

GOLDEN DEEPS LTD

A.C.N. 054 570 777

Half Yearly Report
31 December 2005

GOLDEN DEEPS LTD
A.C.N. 054 570 777

HALF YEAR REPORT
For the Half Year Ended 31 December 2005

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GOLDEN DEEPS LTD
A.C.N. 054 570 777

COMPANY DIRECTORY

DIRECTORS

David Zukerman
Alexander Clemen
Bruce McCullagh

COMPANY SECRETARY

Bruce McCullagh

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AUDITORS

Stanton Partners
1 Havelock Street
WEST PERTH WA 6005

STOCK EXCHANGE LISTING

The Company is listed on the Australian Stock Exchange Limited
Home Exchange: Perth, Western Australia

Australian Stock Exchange Limited Code: GED

GOLDEN DEEPS LTD
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DIRECTORS' REPORT
For the Half Year Ended 31 December 2005

The Board of Directors of Golden Deeps Ltd has pleasure in submitting the Balance Sheet of the Company at 31 December 2005 together with the Income Statement and Cash Flow Statement, and the Statement of Changes in Equity for the half year ended and report as follows:-

DIRECTORS

The names of the directors of the Company in office during and since the end of the half year are:-

Name

DN Zukerman, Chairman

A Clemen

BR McCullagh

RESULTS

The loss of the consolidated entity for the half year was \$157,857 (2004: (\$236,591))

REVIEW OF OPERATIONS

1. Madagascar Gold Projects.

Kelimaizina

The Company has now completed three auger drill programmes centred on the former Kelimaizina laterite open cut. A total of 363 auger holes were drilled for 459 samples.

The auger drill results have defined a strong, coherent zone of surface gold mineralization. Using as a cut-off the 200 parts per billion contour, the mineralized zone extends for approximately 500 metres in a north south direction and varies to approximately 100 metres in an east west direction. This gold anomalous zone will become the target for a follow-up diamond drill programme in the coming "dry" season. The area is not accessible during the "wet" season.

Mineralisation appears to occur where there is a change in strike, from the regional northeast - southwest trend, to a north - south trend. This change in strike can be inferred to represent a dilational jog structure.

Artisinal workings occur over a strike length of approximately 650 metres. The largest individual pit has a strike length of approximately 300 metres. The artisinal miners excavate vertically down to the top of the water table (at approximately five to eight metres depth) and concentrate their mining efforts at this horizontal level. There may be a supergene enrichment process occurring whereby the gold has been leached downwards, from the surface, and is concentrated at the top of the water table.

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The Kelimaizina Gold Project is located approximately 260 kilometers northwest from Antananarivo, the capital of Madagascar and consists of four mineral tenements totalling 262.50 square kms.

Antanimbary

This project acquired in November 2005 consists of 2 mineral tenements for a total area of 18.75 square kms. In June 2005 a rock chip sampling campaign (29 samples from the artisanal open cut) returned an average of 5.41 g/t Au and these results clearly demonstrated the presence of a gold mineralised system.

An auger soil sampling campaign conducted by the Company in November 2005 confirmed the presence of an auriferous shear zone which extends for at least 1,750 metres. The zone is open to the north and, to a lesser extent, open to the south. Initial panning has also shown the presence of gold in the shear zone.

The contoured gold values from the auger drilling samples suggest a structurally complex shear zone with weak gold anomalism along the entire length. This geochemical pattern is similar to those found in Western Australia and indicates that the same geological processes which operate in mineralised shear zones in Western Australia are also operating at Antanimbary.

The Antanimbary Project is not affected by the "wet" season and a 3 hole diamond drill programme centred on the main target zone is now in progress.

Additionally, further auger drilling is being undertaken to test the areas to the northeast and southwest.

2. Garden Gully (M 15/675), Western Australia

The Garden Gully tenement is located adjacent to the Coolgardie townsite, on the Tindal's trend. The project has an insitu resource of 121 850 t @ 3.04 g/t Au. An evaluation of resource position and the overall prospectivity of the tenement has identified a number of areas requiring further exploration.

The current resource is centred around the historical 'Lone Hand' workings. Geological cross-sections of the workings show that infill drilling is required in places to better establish the geometry of the mineralisation.

