial institutions (including HSBC/Wardley James Capel, Gold Corporation/R&I Bank and AIDC) involved in the provision of project finance and investment banking services to resource companies. In these capacities he has assisted in the development of financial packages for major resource projects including, amongst others, the Granny Smith gold project, the Plutonic gold project, the Girilambone copper project and the Greenbushes tin/tantalum project. Mr Tomich provides technical, corporate and commercial advisory services to the resource industry, and assists companies to progress the development of resource projects in tandem with the procurement of resource finance.

Other current directorships
Non-executive director of Burdekin Resources Ltd

Former directorships in last 3 years
No former directorships

Special responsibilities
Nomination committee member
Audit committee member
Remuneration committee member

Interests in shares and options
No shares or options held.

Company secretary

The company secretary is Mr Dean W Calder B.Bus CA. Mr Calder was appointed to the position of company secretary in 1999. He has had many years of experience in attending to the taxation, accounting and company secretarial requirements of mineral exploration companies, and is currently a Principal of the firm Calder Roth & Co, Chartered Accountants.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the company's directors held during the year ended 30 June 2006, and the number of meetings attended by each director.

	Number eligible to attend	Number Attended
B J Hurley	12	12
P C J Christie	12	12
R G Murchison	12	11
B Tomich	12	11

REMUNERATION REPORT

On 30 June 2006 Oropa Limited established a remuneration committee comprising of Mr BNV Tomich and Mr RG Murchison.

The responsibilities and functions of the Remuneration Committee are as follows:

- review the competitiveness of the Company's executive compensation programs to ensure:

(a) the attraction and retention of corporate officers;

(b) the motivation of corporate officers to achieve the Company's business objectives; and

(c) the alignment of the interests of key leadership with the long-term interests of the Company's shareholders;

- review trends in management compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans;
- review the performance of executive management;
- review and approve Chairperson and chief executive officer goals and objectives, evaluate Chairperson and chief executive officer performance in light of these corporate objectives, and set Chairperson and chief executive officer compensation levels consistent with company philosophy;
- approve the salaries, bonus and other compensation for all senior executives, the committee will recommend appropriate salary, bonus and other compensation to the Board for approval;
- review and approve compensation packages for new corporate officers and termination packages for corporate officers as requested by management;
- review and approve the awards made under any executive officer bonus plan, and provide an appropriate report to the Board;
- review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board as the "Committee" established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the committee under those plans, including making and authorising grants, in accordance with the terms of those plans; and
- review periodic reports from management on matters relating to the Company's personnel appointments and practices.

DIRECTORS' REPORT

Principles used to determine the nature and amount of remuneration

Non-executive directors receive fees in cash. The fees are fixed and approved by shareholders.

Mr Christie is paid an hourly rate for hours worked on behalf of the Company.

Where non-executive directors provide services in their area of expertise they receive payment at normal commercial rates.
There are no executives (other than directors) with authority for strategic decision and management.
The remuneration of the directors is not linked directly to the performance of the company.

Details of remuneration

Details of the remuneration of each director of Oropa Limited, including their personally related entities are set out below:

2006	**Primary**		**Post Employment**		**Equity**	
Name	**Cash Salary & Fees**	**Non-Monetary Benefits**	**Superannuation**	**Retirement Benefits**	**Shares**	**Total**
PCJ Christie[(a)]	241,566	-	-	-	-	**241,566**
BJ Hurley[(b)]	69,000	-	450	-	-	**69,450**
RG Murchison[(c)]	50,914	-	-	-	-	**50,914**
BNV Tomich[(d)]	19,208	-	-	-	-	**19,208**
Total	**380,688**	**-**	**450**	**-**	**-**	**381,138**

(a) $3,500 in directors fees paid to PCJ Christie and $238,066 in consulting fees paid to Yellowmoon Gold Mines Pty Ltd, a personally related entity of PCJ Christie
(b) $5,000 in directors fees paid to BJ Hurley and $64,000 in consulting fees paid to Bencove Pty Ltd, a personally related entity of BJ Hurley
(c) $3,500 in directors fees paid to RG Murchison and $47,414 paid to Murchison Exports Ltd, a personally related entity of RG Murchison
(d) $3,500 in directors fees and $15,708 in consulting fees paid to BNV Tomich

Officer Emoluments

Fees of $64,490 were paid to Calder Roth & Co, an accounting firm of which DW Calder is a principal, for accounting, company secretarial, taxation and other services during the year.

Directors and Officer Insurance

During the year $21,562 was paid for Directors and officeholders insurance which covers all directors and officeholders.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The interest in shares and options in the company in which the directors have a relevant interest as at the date of this report were:

	SHARES	**OPTIONS**
B J Hurley	529,351	26,800
P C Christie	410,608	124,442
R G Murchison	709,852	201,408
B Tomich	-	-

SHARES UNDER OPTION

Unissued ordinary shares of Oropa Limited under option at the date of this report are as follows:

- 13,280,776 options to subscribe for fully paid ordinary shares exercisable at 50 cents at any time on or before the expiry date of 31 December 2007.
- 12,795,104 options to subscribe for fully paid ordinary shares exercisable at 20 cents at any time on or before the expiry date of 31 December 2006.

These options are quoted on the Australian Stock Exchange Limited.

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

The names of all persons who currently hold options, granted at any time, are entered in the register kept by the company pursuant to Section 216C of the Corporations Act 2001 and the register may be inspected free of charge.

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 part of these proceedings.

The Company was not party to any such proceedings during the year.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is set out on page 26.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Oropa Limited paid a premium of $21,562 to insure the directors and officers of the company.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

NON-AUDIT SERVICES

There were no non-audit services undertaken by Stantons International during the financial year.

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 25.

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

PHILIP C CHRISTIE
Director

27 September 2006

Stantons International
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LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
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27 September 2006

Board of Directors
Oropa Limited
25 Charles Street
SOUTH PERTH WA 6151

Dear Sirs

RE: OROPA LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Oropa Limited.

As Audit Director for the audit of the financial statements of Oropa Limited for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

John Van Dieren
Director

CORPORATE GOVERNANCE STATEMENT

Oropa Limited ("Oropa, or the Company") has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.oropa.com.au:

- Corporate governance disclosures and explanations;
- Statement of Board and Management Functions;
- Nomination Committee Charter;
- Policy and procedure for selection and appointment of new directors;
- Summary of code of conduct for directors and key executives;
- Summary of policy on securities trading;
- Audit Committee Charter;
- Policy and procedure for selection of external auditor and rotation of audit engagement partners;
- Summary of policy and procedure for compliance with continuous disclosure requirements;
- Summary of arrangements regarding communication with and participation of shareholders;
- Summary of Company's risk management policy and internal compliance and control system;
- Process for performance evaluation of the Board, Board committees, individual directors and key executives;
- Remuneration Committee Charter; and
- Corporate Code of Conduct.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the Reporting Period the Company has complied with each of the Ten Essential Corporate Governance Principles[1] and the corresponding Best Practice Recommendations[2] as published by the ASX Corporate Governance Council ("**ASX Principles and Recommendations**"), other than in relation to the matters specified below.

Principle Ref	**Recommendation Ref**	**Notification of Departure**	**Explanation for Departure**
2	2.1	No director of the Company is independent in accordance with the test in box 2.1 ("**Independent Test**") of the best practice recommendations as published by ASX Corporate Governance Council.	The majority of directors are considered independent by the board for the reasons set out below under the heading "Identification of Independent Directors". (see page 27)
2	2.2	The Chairperson does not satisfy paragraph 2 of the Independence Test.	The board considers Mr Hurley to act in an independent manner for the reasons set out under the heading "Identification of Independent Directors". (see page 27)
4	4.3	The audit committee comprises 2 members, which is less than the minimum 3 member composition recommended under best practice recommendation 4.3.	The members of the audit committee are both independent from management and have experience relevant to carry out the obligations and duties of an audit committee. It is considered no additional benefit would be gained by adding another member to the audit committee.

