



CENTAMIN EGYPT LIMITED

CONSOLIDATED FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009

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## DIRECTORS' REPORT

The Directors of Centamin Egypt Limited ("the Company") herewith submit the financial report for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

### DIRECTORS

The names of the Directors and officers of the Company during or since the end of the half-year are:

Mr Sami El-Raghy, Executive Chairman (resigned 31 December 2009)  
Mr Josef El-Raghy, Managing Director/CEO  
Mr Trevor Schultz, Executive Director of Operations  
Mr Colin Cowden, Non Executive Director  
Mr G Brian Speechly, Non Executive Director (resigned 31 December 2009)  
Dr Thomas Elder, Non Executive Director  
Mr H Stuart Bottomley, Non Executive Director  
Professor G Robert T Bowker, Non Executive Director  
Mr Marco Di Silvio, Chief Financial Officer  
Mrs Heidi Brown, Company Secretary

### PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the course of the financial year was the exploration for precious and base metals and the ongoing development and construction work at the Sukari Gold Project in Egypt.

### REVIEW OF OPERATIONS

The Company recorded a consolidated operating loss for the period of US\$0.5M compared with a consolidated operating loss of US\$24.4M for the corresponding period last year.

During the half-year the principal focus of the Company has been:

- Continuing mine development and completion of construction activities at the Sukari Gold Project in Egypt;
- Upgrading the Sukari Mineral Resource to 10.29 Moz Measured and Indicated, plus 3.4 Moz Inferred at a 0.5g/t cut off grade;
- Commencement of the underground Amun decline development;
- Corporately, successfully transitioning to the main board of the London Stock Exchange.

In addition to the above activities, two members of the Centamin Board departed at the end of December 2009. Mr Sami El-Raghy announced he would be stepping down as the Chairman of Centamin and as a member of the Board at 31 December 2009 to pursue new personal endeavours and challenges. Sami has overseen a successful transformation of the Company from a mining exploration company into a significant gold producer. Mr Gordon Brian Speechly also stepped down from the Board on 31 December 2009 due to other work commitments. Mr Speechly has been a director of the Company since 15 August 2000. The Company is currently pursuing the appointment of further appropriate board members.

The Company remains debt free, unhedged and able to aggressively pursue further exploration and development activities, including the underground development of the high grade Amun Deeps Zone.

Shareholders are referred to the Company's website ([www.centamin.com](http://www.centamin.com)) for further details.

### ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Director's Report and the half-year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration is included on page 3 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors



Colin Cowden  
Director

Perth, 25 February 2010

The Board of Directors  
Centamin Egypt Limited  
57 Kishorn Road  
Mount Pleasant WA 6153

25 February 2010

Dear Board Members

## Centamin Egypt 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 Centamin Egypt Limited.

As lead audit partner for the review of the financial statements of Centamin Egypt Limited for the half-year ended 31 December 2009, 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

  
DELOITTE TOUCHE TOHMATSU

  
Ross Jerrard  
Partner  
Chartered Accountants

## Independent Auditor's Review Report to the members of Centamin Egypt Limited

We have reviewed the accompanying half-year financial report of Centamin Egypt Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 17.

### *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 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 Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Centamin Egypt Limited's financial position as at 31 December 2009 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 Centamin Egypt 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.

# Deloitte.

## *Auditor's Independence Declaration*

In conducting our review, we have 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 Centamin Egypt 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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

**DELOITTE TOUCHE TOHMATSU**



**Ross Jerrard**

Partner

Chartered Accountants

Perth, 25 February 2010

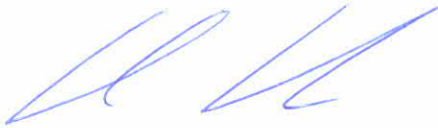
## **DIRECTORS' DECLARATION**

The directors declare that:

- a) 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; and
- b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors



Colin Cowden  
Director

Perth, 25 February 2010

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Half Year Ended 31 December	
	2009 US\$'000	2008 US\$'000
Revenue – Note 4	450	2,106
Other income – Note 4	886	10
Corporate administration expenses	(2,352)	(914)
Foreign exchange gain / (loss)	2,595	(25,204)
Share based payments	(1,477)	(360)
Other expenses	(644)	(72)
Loss before income tax	(542)	(24,434)
Tax (expense) / income	-	-
<b>Loss for the period</b>	<b>(542)</b>	<b>(24,434)</b>
<b>Other Comprehensive Income</b>		
Other Comprehensive Income for the period (net of tax)	-	-
Other Comprehensive Income for the period	-	-
<b>Total Comprehensive Income</b>	<b>(542)</b>	<b>(24,434)</b>
<i>Earnings per share – Note 9</i>		
- Basic (cents per share)	(0.05)	(2.78)
- Diluted (cents per share)	(0.05)	(2.78)

*The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2009

	31 December 2009	30 June 2009
	US\$'000	US\$'000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	26,941	68,609
Trade and other receivables	1,583	30
Inventories	11,009	3,780
Other assets	520	945
<b>Total current assets</b>	<b>40,053</b>	<b>73,364</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	56,960	59,879
Deferred tax assets	4,104	4,104
Exploration, evaluation and development expenditure – Note 5	342,893	269,075
<b>Total non-current assets</b>	<b>403,957</b>	<b>333,058</b>
<b>Total assets</b>	<b>444,010</b>	<b>406,422</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	8,407	7,454
Current tax liabilities	444	444
Provisions	1,325	606
<b>Total current liabilities</b>	<b>10,176</b>	<b>8,504</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	2,307	1,736
<b>Total non-current liabilities</b>	<b>2,307</b>	<b>1,736</b>
<b>Total liabilities</b>	<b>12,483</b>	<b>10,240</b>
<b>NET ASSETS</b>	<b>431,527</b>	<b>396,182</b>
<b>EQUITY</b>		
Issued Capital – Note 7	454,773	416,886
Reserves	6,957	8,957
Accumulated losses	(30,203)	(29,661)
<b>TOTAL EQUITY</b>	<b>431,527</b>	<b>396,182</b>

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Issued Capital US\$'000	Reserves US\$'000	Options Reserve US\$'000	Accumulated Losses US\$'000	Total US\$'000
<b>At 1 July 2008</b>	352,948	2,295	5,273	(7,559)	352,957
Loss for the period	-	-	-	(24,434)	(24,434)
Total Comprehensive Income for the period	-	-	-	(24,434)	(24,434)
Share options exercised	811	-	-	-	811
Cost of share based payments	-	-	360	-	360
Transfer to issued capital	334	-	(334)	-	-
<b>At 31 December 2008</b>	<b>354,093</b>	<b>2,295</b>	<b>5,299</b>	<b>(31,993)</b>	<b>329,694</b>
<b>At 1 July 2009</b>	416,886	2,295	6,662	(29,661)	396,182
Loss for the period	-	-	-	(542)	(542)
Total Comprehensive Income for the period	-	-	-	(542)	(542)
Share options exercised	8,959	-	-	-	8,959
Cost of share based payments	-	-	1,477	-	1,477
Issue of shares under employee share option plan	25,451	-	-	-	25,451
Transfer to issued capital	3,477	-	(3,477)	-	-
<b>At 31 December 2009</b>	<b>454,773</b>	<b>2,295</b>	<b>4,662</b>	<b>(30,203)</b>	<b>431,527</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Half Year Ended 31 December	
	2009 US\$'000	2008 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(2,913)	(1,423)
Payments for exploration	(6,198)	(5,142)
Other income	-	10
<b>Net cash used in operating activities</b>	<b>(9,111)</b>	<b>(6,555)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for development	(70,656)	(48,166)
Payments for plant & equipment	(3,131)	(7,743)
Proceeds on sale of plant and equipment	3,900	-
Interest received	450	2,106
<b>Net cash used in investing activities</b>	<b>(69,437)</b>	<b>(53,803)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issue of equity & conversion of options	34,410	811
Project finance due diligence	(1,343)	(1,573)
<b>Net cash generated by / (used in) financing activities</b>	<b>33,067</b>	<b>(762)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(45,481)</b>	<b>(61,120)</b>
Cash and cash equivalents at the beginning of the financial period	68,609	182,329
Effects of exchange rate changes on the balance of cash held in foreign currencies	3,813	(23,704)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>26,941</b>	<b>97,505</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

