CENTRAL SUN MINING INC.
Form 6-K
August 14, 2008

FORM 6-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of **August 2008**

Commission File Number **001-32412**

CENTRAL SUN MINING INC.
(Translation of registrant's name into English)

500 – 6 Adelaide St. East
Toronto, Ontario, Canada M5C 1H6
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F

Form 20-F o Form 40-F x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b) 82 —

EXHIBIT NO.	**DESCRIPTION**
99.1	Financial Statements for Period Ended June 30, 2008
99.2	Management's Discussion & Analysis for the Period Ended June 30, 2008
99.3	Certification of Chief Executive Officer Dated August 13, 2008
99.4	Certification of Chief Financial Officer Dated August 13, 2008

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTRAL SUN MINING INC.

Date: August 14, 2008

By: /s/ Denis C. Arsenault
Denis C. Arsenault, Chief Financial Officer

EXHIBIT 99.1

Interim Report

Q2

Financial Statements

June 30, 2008

Central Sun Mining Inc.

Consolidated Balance Sheets

(Unaudited)

(US Dollars in thousands)

	Note	June 30 2008	December 31 2007
Assets			
Current			
Cash and cash equivalents		$ 3,466	$ 16,762
Marketable securities	4	1,257	1,619
Accounts receivable and prepaids	5	9,284	7,064
Product inventory	6	2,684	3,426
Supplies inventory		7,552	5,803
		24,243	34,674
Restricted cash	7	272	493
Bellavista Mine equipment held for sale	8	3,350	3,400
Property, plant and equipment	9	38,374	34,988
		$ 66,239	$ 73,555
Liabilities			
Current			
Accounts payable and accrued liabilities		$ 13,484	$ 11,906
Current portion of asset retirement obligations	11	2,373	3,092
		15,857	14,998
Long term liabilities	11	1,473	-
Asset retirement obligations	11	4,797	5,524
		22,127	20,522
Shareholders’ Equity			
Warrants	12	16,920	16,895
Agent’s options	13	1,697	1,820
Contributed surplus	14	10,011	8,289
Common shares	15	109,145	108,373
Deficit		(93,434)	(82,479)
Accumulated other comprehensive (loss) income		(227)	135
		44,112	53,033
		$ 66,239	$ 73,555

Nature of operations, basis of presentation and going concern	1
Contingency	8
Subsequent event	20

The accompanying notes form an integral part of these consolidated financial statements.

1

Central Sun Mining Inc.

Consolidated Statements of Operations

Period ended June 30

(Unaudited)

(US Dollars and shares in thousands, except per share amounts)

		Three months ended June 30		Six months ended June 30	
	Note	**2008**	**2007**	**2008**	**2007**
Sales		$7,382	$14,313	$19,692	$34,610
Cost of sales		4,972	9,700	11,758	24,339
Royalties and production taxes		461	629	1,163	1,485
Depreciation and depletion		367	2,426	964	6,406
Accretion expense	11	148	67	298	133
		5,948	12,822	14,183	32,363
Income from mining operations before the under noted items		1,434	1,491	5,509	2,247
Expenses and other income					
General and administrative		1,515	1,308	2,811	2,579
Orosi Mine* - Mill Project		2,573	141	6,789	241
Care and maintenance		1,118	765	2,332	765
Stock based compensation	15	1,079	297	2,211	663
Exploration		1,332	536	2,393	953
Other income	3	(250)	(6,777)	(72)	(7,030)
		7,367	(3,730)	16,464	(1,829)
Income (loss) from continuing operations, before taxes		(5,933)	5,221	(10,955)	4,076
Income tax expense		-	(1,865)	-	(1,865)
Income (loss) from continuing operations, after taxes		(5,933)	3,356	(10,955)	2,211
Loss from discontinued operations, net of taxes	10	-	(96)	-	(124)
Net income (loss) for the period		$(5,933)	$3,260	$(10,955)	$2,087
Income (loss) per share from continuing operations – basic and diluted		$(0.10)	$0.10	$(0.18)	$0.06

Loss per share from discontinued operations, net of tax –				
basic and diluted	-	(0.00)	-	(0.00)
Income (loss) per share – basic and diluted	$(0.10)	$0.09	$(0.18)	$0.06
Weighted average number of shares outstanding	59,399	34,467	59,368	34,432

Nature of operations, basis of presentation	
and going concern	1

*Formerly Libertad Mine

The accompanying notes form an integral part of these consolidated financial statements.

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Central Sun Mining Inc.