SKILLS, EXPERIENCE, EXPERTISE AND TERM OF OFFICE OF EACH DIRECTOR

A profile of each director containing the applicable information is set out on page 19 of the Annual Report.

[1] A copy of the Ten Essential Corporate Governance Principles are set out on the Company's website under the Section entitled "Corporate Governance".
[2] A copy of the Best Practice Recommendations are set out on the Company's website under the section entitled "Corporate Governance".

CORPORATE GOVERNANCE STATEMENT

IDENTIFICATION OF INDEPENDENT DIRECTORS

The independent directors of the Company are Brian Hurley, Roderick Murchison and Bruce Tomich, subject to the comments set out below.

Mr Hurley provides mining consulting services to the Company. The fees for his consulting services are material to the Company, but are not the sole source of Mr Hurley's income. The consulting services relate to Mr Hurley's technical management involvement in the Company's projects.

As a result of Mr Hurley providing material consulting services to the Company he does not fit within paragraph 3 of the Independence Test. Mr Hurley passes all other aspects of the Independence Test.

The Board (in absence of Mr Hurley) considers he is capable of and demonstrates he consistently makes decisions and takes actions which are designed to be for the best interest of the Company and therefore consider him to be independent.

Messrs Murchison and Tomich both provide consultancy services to the Company. The fees for their services are not material to the Company. Accordingly the Board considers these directors to be independent.

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a director then, provided the director first obtains approval for incurring such expense from the chairperson, which will not be unreasonably withheld, the Company will pay the reasonable expenses associated with obtaining such advice.

NAMES OF NOMINATION COMMITTEE MEMBERS AND THEIR ATTENDANCE AT COMMITTEE MEETINGS

The following table identifies those directors who are members of the Nomination Committee and shows their attendance at committee meetings:

Name	**No. of meetings held**	**No. of meetings attended**
Roderick G Murchison	1	1
Bruce Tomich	1	1

NAMES AND QUALIFICATIONS OF AUDIT COMMITTEE MEMBERS

The following directors are members of the Audit Committee, Roderick Murchison (Chairman) and Bruce Tomich. Both are independent non-executive directors, with experience in finance and mining industries as set out in this Annual Report at page 20-21.

NUMBER OF AUDIT COMMITTEE MEETINGS AND NAMES OF ATTENDEES

Name	**No. of meetings held**	**No. of meetings attended**
Roderick G Murchison	1	1
Bruce Tomich	1	1

CONFIRMATION WHETHER PERFORMANCE EVALUATION OF THE BOARD AND ITS MEMBERS HAVE TAKEN PLACE AND HOW CONDUCTED

During the Reporting Period an evaluation of the Board and its members was carried out. The evaluation process comprised an information review by the Chairman.

CORPORATE GOVERNANCE STATEMENT

COMPANY'S REMUNERATION POLICIES

Non-executive directors receive fees in cash. The fees are fixed and approved by shareholders.

Mr Christie has a contract for services pursuant to which he is paid an hourly rate for hours worked on behalf of the Company.

Where non-executive directors provide services in their area of expertise they receive payment at normal commercial rates.

Each of the directors hold options. They have been issued with shareholder approval and are in accordance with thresholds set in plans approved by shareholders.

The remuneration of the directors is not linked directly to the performance of the company.

NAMES OF REMUNERATION COMMITTEE MEMBERS AND THEIR ATTENDANCE AT COMMITTEE MEETINGS.

Name	No of meetings held	No of meetings attended
Roderick G Murchison	1	1
Bruce Tomich	1	1

EXISTENCE AND TERMS OF ANY SCHEMES FOR RETIREMENT BENEFITS FOR NON-EXECUTIVE DIRECTORS

There are no termination or retirement benefits for non-executive directors.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Consolidated		Parent Entity	
		2006 $	2005 $	2006 $	2005 $
Revenue	3	214,408	33,909	159,191	31,866
Corporate secretarial expenses		(43,030)	(38,049)	(40,459)	(36,143)
Depreciation and amortisation	4(a)	(6,352)	(15,862)	(6,336)	(8,872)
Employee benefits expense		(94,671)	(303,035)	(94,671)	(120,620)
Exploration expenditure written off	4(a)	(1,940,334)	(4,256,308)	(394,087)	(682,165)
External consultancy expenses		(207,797)	(207,884)	(171,455)	(141,711)
Foreign exchange loss		(9,108)	(365,118)	-	(122,202)
Insurance expenses		(38,855)	(28,772)	(38,823)	(22,281)
Provision for diminution in value of investments	4(a)	(30,283)	(108,250)	(333)	(706,787)
Provision for doubtful debts	4(a)	(212)	(1,412)	(1,834,666)	(3,167,850)
Rental expenses		(36,572)	(44,661)	(36,572)	(34,462)
Travel and entertainment expenses		(93,145)	(4,935)	(90,425)	-
Other expenses		(195,711)	(287,728)	(195,400)	(166,631)
Loss before income tax		(2,481,662)	(5,628,105)	(2,744,036)	(5,177,858)
Income tax expense	4(b)	-	-	-	-
Net loss after income tax		(2,481,662)	(5,628,105)	(2,744,036)	(5,177,858)
Net loss after income tax attributable to the members of the parent entity		(2,481,662)	(5,628,105)	(2,744,036)	(5,177,858)
Basic/diluted loss per share (cents per share)	21	(0.04)	(0.12)		

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

BALANCE SHEET
AS AT 30 JUNE 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	20	2,514,708	459,356	2,174,428	208,957
Trade and other receivables	5	255,459	177,305	82,235	63,081
Other financial assets	6	1,333	1,667	1,333	1,667
TOTAL CURRENT ASSETS		2,771,500	638,328	2,257,996	273,705
NON-CURRENT ASSETS					
Trade and other receivables	5	-	-	-	-
Other financial assets	6	-	-	-	-
Property, plant and equipment	7	87,949	73,609	37,436	39,601
Other	8	38,777	37,661	-	-
TOTAL NON-CURRENT ASSETS		126,726	111,270	37,436	39,601
TOTAL ASSETS		2,898,226	749,598	2,295,432	313,306
CURRENT LIABILITIES					
Trade and other payables	9	161,731	290,116	47,336	171,383
Provisions	10	303,393	227,766	21,768	10,554
Other	20	12,643	12,874	12,643	12,874
TOTAL CURRENT LIABILITIES		477,767	530,756	81,747	194,811
NON-CURRENT LIABILITIES					
Trade and other payables	9	43,336	42,087	-	-
TOTAL NON-CURRENT LIABILITIES		43,336	42,087	-	-
TOTAL LIABILITIES		521,103	572,843	81,747	194,811
NET ASSETS		2,377,123	176,755	2,213,685	118,495
SHAREHOLDERS' EQUITY					
Parent entity interest:					
Issued capital	11	31,525,228	26,686,002	31,525,228	26,686,002
Reserves	12(a)(b)	479,003	636,199	486,171	486,171
Accumulated losses	12(c)	(29,725,559)	(27,243,897)	(29,797,714)	(27,053,678)
Total parent entity interest		2,278,672	78,304	2,213,685	118,495
Minority interest in controlled entities	19(b)	98,451	98,451	-	-
TOTAL SHAREHOLDERS' EQUITY		2,377,123	176,755	2,213,685	118,495