The Half Year report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The Half Year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

#### BASIS OF PREPARATION

This financial report is denominated in United States Dollars, which is the functional currency of Centamin Egypt Limited. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in United States Dollars has been rounded to the nearest thousand dollars, unless otherwise stated.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

#### ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current period, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009. The standards adopted are:

- AASB 3 : "Business Combinations"
- AASB 8 : "Operating Segments"
- AASB 2007-3 "Amendments to Australian Accounting Standards arising from AASB 8"
- AASB 101 : "Presentation of Financial Statements"
- AASB 127 : "Consolidated and Separate Financial Statements"
- AASB 2009-4: "Amendments to Australian Accounting Standards arising from the Annual Improvements Project"

The adoption of these new and revised Standards and Interpretations has resulted in some disclosure changes being made.

#### NOTE 2: SEGMENT REPORTING

The Consolidated Entity has adopted AASB 8 "Operating Segments" and AASB 2007-3 "Amendments to Australian Accounting Standards arising from AASB 8" with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (AASB 114 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the only starting point for the identification of such segments.

In the case of the Centamin Group, the adoption of AASB 8 has changed the methodology used to identify segments however the reporting segments that are disclosed in the financial report remain unchanged.

The Consolidated Entity is engaged in the business of exploration and mining of precious and base metals only, which is characterised as one operating segment only. As the consolidated Entity has only one operating segment, all the necessary reporting disclosures are disclosed elsewhere in the notes to the financial statements.

### NOTE 3: EVENTS SUBSEQUENT TO BALANCE DATE

Other than as set out above, there has not risen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely in the opinion of the Directors of the Company to affect significantly the operations of the company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

### NOTE 4: REVENUE

	Half Year Ended	
	31 December	
	2009 US\$'000	2008 US\$'000
<b>(a) Revenue</b>		
Interest revenue	450	2,106
<b>(b) Other income</b>		
Gain on sale of plant and equipment	886	-
VAT refund	-	10
	<b>1,336</b>	<b>2,116</b>

### NOTE 5: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	Half Year Ended	
	31 December 2009 US\$'000	30 June 2009 US\$'000
	<b>Exploration and evaluation phase expenditure - At Cost (a)</b>	
Balance at the beginning of the period	26,698	21,511
Expenditure for the period	4,968	5,187
Balance at the end of the period	31,666	26,698
<b>Development expenditure - At Cost (b)</b>		
Balance at the beginning of the period	242,377	169,433
Expenditure for the period	68,850	72,944
Balance at the end of the period	311,227	242,377
Net book value of exploration, evaluation and development phase expenditure	<b>342,893</b>	<b>269,075</b>

- (a) Included within the cost amount of exploration evaluation and development assets is \$5,311,744 being the excess of consideration over the net tangible assets acquired on the acquisition of Pharaoh Gold Mines NL in January 1999. This amount has been treated as part of the cost of exploration, evaluation and development. Management believe that the recovery of these amounts will satisfactorily be made through the exploitation of the project in due course.
- (b) Development of the Sukari Gold Project commenced in March 2007. Items of development phase expenditure relevant to the project are being separately accounted for as development phase expenditure.

### NOTE 6: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at the date of these interim consolidated financial statements.