The Lone Hand resource is hosted in diorite porphyry. Analysis of the geological mapping and drill data indicates that this unit has untested strike extensions to the south east of the resource area, where it is covered by a veneer of alluvium which masks any geochemical signature.

The north-south striking set of workings at King Billy sits on the western side of the Garden Gully tenement. These workings exploited a quartz reef system and were mined in the 1900's. The host reef has not been subjected to modern exploration and has the potential to host high-grade gold mineralization.

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DIRECTORS' REPORT
For the Half Year Ended 31 December 2005

Analysis of the Company's exploration data has shown several areas of potential within the tenement area that require drill testing. However the Company is currently looking for a joint venture partner to undertake this exploration.

3. Blue Funnel (M 16/19), Western Australia

The Blue Funnel open pit is located on the Zuleika Shear, approximately 17 kilometres to the north-east of Kundana, and was mined in the late 1980's for 205,579 t @ 3.22 gpt Au; a resource of 150,000 t @ 4.50 g/t Au remains below the current pit floor. A review of the historical open pit mining data, and a reinterpretation of the resource, shows extensions to the mineralised system at depth. The review and analysis of the mineralization identified two zones for drill testing. The Blue Funnel Deeps and Northern Extension have been partly tested with deep RC drilling but results were inconsistent with the widths anticipated. No field work was carried out on the project during the December quarter.

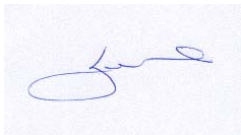
4. Twin Hills (M 29/21, 107, & 147), Western Australia

The Twin Hills project is located 27 kilometres to the northeast of Menzies in the Eastern Goldfields. The historic Twin Hills mine has a reported resource of 17,540 t @ 20.86 g/t Au and has the potential for increases in tonnage through both infill and drilling on strike. Analysis of the existing drill data showed the ore system plunging steeply to the southwest. The target area was the interpreted up plunge extensions to the ore body, which remained untested by drilling. The best results from a program of 13 RC holes came from north of the Roxbury/box-cut area and may represent a new zone of mineralization, which requires follow up drilling.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 24 and forms part of the directors' report for the half year ended 31 December 2005.

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



D N Zukerman
Director

Perth
15 March 2006

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CONDENSED INCOME STATEMENT
For the Half Year Ended 31 December 2005

	Note	Consolidated 31 December 2005 \$	Consolidated 31 December 2004 \$
Revenue	2	266,663	107,204
		<u>266,663</u>	<u>107,204</u>
Operating costs			
Depreciation		2,184	2,659
Management fees		104,601	101,250
Exploration expense		108,637	124,672
Directors fees		13,250	12,225
Cost of investments sold		-	345
Rehabilitation provision		133,000	-
Other operating costs		62,848	102,644
		<u>424,520</u>	<u>343,795</u>
(Loss) before income tax		(157,857)	(236,591)
Income tax		-	-
(Loss) after income tax		<u>(157,857)</u>	<u>(236,591)</u>
Earnings per share			
Basic (loss) per share - cents		<u>(.56)</u>	<u>(.87)</u>

The accompanying notes form an integral part of the Condensed Income Statement.

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CONDENSED BALANCE SHEET
At 31 December 2005

	Note	Consolidated 31 December 2005 \$	Consolidated 30 June 2005 \$
CURRENT ASSETS			
Cash and cash equivalents		1,352,117	1,604,493
Trade and other receivables		22,257	22,334
TOTAL CURRENT ASSETS		1,374,374	1,626,827
NON-CURRENT ASSETS			
Receivables		133,000	133,000
Other financial assets		360,000	137,500
Plant and equipment		4,672	6,856
Capitalised exploration		238,200	238,200
TOTAL NON-CURRENT ASSETS		735,872	515,556
TOTAL ASSETS		2,110,246	2,142,383
CURRENT LIABILITIES			
Trade and other payables		3,700	10,980
Provision for rehabilitation		133,000	-
TOTAL LIABILITIES		136,700	10,980
NET ASSETS		1,973,546	2,131,403
EQUITY			
Issued capital	6	8,379,520	8,379,520
Share option reserve	6	255,060	255,060
Accumulated losses		(6,661,034)	(6,503,177)
TOTAL EQUITY		1,973,546	2,131,403

