



CENTAMIN EGYPT LIMITED

HALF-YEAR REPORT FOR THE HALF-YEAR ENDED DECEMBER 31, 2007

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DIRECTORS' REPORT

The Directors of Centamin Egypt Limited (the Company) herewith submit the financial report for the half-year ended December 31, 2007. 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
Mr Josef El-Raghy, Managing Director/CEO
Mr Colin Cowden, Non Executive Director
Mr Gordon B Speechly, Non Executive Director
Dr Thomas Elder, Non Executive Director
Mr H Stuart Bottomley, Non Executive Director

COMPANY SECRETARY

Mrs Heidi Brown

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 profit for the period of US\$5,662,037 compared with a consolidated operating profit of US\$39,726 for the corresponding period last year. The consolidated operating profit was primarily attributable to a foreign exchange gain of US\$5,927,574 (2006: (US\$101,881)) and interest revenue of US\$3,290,245 (2006: US\$1,059,389) resulting from the Company's significant cash balances achieved through equity raisings completed in April 2007 and November 2007. The foreign exchange gain is attributable to the strengthening of the Canadian Dollar against the United States Dollar during the period.

During the half-year the principal focus has been threefold:

- Continuing development and construction work at the Sukari Gold Project in Egypt;
- Upgrading the Sukari Mineral Resource to 7.46 Moz Measured and Indicated, plus 3.7 Moz Inferred at a 0.5g/t cut off grade; and
- Regional and near mine exploration drilling at Kurdeman and Sami South intersecting high grade and anomalous gold mineralization results respectively.

On October 24, 2007, the Company announced that both the Kori Kollo processing plant and the Isparta power plant had arrived safely at the Egyptian seaport of Alexandria and their cargoes had been discharged. The dismantling of the Kori Kollo processing facility in Bolivia and the Isparta 28MW power plant in Turkey were completed in September and both sites were closed and signed off. Trucking of the plant to the Sukari site has been completed without incident.

On November 23, 2007, the Company announced that it had sold on a private basis an aggregate of 112,000,000 special warrants at a price of C\$1.20 per special warrant for aggregate gross proceeds of C\$134,400,000, which includes the exercise in full by the Underwriters of the Underwriters' option. On December 28, 2007, the special warrants were automatically converted into ordinary shares on a one for one basis. The net proceeds of this equity financing are to be applied to fund the continued development of the Sukari gold project, underground development, other exploration and general corporate purposes.

The Directors consider that the Sukari Gold Project is 100% fully funded through to gold production currently forecast to be in quarter four this calendar year. As a result of the equity raising, referred to above, the Company no longer needs to pursue debt financing, has no debt, no hedging and at December 31, 2007 had a cash balance of US\$226M.

In the December quarter, the Sukari Mineral Resource was upgraded to 7.46 Moz Measured and Indicated, plus 3.7 Moz Inferred at a 0.5g/t cut off grade. The Measured and Indicated Mineral Resource has increased by 0.62 Moz or 9% to 7.46 Moz, from 6.84 Moz (September 20, 2007) showing the effectiveness of the infill drilling programme (Table 1). Measured and

Indicated resources account for 67% of total resource. The majority of the resource growth occurred within the Amun Deeps and Ra - Gazelle Zones, both testing the Hapi Zone and parallel mineralized structures.

Table 1 – December 2007 Resource Calculation

Cut-off	Measured		Indicated		Total (Measured + Indicated)			Inferred		
	Mt	g/t	Mt	g/t	Mt	g/t	Moz	Mt	g/t	Moz
0.5	60.10	1.41	99.87	1.48	159.96	1.45	7.46	64.0	1.8	3.7
0.7	43.01	1.73	72.25	1.81	115.26	1.78	6.61	47.6	2.2	3.3
1.0	27.66	2.22	47.20	2.33	74.86	2.29	5.52	32.9	2.8	2.9