Period ended June 30

(unaudited)

(US Dollars in thousands)

Consolidated Statements of Comprehensive Income (Loss)

	Three months ended June 30		Six months ended June 30	
	2008	**2007**	**2008**	**2007**
Net income (loss) for the period	$ (5,933)	$ 3,260	$ (10,955)	$ 2,087
Other comprehensive income				
Unrealized gains (losses) on available-for-sale securities, excluding foreign exchange, net of tax	(38)	(373)	(350)	1,315
Unrealized foreign exchange gains (losses) on available-for-sale securities, net of tax	40	(31)	(12)	(17)
Reclassification adjustment for gains, included in net income	-	-	-	(131)
Total other comprehensive income (loss)	2	(404)	(362)	1,167
Total comprehensive income (loss)	$ (5,931)	$ 2,856	$ (11,317)	$ 3,254

Consolidated Statements of Deficit

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Balance, beginning of period	$ (87,501)	$ (22,728)	$ (82,479)	$ (21,555)
Net income (loss) for the period	(5,933)	3,260	(10,955)	2,087
Balance, end of period	$ (93,434)	$ (19,468)	$ (93,434)	$ (19,468)

Consolidated Statements of Accumulated Other Comprehensive Income

	Three months ended June 30, 2008	Six months ended June 30, 3008

Balance, beginning of period	$ (229)	$ 135
Other comprehensive income/(loss)		
Net change in unrealized gains (losses) on available-for-sale securities	2	(362)
Balance, end of period	$ (227)	$ (227)

The accompanying notes form an integral part of these consolidated financial statements.

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Central Sun Mining Inc.

Consolidated Statements of Cash Flows

Period ended June 30

(Unaudited)

(US Dollars in thousands)

		Three months ended June 30		Six months ended June 30	
	Note	**2008**	**2007**	**2008**	**2007**
Operating activities					
Income (loss) from continuing operations		$ (5,933)	$ 3,356	$ (10,955)	$ 2,211
Asset retirement obligations settled	11	(817)	(97)	(1,744)	(135)
Items not affecting cash:					
Depreciation and depletion		367	2,426	964	6,406
Income tax expense		-	1,865	-	1,865
Accretion expense	11	148	67	298	133
Stock based compensation	15	1,079	297	2,211	663
Gain on sale of marketable securities		-	-	-	(131)
Gain on sale of royalties		-	(6,548)	-	(6,548)
Interest income	10	(69)	-	(137)	-
Interest and finance fees	3	-	89	-	178
Write-down of accounts and notes receivable		-	-	10	-
Unrealized foreign exchange gain		(1)	(10)	(3)	(9)
		(5,226)	1,445	(9,356)	4,633
Change in non-cash working capital	16	(1,566)	(2,914)	(780)	(708)
Cash generated from (used in) operating activities		(6,792)	(1,469)	(10,136)	3,925
Financing activities					
Repayment of long term debt		-	(1,500)	-	(2,500)
Equity issued, net of issue costs		184	96	184	315
Cash generated from (used in) financing activities		184	(1,404)	184	(2,185)
Investing activities					
Proceeds from sale of marketable securities		-	-	-	183
Change in restricted cash		(22)	-	221	(243)
Purchase of property, plant and equipment	9	(2,992)	(4,617)	(4,465)	(5,699)
Proceeds from sale of royalties	3	-	4,694	-	4,694
Proceeds from sale of property, plant and equipment		900		900	

Cash generated from (used in) investing activities		(2,114)	77	(3,344)	(1,065)
Increase (decrease) in cash and cash equivalents from					
continuing operations		(8,722)	(2,796)	(13,296)	675
Decrease in cash and cash equivalents from					
discontinued operations		-	(39)	-	(188)
Cash and cash equivalents, beginning of period		12,188	12,870	16,762	9,548
Cash and cash equivalents, end of period		$3,466	$ 10,035	$3,466	$10,035
Supplemental cash flow information	16				

The accompanying notes form an integral part of these consolidated financial statements.

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Central Sun Mining Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

(US Dollars, except where noted, tabular amounts in thousands)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN

At a special meeting of shareholders held on November 29, 2007, Glencairn Gold Corporation's name was changed to Central Sun Mining Inc. ("Central Sun" or the "Company"). The Company also changed the name of the Libertad Mine in Nicaragua to the Orosi Mine.

Central Sun's business is gold mining which includes exploration, development, extraction, processing and reclamation. The Company's business also includes the acquisition of gold properties in operation or in the exploration or development stage. The Company operates the Limon and Orosi Mines in Nicaragua and is reclaiming the Bellavista Mine in Costa Rica. The Company also has an option to acquire the Mestiza exploration property in Nicaragua.