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to creditors and suppliers		(923,268)	(951,459)	(874,686)	(578,512)
Receipts from customers		1,453	-	-	-
GST Input tax credit refunds received		82,063	67,081	76,267	59,188
Interest received		39,323	21,866	39,323	21,866
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	20(b)	(800,429)	(865,512)	(759,096)	(497,458)
CASH FLOWS FROM INVESTING ACTIVITIES					
Mining exploration and evaluation expenditure		(1,916,924)	(1,186,586)	(394,087)	(448,960)
Purchase of property, plant and equipment		(32,648)	(30,390)	(5,553)	(5,193)
Proceeds from sale of property plant and equipment		-	10,000	-	10,000
Payments for investments		-	(5,086)	-	(213)
Advances in loans to controlled entities		-	-	(1,714,788)	(1,142,251)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(1,949,572)	(1,212,062)	(2,114,428)	(1,586,617)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares and options		5,034,232	1,911,372	5,034,232	1,911,372
Share and option issue costs		(195,006)	(119,080)	(195,006)	(119,080)
NET CASH INFLOW FROM FINANCING ACTIVITIES		4,839,226	1,792,292	4,839,226	1,792,292
Net increase / (decrease) in cash and cash equivalents held		2,089,225	(282,282)	1,965,702	(291,783)
Cash and cash equivalents at the beginning of the financial year		446,482	763,293	196,083	487,866
Effects of exchange rate changes on cash		(33,642)	(34,529)	-	-
Cash and cash equivalents at the end of the financial year	20(a)	2,502,065	446,482	2,161,785	196,083

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

Consolidated

	Share Capital	Reserves	Accumulated Losses	Minority Interest	Total
	$	$	$	$	$
Balance at 1.7.04	24,032,599	486,171	(21,615,792)	885,427	3,788,405
Issue of shares	2,772,483	-	-	-	2,772,483
Share issue costs	(119,080)	-	-	-	(119,080)
Foreign currency reserve	-	150,028	-	-	150,028
Minority interest	-	-	-	(786,976)	(786,976)
Loss for the year	-	-	(5,628,105)	-	(5,628,105)
Balance at 30.06.05	26,686,002	636,199	(27,243,897)	98,451	176,755
Balance at 1.7.05	26,686,002	636,199	(27,243,897)	98,451	176,755
Issue of shares	5,034,232	-	-	-	5,034,232
Share issue costs	(195,006)	-	-	-	(195,006)
Foreign currency reserve	-	(157,196)	-	-	(157,196)
Issue of options	-	-	-	-	-
Loss for the year	-	-	(2,481,662)	-	(2,481,662)
Balance at 30.06.06	31,525,228	479,003	(29,725,559)	98,451	2,377,123

Parent

	Share Capital	Reserves	Accumulated Losses	Minority Interest	Total
	$	$	$	$	$
Balance at 1.7.04	24,032,599	486,171	(21,875,820)	-	2,642,950
Issue of shares	2,772,483	-	-	-	2,772,483
Share issue costs	(119,080)	-	-	-	(119,080)
Foreign currency reserve	-	-	-	-	-
Loss for the year	-	-	(5,177,858)	-	(5,177,858)
Balance at 30.06.05	26,686,002	486,171	(27,053,678)	-	118,495

	Share Capital	Reserves	Accumulated Losses	Minority Interest	Total
	$	$	$	$	$
Balance at 1.7.05	26,686,002	486,171	(27,053,678)	-	118,495
Issue of shares	5,034,232	-	-	-	5,034,232
Share issue costs	(195,006)	-	-	-	(195,006)
Foreign currency reserve	-	-	-	-	-
Issue of options	-	-	-	-	-
Loss for the year	-	-	(2,744,036)	-	(2,744,036)
Balance at 30.06.06	31,525,228	486,171	(29,797,714)	-	2,213,685

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

The financial report covers the economic entity of Oropa Limited and controlled entities, and Oropa Limited as an individual parent entity. Oropa Limited is a listed public company, incorporated and domiciled in Australia.

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

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Oropa Limited and controlled entities, and Oropa Limited as an individual parent entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Oropa Limted to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented. The parent and consolidated entities have however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement. Refer to Note 39 for further details on changes in accounting policy.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

The consolidated financial statements have been prepared on a going concern basis.

However, the ability of the company and the consolidated entity to actively explore and continue as a going concern, and to meet their debts and commitments as they fall due, is dependant upon further capital raisings.

The Directors are confident that the company will be successful in raising further capital and, accordingly, have prepared the financial report on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2006. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Accounting policies

(a) Principles of Consolidation

A controlled entity is any entity Oropa Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 17 to the financial statements. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profit or losses have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included / excluded from the date control was obtained or until the date control ceased.

(b) Income Tax

The charge for current income tax expenses 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 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 that 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 tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation
The depreciable amount of all fixed assets is based on the diminishing value method over their useful lives to the Company commencing from the time the assets are held ready for use. The depreciation rates used for plant and equipment vary between 2.5% and 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Depreciation (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(d) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares 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 costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is determined having reference to the fair value of the assets or net assets acquired, including goodwill or discount on acquisition where applicable.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

(e) 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 areas 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.

(f) Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(g) Impairment of Assets

At each reporting date, the group 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.

(h) Interest in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated income statement and consolidated balance sheet.

The economic entity's interest in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interest in joint venture entities are brought to account using the cost method.

(i) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical costs continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as qualifying cashflow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and Liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange rate differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(j) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the sale of assets is recognised at the date that the contract is entered into.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(l) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation 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.

(o) Share Based Payment Transactions

The group provides benefits to the directors and senior executives in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with directors is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to price of the shares of Oropa Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the market conditions are fulfilled.

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that in the opinion of the directors will ultimately vest. The opinion is formed on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(p) Trade and other receivables

CURRENT

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors 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 and in any event when the debt is more than 60 days overdue.

NON-CURRENT

All debtors that are not expected to be received within 12 months of reporting date are included in non-current receivables.

Collectibility of non-current 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.

(q) Trade and other creditors

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

(r) Operating Leases

Operating lease payments are charged to the Income Statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(s) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL REPORTING STANDARDS

	Previous GAAP at 1.7.04	Adjustment on introduction of Australian equivalents To IFRS	Australian equivalents to IRFS at 1.7.04
	$	$	$
Reconciliation of Equity at 1 July 2004			
ASSETS			
Current assets			
Cash and cash equivalents	776,218	-	776,218
Trade and other receivables	130,524	-	130,524
Financial assets	10,916	-	10,916
Total current assets	**917,658**	**-**	**917,658**
Non-current assets			
Plant & equipment	69,881	1,240	71,121
Other	3,819,640	48,312	3,867,952
Financial assets	100,200	-	100,200
Total non-current assets	**3,989,721**	**49,552**	**4,039,273**
Total assets	**4,907,379**	**49,552**	**4,956,931**
Current liabilities			
Trade and other payables	233,470	-	233,470
Provisions	14,583	-	14,583
Deferred consideration	861,111	-	861,111
Other	12,935	-	12,935
Total current liabilities	1,122,099	-	1,122,099
Non-current liabilities			
Trade and other payables	44,584	1,843	46,427
Total non-current liabilities	**44,584**	**1,843**	**46,427**
Total liabilities	**1,166,683**	**1,843**	**1,168,526**
Net assets	**3,740,696**	**47,709**	**3,788,405**
Equity			
Issued Capital	24,032,599	-	24,032,599
Reserves	486,171	-	486,171
Accumulated losses	(21,663,501)	47,709	(21,615,792)
Total parent entity interest	**2,855,269**	**47,709**	**2,902,978**
Minority interest	885,427	-	885,427
Total Equity	**3,740,696**	**47,709**	**3,788,405**

2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL REPORTING STANDARDS (CONTINUED)

