



CENTAMIN EGYPT LIMITED

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

AUSTRALIA

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DIRECTORS' REPORT

The Directors of Centamin Egypt Limited herewith submit the financial report for the half-year ended 31 December 2005. In order to comply with the provisions of the Corporations Act 2001, the Directors report 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, 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. There were no significant changes in the nature of the activities of the consolidated entity during the year.

CORPORATE GOVERNANCE

The Board of Directors of Centamin Egypt Limited is responsible for the corporate governance of the Company. The Board monitors the business affairs of Centamin Egypt Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

REVIEW OF OPERATIONS

During the half-year, the Company focused on infill and step out drilling of the Sukari Gold Project. Work continued with Ausenco Limited on the Bankable Feasibility Study (BFS) into the development of a 4 to 5 million tonne per annum processing facility. This Feasibility Study is due for completion in the second quarter of 2006.

In December 2005, an upgrade of the resource modelling and grade estimation of the Sukari geological resource was completed to JORC standards by independent resource consultants, Hellman & Schofield. The resource was calculated from 451 diamond and RC holes for a total of 86,581 metres of drilling up to the beginning of November 2005, an increase of approximately 20,000 metres from the previous program. The results were as follows:-

Gold Resource Estimate By Category - Uncut:

Cut-off	Measured		Indicated		Inferred		Total		
	Mt	g/t	Mt	g/t	Mt	g/t	Mt	g/t	M oz
0.5	28.30	1.42	37.27	1.51	25.2	1.7	90.78	1.54	4.49
1.0	14.16	2.13	20.08	2.18	13.9	2.5	48.12	2.27	3.51

The measured resources lie in areas where drilling data is available at a nominal 25 x 25 metre spacing, indicated resources are approximately 25 x 50 and inferred resources in areas of broader spaced drilling. The resources are estimates of recoverable tonnes and grades using Multiple Indicator Kriging with block support correction. The resource model extends from 9900mN to 11000mN and to a maximum depth of 600RL (approximately 550 metres below surface).

Several key personnel were appointed during the half-year, including the Project Manager, Wayne Foote and Roger Speers, a Senior Exploration Geologist. Stuart Bottomley was appointed as a director of the Company towards the end of September 2005.

In July 2005, His Excellency Engineer Sameh Fahmy, the Minister for Petroleum and Mineral Resources ("the Ministry"), the Deputy Minister, Engineer Amghad Ghonem, and the entire Egyptian Mineral Resource Authority ("EMRA") board, together with a large media entourage visited the Sukari Project site where the Minister stated on national television that the project has his and the Egyptian Government's full support.

As part of the Egyptian Ministry's push to develop a new mining legislation in Egypt, a delegation from the Ministry and EMRA visited the Company's office in Perth early in September 2005. The government delegates attended a mining conference, met with representatives of the Department of Industry and Resources of Western Australia and visited numerous working mines in Kalgoorlie in an effort to gather information that could assist in the preparation of the new mining legislation.

Towards the end of 2005, Pharaoh Gold Mines NL, the Company's wholly owned subsidiary, and one of its Egyptian geologists, Mr Ismail Abd El-Khalek were honoured with awards for outstanding performance. These awards were presented by His Excellency, Engineer Sameh Fahmy, on behalf of the Egyptian Government, acknowledging their contribution and commitment to the Egyptian minerals industry.

The Australian Ambassador to Egypt, Mr Robert Bowker also visited the Sukari site during December 2005.

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independent declaration is included on page 3.

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

On behalf of the Directors



Sami El-Raghy
Chairman

15 March 2006

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

15 March 2006

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 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



KEITH F JONES

Partner
Chartered Accountants

Independent review report to the members of Centamin Egypt Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for the consolidated entity for the half-year ended 31 December 2005 as set out on pages 5 to 18. The consolidated entity comprises both Centamin Egypt Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

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

Statement

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:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



KEITH F JONES

Partner

Chartered Accountants

Perth, 15 March 2006

Member of
Deloitte Touche Tohmatsu

DIRECTORS' DECLARATION

The directors declare that:

- a) The attached financial statements and notes thereto comply with accounting standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) In the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Sami El-Raghy
Chairman