On March 31, 2007, the Company suspended mining activities at the Orosi Mine. During 2007, the Company made payments towards the acquisition and construction of a conventional milling circuit. On May 1, 2008, a positive feasibility study on the Orosi Mill Project was completed. Subsequent to this date all development expenditures related to the project are being capitalized until such time as commercial production is reached. The mine continues to incur care and maintenance charges during the development period.

On July 25, 2007, the Company suspended all mining activities at the Bellavista Mine due to concerns over ground movements in the heap leach pad. Management concluded that the mine will not resume operations. The Bellavista Mine has been on care and maintenance since this date and revenues from residual leaching of the pads ceased at the end of September 2007. Remediation of the site commenced October 1, 2007 and management expects the remediation project to last for four years.

These consolidated financial statements have been prepared on the basis of Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at June 30, 2008, the Company had used $10,136,000 in operating cash flows, reported a net loss of $10,955,000 and had an accumulated deficit of $93,434,000. The Company does not have sufficient cash to fully fund ongoing 2008 capital expenditures, exploration activities and complete the development of the Orosi Mine - mill project and therefore will require additional funding which, if not raised, would result in the curtailment of activities and project delays. Although the Company obtained an $8,000,000 loan facility (see Note 20) subsequent to the period ended June 30, 2008, this is not sufficient to fund ongoing operations. Management expects that additional financing will be available, and may be sourced in time to allow the Company to continue the normal course of planned activities. However, there can be no assurances that the Company's activities will be successful and as a result there is substantial doubt regarding the "going concern" assumption. These consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" assumption were not appropriate for these consolidated financial statements, then adjustments to the carrying values of assets and liabilities, reported expenses and balance sheet classifications, which could be material, may be necessary.

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Central Sun Mining Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

(US Dollars, except where noted, tabular amounts in thousands)

The unaudited consolidated financial statements of the Company, which are expressed in U.S. dollars, have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and they follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2007 except for those changes disclosed in Note 2. These unaudited interim consolidated financial statements do not include all the information and note disclosures required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent annual consolidated financial statements and notes thereto.

In the opinion of management, all adjustments considered necessary for fair and consistent presentation of interim financial statements have been included.

2. ACCOUNTING POLICIES

a) Recently Adopted Polices

Central Sun adopted new accounting standards effective January 1, 2008 on a prospective basis.

(i) *Section 3031 - Inventories*

This section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. This section also requires additional disclosure regarding the expensing of inventory.

Central Sun has adopted this new standard on a prospective basis. The adoption of the new standard will have no impact on the results of operations. The additional disclosures required under this section have been presented in Note 6.

(ii) *Section 1535 – Capital Disclosures*

This section establishes standards for disclosing information about a company’s capital and how it is managed.

Under this standard the Company is required to disclose the following, based on the information provided

internally to the Company's key management personnel:

(a) Qualitative information about its objectives, policies and processes for managing capital;
(b) Summary quantitative data about what it manages as capital;
(c) Whether during the period it complied with externally imposed capital requirements to which it is subject; and,
(d) When the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

The disclosures required under this new accounting standard have been presented in Note 18.

Central Sun Mining Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

(US Dollars, except where noted, tabular amounts in thousands)

(iii) *Section 3862 – Financial Instruments – disclosures*

This section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The Company is required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

The section requires specific disclosures, including the criteria for:

(a) Designating financial assets and liabilities as held for trading;
(b) Designating financial assets as available for sale; and,
(c) Determining when impairment is recorded against the related financial asset or when an allowance account is used.

The disclosures required under this new accounting standard have been presented in Note 18.

(iv) *Section 3863 – Financial Instruments – presentation*

This section establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, and the classification of related interest, dividends, losses and gains.

The requirements under this section have been complied with.

b) New Accounting Standards

(i) *Section 3064 – Goodwill and intangible assets*

Effective January 1, 2009, the Company will adopt Section 3064 “Goodwill and intangible assets” which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets.

Concurrent with the introduction of this standard, the CICA withdrew EIC 27 “Revenues and expenses during the pre-operating period”. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

The Company continues to evaluate the impact of this standard on future transactions.