	Previous GAAP at 30.6.05	Adjustment on introduction of equivalents to IFRS	Australian equivalents to IRFS at 30.6.05
	$	$	$
Reconciliation of Equity at 30 June 2005			
ASSETS			
Current assets			
Cash and cash equivalents	459,356	-	459,356
Trade and other receivables	177,305	-	177,305
Financial assets	1,667	-	1,667
Total current assets	**638,328**	**-**	**638,328**
Non-current assets			
Plant & equipment	74,123	(514)	73,609
Other	37,661	-	37,661
Total non-current assets	**111,784**	**(514)**	**111,270**
Total assets	**750,112**	**(514)**	**749,598**
Current liabilities			
Trade and other payables	290,116	-	290,116
Provisions	227,766	-	227,766
Other	12,874	-	12,874
Total current liabilities	**530,756**	**-**	**530,756**
Non-current liabilities			
Trade and other payables	42,087	-	42,087
Total non-current liabilities	**42,087**	**-**	**42,087**
Total liabilities	**572,843**	**-**	**572,843**
Net assets	**177,269**	**(514)**	**176,755**
Equity			
Issued Capital	26,686,002	-	26,686,002
Reserves	486,171	150,028	636,199
Accumulated losses	(27,093,355)	(150,542)	(27,243,897)
Total parent entity interest	**78,818**	**(514)**	**78,304**
Minority interest	98,451	-	98,451
Total Equity	**177,269**	**(514)**	**176,755**

2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL REPORTING STANDARDS (CONTINUED)

	Previous GAAP	Adjustment on introduction of Australian Equivalents To IFRS	Australian equivalents to IRFS
	$	$	$
Reconciliation of Profit or Loss for the year ended 30 June 2005			
Revenue from ordinary activities	33,923	(14)	33,909
Expenses			
Corporate secretarial expenses	(38,049)	-	(38,049)
Depreciation	(15,907)	45	(15,862)
Employee benefits expense	(304,154)	1,119	(303,035)
Exchange rate loss	(38,893)	(326,225)	(365,118)
Exploration expenditure written off	(4,382,241)	125,933	(4,256,308)
External consultancy expenses	(208,000)	116	(207,884)
Insurance expenses	(28,814)	42	(28,772)
Provision for diminution of investments	(108,250)	-	(108,250)
Provision for doubtful debts	(1,412)	-	(1,412)
Rental expense	(44,727)	66	(44,661)
Travel	(4,948)	13	(4,935)
Other expenses from ordinary activities	(288,382)	654	(287,728)
Loss from ordinary activities before income tax expense	(5,429,854)	(198,251)	(5,628,105)
Income tax expense	-	-	-
Loss attributable to members of Oropa Limited	**(5,429,854)**	**(198,251)**	**(5,628,105)**

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$

3. REVENUE

Revenue from outside the operating activities				
Interest	39,323	23,899	39,323	21,866
Foreign exchange gain	173,596	-	119,868	-
Proceeds from sale of property, plant and equipment	-	10,000	-	10,000
Other	1,489	10	-	-
Revenue from ordinary activities	214,408	33,909	159,191	31,866

4(a) LOSS BEFORE INCOME TAX

Net Expenses
The loss before income tax includes the following expenses:

(i) Expenses:				
Exploration expenditure written off	1,940,334	4,256,308	394,087	682,165
Depreciation	6,352	15,862	6,336	8,872
Provision for diminution in value of investments	30,283	108,250	333	706,787
Rental expenses	36,572	44,661	36,572	34,462
Provision for doubtful debts	212	1,412	1,834,666	3,167,850

4(b) INCOME TAX

(i) Numerical reconciliation of income tax expense to prima facie tax payable:

Loss from ordinary activities before income tax expense	(2,481,662)	(5,628,105)	(2,744,036)	(5,177,858)
Prima facie tax benefit on loss from ordinary activities:	(744,499)	(1,688,432)	(823,211)	(1,553,357)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income				
Unrealised foreign exchange gains	(52,079)	-	(35,960)	-
Entertainment	4,581	7,103	4,581	7,103
Legal	278	-	278	-
Donations	433	508	433	508
	(791,286)	(1,680,821)	(853,879)	(1,545,746)
Movement in unrecognised temporary difference	563,665	1,489,822	640,925	1,371,211
Tax effect of current year tax losses for which no Deferred tax asset has been recognised	227,621	190,999	212,954	174,535
Income tax expense	-	-	-	-

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
(ii)Unrecognised temporary differences				
Deferred Tax Assets (at 30%)				
Carried forward revenue tax losses	3,472,348	3,244,727	2,797,289	2,584,335
Carried forward capital tax losses	823,879	817,445	703,957	701,860
Carried forward foreign tax losses	1,300,731	1,168,017	1,107,885	994,842
Provisions	721,926	714,076	6,531	7,666
Blackhole expenditure	70,925	32,990	70,925	32,990
	6,389,809	5,977,255	4,686,587	4,321,693
Deferred Tax Liability (at 30%)				
Provisions	635,122	626,137	-	-
	635,122	626,137	-	-

This benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
(ii) the losses are transferred to an eligible entity in the consolidated entity, and
(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and
(iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
5. TRADE AND OTHER RECEIVABLES				
CURRENT				
Other debtors	255,459	177,305	82,235	63,081

Other debtors
These amounts generally arise from transactions outside the usual operating activities of the consolidate entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

NON-CURRENT				
Other debtors	282,675	282,675	-	-
Less provision for doubtful debts	(282,675)	(282,675)	-	-
Loans to controlled entities	-	-	9,314,392	7,479,736
Less provision for doubtful debts	-	-	(9,314,392)	(7,479,736)
	-	-	-	-

Other non current debtors includes $247,880 (2005 - $247,880) receivable from a related party B Vijaykumar Chhattisgarh Exploration Private Limited which has been fully provided for.

Further information relating to receivables from related parties is set out in Note 17.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
6. OTHER FINANCIAL ASSETS				
CURRENT				
Investments listed on a prescribed stock exchange	1,333	1,667	1,333	1,667
NON-CURRENT				
Investments in controlled entities (Note 19)				
at cost	-	-	2,344,381	2,344,381
Less provision for diminution	-	-	(2,344,381)	(2,344,381)
Investments in other entities, at cost	1,834,510	1,805,760	-	-
Less provision for diminution	(1,834,510)	(1,805,760)	-	-
	-	-	-	-

Shares in controlled entities

The carrying value of the investments in controlled entities is dependent upon the successful development and exploitation of the controlled entities' tenements, or alternatively the sale of those tenements for at least carrying value.

Investments in other entities

Investments in other entities includes the following:

- 19.9% shareholding in CEPO Systems Pty Limited, a company involved in the development of e-commerce business to business software. This investment has been fully provided for.

- 20% interest in B Vijaykumar Technical Services Pvt Limited, a company involved in diamond exploration in India. As Finders Indian Resources Pty Ltd, Oropa Limited's wholly owned subsidiary, no longer has significant influence over B Vijaykumar Technical Services Pvt Limited, the investment was transferred to other investments from investment in associates in the prior year. This investment has been fully provided for.

7. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
NON-CURRENT				
Leasehold improvements, at cost	6,003	6,003	6,003	6,003
Less: accumulated amortisation	(680)	(530)	(680)	(530)
	5,323	5,473	5,323	5,473
Plant and equipment, at cost	69,098	56,952	16,065	16,065
Less: accumulated depreciation	(38,610)	(32,822)	(10,695)	(9,992)
	30,488	24,130	5,370	6,073
Motor vehicles, at cost	11,647	-	-	-
Less: accumulated depreciation	(1,749)	-	-	-
	9,898	-	-	-
Office equipment, at cost	151,847	144,080	94,313	95,920
Less: accumulated depreciation	(109,607)	(100,074)	(67,570)	(67,865)
	42,240	44,006	26,743	28,055
Total property, plant and equipment	87,949	73,609	37,436	39,601

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

Consolidated	Leasehold Improvements $	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Total $
Carrying amount at 1 July 2005	5,473	24,130	-	44,006	73,609
Additions	-	12,146	11,647	9,150	32,943
Disposals	-	-	-	(1,383)	(1,383)
Depreciation expense	(150)	(5,788)	(1,749)	(9,533)	(17,220)
Carrying amount at 30 June 2006	5,323	30,488	9,898	42,240	87,949

7. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Parent	Leasehold Improvements $	Plant & Equipment $	Office Equipment $	Total $
Carrying amount at 1 July 2005	5,473	6,073	28,055	39,601
Additions	-	-	5,554	5,554
Disposals	-	-	(1,383)	(1,383)
Depreciation expense	(150)	(703)	(5,483)	(6,336)
Carrying amount at 30 June 2006	5,323	5,370	26,743	37,436

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
8. OTHER ASSETS				
NON-CURRENT				
Mining exploration and evaluation expenditure				
Costs brought forward	-	3,819,640	-	138,983
Expenditure incurred during the year	1,940,334	562,601	394,087	543,182
Expenditure written off during the year	(1,940,334)	(4,382,241)	(394,087)	(682,165)
Costs carried forward	-	-	-	-
Deposits	38,777	37,661	-	-
	38,777	37,661	-	-

For those areas of interest which are still in the exploration phase, the ultimate recoupment of the stated costs is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Some of the company's exploration properties are subject to claim(s) under native title. As a result, exploration properties or areas within the tenements maybe subject to exploration and/or mining restrictions.

Deposit
The deposits include a building rental deposit of USD 3,689 and a mineral exploration deposit of USD 25,000.

Mineral exploration deposit is to guarantee a minimum level of financial support for mineral exploration by the Company. The cash component is deposited at a government bank appointed by the Ministry of Energy and Mineral Resources. This deposit is refundable on the basis that the Company meets certain performance conditions set out in the Contract of Work.

Guarantee
On 25 March 1999, PT (Persero) Bank Dagang Negara issued a US$ 41,190 Performance Bond to the Ministry of Energy and Mineral Resources. This Performance Bond has been reduced in stages by 75%. The last reduction was to US$ 10,298 on 4 January 2002 by PT (Persero) Bank Mandiri (a bank established from a merger of four state-owned banks, including PT (Persero) Bank Dagang Negara). The bank guarantee expires on 7 October 2006.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
9. TRADE AND OTHER PAYABLES				
CURRENT				
Trade creditors	160,409	275,116	47,336	156,383
Other creditors	1,322	15,000	-	15,000
	161,731	290,116	47,336	171,383
NON-CURRENT				
Other creditors	43,336	42,087	-	-
	43,336	42,087	-	-

Other creditors

This is an amount payable to PT Aberfoyle Indonesia.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
10. PROVISIONS				
CURRENT				
Employee Entitlements	303,393	227,766	21,768	10,554

Employee numbers	**Number**		**Number**	
Average number of employees during the financial year	51	51	51	51

	Parent Entity 2006 $	Parent Entity 2005 $
11. SHARE CAPITAL		
Issued Capital		
Fully paid – Ordinary shares		
93,816,886 (2005 – 561,301,683)	31,525,228	26,686,002

Movements in ordinary share capital of the company during the past 2 years were as follows:

		Number of shares	$
01-07-2004	Opening Balance	444,300,072	24,032,599
24-08-2004	Share issue	27,777,778	861,111
29-10-2004	Share issue	38,333,333	690,000
21-03-2005	Share issue	50,890,500	1,221,372
30-06-2005	Share issue costs	-	(119,080)
		561,301,683	26,686,002
30-09-2005	Share issue	84,300,000	1,011,600
10-11-2005	Share issue	36,666,666	440,000
15-11-2005	Consolidation of Capital (1:10)	(614,041,652)	-
10-02-2006	Share issue	11,484,918	1,607,891
24-04-2006	Share issue	2,467,271	345,421
30-04-2006	Share issue	1,111,000	155,540
05-05-2006	Share issue	10,527,000	1,473,780
30-06-2006	Share issue costs	-	(195,006)
		93,816,886	31,525,228

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

12. RESERVES AND ACCUMULATED LOSSES

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(a) Option Premium Reserve				
Balance at the beginning of the financial year	486,171	486,171	486,171	486,171
Balance at the end of the financial year	486,171	486,171	486,171	486,171

The Option Premium Reserve is used to record the net premiums received for issued options. The balance standing to the credit of the reserve will be transferred to share capital as options are exercised or to accumulated losses as options expired unexercised. The option premium reserve may be subject to capital gains tax if the options are not exercised.

12. RESERVES AND ACCUMULATED LOSSES (CONTINUED)

Options

At 30 June 2006, the company had the following listed options:

- 13,280,776 options to subscribe for fully paid ordinary shares exercisable at 50 cents at any time on or before the expiry date of 31 December 2007.
- 12,795,104 options to subscribe for fully paid ordinary shares exercisable at 20 cents at any time on or before the expiry date of 31 December 2006.

These options are quoted on the Australian Stock Exchange Limited.

The following options were issued during the year:

- 12,795,104 options to subscribe for fully paid ordinary shares exercisable at 20 cents at any time on or before the expiry date of 31 December 2006. These options are quoted on the Australian Stock Exchange Limited.

	Consolidated		Parent Entity	
	2006 $	2005 $	2006 $	2005 $
(b) Foreign Currency Reserves				
Balance at the beginning of the financial year	150,028	-	-	-
Movement for the year	(157,196)	150,028	-	-
Balance at the end of the financial year	(7,168)	150,028	-	-
(c) Accumulated Losses				
Balance at the beginning of the financial year	(27,243,897)	(21,615,792)	(27,053,678)	(21,875,820)
Net losses attributable to members of Oropa Limited	(2,481,662)	(5,628,105)	(2,744,036)	(5,177,858)
Balance at the end of the financial year	(29,725,559)	(27,243,897)	(29,797,714)	(27,053,678)

13. DIRECTORS & EXECUTIVES DISCLOSURES

The key management personnel of the company are as follows:

Directors
The following persons were directors of Oropa Limited during the financial year:

Chairman – non-executive
Brian J Hurley

Executive directors
Philip C Christie

Non-executive directors
Roderick G Murchison
Bruce NV Tomich

There are no specified executives (other than directors) with authority for strategic decision and management.

Remuneration of directors

Non-executive directors receive fees in cash. The fees are fixed and approved by shareholders.

Where non-executive directors provide services in their area of expertise they receive payment at normal commercial rates.

The remuneration of the directors is not linked directly to the performance of the company.

Details of remuneration

Details of the remuneration of each director of Oropa Limited, including their personally related entities are set out below:

2006	Short Term		Post Employment		Equity	
Name	Cash Salary & Fees	Non-Monetary Benefits	Superannuation	Retirement Benefits	Shares	Total
PCJ Christie	241,566	-	-	-	-	**241,566**
BJ Hurley	69,000	-	450	-	-	**69,450**
RG Murchison	50,914	-	-	-	-	**50,914**
BNV Tomich	19,208	-	-	-	-	**19,208**
Total	**380,688**	**-**	**450**	**-**	**-**	**381,138**

2005	Short term		Post Employment		Equity	
Name	Cash Salary & Fees	Non-Monetary Benefits	Superannuation	Retirement Benefits	Shares	Total
PCJ Christie	208,852	-	-	-	-	**208,852**
BJ Hurley	46,000	-	450	-	-	**46,450**
RG Murchison	41,473	-	-	-	-	**41,473**
BNV Tomich	4,200	-	-	-	-	**4,200**
Total	**300,525**	**-**	**450**	**-**	**-**	**300,975**

Directors and Officers Insurance

During the year $21,562 was paid for Directors and officeholders insurance which covers all directors and officeholders.

14. DIRECTOR & EXECUTIVES DISCLOSURES (CONTINUED)

Service Agreements

Currently there are no service agreements in place with any of the directors.

