

**GOLDEN DEEPS LTD**  
ACN 054 570 777

Half Yearly Report  
31 December 2006

**GOLDEN DEEPS LTD**  
**ACN 054 570 777**

**HALF YEAR REPORT**  
**For the Half Year Ended 31 December 2006**

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**GOLDEN DEEPS LTD  
ACN 054 570 777**

**COMPANY DIRECTORY**

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

**DIRECTORS**

David Zukerman

Alexander Clemen

Bruce McCullagh (Resigned 4 October 2006)

Michael Norburn (Appointed 4 October 2006)

**COMPANY SECRETARY**

Bruce McCullagh (Resigned 4 October 2006)

Norman Grafton (Appointed 4 October 2006)

**REGISTERED OFFICE**

1<sup>st</sup> Floor, 8 Parliament Place  
WEST PERTH WA 6005

Telephone: (08) 9481 7833

Facsimile: (08) 9481 7835

**SHARE REGISTRY**

Computershare Investor Services  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
PERTH WA 6000

Telephone: (08) 9323 2000

Facsimile: (08) 9323 2096

**AUDITORS**

Stantons International  
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**  
**ACN 054 570 777**

**DIRECTORS' REPORT**  
**For the Half Year Ended 31 December 2006**

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The Board of Directors of Golden Deeps Ltd has pleasure in submitting the Balance Sheet of the Company as at 31 December 2006 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 (until 4 October 2006)

M Norburn (from 4 October 2006)

**RESULTS**

The profit of the consolidated entity for the half year was \$179,804 (2005: (\$157,857))

**REVIEW OF OPERATIONS**

**1. Madagascar Gold Projects.**

**Kelimaizina**

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 and consisted of two diamond drill holes that targeted the primary mineralization below the existing open pit. The results of this drilling programme are now being assessed.

**Antanimbary**

The Company has completed its assessment of the work to date and has decided not to continue with this project.

**GOLDEN DEEPS LTD  
ACN 054 570 777**

**DIRECTORS' REPORT  
For the Half Year Ended 31 December 2006**

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**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; a number of joint venture opportunities are currently being assessed.

**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; potential for additional resources below the existing pit floor is strong.

No field work was carried out on the project during the quarter, however the company is currently examining various options for the rehabilitation of the workings from the historical mining operations, in line with DoIR requirements.

**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, however, no further field work has been undertaken.

**5. Investment**

In January 2007, the Company made a short term investment of \$500,000 in Jingjiang Boao Foreign Trade Co Ltd, and it is anticipated that this investment will be disposed of prior to the end of the financial year.

It is recommended that this half yearly report be read in conjunction with the 30 June 2006 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 Stock 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 2006.

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



**D N Zukerman  
Director  
Perth  
12 March 2007**

**GOLDEN DEEPS LTD**  
**ACN 054 570 777**

**CONDENSED INCOME STATEMENT**  
**For the Half Year Ended 31 December 2006**

	Note	Consolidated 31 December 2006 \$	Consolidated 31 December 2005 \$
Revenue	2	562,586	266,663
		<u>562,586</u>	<u>266,663</u>
Operating costs			
Depreciation		1,218	2,184
Management fees		109,265	104,601
Exploration expenses		131,235	108,637
Directors fees		10,815	13,250
Rehabilitation provision		-	133,000
Other operating costs		130,249	62,848
		<u>382,782</u>	<u>424,520</u>
Profit / (Loss) before income tax		179,804	(157,857)
Income tax		-	-
		<u>179,804</u>	<u>(157,857)</u>
Profit / (Loss) after income tax			
Earnings per share			
Basic earnings / (loss) per share - cents		0.47	(0.56)
Diluted earnings / (loss) per share - cents		0.47	(0.56)

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

**GOLDEN DEEPS LTD**  
**ACN 054 570 777**

**CONDENSED BALANCE SHEET**  
**As at 31 December 2006**

<b>ASSETS</b>	<b>Notes</b>	<b>Consolidated 31 December 2006 \$</b>	<b>Consolidated 30 June 2006 \$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,536,531	1,828,683
Trade and other receivables		8,264	22,312
Investments	7	1,200,000	-
<b>TOTAL CURRENT ASSETS</b>		<b>2,744,795</b>	<b>1,850,995</b>
<b>NON-CURRENT ASSETS</b>			
Rehabilitation bonds		133,000	133,000
Investments		-	680,000
Plant and equipment		2,237	3,455
<b>TOTAL NON-CURRENT ASSETS</b>		<b>135,237</b>	<b>816,455</b>
<b>TOTAL ASSETS</b>		<b>2,880,032</b>	<b>2,667,450</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		53,808	21,030
Provision for rehabilitation		390,000	390,000
<b>TOTAL LIABILITIES</b>		<b>443,808</b>	<b>411,030</b>
<b>NET ASSETS</b>		<b>2,436,224</b>	<b>2,256,420</b>
<b>EQUITY</b>			
Issued capital	8	9,139,520	9,139,520
Share option reserve	8	255,060	255,060
Accumulated losses		(6,958,356)	(7,138,160)
<b>TOTAL EQUITY</b>		<b>2,436,224</b>	<b>2,256,420</b>