Note to Table: Figures in table may not add correctly due to rounding

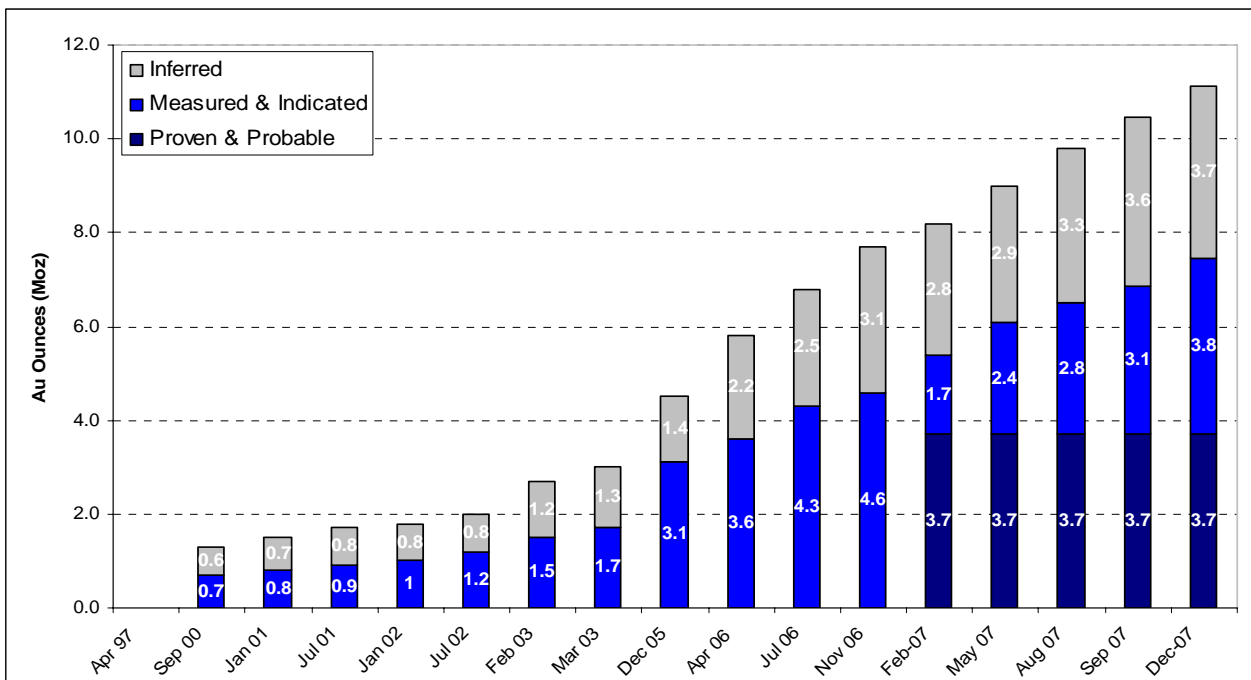


Figure 1 – Resource growth at Sukari from April 1997 to December 2007

Shareholders are referred to the Company's website (www.centamin.com) for further details.

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

Josef El-Raghy
Managing Director/CEO

Perth, February 26, 2008

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

26 Febraury 2008

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 financial half-year ended 31 December 2007, 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



KEITH JONES
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 balance sheet as at 31 December 2007, and the income statement, cash flow statement, 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 22.

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 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 half-year 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 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.

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 2007 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



KEITH JONES

Partner

Chartered Accountants

Perth, 26 February 2008

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



Josef El-Raghy
Managing Director/CEO

Perth, February 26, 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

	Half Year Ended	
	December 31	
	2007	2006
	US\$	US\$
Revenue – Note 4	3,290,245	1,059,389
Other income – Note 4	201,780	433,146
Corporate administration expenses	(2,071,919)	(843,357)
Foreign exchange gain / (loss)	5,927,574	(101,881)
Share based payments	(1,381,402)	(188,018)
Other expenses	(304,241)	(319,553)
Profit before income tax	5,662,037	39,726
Tax (expense) / income	-	-
Net profit for the period	5,662,037	39,726
<i>Earnings per share</i>		
- Basic (cents per share)	0.745	0.007
- Diluted (cents per share)	0.733	0.014

The above Condensed Consolidated Income Statements should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED BALANCE SHEET