**NOTE 7: ISSUED CAPITAL**

	Half Year Ended	
	31 December	30 June
	2009	2009
	US\$'000	US\$'000
<b>Fully paid ordinary shares</b>		
Balance at beginning of the period	416,886	352,948
Issue of shares upon exercise of options and warrants	8,959	1,278
Transfer from share options reserve	3,477	1,817
Other placements	27,004	60,127
Share issue costs	(1,553)	(3,219)
Tax effect on share issue costs	-	3,935
Balance at end of the period	<b>454,773</b>	<b>416,886</b>

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

**Fully Paid Ordinary Shares**

	Half Year Ended	
	31 December 2009	
	Number	US\$'000
Balance at beginning of the period	991,940,623	416,886
Placements	19,000,000	25,451
Issue of shares on exercise of options and broker warrants	9,713,855	8,959
Transfer from share options reserve	-	3,477
Balance at end of the period	<b>1,020,654,478</b>	<b>454,773</b>

**Share options granted under the employee share option plan**

In accordance with the provisions of the employee share option plans, as at 31 December 2009, executives and employees had options over 6,090,000 ordinary shares. The expiry dates of the granted options are detailed in Note 10. Share options granted under the Employee Option Plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in Note 10 to the financial statements.

**Share warrants on issue**

As part of the Canadian listing process undertaken during the previous financial year on the Toronto Stock Exchange ("TSX") the Company was required to issue to its nominated share broker share warrants as part of the arrangement. Share warrants are identical in nature to share options however they are differentiated as such because the latter in Canada typically relates to options issued to employees under employee share plans. As at 31 December 2009, there were 3,603,855 broker warrants on issue over an equivalent number of ordinary shares (all of which are vested). Further details of the share warrants are contained in Note 10 to the financial statements.

**NOTE 8: RELATED PARTY TRANSACTIONS**

The related party transactions for the six months ended 31 December 2009 are summarised below:

- Salaries, superannuation contributions, consulting and Directors fees paid to Directors during the six months ended 31 December 2009 amounted to A\$653,499 (31 December 2008: A\$712,006).
- Mr S El-Raghy and Mr J El-Raghy are Directors and shareholders of El-Raghy Kriewaldt Pty Ltd ("ELK"), which provides office premises to the Company in Australia. All dealings with ELK are in the ordinary course of business and on normal terms and conditions. Rent paid to ELK during the six months ended 31 December 2009 amounted to A\$32,983 (31 December 2008: A\$30,916).
- Mr S El-Raghy provides office premises to the Company in Alexandria, Egypt. All dealings are in the ordinary course of business and on normal terms and conditions. Rent paid during the six months ended 31 December 2009 amounted to GBP 3,900 (31 December 2008: GBP 3,900).
- Mr C Cowden, a non-executive director, is also a director and shareholder of Cowden Limited, which provides insurance broking services to the Company. All dealings with Cowden Limited are on normal terms and conditions. Cowden Limited was paid A\$53,239 during the six months ended 31 December 2009 (31 December 2008:

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A\$45,810). In addition, amounts of A\$359,969 (31 December 2008: A\$283,507) were paid to Cowden Limited to be passed on to underwriters for premiums during the six months ended 31 December 2009.

An amount of US\$150,000 included in non-current liabilities of the condensed consolidated statement of financial position as at 31 December 2009 represents an unsecured loan payable after commencement of commercial production at the Sukari project to Egyptian Mineral Commodities, a company which Mr S El-Raghy has a financial interest in. This transaction was entered into by the Company on 27 September 2001.

#### NOTE 9: EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of shares outstanding. Diluted earnings per share are calculated using the treasury stock method. In order to determine diluted earnings per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings per share calculation. The diluted earnings per share calculation exclude any potential conversion of options and warrants that would increase earnings per share.

The weighted average number of ordinary shares used in the calculation of basic earnings per share is 996,405,084 (31 December 2008: 878,655,576). The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 996,405,084 (31 December 2008: 878,655,576). The earnings used in the calculation of basic and diluted earnings per share is a loss of US\$541,683 (31 December 2008: US\$24,434,381).

#### NOTE 10: SHARE BASED PAYMENTS

The consolidated entity has an Employee Option Plan in place for executives and employees.

Options are issued to key management personnel under the Employee Option Plan 2006 (previously the Employee Option Plan 2002) as part of their remuneration. Options are offered to key management personnel at the discretion of the Directors, having regard, among other things, to the length of service with the consolidated entity, the past and potential contribution of the person to the consolidated entity and in some cases, performance.