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

**GOLDEN DEEPS LTD**  
**ACN 054 570 777**

**CONDENSED CASH FLOW STATEMENT**  
**For the Half Year Ended 31 December 2006**

	Note	Consolidated 31 December 2006 \$	Consolidated 31 December 2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers		(203,502)	(187,257)
Interest received		52,586	43,518
<b>Net cash (used in) operating activities</b>		<b>(150,916)</b>	<b>(143,739)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of ASX listed securities		(10,000)	-
Exploration costs paid		(131,236)	(108,637)
<b>Net cash (used in) investing activities</b>		<b>(141,236)</b>	<b>(108,637)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash inflow from financing activities</b>		<b>-</b>	<b>-</b>
Net (decrease) in cash and cash equivalents held		(292,152)	(252,376)
Cash and cash equivalents at the beginning of the half year		1,828,683	1,604,493
<b>Cash and cash equivalents at the end of the half year</b>	6	<b>1,536,531</b>	<b>1,352,117</b>

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

**GOLDEN DEEPS LTD**  
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**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**For the Half Year Ended 31 December 2006**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance as at 1 July 2005</b>	8,379,520	255,060	(6,503,177)	2,131,403
Profit / (Loss) for period	-		(157,857)	(157,857)
<b>Balance as at 31 December 2005</b>	8,379,520	255,060	(6,661,034)	1,973,546
Adjustment on prospective application of AASB 139	-	-	182,500	182,500
Issue of shares	760,000	-	-	760,000
Loss attributable to members of parent entity	-	-	(659,626)	(659,626)
<b>Balance as at 30 June 2006</b>	9,139,520	255,060	(7,138,160)	2,256,420
Profit / (Loss) for period	-	-	179,804	179,804
<b>Balance at 31 December 2006</b>	<b>9,139,520</b>	<b>255,060</b>	<b>(6,958,356)</b>	<b>2,436,224</b>

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

**GOLDEN DEEPS LTD**  
**ACN 054 570 777**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

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**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 2006.

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 2006 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').

**(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 2006 except for the adoption amending standards mandatory for annual periods beginning on or after 1 January 2006. The mandatory amending standards have no impact on the group.

**GOLDEN DEEPS LTD**  
**ACN 054 570 777**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

**2. REVENUE AND EXPENSES**

**Specific Items**

Profit 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 2006 \$	Consolidated 31 December 2005 \$
	Interest income	52,586	44,163
	Cumulative change in fair value of investments held for trading	510,000	222,500
	<b>TOTAL REVENUE</b>	<b>562,586</b>	<b>266,663</b>
(ii)	<b>Expenses</b>		
	Depreciation	1,218	2,184

**3. EVENTS SUBSEQUENT TO REPORTING DATE**

In January 2007, the Company made a short term investment of \$500,000 in Jingjiang Boao Foreign Trade Co Ltd, and it is anticipated that this investment will be disposed of prior to the end of the financial year.

The Directors are not aware of any other 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, and has recently commenced an exploration program in Madagascar, and also has an investment in a publicly listed company.

31 December 2006	<u>Australia</u>	<u>Madagascar</u>	<u>Consolidated</u>
Revenue	562,586	-	562,586
Segment result	246,588	(81,084)	165,504
<b>31 December 2005</b>			
Revenue	266,663	-	266,663
Segment Result	(61,313)	(96,544)	(157,857)

**GOLDEN DEEPS LTD**  
**ACN 054 570 777**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

**6. CASH & CASH EQUIVALENTS**

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

	<b>31 December 2006</b>	<b>30 June 2006</b>	<b>31 December 2005</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at bank	1,536,531	113,294	63,333
Short term deposits	-	1,715,389	1,288,784
	<u>1,536,531</u>	<u>1,828,683</u>	<u>1,352,117</u>

**7. INVESTMENTS**

During the half year ended 31 December 2006, the group acquired listed options at a cost of \$10,000. The above mentioned options and the other ASX listed investments held by the Company were revalued at 31 December 2006 to fair value, being the market value of \$1,200,000.

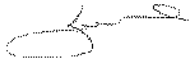
**8. CONTRIBUTED EQUITY**

<b>Issued Capital</b>	<b>Consolidated 31 December 2006</b>	<b>Consolidated 30 June 2006</b>
	<b>\$</b>	<b>\$</b>
Ordinary shares		
Issued and fully paid	<u>9,139,520</u>	<u>9,139,520</u>
	<b>Number</b>	<b>Number</b>
Number of Ordinary shares issued	<u>38,340,020</u>	<u>38,340,020</u>
	<b>\$</b>	<b>\$</b>
Option premium reserve	<u>255,060</u>	<u>255,060</u>

The Directors of the company declare that:

- (a) The financial statements and notes of the consolidated entity as set out on pages 6 to 12 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 2006 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**  
**12 March 2007**

## 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, which comprises the consolidated condensed balance sheet as at 31 December 2006, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 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 have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Golden Deeps Limited on 12 March 2007.

#### *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 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL**  
(An authorised audit company)



**Keith Lingard**  
Director

West Perth, Western Australia  
12 March 2007

# Stantons International

ABN 41 103 088 697

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WEST PERTH WA 6005, AUSTRALIA  
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204  
www.stantons.com.au

12 March 2007

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

Dear Directors

**RE: GOLDEN DEEPS 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 Golden Deeps Limited.

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

Yours sincerely

**STANTONS INTERNATIONAL**  
**(Authorised Audit Company)**



**Keith Lingard**  
**Director**