

GOLDEN DEEPS LIMITED

ACN 054 570 777

Half Yearly Report
31 December 2007

GOLDEN DEEPS LIMITED
ACN 054 570 777

HALF YEAR REPORT
For the Half Year Ended 31 December 2007

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GOLDEN DEEPS LIMITED
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COMPANY DIRECTORY

This half year report covers the consolidated entity comprising Golden Deeps Limited and its subsidiaries (the Group).

DIRECTORS

David Zukerman

Alexander Clemen

Michael Norburn

COMPANY SECRETARY

Norman Grafton

REGISTERED OFFICE

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SHARE REGISTRY

Computershare Investor Services
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45 St Georges Terrace
PERTH WA 6000

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AUDITORS

Grant Thornton (WA) Partnership
10 Kings Park Road
WEST PERTH WA 6005

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Limited

Home Exchange: Perth, Western Australia

Australian Securities Exchange Code: GED

GOLDEN DEEPS LIMITED
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DIRECTORS' REPORT
For the Half Year Ended 31 December 2007

The Board of Directors of Golden Deeps Limited has pleasure in submitting the Balance Sheet of the Company as at 31 December 2007 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

M Norburn

RESULTS

The loss of the consolidated entity for the half year was \$1,199,956, (2006: profit \$179,804)

REVIEW OF OPERATIONS

1. Kelimaizina Gold Project, Madagascar

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

As previously reported, 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.

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.

A reconnaissance diamond drilling programme was completed in December 2006, consisting of three diamond drill holes for a total advance of 226 metres that targeted the primary mineralisation below the existing open pit. These drill holes encountered a number of thin zones of quartz veining and sulphide mineralisation. Sampling of this drilling was generally disappointing, but assaying confirmed the presence of gold mineralisation.

This project is currently being further reviewed and joint venture opportunities assessed.

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DIRECTORS' REPORT
For the Half Year Ended 31 December 2007

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

The Garden Gully tenement is located adjacent to the Coolgardie town site, on the Tindal's trend. Analysis of the Company's exploration data has shown several areas of potential ore grade mineralisation within the tenement area that require further drill testing and a drilling programme is currently being formulated.

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 1980s for 205,579 t @ 3.22 gpt Au. The potential for additional resources below the existing pit floor is strong.

A review of the project was undertaken during the December quarter, with the Company being approached by several parties seeking to joint venture into the project area. These parties are currently undertaking due diligence on the project.

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 hosted high-grade gold mineralisation and shows the potential for additional resources at depth and along strike.

A detailed analysis of the existing drill data showed the ore system plunging steeply to the southwest, and will require further drill testing. No further field work has been undertaken in the reporting period. The Company is currently undertaking rehabilitation of the workings from the historical mining operations, in line with DoIR requirements.

It is recommended that this half yearly report be read in conjunction with the 30 June 2007 Annual Report and any public announcements made by the Company during the half year in accordance with the continuous disclosure obligations of the Corporations Act 2001 and Australian Securities Exchange.

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

The auditor's independence declaration is set out on page 16 and forms part of the directors' report for the half year ended 31 December 2007.

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



D N Zukerman
Director
Perth
13 March 2008

GOLDEN DEEPS LIMITED
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CONDENSED INCOME STATEMENT
For the Half Year Ended 31 December 2007

	Note	Consolidated 31 December 2007 \$	Consolidated 31 December 2006 \$
Revenue	2	<u>60,336</u>	<u>562,586</u>
Expenses			
Depreciation	2	1,793	1,218
Management fees		109,479	109,265
Exploration expenses		14,055	131,235
Directors fees		27,310	10,815
Change in fair value of investments held for trading		390,295	-
Staff and directors' options		609,000	-
Other operating costs		108,360	130,249
		<u>1,260,292</u>	<u>382,782</u>
Profit/(Loss) before income tax		(1,199,956)	179,804
Income tax		-	-
Profit/(Loss) after income tax		<u>(1,199,956)</u>	<u>179,804</u>
Earnings per share			
Basic earnings/(loss) per share - cents		(3.12)	0.47

Diluted loss per share is not disclosed as it does not show an inferior position.