Each employee share option converts into one ordinary share of the Company on exercise. The options carry neither rights to dividends nor voting rights. Options vest over a period of 12 months, with 50% vesting and exercisable after six months and the other 50% vesting and exercisable after 12 months of issue. All options are issued with a term of three years. At the discretion of the Directors part or all of the options issued to an executive or employee may be subject to performance based hurdles. No performance based hurdles have been applied for issues granted to date.

In addition, Series 5 options were issued to three employees outside of the Employee Option Plan on 31 October 2005. Details of those options were:

- 2,500,000 of those options were subject to performance based hurdles. Due to the cessation of employment by the employee to whom the options were issued they lapsed in May 2007.
- 1,000,000 of those options vest and are exercisable over a period of two years, with 50% vesting and exercisable after 12 months and the other 50% vesting and exercisable after 24 months of issue. These options have a term of 5 years. To date, 650,000 options have been exercised.
- 750,000 of those options vest and are exercisable immediately. These have a term of 5 years. To date, 250,000 options have been exercised.

In addition to the above:

- 1,630,150 options (Series 18) were issued pursuant with the agreement with Macquarie Bank Limited to provide a corporate loan facility of up to US\$25 million (as announced on 02 April 2009). Those options are exercisable any time on or before 31 December 2012. No Series 18 options have been exercised at the date of this report.
- 1,000,000 options (Series 20) were issued pursuant with the agreement with Ambrian Partners Limited and Investec Bank Plc to provide advisory services associated with the main board of the London Stock Exchange. Those options are exercisable any time on or before 28 November 2010. No Series 20 options have been exercised at the date of this report.

The following reconciles the outstanding share options granted under the Employee Option Plan, and other share based payment arrangements, at the beginning and end of the financial year:

	Half Year Ended 31 December 2009 Number of options
Balance at beginning of the period (a)	11,305,150
Granted during the period (b)	1,350,000
Exercised during the period (c)	(2,960,000)
Forfeited, expired or lapsed during the period (d)	(125,000)
Balance at the end of the period (e)	<u>9,570,150</u>
Exercisable at the end of the period	<u>9,220,150</u>

a) Balance at the beginning of the period

Options series	Number	Grant date	Expiry / Exercise Date	Exercise price A\$	Fair value at grant date A\$
Series 5	1,050,000	31 Oct 2005	31 Oct 2010	0.3500	0.1753
Series 9	690,000	31 Jan 2007	31 Jan 2010	0.7106	0.3518
Series 10	2,060,000	24 May 2007	24 May 2010	1.0500	0.4661
Series 12	250,000	15 Oct 2007	15 Oct 2010	1.4034	0.4002
Series 13	3,500,000	16 Apr 2008	16 Apr 2011	1.7022	0.4015
Series 14	250,000	25 Aug 2008	25 Aug 2011	1.1999	0.3070
Series 15	750,000	28 Oct 2008	28 Oct 2011	0.7033	0.1964
Series 16	125,000	28 Nov 2008	28 Nov 2011	0.6750	0.3676
Series 17	1,000,000	19 Dec 2008	19 Dec 2011	1.0000	0.3568
Series 18	1,630,150	15 Apr 2009	31 Dec 2012	1.2000	0.4326
	<b>11,305,150</b>				

b) Granted during the period

Options series	Number	Grant date	Expiry / Exercise Date	Exercise price A\$	Fair value at grant date A\$
Series 19	350,000	06 Aug 2009	06 Aug 2012	1.8658	0.7960
Series 20	1,000,000	28 Nov 2009	28 Nov 2010	1.5000	0.9258
	<b>1,350,000</b>				

c) Exercised during the period

Options series	Number exercised	Exercise Date	Share price at exercise date A\$
Series 5	200,000	4 Aug 2009	1.8250
Series 9	25,000	01 Jul 2009	1.7500
	190,000	02 Jul 2009	1.8000
	100,000	06 Jul 2009	1.7200
	40,000	07 Jul 2009	1.7250
	50,000	08 Jul 2009	1.6550
	100,000	13 Jul 2009	1.6600
	45,000	20 Jul 2009	1.8800
	50,000	22 Jul 2009	1.8300
Series 10	10,000	02 Jul 2009	1.8000
	30,000	07 Jul 2009	1.7250
	130,000	08 Jul 2009	1.6550
	200,000	20 Jul 2009	1.8800
	300,000	11 Aug 2009	1.8000