	December 31, 2007 US\$	June 30, 2007 US\$
CURRENT ASSETS		
Cash and cash equivalents	226,117,391	136,501,015
Trade and other receivables	43,840	86,893
Inventories	-	140,400
Prepayments	768	7,407
Total current assets	226,161,999	136,735,715
NON-CURRENT ASSETS		
Plant and equipment	11,943,285	12,067,243
Exploration, evaluation and development expenditure – Note 5	117,082,165	69,915,454
Total non-current assets	129,025,450	81,982,697
Total assets	355,187,449	218,718,412
CURRENT LIABILITIES		
Trade and other accounts payable	2,161,250	5,910,093
Provisions	602,752	457,875
Total current liabilities	2,764,002	6,367,968
NON-CURRENT LIABILITIES		
Trade and other accounts payable	150,000	150,000
Total non-current liabilities	150,000	150,000
Total liabilities	2,914,002	6,517,968
NET ASSETS	352,273,447	212,200,444
EQUITY		
Issued Capital – Note 7	352,770,663	217,915,069
Reserves	5,603,112	6,047,740
Accumulated losses	(6,100,328)	(11,762,365)
TOTAL EQUITY	352,273,447	212,200,444

The above Condensed Consolidated Balance Sheets should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital US\$	Reserves US\$	Options Reserve US\$	Accumulated Losses US\$	Total US\$
At June 30, 2006	94,219,681	2,294,794	433,192	(18,646,792)	78,300,875
Profit for the period	-	-	-	39,726	39,726
Share options exercised	270,276	-	-	-	270,276
Cost of share based payments	-	-	195,410	-	195,410
Contributions of equity	-	-	-	-	-
Transfer to issued capital	-	-	-	(5,758)	(5,758)
At December 31, 2006	94,489,957	2,294,794	628,602	(18,612,824)	78,800,529
At June 30, 2007	217,915,069	2,294,794	3,752,946	(11,762,365)	212,200,444
Profit for the period	-	-	-	5,662,037	5,662,037
Share options exercised	7,031,179	-	-	-	7,031,179
Cost of share based payments	-	-	1,381,402	-	1,381,402
Contributions of equity	125,998,385	-	-	-	125,998,385
Transfer to issued capital	1,826,030	-	(1,826,030)	-	-
At December 31, 2007	352,770,663	2,294,794	3,308,317	(6,100,328)	352,273,446

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Half Year Ended	
	December 31	
	2007	2006
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,881,205)	(1,189,366)
Payments for exploration	(5,115,174)	(4,388,022)
Other income	201,780	-
Net cash generated by/(used in) operating activities	(6,794,599)	(5,577,388)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for development	(44,859,095)	(7,456,472)
Interest received	3,290,245	1,059,389
Net cash generated by/(used in) investing activities	(41,568,850)	(6,397,083)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of equity & conversion of options	133,029,564	270,276
Project finance due diligence	(926,435)	-
Financial activity (bank charges and realised foreign exchange gain / (loss))	(620,478)	32,613
Net cash generated by/(used in) financing activities	131,482,651	302,888
Net increase / (decrease) in cash and cash equivalents	83,119,202	(11,671,582)
Cash and cash equivalents at the beginning of the financial period	136,501,015	44,513,500
Effects of exchange rate changes on the balance of cash held in foreign currencies	6,497,174	(155,686)
Cash and cash equivalents at the end of the financial period	226,117,391	32,686,232

The above Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations, Going Concern and Accounting Policies

Statement of Compliance

The half-year financial 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 report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed consolidated financial statements have 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. All amounts are presented in United States Dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended June 30, 2007. The presentation currency for the consolidated entity changed from Australian Dollars to United States Dollars on July 01, 2007.

The significant accounting policies which have been adopted in the preparation of these condensed consolidated financial statements are:

(A) CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(B) DEBT AND EQUITY INSTRUMENTS ISSUED BY THE COMPANY

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(C) EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash flows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Superannuation

The Company contributes to, but does not participate in, compulsory superannuation funds on behalf of the Employees and Directors in respect of salaries and directors' fees paid. Contributions are charged against income as they are made.

(D) EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:
 - a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale: or
 - b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 "Exploration for and Evaluation of Mineral Resources") suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. When commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units of production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

(E) FINANCIAL ASSETS

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through the profit or loss which are initially measured at fair value

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity investments', available for sale" financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit and loss'.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(F) FOREIGN CURRENCY

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars, which is the functional currency of Centamin Egypt Limited, and the presentation currency for the consolidated financial statements. The presentation currency was changed from Australian Dollars to United States Dollars from July 01, 2007 to align the presentation currency with the functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

On consolidation, the assets and liabilities of the Group's foreign operations (including comparatives) are translated into United States Dollars at exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

(G) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables which are recognised inclusive of GST.