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

GOLDEN DEEPS LIMITED
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CONDENSED BALANCE SHEET
As at 31 December 2007

ASSETS	Notes	Consolidated 31 December 2007 \$	Consolidated 30 June 2007 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,696,028	1,415,348
Trade and other receivables		37,007	29,302
Investments	7	434,705	1,325,000
TOTAL CURRENT ASSETS		2,167,740	2,769,650
NON-CURRENT ASSETS			
Other financial assets		133,000	133,000
Exploration costs		168	-
Plant and equipment		3,342	5,135
TOTAL NON-CURRENT ASSETS		136,510	138,135
TOTAL ASSETS		2,304,250	2,907,785
CURRENT LIABILITIES			
Trade and other payables		40,197	59,776
Provisions for rehabilitation		428,000	428,000
TOTAL LIABILITIES		468,197	487,776
NET ASSETS		1,836,053	2,420,009
EQUITY			
Issued capital	8	9,155,316	9,155,316
Share option reserve	8	871,060	255,060
Accumulated losses		(8,190,323)	(6,990,367)
TOTAL EQUITY		1,836,053	2,420,009

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

GOLDEN DEEPS LIMITED
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CONSOLIDATED CASH FLOW STATEMENT
For the Half Year Ended 31 December 2007

	Note	Consolidated 31 December 2007 \$	Consolidated 31 December 2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(286,488)	(203,502)
Interest received		60,336	52,586
Net cash (used in) operating activities		(226,152)	(150,916)
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment of loan		500,000	-
Purchase of ASX listed securities		-	(10,000)
Exploration costs paid		(168)	(131,236)
Net cash (used in) investing activities		499,832	(141,236)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from grant of options		7,000	-
Net cash inflow from financing activities		7,000	-
Net increase/(decrease) in cash and cash equivalents held		280,680	(292,152)
Cash and cash equivalents at the beginning of the half year		1,415,348	1,828,683
Cash and cash equivalents at the end of the half year	6	1,696,028	1,536,531

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half Year Ended 31 December 2007

Consolidated	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2006	9,139,520	255,060	(7,138,160)	2,256,420
Profit/(Loss) for period	-	-	179,804	179,804
Balance at 31 December 2006	9,139,520	255,060	(6,958,356)	2,436,224
Exercise of options	15,796	-	-	15,796
Profit/(Loss) for period	-	-	(32,011)	(32,011)
Balance as at 30 June 2007	9,155,316	255,060	(6,990,367)	2,420,009
Grant of options	-	616,000	-	616,000
Profit/(Loss) for period	-	-	(1,199,956)	(1,199,956)
Balance at 31 December 2007	9,155,316	871,060	(8,190,323)	1,836,053

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

GOLDEN DEEPS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2007

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 Limited as at 30 June 2007.

It is also recommended that the half-year financial report be considered together with any public announcements made by Golden Deeps Limited and its controlled entities during the half-year ended 31 December 2007 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').

(c) Summary of significant accounting policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007 except for the adoption of amending standards mandatory for annual periods beginning on or after 1 January 2007. The mandatory amending standards have no impact on the group.

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2007

2. REVENUE AND EXPENSES

Specific Items

Profit/(loss) before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	Consolidated 31 December 2007	Consolidated 31 December 2006
(i) Revenue	\$	\$
Interest income	60,336	52,586
Cumulative change in fair value of investments held for trading	-	510,000
TOTAL REVENUE	60,336	562,586
(ii) Expenses		
Depreciation	1,793	1,218

3. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstance not otherwise dealt with in the report or financial statements that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

4. COMMITMENTS AND CONTINGENCIES

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. However it also conducted an exploration program in Madagascar. In addition, it has an investment in a publicly listed company.