Central Sun Mining Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

(US Dollars, except where noted, tabular amounts in thousands)

3. OTHER (INCOME) EXPENSE

	Three months ended June 30		Six months ended June 30	
	2008	**2007**	**2008**	**2007**
Interest and other income	$ (121)	$ (244)	$ (314)	$ (479)
Gain on sale of marketable securities	-	-	-	(131)
Gain on sale of royalties	-	(6,548)	-	(6,548)
Litigation expense	-	-	110	-
Foreign exchange loss (gain)	74	(141)	325	(202)
Interest and finance fees	-	156	-	330
Net recovery of accounts receivable	(203)	-	(193)	-
	$ (250)	$ (6,777)	$ (72)	$ (7,030)

4. MARKETABLE SECURITIES

The Company held the following marketable securities:

	June 30, 2008		December 31, 2007	
	Shares	**Amount**	**Shares**	**Amount**
Independent Nickel Corp.	2,000	$ 727	2,000	$ 749
Carlisle Goldfields Limited	4,000	530	4,000	870
		$ 1,257		$ 1,619

These securities have been valued at closing prices on the relevant stock exchange, at June 30, 2008 and December 31, 2007.

At June 30, 2008, 1,450,000 shares of Independent Nickel Corp. were subject to a contractual escrow agreement. The release schedule is as follows:

Date	Number of Shares
September 22, 2008	350
December 22, 2008	350
March 23, 2009	350
June 22, 2009	400
	1,450

At June 30, 2008, 2,000,000 shares of Carlisle Goldfields Limited were subject to a regulatory escrow agreement which was released on July 31, 2008.

Central Sun Mining Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

(US Dollars, except where noted, tabular amounts in thousands)

5. ACCOUNTS RECEIVABLE AND PREPAIDS

Included in accounts receivable and prepaids at June 30, 2008 are: $2,906,000 (2007 - $2,768,000) in receivables relating to the disposition of the Cerro Quema property (see Note 10); $1,419,000 (2007 - $1,300,000) in deposits to a third-party contractor with respect to the construction of a grinding mill at the Orosi Mine;$1,092,000 (2007 - $654,000) in value-added tax receivables from the Nicaraguan tax authorities; diesel tax rebates of $821,000 (2007 – $514,000); and, supplier advances of $1,724,000 (2007 - $671,000).

6. PRODUCT INVENTORY

	June 30 2008	**December 31 2007**
In-process inventories	$ 846	$ 1,247
Gold inventory	1,838	2,179
Total	$ 2,684	$ 3,426

	Three months ended June 30 2008	**2007**	**Six months ended June 30 2008**	**2007**
Production costs	$ 6,013	$ 10,025	$ 11,185	$ 25,141
Depreciation and depletion	394	2,327	785	6,429
Inventory write-down	-	890	-	890
Change in inventory	(1,062)	(1,126)	742	(1,735)
Total inventory expensed	$ 5,345	$ 12,116	$ 12,712	$ 30,725
Allocated to:				
Cost of sales	$ 4,972	$ 9,700	$ 11,758	$ 24,339
Depreciation and depletion	350	2,416	931	6,386
Other income	23	-	23	-
Total inventory expensed	$ 5,345	$ 12,116	$ 12,712	$ 30,725

7. RESTRICTED CASH

The Company has placed $250,000 (2007 - $250,000) in a deposit with a bank to secure letters of guarantee issued by the banks to Costa Rican government authorities, to ensure the Company’s future reclamation obligations are completed.

On March 7, 2008, the courts in Costa Rica ordered the previously garnished bank account balances, in the amount of $243,000, at the Bellavista Mine be distributed as partial payment of amounts due stemming from Central Sun’s loss in an arbitration case with holders of the Dobles royalties (“Dobles”). On May 29, 2008, the courts in Costa Rica garnished a further $22,000 in the cash account balances at the Bellavista Mine relating to Dobles. These Bellavista Mine accounts are currently unavailable for operations and have been classified as restricted cash.

Central Sun Mining Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

(US Dollars, except where noted, tabular amounts in thousands)

8. BELLAVISTA MINE AND CONTINGENCY

On July 25, 2007, Central Sun announced that mining operations at the Bellavista Mine in Costa Rica were suspended due to ground movements in the heap leach pad. The Company has no plans to reopen the mine. At June 30, 2008 the property is shown at its estimated recoverable amount of $3,350,000 (2007 - $3,400,000).

On March 7, 2008, the courts in Costa Rica placed a lien on land at the Bellavista Mine site as security for the payment of amounts due stemming from the Company's loss in an arbitration case with Dobles. As a result of the distribution of the restricted cash (see Note 7), Central Sun's liability at June 30, 2008 is $738,000 (2007 -$984,000). The placement of the lien will have no effect on the Company's reclamation process currently underway.