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

(H) IMPAIRMENT OF ASSETS (OTHER THAN EXPLORATION AND EVALUATION)

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher 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 assessment of the time value of money and the risks specific to the asset for which the estimates of future flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Each cash generated unit is determined on an area of interest basis.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years.

(I) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method appropriate to each particular class of inventory, with the majority being valued on a weighted average cost basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(J) JOINT VENTURE ARRANGEMENTSJointly controlled assets

Interests in jointly controlled assets in which the Group is a venturer (and so has joint control) are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Group's share of expenses incurred by or in respect of each joint venture.

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

Jointly controlled operations

Where the Group is a venturer (and so has joint control) in a jointly controlled operation, the Group recognises the assets that it controls and the liabilities that it incurs, along with the expenses that it incurs and the Group's share of the income that it earns from the sale of goods or services by the joint venture.

(K) LEASED ASSETS

Leased assets are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where other systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(L) PLANT AND EQUIPMENT

Plant and equipment, and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Plant and equipment will include capitalised development expenditure. Cost includes expenditure that is directly attributable to the acquisition of the item as well as the estimated cost of abandonment. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation of capitalised development expenditure will be provided on a unit of production basis over recoverable reserves, whilst on other fixed assets are calculated on a straight line basis so as to write off the cost or other re-valued amount of each asset over its expected useful life to its estimated residual value.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Plant & Equipment & Office Furniture	-	4- 10 years
Motor Vehicles	-	2 - 8 years

(M) REVENUE

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(N) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 "Consolidated and Separate Financial Statements". Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all significant intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(O) SHARE-BASED PAYMENTS

Employee share options that vested before January 01, 2005 have not been expensed. The shares are recognised when the options are exercised and the proceeds are allocated to share capital.

Equity-settled share-based payments granted after November 07, 2002 that were vested on or after January 01, 2005, are measured at fair value at the date of grant. Fair value is measured under the Black-Scholes option valuation model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

(P) TAXATION

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Centamin Egypt Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as the head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution to (or distribution to) equity participants.

NOTE 2: SEGMENT REPORTING

Primary reporting – Business Segments

The economic entity is engaged in the business of exploration for precious and base metals only, which is characterised as one business segment only.

Secondary reporting – Geographical Segments

The principal activity of the economic entity during the year was the exploration for precious and base metals in Egypt and funding is sourced from Canada.

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 December 31	
	2007 US\$	2006 US\$
(a) Revenue		
Interest revenue	3,290,245	1,059,389
(b) Other income		
Sale of plant and equipment	199,940	433,146
VAT refund	1,840	-
	3,492,024	1,492,535

NOTE 5: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	Half Year Ended December 31	
	2007 US\$	2006 US\$
Exploration and evaluation phase expenditure		
- At Cost (a)		
Balance at the beginning of the period	4,627,793	33,808,721
Expenditure for the period	5,178,431	6,629,648
Transfer to Development phase expenditure	-	-
Balance at the end of the period	9,806,224	40,438,369
Development expenditure		
- At Cost (b)		
Balance at the beginning of the period	65,287,661	-
Expenditure for the period	41,988,280	-
Transfer from Exploration and evaluation phase expenditure	-	-
Balance at the end of the period	107,275,941	-
Net book value of exploration, evaluation and development phase expenditure	117,082,165	40,438,369

(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 unaudited interim consolidated financial statements.

NOTE 7: ISSUED CAPITAL

	Half Year Ended December 31	
	2007 US\$	2006 US\$
Fully paid ordinary shares		
Balance at beginning of the period	217,915,069	94,280,380
Issue of shares under Employee option plan	7,031,179	209,577
Transfer from share options reserve	1,826,030	-
Placements	125,998,385	-
Balance at end of the period	352,770,663	94,489,957

Change to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from July 01, 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

	Half Year Ended December 31, 2007	
	Number	US\$
Balance at beginning of the period	755,734,232	217,915,069
Employee share option plan	7,424,931	7,031,179
Transfer from share options reserve	-	1,826,030
Placements	112,000,000	125,998,385
Balance at end of the period	875,159,163	352,770,663

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options granted under the employee share option plan

In accordance with the provisions of the employee share option plans, as at December 31, 2007, executives and employees have options over 11,102,500 ordinary shares. The expiry dates of the granted options are detailed in Note 10. Share options granted under the employee share 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 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 December 31, 2007 there were 4,007,260 broker warrants on issue over and 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 December 31, 2007 are summarised below:

- Salaries, superannuation contributions, consulting and Directors fees paid to Directors during the six months ended December 31, 2007 amounted to A\$687,040 (December 31, 2006: A\$505,053).
- 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 December 31, 2007 amounted to A\$30,916 (December 31, 2006: A\$27,142).