	<u>Australia</u> \$	<u>Madagascar</u> \$	<u>Consolidated</u> \$
31 December 2007			
Revenue	60,336	-	60,336
Segment result	<u>(1,199,956)</u>	<u>-</u>	<u>(1,199,956)</u>
31 December 2006			
Revenue	562,586	-	562,586
Segment Result	<u>260,888</u>	<u>(81,084)</u>	<u>179,804</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2007

6. CASH & CASH EQUIVALENTS

For the purpose of the half year Condensed Cashflow Statement, Cash and Cash Equivalents are comprised of the following:

	31 December 2007	30 June 2007	31 December 2006
	\$	\$	\$
Cash at bank	(3,972)	115,348	1,536,531
Short term deposits	1,700,000	1,300,000	-
	1,696,028	1,415,348	1,536,531

7. INVESTMENTS

The ASX listed investments held by the Company were revalued at 31 December 2007 to fair value, being a market value of \$434,705.

8. CONTRIBUTED EQUITY

	Consolidate d 31 December 2007	Consolidate d 30 June 2007
Issued Capital		
Ordinary shares		
Issued and fully paid	\$9,155,316	\$9,155,316
Number of ordinary shares issued	Number 38,445,322	Number 38,445,322
Options		
Option premium reserve	\$871,060	\$255,060
Number of options granted	Number 10,500,000	Number 2,000,000

9. Non cash share based payments

During the half year, the Company granted 7,000,000 unlisted options to Directors, management personnel and consultants. The fair value of these options has been calculated using the Black Scholes option pricing model, refer to Note 10.

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2007

10. Share Based Payment Plan

During the half year, the Company granted the following options to Directors, management personnel and consultants:

- (1) 1,500,000 unlisted options to Directors, at an issue price of 0.1 cents each, an exercise price of 12 cents each, and expiring on 30 September 2011. The options were fair-valued at 8.8 cents per option, and vested immediately at date of grant.

The fair value of the options granted has been calculated using the Black Scholes option pricing model as follows:

Weighted average exercise price	12 cents
Weighted average life of options	3.8 years
Underlying share price	8.5 cents
Expected volatility	167 %
Risk free interest rate	6.75%

- (2) 5,500,000 unlisted options to management personnel and consultants, at an issue price of 0.1 cents each, an exercise price of 12 cents each, and expiring on 30 September 2011. The options were fair-valued at 8.8 cents per option, and vested immediately at date of grant.

The fair value of the options granted has been calculated using the Black Scholes option pricing model as follows:

Weighted average exercise price	12 cents
Weighted average life of options	3.8 years
Underlying share price	8.5 cents
Expected volatility	167%
Risk free interest rate	6.75%

None of the above options had been exercised up to 31 December 2007.

The fair value of the options granted has been calculated using the Black Scholes option pricing model.

Historical volatility has been the basis of determining expected share price volatility and it is assumed that this is indicative of future trends, which may not eventuate.

The life of option is based on the historical exercise patterns, which may not eventuate in the future.

**GOLDEN DEEPS LIMITED
ACN 054 570 777**

**DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2007**

The Directors of the company declare that:

- (a) The financial statements and notes of the consolidated entity as set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*:
 - (i) comply with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001: and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2007 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
13 March 2008**

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF GOLDEN DEEPS LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Golden Deeps Limited (the Company) and the entities it controlled (the consolidated entity), which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a description of accounting policies, and other selected explanatory notes. The consolidated entity comprises both Golden Deeps Limited (the Company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Golden Deeps Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and Corporations Regulations 2001.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP

N. Wain.

Partner

Perth

Date: 13 March 2008

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF GOLDEN DEEPS LIMITED

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Golden Deeps Limited for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP

P. Warr.

P WARR
Partner
Perth

Date: 13 March 2008