The Costa Rican government has also indicated it will not permit the selling or transferring of assets from the Bellavista Mine site. The Company is currently negotiating with the government to reach an amicable solution. Should the government be successful in preventing any future asset sales or transfers from the site, the carrying value of the Bellavista Mine assets would required to be written-down. No such adjustment has been reflected in the financial statements at this time as the likely outcome of this situation cannot yet be determined.

Central Sun Mining Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

(US Dollars, except where noted, tabular amounts in thousands)

9. PROPERTY, PLANT AND EQUIPMENT

	2008	2007
Mine properties:		
Limon Mine, Nicaragua		
Cost	$ 28,927	$ 27,224
Accumulated depreciation and depletion	(18,088)	(17,303)
	10,839	9,921
Orosi Mine*, Nicaragua (a)		
Cost	21,408	21,072
Accumulated depreciation and depletion	(5,030)	(5,020)
	16,378	16,052
Less: Write-down	-	(88)
	16,378	15,964
Construction-in-progress (b)	11,370	8,411
Disposal of asset (b)	(900)	-
	26,848	24,375
Other properties:		
Mestiza, Nicaragua (c)	657	648
Corporate assets:		
Cost	208	208
Accumulated depreciation	(178)	(164)
	30	44
Property, plant and equipment	$ 38,374	$ 34,988
Bellavista Mine equipment held for sale	$ 3,350	$ 3,400

*Formerly Libertad Mine

(a) Orosi Mine, Nicaragua

Gold production from the mine is subject to a 2% net smelter return royalty.

On March 31, 2007, activities at the Orosi Mine were suspended. The Company is constructing a conventional milling facility at the site. The Orosi Mine will continue to incur care and maintenance costs until the mill conversion has been commissioned.

During the third quarter of 2007, the Company changed the mine name to the Orosi Mine from its former name of Libertad Mine.

(b) Construction-in-progress

At June 30, 2008, the Company has made payments of $11,370,000 to third parties as part of the acquisition and construction of a used mill facility at the Orosi Mine. On May 1, 2008, a positive feasibility on the project was obtained. Subsequent to this date all development expenditures related to this project are being capitalized. Prior to this date, consulting, engineering and other project support costs related to this used mill facility were expensed. On May 9, 2008, the Company disposed of non-essential components of the mill for proceeds of $900,000 which equates to the historic cost of the assets disposed.

(c) Mestiza, Nicaragua

Central Sun Mining Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

(US Dollars, except where noted, tabular amounts in thousands)

On September 6, 2006, Central Sun signed an option agreement to acquire the Mestiza property in Nicaragua. The Company has since made payments totalling $530,000. The Company can complete the acquisition by making further cash installments totalling $1,603,000. The installments are due as follows:

Date		Amount
July 2008	$	330
January 2009		100
July 2009		948
January 2010		225
	$	1,603

If management chooses at any time to not make any further installments, the property rights revert to the vendors and all payments made-to-date will be written-off.

The Company is current in its payments.

The property is subject to a 3% net smelter return royalty and a 3% production tax based on revenues.

10. DISPOSITION OF CERRO QUEMA PROPERTY

On October 31, 2007, Central Sun completed the sale of the Cerro Quema property for aggregate consideration of $6,000,000. At June 30, 2008, $3,000,000 had been paid to Central Sun. The remaining payments are contractually scheduled as follows: $1,000,000 on June 30, 2008 and $2,000,000 on December 31, 2008. The payment due on June 30, 2008 was received on July 9, 2008. The discounted value of $2,906,000 (2007 - $2,768,000) recorded as accounts receivable and prepaids represents the only remaining asset related to the Company’s investment in Cerro Quema.

As a result of the timing of cash to be received, the Company has recognized $69,000 (2007 - $nil) of imputed interest income for the three months ended June 30, 2008, and $137,000 (2007 - $nil) for the six month period. The statement of operations has separately presented the results from discontinued operations. The net income from discontinued operations for the three months ended June 30, 2008 was $nil (2007 -

$96,000) and $nil (2007 - $124,000) for the six month period.