15 March 2006

CONSOLIDATED INCOME STATEMENT

	Consolidated	
	Half Year Ended 31 Dec 05 \$	Half Year Ended 31 Dec 04 \$
Interest income	416,095	520,786
Expenses		
Salaries, Directors Fees & Superannuation	(422,122)	(330,495)
Foreign Exchange Loss	(51,705)	(388,178)
Accounting, Audit & Legal Fees	(13,480)	(12,550)
Consulting Fees	(35,207)	(46,248)
Promotional Expenses	(80,739)	(32,777)
Other Expenses From Ordinary Activities	(94,760)	(216,130)
Travelling Expenses	(133,032)	(35,047)
Listing & Share Registry Fees	(58,178)	(36,147)
Office Rent	(26,265)	(21,275)
Telephone Expenses	(15,376)	(22,031)
Annual Report Expenses	(17,610)	(17,888)
Loss Before Income Tax Benefit	(532,379)	(637,980)
Income tax benefit	-	-
Net Loss for the Period	(532,379)	(637,980)
Net Loss Attributable to Members of the Parent Entity	(532,379)	(637,980)
Earnings Per Share - Basic (cents per share)	(0.036)	(0.035)
-Diluted (cents per share)	(0.036)	(0.035)

The consolidated income statement is to be read in conjunction with the notes to and forming part of the half-yearly financial statements

CONSOLIDATED BALANCE SHEET

	Consolidated	
	Half Year Ended 31 Dec 05 \$	Half Year Ended 30 Jun 05 \$
CURRENT ASSETS		
Cash	13,195,293	17,984,972
Trade and other receivables	69,854	298,118
Prepayments	76,086	114,527
Total current assets	13,341,233	18,397,617
NON-CURRENT ASSETS		
Receivables	124,642	-
Plant and equipment	1,035,918	1,178,079
Exploration expenditure	33,882,140	28,715,883
Total non-current assets	35,042,700	29,893,962
Total assets	48,383,933	48,291,579
CURRENT LIABILITIES		
Accounts payable	456,337	232,549
Provisions	338,147	234,092
Total current liabilities	794,484	466,641
NON-CURRENT LIABILITIES		
Accounts payable	205,455	196,850
Total non-current liabilities	205,455	196,850
Total liabilities	999,939	663,491
Net assets	47,383,994	47,628,088
EQUITY		
Issued Capital	68,733,140	68,602,890
General Reserve	2,809,287	2,809,287
Share Options Reserve	221,539	63,504
Accumulated Losses	(24,379,972)	(23,847,593)
Total equity	47,383,994	47,628,088

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the half-yearly financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	General Reserve	Share Options Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
BALANCE AT 1 JUL 04	68,568,240	2,809,287	-	(22,977,181)	48,400,346
Loss for the period	-	-	-	(637,980)	(637,980)
BALANCE AT 31 DEC 04	68,568,240	2,809,287	-	(23,615,161)	47,762,366
Share options exercised	34,650	-	-	-	34,650
Loss for the period	-	-	-	(232,432)	(232,432)
Cost of share based payments	-	-	63,504	-	63,504
BALANCE AT 30 JUN 05	68,602,890	2,809,287	63,504	(23,847,593)	47,628,088
Share options exercised	130,250	-	-	-	130,250
Loss for the period	-	-	-	(532,379)	(532,379)
Cost of share based payments	-	-	158,035	-	158,035
BALANCE AT 31 DEC 05	68,733,140	2,809,287	221,539	(24,379,972)	47,383,994

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the half-yearly financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Consolidated	
	Half-Year Ended 31 Dec 05 \$	Half-Year Ended 31 Dec 04 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	-	20,487
Cash payments in the course of operations	(720,859)	(655,936)
Interest received	416,095	520,786
Net cash used in operating activities	(304,764)	(114,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchases of property, plant & equipment	(248,921)	(124,218)
Payments for exploration	(4,320,204)	(568,094)
Proceeds from sale of property, plant & equipment	5,665	1,000
Net cash (used in) investing activities	(4,563,460)	(691,312)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares	130,250	-
Net cash provided by financing activities	130,250	-
Net decrease in cash held	(4,737,974)	(805,975)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(51,705)	(388,178)
Cash at the beginning of the half-year	17,984,972	21,133,460
Cash at the end of the half-year	13,195,293	19,939,307

The consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the half-yearly financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. *Statement of significant accounting policies*

(A) BASIS OF PREPARATION

This financial report is denominated in Australian Dollars.

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 Finance 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.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in Note 4.

The accounting policies set out below have been applied in preparing the financial statement for the half-year ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2004 (as disclosed in Note 4), the consolidated entity's date of transition.

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

(B) ACCOUNTS PAYABLE

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(C) 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.

(D) EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Exploration and evaluation expenditure is brought to account at cost.

Ongoing costs of acquisition, exploration and evaluation are capitalised in relation to each separate area of interest and in respect of which:

- i. such costs are expected to be recouped through successful development and exploitation of the area or alternatively by their sale, or
- ii. exploration and evaluation activities in the area have not yet reached the stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations are continuing.

The Directors review the carrying value of each area of interest at balance date and exploration expenditure which no longer satisfies the above policy is written off.

All exploration permits are treated as separate areas of interest.