Shareholdings

The number of shares in the company held by each director of Oropa Limited, including their personally-related entities, are set out below:

Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
PCJ Christie	3,602,060	-	(3,191,452)	410,608
BJ Hurley	4,893,519	-	(4,364,168)	529,351
RG Murchison	5,070,370	-	(4,360,518)	709,852
BNV Tomich	-	-	-	-

Options

The number of options over ordinary shares in the company held during the financial year by each director of Oropa Limited, including their personally-related entities, are set out below.

Name	Balance at start of the year	Granted during the year as remuneration	Other changes during the year	Balance at end of the year	Vested and exerciseable at the end of the year
PCJ Christie	992,403	-	(867,961)	124,442	124,442
BJ Hurley	268,000	-	(2,412,200)	26,800	26,800
RG Murchison	1,000,000	-	(798,592)	201,408	201,408
BNV Tomich	-	-	-	-	-

The options are to subscribe for fully paid ordinary shares exercisable at:

- 50 cents at any time on or before the expiry date of 31 December 2007
- 20 cents at any time on or before the expiry date of 31 December 2006

These options are quoted on the Australian Stock Exchange Limited.

15. REMUNERATION OF AUDITORS

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:				
Stantons International	22,623	30,814	22,623	21,541
Other	2,237	-	-	-
	24,860	30,814	22,623	21,541
Remuneration for other services	-	-	-	-

16. CONTINGENT LIABILITIES

The parent and consolidated entity did not have any contingent liabilities as at 30 June 2006 or 30 June 2005.

17. RELATED PARTIES

Directors and specified executives

Disclosures relating to directors and specified executives are set out in note 13.

Wholly owned Group

The wholly-owned group consists of Oropa Limited and its wholly-owned subsidiaries Inland Goldmines Pty Limited, Excelsior Resources Limited, Oropa Technologies Pty Limited and Finders Indian Resources Pty Limited.

Oropa owns 100% of the shares in Aberfoyle Pungkut Investments Pte Ltd (API). API holds a 75% interest in PT Sorikmas Mining, with the Indonesian Government mining company, P.T. Aneka Tambang holding the remaining 25%.

Transactions between Oropa Limited and related parties in the wholly-owned group during the year ended 30 June 2006 consisted of loans on an interest free basis with no fixed term and no specific repayment arrangements. Oropa Limited made an additional provision for doubtful debts of $1,834,656 in its accounts for the year ended 30 June 2006 (2005 - $3,167,850) in relation to the loans made to its subsidiaries. No other amounts were included in the determination of operating loss before tax of the parent entity that resulted from transactions with related parties in the wholly-owned group.

Other related parties

Aggregate amounts receivable from related parties in the wholly owned group at balance date were as follows:

	Parent Entity	
	2006 $	2005 $
Non-current receivables (note 5)	9,314,392	7,479,376
Provision for doubtful debts (note 5)	(9,314,392)	(7,479,376)
-		-

An amount of $247,880 (2005 - $247,880) is still outstanding from an advance to B Vijaykumar Chhattisgarh Exploration Private Limited, being a subsidiary of a company that the consolidated entity has an investment in. This amount was used to fund diamond exploration activities in India. The loan is interest free. The loan has been fully provided for in the accounts.

18. EXPENDITURE COMMITMENTS

Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the company and consolidated entity were previously required to outlay lease rentals and to meet the minimum expenditure requirements of the Mines Departments.

During the year ended 30 June 2006, these obligations were signed across to third parties giving the Company a free carried 50% interest in the tenements.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
Not later than one year (see below)	1,070,184	8,614	-	8,614
Later than one year, but not later than 2 years	-	8,614	-	8,614
Later than two years, but not later than 5 years	-	25,842	-	25,842
	1,070,184	43,070	-	43,070

PT Sorikmas Mining Commitments
Under the Contract of Work (CoW), the Company is required to spend certain minimum expenditures in respect of the contract area as follows:

	US$ / km^2
General survey period	100
Exploration period	1,100

As at 30 June 2006, the contract area covered 66,200 hectares.

The exploration period has been extended several times. The latest is on 9 December 2005, whereby the Company obtained approval from the Director General of Mineral, Coal and Geothermal for further extension of the CoW exploration period from 7 October 2005 to 6 October 2006.

In addition, on 3 April 2006, the Company received approval from the Director General of Mineral, Coal and Geothermal to temporarily suspend the field exploration activities in Block I and Block II totalling 33,640 hectares for the one year period from 4 March 2006 to 3 March 2007.

Operating Leases

Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
Not later than one year	45,000	40,400	45,000	40,400
Later than one year, but not later than 5 years	-	44,200	-	44,200
	45,000	84,600	45,000	84,600

The company has an option to extend the lease for another three years after the date of expiration, being 1 July 2007.

Capital Commitments

There were no outstanding capital commitments not provided for in the financial statements of the company as at 30 June 2006 or 30 June 2005.

19. INVESTMENTS IN CONTROLLED ENTITIES

Controlled Entities:	Class of Shares	Cost of Parent Entity's Investment 2006 $	Cost of Parent Entity's Investment 2005 $	Equity Holding 2006	Equity Holding 2005
Inland Goldmines Pty Limited (Incorporated in Australia)	Ordinary	583,942	583,942	100%	100%
Excelsior Resources Limited (Incorporated in Australia)	Ordinary	1,062,900	1,062,900	100%	100%
Oropa Technologies Pty Limited (Incorporated in Australia)	Ordinary	1	1	100%	100%
Finders Indian Resources Pty Limited (Incorporated in Australia)	Ordinary	1	1	100%	100%
Aberfoyle Pungkut Investments Pte Ltd[(a)] (Incorporated in Singapore)	Ordinary	697,537	697,537	100%	100%
PT Sorikmas Mining [(b)] (Incorporated in Indonesia)	Ordinary	-	-	75%	75%
		2,344,381	2,344,381		

(a) When Oropa Limited issued 9,259,259 shares as consideration for exercising the option to acquire 100% of the shares in Aberfoyle Pungkut Indonesia Pte Ltd, it was assigned the vendors receivables from Aberfoyle Pungkut Investments Pte Ltd and PT Sorikmas Mining. This reduced the cost of the investment in Aberfoyle Pungkut Investments Pte Ltd.

(b) Aberfoyle Pungkut Investments Pte Ltd holds a 75% interest in PT Sorikmas Mining, with an Indonesian Government mining company PT Aneka Tambang holding the remaining 25%. The outside equity interest in PT Sorikmas Mining equates to 25% of the issued capital of USD$ 300,000, being AUD$98,451 as at 30 June 2006.

20. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows cash includes cash and cash equivalents on hand and at call deposits with banks, and investments in money market instruments net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Cash at bank	2,502,065	446,482	2,161,785	196,083
Restricted Cash at Bank (not available for use)	12,643	12,874	12,643	12,874
	2,514,708	459,356	2,174,428	208,957

Restricted cash at bank is cheques returned from the proceeds of the sale of unmarketable proceeds.

20. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of operating loss after income tax to net cash flow from operating activities

Operating (loss) after income tax	(2,481,662)	(5,628,105)	(2,744,036)	(5,177,858)
Non Cash Items				
Depreciation	6,352	15,862	6,336	8,872
Provision for doubtful debts	212	1,412	1,834,656	3,167,850
Provision for diminution in investments	30,283	108,250	333	706,787
Exploration costs written off	1,940,334	4,256,308	394,087	682,155
Loss on sale of assets	1,383	242	1,383	242
Non-cash transactions	6,492	(6,099)	-	-
Net exchange differences	(173,596)	365,118	(119,868)	122,203
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
(Increase) / decrease in receivables	(78,487)	(55,019)	(19,154)	(22,131)
Increase / (decrease) in payables	(127,367)	16,345	(124,047)	18,451
Increase / (decrease) in provisions	75,627	63,174	11,214	(4,029)
Net cash (outflow) from operating activities	(800,429)	(862,512)	(759,096)	(497,458)

21. EARNINGS PER SHARE

	Consolidated 2006 cents	Consolidated 2005 cents
(a) Basic and diluted earnings per share	(0.04)	(0.12)
(b) Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share	60,000,304	47,535,519

As disclosed in note 12 the company has on issue 13,280,776 listed options to subscribe for fully paid ordinary shares exercisable at 50 cents at any time on or before the expiry date 31 December 2007 and the company had issued a further 12,795,104 listed options to subscribe for fully paid ordinary shares exercisable at 20 cents at any time on or before the expiry date 31 December 2006. As the exercise price of these options at balance date was greater than the market price of the shares, it is considered the options are unlikely to be exercised and consequently have not been considered dilutive.

None of the options have been included in the determination of basic earnings per share. Details relating to options are set out in Note 12.

Reconciliation of earnings used in calculating basic earnings per share

	Consolidated 2006 $	Consolidated 2005 $
Net Loss	(2,481,662)	(5,628,105)

22. JOINT VENTURES

The consolidated entity has interests in the following unincorporated exploration joint ventures:

Joint Venture	Principal Activities	Interest 2006	Interest 2005
Company:			
Oropa Limited			
Golden Valley	Mineral Exploration	5%	5%
Mt Keith	Mineral Exploration	2% Royalty	2% Royalty
Lime Kilns	Mineral Exploration	85%	85%
Controlled Entities:			
Excelsior Resources Limited			
Mulgabbie	Mineral Exploration	95%	95%
Aberfoyle Pungkut Investments Pte Ltd			
Pungkut	Mineral Exploration	75%	75% (Earning)

At balance date there was no exploration and evaluation expenditure in respect of areas of interest subject to joint ventures included in other non-current assets of the consolidated entity and company. For details of capital expenditure commitments relating to joint ventures (refer note 18).

23. FINANCIAL INSTRUMENTS

Credit Risk Exposure

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the consolidated entity.

The credit risk exposure on financial assets of the company which have been recognised on the Balance Sheet is generally the carrying amount, net of any provisions for doubtful debts. In the case of cash deposits, credit risk is minimised by depositing with recognised financial intermediaries such as banks subject to Australian Prudential Regulation Authority supervision.

Interest Rate Risk Exposures

The company's exposure to interest rate risk is limited to the floating market rate for cash and cash deposits and fixed rate for hire purchase obligations. All other financial assets and liabilities are non interest bearing and the consolidated entity intends to hold fixed rate assets and liabilities to maturity. The weighted average interest rate during the year for cash and cash deposits was 2.64% (2005: 3.54%)

Foreign Currency Risk

The group is exposed to fluctuations in foreign currencies arising from costs incurred at overseas mineral exploration tenements. Overseas expenses are paid at the spot rate applicable on the date the invoice is received. The group does not hedge to reduce the foreign exchange risk as the directors believe the risk is not significant.

23. FINANCIAL INSTRUMENTS (CONTINUED)

	Floating Interest Rate $		Non-interest Bearing $		Total $	
	2006	2005	2006	2005	2006	2005
Financial Assets						
Cash and cash equivalents	2,514,708	459,356	-	-	2,514,708	459,356
Trade and other receivables	-	-	255,459	177,305	255,459	177,305
Other financial assets	-	-	1,333	1,667	1,333	1,667
Deposits	-	-	38,777	37,661	38,777	37,661
Total Financial Assets	2,514,708	459,356	295,569	216,633	2,810,277	675,989
Financial Liabilities						
Trade and other payables	-	-	205,067	332,203	205,067	332,203
Restricted cash	12,643	12,874	-	-	12,643	12,874
Total Financial Liabilities	12,643	12,874	332,203	332,203	217,710	345,077

Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the company approximates their carrying value.

25. SEGMENT INFORMATION

Primary Reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

2006

	Australia	South East Asia	India	Unallocated	Consolidated
	$	$	$	$	$
Other revenue	1,453	-	36	212,919	214,408
Segment results	(397,089)	(1,474,149)	(104,469)	(505,955)	(2,481,662)
Unallocated revenue less unallocated expenses					-
Loss from ordinary activities before income tax					(2,481,662)
Income tax expense					-
Net loss					(2,481,662)
Segment assets	2,135,914	261,092	-	501,220	2,898,226
Segment liabilities	83,073	438,030	-	-	521,103
Investments	1,333	-	-	-	1,333
Acquisition of property, plant and equipment	5,554	50,009	-	-	55,563
Mineral exploration expenditure written off	403,658	1,462,763	73,913	-	1,940,334
Depreciation expense	6,352	-	-	-	6,352

25. SEGMENT INFORMATION (CONTINUED)

2005

	Australia	South East Asia	India	Unallocated	Consolidated
	$	$	$	$	$
Other revenue	10,010	-	-	23,899	33,909
Segment results	(357,224)	(3,841,427)	(122,696)	(66,791)	(4,388,138)
Unallocated revenue less unallocated expenses					(1,239,967)
Loss from ordinary activities before income tax					(5,628,105)
Income tax expense					-
Net loss					(5,628,105)
Segment assets	143,803	146,953	-	458,842	749,598
Segment liabilities	196,130	376,713	-	-	572,843
Investments	1,667	-	-	-	1,667
Acquisition of property, plant and equipment	5,193	25,197	-	-	30,390
Mineral exploration expenditure written off	358,341	3,834,413	122,696	(59,142)	4,256,308
Depreciation expense	8,893	7,014	-	(45)	15,862

Notes to and forming part of the segment information

(a) Accounting policies
Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the segment reporting accounting standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and goodwill and other intangible assets, net of related provisions. Whilst most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes.

Secondary Reporting – Business Segments

The consolidated entity operates predominantly in the mineral exploration industry. There are therefore no business segments requiring disclosure.

DIRECTORS' DECLARATION

The directors declare that :

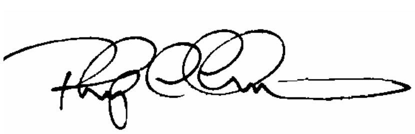
1. The financial statements and notes set out on pages 29 to 59:

   (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 2006 and of their performance, as represented by the results of their operations and their cashflows, for the financial year ended on that date.

2. The Chief Executive Officer and Company Secretary have each declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) the financial statements and notes for the financial year comply with Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.

3. 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, however attention is drawn to the matters disclosed in note 1(a).

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



PHILIP C CHRISTIE
Director
Perth

27 September 2006

Stantons International
ABN 41 103 088 697
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
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INDEPENDENT AUDIT REPORT

**TO THE MEMBERS OF
OROPA LIMITED**

SCOPE

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash-flows, accompanying notes to the financial statements, and the directors' declaration for Oropa Limited (the Company) and the consolidated entity for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during the 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 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 Oropa Limited is in accordance with:

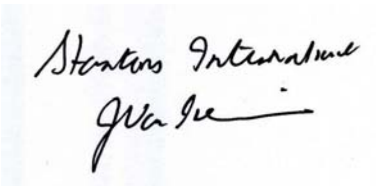
a) the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2006 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 professional reporting requirements in Australia.

STANTONS INTERNATIONAL
(Authorised Audit Company)



J P Van Dieren
Director

Perth, Western Australia
27 September 2006

ADDITIONAL SHAREHOLDER INFORMATION

The following additional information dated 28 September 2006 is provided in compliance with the requirements of the Australian Stock Exchange Limited.

1 DISTRIBUTION OF LISTED ORDINARY SHARES AND OPTIONS

(a) Analysis of numbers of shareholders by size of holding.