- 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 December 31, 2007 amounted to GBP 3,900 (December 31, 2006: 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 in the ordinary course of business and on normal terms and conditions. Amounts paid to Cowden Limited for insurances during the six months ended December 31, 2007 amounted to A\$199,908 (December 31, 2006: A\$110,195) of which A\$27,692 was retained by Cowden Limited as Brokerage (December 31, 2006: A\$15,561).
- Mr Brian Speechly, a non-executive director, is also a director and shareholder of Speechly Mining Pty Ltd, a mining consultancy company. Invoices received for payment during the six months ended December 31, 2007 amounted to A\$91,881 (December 31, 2006: A\$0)

The amount of US\$150,000 appearing in non-current liabilities of the unaudited interim consolidated balance sheet as at December 31, 2007 represents an unsecured loan payable 14 days 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 September 27, 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 759,650,488 (December 31, 2006: 578,830,706). The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 772,852,988 (December 31, 2006: 585,702,826). The earnings used in the calculation of basic and diluted earnings per share are US\$5,662,037 (December 31, 2006: US\$39,726).

NOTE 10: SHARE BASED PAYMENTS

The consolidated entity has an Employee Share 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 options (Series 8) were issued to the Company's share broker in Canada as a gratitude payment for professional services provided during the listing process on the Toronto Stock Exchange in January 2007. Details of those options were:

- Exercisable any time within 2 years of grant date.

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

	Half Year Ended December 31, 2007 Number of options
Balance at beginning of the period (a)	13,490,000
Granted during the period (b)	250,000
Forfeited during the period	-
Exercised during the period (c)	2,637,500
Expired during the period	-
Balance at the end of the period (d)	<u>11,102,500</u>
Exercisable at the end of the period	<u>7,030,000</u>

a) Balance at the start of the period

Options series	Number	Grant date	Expiry / Exercise Date	Exercise price A\$	Fair value at grant date A\$
Series 3	395,000	04 Feb 05	04 Feb 08	0.2804	0.1357
Series 4	200,000	17 Feb 05	17 Feb 08	0.2804	0.1435
Series 5	1,700,000	31 Oct 05	31 Oct 10	0.3500	0.1753
Series 6	1,500,000	08 Dec 05	08 Dec 08	0.4355	0.1495
Series 7	250,000	30 Aug 06	30 Aug 09	0.6566	0.2785
Series 8	2,000,000	10 Jan 07	10 Jan 09	0.8000	0.2393
Series 9	3,615,000	31 Jan 07	31 Jan 10	0.7106	0.3518
Series 10	2,330,000	24 May 07	24 May 10	1.0500	0.4661
Series 11	1,500,000	25 Jun 07	25 Jun 10	1.1636	0.3210
	13,490,000				

b) Issued during the period

Options series	Number	Grant date	Expiry / Exercise Date	Exercise price A\$	Fair value at grant date A\$
Series 12	250,000	15 Oct 07	15 Oct 10	1.4034	0.4002
	250,000				

c) Exercised during the period

Options series	Number exercised	Exercise Date	Share price at exercise date A\$
Series 3	20,000	25 Oct 07	1.4350
	50,000	07 Nov 07	1.5000
	25,000	08 Nov 07	1.5750
Series 4	50,000	18 Jul 07	1.2800
	50,000	09 Nov 07	1.5700
Series 5	30,000	22 Oct 07	1.4200
Series 7	10,000	08 Aug 07	1.275
	15,000	12 Sep 07	1.210
	10,000	24 Sep 07	1.390
	35,000	27 Sep 07	1.330
Series 8	1,000,000	19 Oct 07	1.4000
	1,000,000	20 Nov 07	1.4200
Series 9	20,000	02 Oct 07	1.3700
	25,000	08 Oct 07	1.3350
	55,000	10 Oct 07	1.3400
	25,000	19 Oct 07	1.4000
	25,000	22 Oct 07	1.4200
	15,000	23 Oct 07	1.4400
	15,000	07 Nov 07	1.5000
	37,500	08 Nov 07	1.5750
	15,000	12 Nov 07	1.5200
	10,000	16 Nov 07	1.4650
	100,000	17 Nov 07	1.4650
	2,637,500		