Once an area of interest enters a development phase, all capitalised acquisition, exploration and evaluation expenditure is transferred to development costs within property, plant and equipment.

(E) FOREIGN CURRENCY

All foreign currency transactions during the period have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate existing at that date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. All exchange differences are brought to account in the consolidated income statement in the financial period in which they arise.

(F) 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.

(G) IMPAIRMENT OF ASSETS

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.

(H) INVESTMENTS

Investments in controlled entities are carried in the company's accounts at cost less impairment.

(I) LOANS AND RECEIVABLES

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(J) 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 property, 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 net 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

(K) 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 intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(L) REVENUE RECOGNITION

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(M) SHARE-BASED PAYMENTS

Employee share options that vested before 1 January 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 7 November 2002 that were unvested as of 01 January 2005, are measured at fair value at the date of grant. Fair value is measured under the Black and Scholes 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.

(N) SUPERANNUATION FUND

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.

(O) 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.

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. As the economic entity has only one business segment, all the necessary reporting disclosures are disclosed elsewhere in the notes to the financial statements.

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 Australia.

3. *Events subsequent to balance date*

The consolidated entity is not aware of any other matter or circumstance arising since the end of the financial period, not otherwise dealt with in the financial statements or the operations report, that has 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 periods.

4. Impact of adopting the Australian equivalents to International Financial Reporting Standards ("A-IFRS")

Effect of A-IFRS on the Consolidated Balance Sheet as at 01 July 2004

	N O T E	Consolidated		
		Superseded policies * \$	Effect of transition to A-IFRS \$	A-IFRS \$
Current assets				
Cash		21,133,460	-	21,133,460
Trade and other receivables		30,258	-	30,258
Prepayments		151,400	-	151,400
Total current assets		21,315,118	-	21,315,118
Non-current assets				
Plant & equipment		1,012,896	-	1,012,896
Exploration expenditure		26,662,812	-	26,662,812
Total non-current assets		27,675,708	-	27,675,708
Total assets		48,990,826	-	48,990,826
Current liabilities				
Accounts payables		204,314	-	204,314
Provisions		168,869	-	168,869
Total current liabilities		373,183	-	373,183
Non-current liabilities				
Accounts payable		217,297	-	217,297
Total non-current liabilities		217,297	-	217,297
Total liabilities		590,480	-	590,480
Net assets		48,400,346	-	48,400,346
Equity				
Contributed equity		68,568,240	-	68,568,240
General Reserve		2,809,287	-	2,809,287
Share Option Reserve	(a)	-	-	-
Accumulated losses		(22,977,181)	-	(22,977,181)
Total equity		48,400,346	-	48,400,346

* Reported financial position for the financial year ended .

4. Impact of adopting the Australian equivalents to International Financial Reporting Standards (Continued)

Effect of A-IFRS on the Consolidated Income Statement for the half-year ended 31 December 2005 and the financial year ended 30 June 2005

	Half year ended 31 Dec 05			Financial year ended 30 Jun 05		
	Superseded policies*	Effect of transition to A-IFRS	A-IFRS	Superseded policies*	Effect of transition to A-IFRS	A-IFRS
	\$	\$	\$	\$	\$	\$
Interest income	416,095	-	416,095	1,148,660	-	1,148,660
Administration expenses	(524,963)	(158,035)	(682,998)	(1,132,327)	(63,504)	(1,195,831)
Foreign exchange loss	(51,705)	-	(51,705)	(543,942)	-	(543,942)
Promotional expenses	(80,739)	-	(80,739)	(145,044)	-	(145,044)
Travelling expenses	(133,032)	-	(133,032)	(108,371)	-	(108,371)
Other expenses	-	-	-	(25,884)	-	(25,884)
Loss before income tax expense	(374,344)	(158,035)	(532,379)	(806,908)	(63,504)	(870,412)
Income tax expense	-	-	-	-	-	-
Loss attributable to members of the parent entity	(374,344)	(158,035)	(532,379)	(806,908)	(63,504)	(870,412)

* Reported financial results under previous Australian GAAP.

4. Impact of adopting the Australian equivalents to International Financial Reporting Standards (Continued)

Effect of A-IFRS on the Consolidated Balance Sheet as at 31 December 2005 and 30 June 2005.