The cash flows from discontinued operations are as follows:

	Three months ended June 30		Six months ended June 30	
	2008	**2007**	**2008**	**2007**
Operating activities	$ -	$ (39)	$ -	$ (188)

Central Sun Mining Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

(US Dollars, except where noted, tabular amounts in thousands)

11. ASSET RETIREMENT OBLIGATIONS

Three months ended June 30, 2008

	Limon Mine	Orosi Mine*	Bellavista Mine	Keystone Property	Total
Balance, beginning of period	$ 1,338	$ 1,437	$ 4,536	$ 528	$ 7,839
Liabilities settled	-	-	(638)	(179)	(817)
Accretion expense	23	25	92	8	148
Balance, end of period	1,361	1,462	3,990	357	7,170
Less: current portion	(80)	-	(1,936)	(357)	(2,373)
	$ 1,281	$ 1,462	$ 2,054	$ -	$ 4,797

Three months ended June 30, 2007

	Limon Mine	Orosi Mine*	Bellavista Mine	Keystone Property	Total
Balance, beginning of period	$ 996	$ 1,344	$ 605	$ 1,132	$ 4,077
Liabilities settled	-	-	-	(97)	(97)
Accretion expense	17	23	11	16	67
Balance, end of period	1,013	1,367	616	1,051	4,047
Less: current portion	-	-	-	(1,051)	(1,051)
	$ 1,013	$ 1,367	$ 616	$ -	$ 2,996

Six months ended June 30, 2008

	Limon Mine	Orosi Mine*	Bellavista Mine	Keystone Property	Total
Balance, beginning of period	$ 1,315	$ 1,413	$ 5,333	$ 555	$ 8,616
Liabilities settled	-	-	(1,529)	(215)	(1,744)
Accretion expense	46	49	186	17	298

Balance, end of period	1,361	1,462	3,990	357	7,170
Less: current portion	(80)	-	(1,936)	(357)	(2,373)
	$ 1,281	$ 1,462	$ 2,054	$ -	$ 4,797

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Six months ended June 30, 2007

	Limon Mine	Orosi Mine*	Bellavista Mine	Keystone Property	Total
Balance, beginning of year	$ 979	$ 1,321	$ 595	$ 1,154	$ 4,049
Liabilities incurred	-	-	-	-	-
Liabilities settled	-	-	-	(135)	(135)
Accretion expense	34	46	21	32	133
Balance, end of year	1,013	1,367	616	1,051	4,047
Less: current portion	-	-	-	(1,051)	(1,051)
	$ 1,013	$ 1,367	$ 616	-	$ 2,996

*Formerly Libertad Mine

Keystone mine, Canada

On May 8, 2008 the Company signed an agreement with the Province of Manitoba (the "Province") to settle on a release from all of the Company's residual environmental responsibilities at the Lynn Lake site at the Keystone Property in return for the payment to the Province of a sum of Cdn$2,000,000. The amount is payable in four annual installments of Cdn$500,000 each, with the first installment paid on July 6, 2008. The remaining asset retirement obligation for the Keystone Property relates to ongoing reclamation activity at the Burnt Timber Mine and the Farley Lake Mine.

12. WARRANTS

A summary of the transactions in the warrant account in 2008 are as follows:

	Number of Warrants	Amount

At December 31, 2007	135,677	$	16,895	
Exercise of warrants		(450)		(45)
Exercise of agent’s options	342		70	
At June 30, 2008	135,569	$	16,920	

The following table summarizes further information about the warrants outstanding at June 30, 2008:

Exercise Price (Cdn$)	Number Outstanding at June 30, 2008	Expiry Date
$1.26	86,727	October 22, 2010
$5.60	15,000	July 6, 2008
$8.75	33,842	November 26, 2008
	135,569	

13. AGENT'S OPTIONS

A summary of the transactions in the agent’s options account in 2008 are as follows:

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	Number of Agent's Options	Amount
At December 31, 2007	8,650$	1,820
Exercise of agent's options for common shares and warrants	(685)	(123)
At June 30, 2008	7,965$	1,697

14. CONTRIBUTED SURPLUS

A summary of the changes in the contributed surplus account in 2008 was as follows:

		Amount
At December 31, 2007	$	8,289
Stock options charge		1,222
Bonus shares charge (Note 15(c))		989
Issuance of bonus shares (Note 15(c))		(489)
At June 30, 2008	$	10,011

15. COMMON SHARES

Central Sun is authorized to issue an unlimited number of common shares without nominal or par value.

A summary of the changes in the common share account in 2008 are as follows:

	Number of Common Shares		Amount
Issued and outstanding at			
December 31, 2007	59,337	$	108,373
Warrants exercised	64		126
Agent's options exercised	98		157
Issuance of bonus shares (c)	411		489
	59,910		109,145
Bonus shares in escrow (c)	1,234		-
Issued at June 30, 2008	61,144	$	109,145

(a) Share Consolidation

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On November 29, 2007, the shareholders of the Company authorized the consolidation of one common share for every seven pre-consolidation common shares of the issued and outstanding common shares of the Company. The consolidation was made effective December 5, 2007. All comparative share capital, common share option data (with the exception of agent's options), and earnings per share amounts in the accompanying consolidated financial statements and notes have been retroactively revised to reflect this share consolidation.