The accompanying notes form an integral part of the Condensed Balance Sheet

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CONDENSED CASH FLOW STATEMENT
For the Half Year Ended 31 December 2005

	Consolidated 31 December 2005 \$	Consolidated 31 December 2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(187,257)	(147,960)
Interest received	43,518	49,581
Net cash (used in) operating activities	(143,739)	(98,379)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchased	-	(7,307)
Sale of shares	-	56,559
Exploration costs paid	(108,637)	(206,672)
Net cash (used in) investing activities	(108,637)	(157,420)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	20,000
Net cash inflow from financing activities	-	20,000
Net (decrease) in cash and cash equivalents held	(252,376)	(235,799)
Cash and cash equivalents at the beginning of the half year	1,604,493	1,990,464
Cash and cash equivalents at the end of the half year	1,352,117	1,754,665

The accompanying notes form an integral part of the Condensed Cash Flow Statement.

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CONDENSED STATEMENT OF CHANGES IN EQUITY
For the Half Year ended 31 December 2005

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2005	8,379,520	255,060	(6,503,177)	2,131,403
Loss for period	-	-	(157,857)	(157,857)
Balance at 31 December 2005	<u>8,379,520</u>	<u>255,060</u>	<u>(6,661,034)</u>	<u>1,973,546</u>

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2004	8,203,320	-	(6,087,707)	2,115,613
Loss for period	-	-	(236,591)	(236,591)
Shares issued	176,200	-	-	176,200
Balance at 31 December 2004	<u>8,739,520</u>	<u>-</u>	<u>(6,324,298)</u>	<u>2,055,222</u>

The accompanying notes form an integral part of the Condensed Statement of Changes in Equity.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005.

1. BASIS OF PREPARATION

BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Golden Deeps Ltd Limited as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Golden Deeps Ltd Limited and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for other financial assets that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c) below.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and
- AIFRS loss for the half-year 31 December 2004 and full year 30 June 2005, to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 1(e) below.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Golden Deeps Ltd Limited and its subsidiary ('the Group').

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The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Golden Deeps Ltd Limited has control.

(ii) Interest in joint venture operation

The Group's interest in any joint venture operation is accounted for by recognising the Group's assets and liabilities from the joint venture, as well as expenses incurred by the Group and the Group's share of income earned from the joint venture, in the consolidated financial statements.

(iii) Foreign currency translation

Both the functional and presentation currency of Golden Deeps Ltd Limited and its Australian subsidiary is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of any overseas subsidiaries would be translated into the presentation currency of Golden Deeps Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(iv) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in

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value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings – over 20 years

Plant and equipment – over 3 to 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(v) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

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Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(vi) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(vii) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

(viii) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for

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any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(ix) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xi) Share-based payment transactions

The Group may provide benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees or directors render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees 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 the price of the shares of Golden Deeps Ltd Limited ('market conditions').

(xii) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

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Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(xiii) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(xiv) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

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- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xv) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(xvi) Exploration and Development 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 alternately by its sale, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

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

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

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

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

(d) AASB 1 Transitional exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

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FOR THE HALF YEAR ENDED 31 DECEMBER 2005.

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS).

Designation of previously recognised financial instruments

Financial instruments were designated as financial assets or liabilities at fair value through profit or loss or as available-for-sale at the date of transition to AIFRS.

Share-based payment transactions

AASB 2 'Share-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

The Group has elected to adopt this exemption and has not restated its comparative information.

(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and loss after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

	CONSOLIDATED		
	30-Jun-05	31-Dec-04	01-Jul-04
	\$	\$	\$
Total equity under AGAAP	2,131,403	2,055,222	2,115,613
<i>Adjustments to equity:</i>	-	-	-
Total equity under AIFRS	2,131,403	2,055,222	2,115,613

(ii) Reconciliation of loss after tax under AGAAP to that under AIFRS

	CONSOLIDATED	
	Year Ended 30- Jun-05	Half-Year ended 31-Dec-04
	\$	\$
(Loss) after tax as previously reported	(415,470)	(236,591)
(Loss) after tax under AIFRS	(415,470)	(236,591)

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

GOLDEN DEEPS LTD
A.C.N. 054 570 777

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005.