	Half year ended 31 Dec 05			Financial year ended 30 Jun 05			
	NOTE	Superseded policies *	Effect of transition to A-IFRS	A-IFRS	Superseded policies*	Effect of transition to A-IFRS	A-IFRS
		\$	\$	\$	\$	\$	\$
Current assets							
Cash		13,195,293	-	13,195,293	17,984,972	-	17,984,972
Trade and other receivables		69,854	-	69,854	298,118	-	298,118
Prepayments		76,086	-	76,086	114,527	-	114,527
Total current assets		13,341,233	-	13,341,233	18,397,617	-	18,397,617
Non-current assets							
Trade and other receivables		124,642	-	124,642	-	-	-
Plant & equipment		1,035,918	-	1,035,918	1,178,079	-	1,178,079
Exploration expenditure		33,882,140	-	33,882,140	28,715,883	-	28,715,883
Total non-current assets		35,042,700	-	35,042,700	29,893,962	-	29,893,962
Total assets		48,383,933	-	48,383,933	48,291,579	-	48,291,579
Current liabilities							
Accounts payable		456,337	-	456,337	232,549	-	232,549
Provisions		338,147	-	338,147	234,092	-	234,092
Total current liabilities		794,484	-	794,484	466,641	-	466,641
Non-current liabilities							
Accounts payable		205,455	-	205,455	196,850	-	196,850
Total non-current liabilities		205,455	-	205,455	196,850	-	196,850
Total liabilities		999,939	-	999,939	663,491	-	663,491
Net assets		47,383,994	-	47,383,994	47,628,088	-	47,628,088
Equity							
Contributed equity		68,733,140	-	68,733,140	68,602,890	-	68,602,890
General Reserve		2,809,287	-	2,809,287	2,809,287	-	2,809,287
Share Option Reserve	(a)	-	221,539	221,539	-	63,504	63,504
Accumulated losses	(f)	(24,158,433)	(221,539)	(24,379,972)	(23,784,089)	(63,504)	(23,847,593)
Total equity		47,383,994	-	47,383,994	47,628,088	-	47,628,088

* Reported financial position under previous Australian GAAP.

4. *Impact of adopting the Australian equivalents to International Financial Reporting Standards (Continued)*

(a) Share-based payments

Under AASB 2 Share Based Payments, the Company has determined the fair value of options issued to employees as remuneration and recognised an expense in the Consolidated Income Statement over the vesting period.

At the date of transition no adjustment was made as there were no options issued from the commencement date of 7 November 2002 that had not vested at 1 January 2005. For the half year ended 31 December 2005 and the financial year ended 30 June 2005 share-based payments of \$158,035 and \$63,504 (included in employee benefit expenses) which were not recognised under the superseded policies were recognised under A-IRFS, with a corresponding increase in equity.

(b) Property, plant and equipment

On transition to A-IFRS, the entity had several options in the determination of the cost of each tangible asset and could also elect to use the cost or fair value basis for the measurement of each class of property, plant and equipment after transition. The Consolidated Entity has elected to continue to measure property, plant and equipment on the historical cost option. The treatment of depreciation and the estimated useful life have also remained the same. There has not been any adjustment under A-IFRS in the consolidated entity either at transition or comparative period balance date.

(c) Restoration provisions

Under AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the Company is required to recognise the full provision for rehabilitation, based on discounted future cash flows, at the date of transition to A-IFRS. A corresponding asset net of depreciation to the date of transition may qualify for recognition as part of development costs and be amortised together with development assets.

The Company, via its wholly owned subsidiary, Pharaoh Gold Mines NL (Pharaoh), is a party to a Concession Agreement with the Government of the Arab Republic of Egypt, whereby Pharaoh is exploring for gold and associated minerals in the Eastern Desert of Egypt. Pharaoh has progressed the Sukari Project to the stage where a feasibility study is presently being carried out to a bankable standard into the development of a 4 to 5 million tonne per annum processing facility. If the Sukari Project goes into production, then under the terms of Concession Agreement, Pharaoh or the Operating Company, (which will be owned equally by Pharaoh and the Government), as the case may be, shall be responsible for the reasonable restoration and rehabilitation of the project area, in a manner consistent with good international practice in the mining industry. As the Company is not yet in production, there is no obligation for a rehabilitation provision at this stage. There are therefore no adjustments for rehabilitation provisions at this stage.

(d) Impairment of assets

Under A-IFRS, both current and non-current assets are tested for impairment, including property plant and equipment.

The entity has determined that no asset impairment provisions are required on transition to A-IFRS at 01 July 2004, 30 June 2005 or 31 December 2005.

(e) Income tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expenses were calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under A-IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount to assets and liabilities in the financial statements and their corresponding tax bases.

There is no impact on the cumulative financial position at 31 December 2005 or at transition to A-IFRS. This is because:-

Tax Losses

A deferred tax asset will not be recognised for carry forward tax losses because it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

(f) Accumulated losses

The effect of the above adjustments on retained earnings is as follows:

	Consolidated		
	1 Jul 04	30 Jun 05	31 Dec 05
	\$	\$	\$
Expensing share-based payments	-	63,504	158,035
Total adjustment to accumulated losses	-	63,504	221,539

(g) Cash flows

The transition to A-IFRS has had no effect on the consolidated entity's cash flows.