(b) Stock options

Central Sun has a stock option plan whereby Central Sun's directors may from time to time grant options to directors, officers, employees and consultants. The maximum term of any option may be ten years, but generally options are granted for five years or less. The exercise price of an option is the volume weighted average price on the Toronto Stock Exchange of the five days preceding the grant date.

Stock option grants vest at 25% on each of the date of grant and six, twelve and eighteen months from the date of grant. As such, the estimated fair value of these options will be expensed over the options' vesting period of 18 months and recorded as contributed surplus within shareholders' equity.

The Company recognized stock-based compensation expense of $590,000 for the three months ended June 30, 2008 (2007 - $297,000) and $1,222,000 for the six month period (2007 - $663,000) related to options that vested under the Company's stock-based compensation plan. The fair value of each option grant was estimated on the date of grant using the Black-Scholes pricing model.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes pricing model with the following weighted-average assumptions:

Grant on February 4, 2008:

Quantity:	140
Exercise price:	Cdn$1.80
Expected life in years:	3
Risk free interest rate:	3.17%

Expected volatility:	74%
Dividend yield:	0%
Fair value:	$127,000

Grant on June 25, 2008:

Quantity:	270
Exercise price:	Cdn$2.00
Expected life in years:	3
Risk free interest rate:	3.35%
Expected volatility:	73%
Dividend yield:	0%
Fair value:	$270,000

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A summary of the stock option transactions in 2008 was as follows:

	Number	Weighted-Average Exercise Price (Cdn$)
At December 31, 2007	6,501	$ 2.23
Expired	(264)	4.78
Granted	410	1.93
At June 30, 2008	6,647	$ 2.11

The following table summarizes information about the stock options outstanding as at June 30, 2008:

			Options Outstanding		Options Exercisable		
Exercise Prices (Cdn$)	Number Outstanding at June 30, 2008	Weighted-Average Remaining Contractual Life (in years)		Weighted-Average Exercise Price (Cdn$)	Number Exercisable at June 30, 2008		Weighted-Average Exercise Price (Cdn$)
$1.21 to $3.36	5,177	4.4	$	1.31	2,557	$	1.33
$3.85 to $6.65	1,470	2.4		4.89	1,389		4.92
$1.21 to $6.65	6,647	3.9	$	2.11	3,946	$	2.60

(c) Share Bonus Plan

At the special meeting of shareholders held on November 29, 2007, shareholders approved amendments to a share bonus plan approved earlier in the year. The Company had established the share bonus plan for the purpose of advancing the interests of the Company through the motivation, attraction and retention of directors, officers, employees and consultants. The plan was amended to increase the number of common shares reserved for issuance to 2,500,000 post-consolidation common shares. Participants must continue to be employed with the Company until the shares are released from escrow otherwise the shares will be cancelled. There are no voting rights on the shares until release of the shares from escrow to the participant.

Effective December 18, 2007, 1,665,000 common shares were issued and placed into escrow under the plan. The shares were held subject to an escrow arrangement and to be released and delivered to the participant at 25% on each of June 30, 2008, December 31, 2008, June 30, 2009, and December 31, 2009. The total value of the grant was determined to be $2,053,000 and will be recognized in stock-based compensation as they vest. For the three months ended June 30, 2008, an amount of $489,000 and $989,000 for the six month period, had been recorded as stock-based compensation in respect of shares issued under this plan.

A summary of the changes in the bonus shares held in escrow in 2008 are as follows:

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	Number of Bonus Shares
At December 31, 2007	1,665
Cancellation of bonus shares in escrow	(20)
Issuance of common shares	(411)
At June 30, 2008	1,234

16. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital:

	Three months ended June 30		**Six months ended June 30**	
	2008	**2007**	**2008**	**2007**
Accounts receivable and prepaids	$ (2,070)	$ (1,058)	$ (2,093)	$ (32)
Product inventory	(925)	(1,180)	596	(1,596)
Supplies inventory	(737)	(968)	(1,749)	(1,186)
Accounts payable and accrued liabilities	2,166	292	2,466	2,106
	$ (1,566)	$ (2,914)	$ (780)	$ (708)

Operating activities included the following cash payments:

	Three months ended June 30		**Six months ended June 30**	
	2008	**2007**	**2008**	**2007**
Interest paid	$ -	$ 51	$ -	$ 135

17. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2008, the Company incurred management fees of $30,000 (2007 - $nil) and fees of $60,000 (2007 - $nil) for the six month period, with a company controlled by a director of Central Sun. These transactions occurred during the normal course of operations and were measured at the exchange amount established and accepted by the transacting parties. There were $10,000 in unpaid balances at June 30, 2008 (2007 - $nil).