d) 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 3	300,000	04 Feb 05	04 Feb 08	0.2804	0.1357
Series 4	100,000	17 Feb 05	17 Feb 08	0.2804	0.1435
Series 5	1,670,000	31 Oct 05	31 Oct 10	0.3500	0.1753
Series 6	1,500,000	08 Dec 05	08 Dec 08	0.4355	0.1495
Series 7	250,000	30 Aug 06	30 Aug 09	0.6566	0.2785
Series 9	3,202,500	31 Jan 07	31 Jan 10	0.7106	0.3518
Series 10	2,330,000	24 May 07	24 May 10	1.0500	0.4661
Series 11	1,500,000	25 Jun 07	25 Jun 10	1.1636	0.3210
Series 12	250,000	15 Oct 07	15 Oct 10	1.4034	0.4002
	11,102,500				

NOTE 11: SHARE WARRANTS

a) Balance at the start of the period

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

Warrants series	Number	Grant date	Expiry Date	Exercise price C\$	Fair value at grant date A\$
Series 1	3,751,431	05 Apr 07	05 Apr 09	0.8600	0.3011
Series 2	4,429,678	13 Apr 07	11 Apr 09	0.8600	0.2743
Series 3	613,582	20 Apr 07	20 Apr 09	0.8600	0.2868
	8,794,691				

b) Exercised during the period

Warrants series	Number exercised	Exercise Date	Share price at exercise date A\$
Series 1	1,000,000	28 Nov 07	1.4050
	500,000	03 Dec 07	1.3800
	500,000	07 Dec 07	1.3600
	1,000,000	10 Dec 07	1.3900
	751,431	13 Dec 07	1.3600
Series 2	1,036,000	18 Dec 07	1.2800
	4,787,431		

c) 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 2	3,393,678	13 Apr 07	11 Apr 09	0.8600	0.2743
Series 3	613,582	20 Apr 07	20 Apr 09	0.8600	0.2868
	4,007,260				

Following a general meeting of the Company's shareholders held on 10 January 2008 a resolution was passed to approve the issue of 5,600,000 share warrants with an exercise price of C\$1.29 each and an expiry date of 23 November 2009.

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

NOTE 12: IMPACT OF RECONCILIATION BETWEEN AUSTRALIAN ACCOUNTING STANDARDS AND CANADIAN GAAP

There are no material differences between the Income Statements, Balance Sheets, Statement of Changes in Equity and Cash Flow Statements presented under Australian accounting standards and Canadian GAAP.

The Company would be required under Canadian GAAP to adopt the provisions of Sections 3855 (Financial Instruments – Recognition and Measurement), 3861 (Financial Instruments – Disclosure and Presentation) and 1530 (Comprehensive Income) from July 01, 2007 which address the classification, recognition and measurement of financial instruments in the financial statements and the inclusion of other comprehensive income. These new standards require that the Company identifies all financial instruments and accounts for these financial instruments at their fair value. Costs associated at the recognition date with these financial standards can be either immediately expensed or offset against the fair value of the financial instruments.

The Company has elected to expense all costs associated with the acquisition of financial instruments. Financial assets are classified as one of the following groupings: loans and receivables, assets held to maturity, available for sale financial assets or assets held for trading. Changes in the fair value of available for sale financial assets are taken to equity and reported in the new Statement of Comprehensive Income, until the financial asset is either derecognized or impaired, where it is then accounted for in the Statement of Operations. Changes in the fair value of assets held for trading are reflected in the Statement of Operations. Assets held to maturity and loans and receivables are measured at amortised cost. Financial liabilities are classified as either trading or at amortised costs. Comparative periods have not been adjusted to reflect the implementation of these new standards.

In addition to recognising the unrealized fair value changes in available for sale financial assets in the Statement of Comprehensive Income, unrealized gains and losses on translating financial statements of self sustaining foreign operations, unrealized gains and losses on foreign currency translation associated with hedges, donations from non-owners and appraisal credit increases are also recognized in the new statement.

As the company does not presently hold any financial instruments for which amounts would be required to be recognised in a Statement of Comprehensive Income, this statement has not been presented in this report.