	500,000	17 Sep 2009	1.9200
	790,000	15 Oct 2009	2.0400
	100,000	16 Nov 2009	2.3600
Series 13	70,000	13 Nov 2009	2.3500
	30,000	02 Dec 2009	2.4600
	<b>2,960,000</b>		

## d) Forfeited, expired or lapsed during the period

Options series	Number forfeited	Forfeit date	Share price at forfeit date A\$
Series 16	125,000	09 Sep 2009	1.8850
	<b>125,000</b>		

## e) Balance at the end of the period

Options series	Number	Grant date	Expiry / Exercise Date	Exercise price A\$	Fair value at grant date A\$
Series 5	850,000	31 Oct 2005	31 Oct 2010	0.3500	0.1753
Series 9	90,000	31 Jan 2007	31 Jan 2010	0.7106	0.3518
Series 12	250,000	15 Oct 2007	15 Oct 2010	1.4034	0.4002
Series 13	3,400,000	16 Apr 2008	16 Apr 2011	1.7022	0.4015
Series 14	250,000	25 Aug 2008	25 Aug 2011	1.1999	0.3070
Series 15	750,000	28 Oct 2008	28 Oct 2011	0.7033	0.1964
Series 17	1,000,000	19 Dec 2008	19 Dec 2011	1.0000	0.3568
Series 18	1,630,150	15 Apr 2009	31 Dec 2012	1.2000	0.4326
Series 19	350,000	06 Aug 2009	06 Aug 2012	1.8658	0.7960
Series 20	1,000,000	28 Nov 2009	28 Nov 2010	1.5000	0.9258
	<b>9,570,150</b>				

## NOTE 11: SHARE WARRANTS

## a) Balance at the start of the period

The following share warrants were in existence during the current reporting period:-

Broker Warrants series	Number	Grant date	Expiry / Exercise Date	Exercise price C\$	Fair value at grant date A\$
Series 4	4,770,720	10 Jan 2008	23 Nov 2009	1.2000	0.3782
Series 5	4,636,990	10 Feb 2009	10 Feb 2011	0.6500	0.4288
	<b>9,407,710</b>				

## b) Exercised during the period

Warrants series	Number exercised	Exercise Date	Share price at exercise date A\$
Series 4	329,280	06 Jul 2009	1.7200
	500,000	28 Jul 2009	1.8400
	500,000	04 Sep 2009	1.9000
	500,000	15 Sep 2009	1.9450
	500,000	23 Sep 2009	1.8500
	500,000	07 Oct 2009	1.8700
	500,000	23 Oct 2009	2.0900
	453,040	26 Oct 2009	2.3400
	988,400	23 Nov 2009	2.3700
Series 5	1,983,135	28 Oct 2009	2.3100
	<b>6,753,855</b>		

## c) Issued during the period

Warrants series	Number	Grant date	Expiry Date	Exercise price C\$	Fair value at grant date A\$
Series 6	788,437	16 Jul 2009	16 Jul 2011	1.5600	0.6601
Series 7	161,563	26 Aug 2009	26 Aug 2011	1.5200	0.5895
	<b>950,000</b>				

## d) Balance at the end of the period

Warrant series	Number	Grant date	Expiry / Exercise Date	Exercise price C\$	Fair value at grant date A\$
Series 5	2,653,855	10 Feb 2009	10 Feb 2011	0.6500	0.4288
Series 6	788,437	16 Jul 2009	16 Jul 2011	1.5600	0.6601
Series 7	161,563	26 Aug 2009	26 Aug 2011	1.5200	0.5895
	<b>3,603,855</b>				

Share warrants are specific to the Company's listing on the TSX and retain the same characteristics as share options but are referred to separately under the TSX listing rules.