18. CAPITAL AND FINANCIAL RISK MANAGMENT

(i) Capital risk management

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Central Sun's objectives when managing its capital is to ensure it will be able to continue as a going concern while maximizing the return to shareholders. The price of gold, minimizing costs of production of gold and a successful exploration environment are the key factors in helping the Company reach its capital risk management objectives. The capital structure of the Company includes shareholders' equity, except for accumulated other comprehensive income, and debt incurred. At June 30, 2008 and December 31, 2007, the Company had no debt outstanding (see note 20).

(ii) Financial risk management

Central Sun monitors and manages the financial risks relating to operations through analysis of exposures by degree and magnitude of risk. These risks include credit risk, market risk and liquidity risk.

The carrying amount of the Company's financial instruments, which include cash and cash equivalents, accounts receivable, restricted cash, and accounts payable and accrued liabilities, approximate their fair value due to the short-term maturities of these financial instruments.

Credit risk

Credit risk refers to the risk that another entity will default on its contractual obligations which will result in a loss for the Company. A significant portion of the Company's accounts receivables relates to the remaining proceeds from the sale of a development property to the former minority interest holder.

Market risk

Market risk includes currency risk and price risk.

The Company's operations expose it to changes in the price of gold. Currently, the Company does not engage in any activities that would mitigate this risk.

The Company operates internationally and is exposed to foreign exchange risk arising from recognized assets and liabilities denominated in a currency that is not the Company's functional currency. A 5% change in the Canadian to U.S. dollar exchange rate would result in a change in net loss of $64,000 and a change in comprehensive loss of $4,000. A 5% change in the Nicaraguan Cordoba to the U.S. dollar would change net loss and comprehensive loss by $134,000.

Central Sun is also exposed to the changes in the market price of its marketable securities. As it is the intent of the Company to hold these securities, these securities have been designated as available-for-sale and not trading. A 5% change in the market value of the securities would not affect net loss but would change comprehensive loss by $63,000.

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Liquidity risk

Liquidity risk refers to the risk that Central Sun will not be able to meet its financial obligations when they become due or can only do so at excessive costs. As discussed in Note 1, the Company believes it will have sufficient access to financial markets to continue to meet its obligations as they become due.

19. SEGMENT INFORMATION

The Company is organized into four segments: Limon Mine (Nicaragua), Bellavista Mine (Costa Rica), Orosi Mine* (Nicaragua) and “Corporate and Other”. The Corporate and Other segment includes: Cerro Quema property (see Note 10), Mestiza property, Keystone Mine (ceased operations in April 2000), and corporate operations. The Company evaluates performance based on net earnings or loss. The Company's segments are summarized in the following table:

(i) Segment Balance Sheets

	At June 30, 2008				
	Limon Mine	**Orosi Mine***	**Bellavista Mine**	**Corporate and Other**	**Total**
Cash and cash equivalents	$398	$622	$8	$2,438	$3,466
Other current assets	11,337	3,521	262	5,657	20,777
Restricted cash	-	-	272	-	272
Bellavista Mine equipment held for sale	-	-	3,350	-	3,350
Property, plant and equipment	10,839	26,848	-	687	38,374
Total assets	$22,574	$30,991	$3,892	$8,782	$66,239

	At December 31, 2007				
	Limon Mine	**Orosi Mine***	**Bellavista Mine**	**Corporate and Other**	**Total**
Cash and cash equivalents	$ 476	$67	$83	$16,136	$16,762
Other current assets	10,043	1,812	286	5,771	17,912
Restricted cash	-	-	493	-	493
Bellavista Mine equipment held for sale	-	-	3,400	-	3,400
Property, plant and equipment	9,921	24,375	-	692	34,988

Total assets	$ 20,440	$ 26,254	$ 4,262	$ 22,599	$ 73,555

*Formerly Libertad Mine

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(ii) Segment Statements of Operations

Three months ended June 30, 2008

		Limon Mine	Orosi Mine*	Bellavista Mine	Corporate and Other	Total
Sales	$	7,382				