Distribution	No. of shareholders	No. of Optionholders (50 cents)	No. of Optionholders (20 cents)
1-1000	474	148	96
1,001-5,000	1,112	113	62
5,001-10,000	344	69	20
10,001-100,000	507	109	42
100,001 and above	87	26	14
Total	**2,524**	**465**	**234**

(b) There were 1,214 shareholders holding less than a marketable parcel.
(c) The percentage of the total of the twenty largest holders of ordinary shares was 63.54%

2 TWENTY LARGEST SHAREHOLDERS AND OPTION HOLDERS

Names	No. of shares	%
ANZ Nominees Ltd	32,624,493	34.77
Insight Capital Management Pty Ltd	4,680,000	4.99
Macquarie Bank Ltd	3,722,222	3.97
Barry Sydney Patterson	2,372,337	2.53
National Nominees Ltd	2,184,000	2.33
Ganesh International Ltd	2,056,000	2.19
Anthony Edward Collins	1,571,000	1.67
Ron Lees & Associates Pty Ltd	1,507,478	1.61
Chui Sriam Chan	1,396,325	1.49
Berne No.132 Nominees Pty Ltd	1,117,234	1.19
Kathryn Yule	1,000,000	1.07
Misha Anthony Collins	885,000	0.94
Waferbell Ltd	783,119	0.83
Roderick Gordon Murchison	709,852	0.76
Davmin Pty Ltd	600,000	0.64
HSBC Custody Nominees	557,000	0.59
Brian John Hurley	489,351	0.52
Catlin Elizabeth Paws	481,250	0.51
Nefco Nominees Pty Ltd	450,366	0.48
Chris Anthony De Nys	435,000	0.46
Total	**59,623,115**	**63.54**

ADDITIONAL SHAREHOLDER INFORMATION

The names of the twenty largest listed option holders (50cents) are listed below:

Names	No. of shares	%
Forza Family Pty Ltd	1,672,659	34.77
Berne No.132 Nominees Pty Ltd	628,311	4.99
Diemar & Associates Pty Ltd	571,000	3.97
ANZ Nominees Ltd	494,216	2.53
Sandra Anne Coombs	450,000	2.33
Kizoz Pty Ltd	400,000	2.19
Shane Anthony Heywood	390,000	1.67
Greg McKay	300,000	1.61
John Francis Kuba	300,000	1.49
George Papamihail	291,049	1.19
Ganesh International Ltd	269,950	1.07
Peter Fabian Hellings	250,000	0.94
George Lazukic	250,000	0.83
Mr & Mrs L Jolob	226,000	0.76
Majestic Teco Pty Ltd	225,000	0.64
Stephen John Anderson	207,150	0.59
Tina Margaret Grubbings	200,000	0.52
Maria Leonti Fernandes	177,500	0.51
Axprey Pty Ltd	173,000	0.48
Garry Cussell	155,499	0.46
Total	**7,631,334**	**57.45**

The names of the twenty largest listed option holders (20cents) are listed below:

Names	No. of shares	%
ANZ Nominees Ltd	2,908,538	22.73
Insight Capital Management Pty Ltd	2,000,000	15.63
National Nominees Ltd	1,598,630	12.49
Ganesh International Ltd	1,350,000	10.55
Forza Family Pty Ltd	670,427	5.24
Davmin Pty Ltd	500,000	3.91
Christopher Lindsay Bollam	481,000	3.76
Anthony Edward Collins	450,000	3.52
Waferbell Ltd	446,500	3.49
Misha Anthony Collins	442,500	3.45
Berne No.132 Nominees Pty Ltd	221,000	1.73
Scanfast International Ltd	165,000	1.29
Manugla Sidari	139,000	1.09
Roderick Gordon Murchison	101,408	0.79
Renwick Nominees Pty Ltd	75,000	0.59
Jindabyne Pty Ltd	54,241	0.42
Gemelli Holdings Pty Ltd	53,000	0.41
Marimont Nominees Pty Ltd	50,000	0.39
Eduardo Siad	45,000	0.35
Raymond Andrew McKinley	33,544	0.26
Total		

3 SUBSTANTIAL SHAREHOLDERS

An extract from the company's register of substantial shareholders is set out below:

Name	Ordinary Shares Held Number	Percentage
ANZ Nominees Ltd	32,624,493	34.77

4 VOTING RIGHTS

The company's share capital is of one class with the following voting rights:

(a) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

The company's options have no voting rights.

5 RESTRICTED SECURITIES

There are no ordinary shares on issue that have been classified by the Australian Stock Exchange Limited, Perth as restricted securities.

6 STOCK EXCHANGE LISTING

Oropa Limited shares are listed on the Australian Stock Exchange Limited. The home exchange is the Australian Stock Exchange (Perth) Limited.

SUMMARY OF TENEMENTS HELD BY COMPANY
FOR THE YEAR ENDED 30 JUNE 2006

Project Name	Tenement	Approval Date	Expiry Date	Area (ha)	Equity %
INDIA					
Block D-7		22.01.00		4600km^2	18 [(2)]
INDONESIA					
Pungkut	96PK0042	31.05.96		66,300	75
WESTERN AUSTRALIA					
Golden Valley	E77/1010	30.01.02	29.01.07	18*	5 [(3)]
	E77/1012	14.08.01	13.08.06	1*	5 [(3)]
	P77/3295	09.10.00	09.10.04 [(7)]	197.0000	5 [(3)]
	P77/3301	23.02.01	22.02.05 [(8)]	192.0000	5 [(3)]
	P77/3302	09.08.00	08.08.04 [(4)]	190.0000	5 [(3)]
	P77/3303	09.08.00	08.08.04 [(5)]	39.0000	5 [(3)]
	PLA77/3304	U/A			5 [(3)]
	P77/3307	08.02.01	07.02.05 [(9)]	120.0000	5 [(3)]
	P77/3313	15.02.00	14.02.04 [(6)]	9.7000	5 [(3)]
	M77/123	09.12.86	08.12.07	150.4500	5 [(3)]
	M77/228	06.04.88	05.04.09	137.2500	5 [(3)]
	MLA77/1064	U/A			5 [(3)]
	MLA77/1089	U/A			5 [(3)]
	MLA77/1090	U/A			5 [(3)]
	MLA77/1094	U/A			5 [(3)]
	MLA77/1101	U/A			5 [(3)]
	MLA77/1103	U/A			5 [(3)]
	MLA77/1121	U/A			5 [(3)]
	MLA77/1122	U/A			5 [(3)]
	MLA77/1123	U/A			5 [(3)]
	MLA77/1213	U/A			5 [(3)]
	MLA77/1214	U/A			5 [(3)]
	MLA77/1215	U/A			5 [(3)]

Mt. Keith

	M53/490	11.06.04	10.06.25	582.00	0 [(10)]
	M53/491	11.06.04	10.06.25	621.00	0 [(10)]

EXCELSIOR RESOURCES LTD

Mulgabbie	P28/768	07.02.92	06.02.96 [(1)]	185.00	95
	P28/769	07.02.92	06.02.96 [(1)]	136.50	95
	MLA28/140	U/A			95
	MLA28/364	U/A			95

NOTES

(1)	Prospecting Licences to remain valid until Mining Lease 28/140 is granted
(2)	Option to increase interest to 27%
(3)	Free carried interests
(4)	Prospecting Licence to remain valid until Mining Lease 77/1090 is granted
(5)	Prospecting Licence to remain valid until Mining Lease 77/1089 is granted
(6)	Prospecting Licence to remain valid until Mining Lease 77/1064 is granted
(7)	Prospecting Licence to remain valid until Mining Lease 77/1094 is granted
(8)	Prospecting Licence to remain valid until Mining Lease 77/1103 is granted
(9)	Prospecting Licence to remain valid until Mining Lease 77/1101 is granted
(10)	2% nett smelter royalty
*	Graticular Blocks
U/A	Under Application