2. REVENUE AND EXPENSES

(a) Specific Items

Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

(i)	Revenue	Consolidated 31 December 2005 \$	Consolidated 31 December 2004 \$
	Sale of shares	-	56,559
	Interest income	44,163	50,645
	Cumulative change in fair value of investments	222,500	-
	TOTAL REVENUE	266,663	107,204
(ii)	Expenses		
	Depreciation	2,184	2,659
	Employee benefits	13,250	12,225

3. EVENTS SUBSEQUENT TO REPORTING DATE

In February 2006 the Company raised \$800,000 by the issue of 10,000,000 ordinary shares at 8 cents per share.

4. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last reporting date.

5. SEGMENT INFORMATION

The consolidated entity operates predominately within Western Australia in exploration for mineral deposits, and has recently commenced an exploration program in Madagascar, and also has an investment in a publicly listed company.

31 December 2005	<u>Australia</u>	<u>Madagascar</u>	<u>Consolidated</u>
Revenue	266,663	-	266,663
Segment result	(61,313)	(96,544)	(157,857)
31 December 2004			
Revenue	107,204	-	107,204
Segment Result	(218,284)	(18,307)	(236,591)

GOLDEN DEEPS LTD
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005.

6. ISSUED CAPITAL
Issued Capital

	Consolidated 31 December 2005 \$	Consolidated 30 June 2005 \$
Ordinary shares Issued and fully paid	<hr/> 8,379,520 <hr/>	<hr/> 8,379,520 <hr/>
Number of Ordinary shares issued	<hr/> Number 28,340,020 <hr/>	<hr/> Number 28,340,020 <hr/>
Option premium reserve	<hr/> \$ 225,060 <hr/>	<hr/> \$ 225,060 <hr/>

GOLDEN DEEPS LTD
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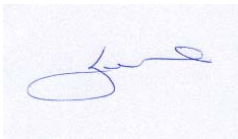
DIRECTORS' DECLARATION

The Directors of the company declare that:

- (a) The financial statements and notes of the consolidated entity as set out on pages 7 to 20 are in accordance with the Corporations Act 2001:
 - (i) comply with Accounting Standard AASB 134: Interim Financial Reporting;
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance as represented by the results of its operations and its cash flows for the half year on that date.

- (b) 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.

SIGNED in accordance with a resolution of the Directors on behalf of the Board.



D N Zukerman
DIRECTOR

Perth
15 March 2006

GOLDEN DEEPS LTD

A.C.N. 054 570 777

DIRECTORS' DECLARATION



STANTON PARTNERS

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

Facsimile: (08) 9321 1204

e-mail: australia@stanton.com.au

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
GOLDEN DEEPS LIMITED**

Scope

We have reviewed the financial report comprising the income statement, balance sheet, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements and the directors' declaration of Golden Deeps Limited (the Company) for the half-year ended 31 December 2005 as set out on pages 7 to 21. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half year or from time to time during the half year. The disclosing entity's directors are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", 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.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission and the Australian Stock Exchange.

GOLDEN DEEPS LTD

A.C.N. 054 570 777

DIRECTORS' DECLARATION

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

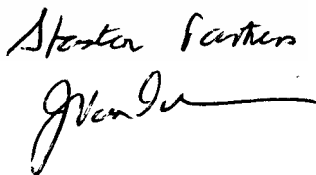
We are independent of the Company, and have met the independence requirements of Australian ethical pronouncements and the Corporations Act 2001. We have given the directors of the Company a written Auditor's Independence Declaration.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Golden Deeps Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

STANTON PARTNERS



J P Van Dieren

Partner

West Perth, Western Australia

15 March 2006



STANTON PARTNERS

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15 March 2005

Board of Directors
Golden Deeps Ltd
Level 1
8 Parliament Place
WEST PERTH WA 6005

Dear Directors

RE: GOLDEN DEEPS LTD

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

As Audit Partner for the review of the financial statements of Golden Deeps Ltd for the half year ended 31 December 2005, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTON PARTNERS

John Van Dieren
Partner