

CENTRAL SUN MINING INC.
Form 6-K
November 13, 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 **November 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 Form 40-F

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 No

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

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EXHIBIT NO. **DESCRIPTION**

99.1	Financial Statements for the Period Ended September 30, 2008
99.2	Management's Discussion & Analysis for the Period Ended September 30, 2008
99.3	Certification of Chief Executive Officer Dated November 12, 2008
99.4	Certification of Chief Financial Officer Dated November 12, 2008

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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: November 13, 2008

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

Interim Report

Q3

Financial Statements

September 30, 2008

Central Sun Mining Inc.**Consolidated Balance Sheets****(Unaudited)**

(US Dollars in thousands)

	September 30, 2008	December 31, 2007
Assets		
Current		
Cash and cash equivalents	\$ 2,908	\$ 16,762
Marketable securities (note 4)	368	1,619
Accounts receivable and prepaids (note 5)	12,861	7,064
Product inventory (note 6)	1,547	3,426
Supplies inventory	8,776	5,803
	26,460	34,674
Restricted cash (note 7)	272	493
Equipment held for sale (note 8)	3,281	3,400
Property, plant and equipment (note 9)	46,200	34,988
	\$ 76,213	\$ 73,555
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 15,041	\$ 11,906
Loan payable (note 10)	7,751	-
Warrant liability (note 10)	350	-
Current portion of asset retirement obligations (note 11)	2,639	3,092
	25,781	14,998
Long term liability (note 11 (b))	943	-
Asset retirement obligations (note 11)	5,275	5,524
	31,999	20,522
Shareholders' Equity		
Warrants (note 12)	14,626	16,895
Agent's options (note 13)	1,106	1,820
Contributed surplus (note 14)	13,511	8,289
Common shares (note 15)	109,145	108,373
Deficit	(93,058)	(82,479)
Accumulated other comprehensive (loss) income	(1,116)	135
	44,214	53,033
	\$ 76,213	\$ 73,555

Nature of operations, basis of presentation and going concern (note 1)

Contingency (note 8)

Subsequent events (note 21)

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

1

Central Sun Mining Inc.

Consolidated Statements of Operations

Period ended September 30

(Unaudited)

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

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Sales	\$10,207	\$9,072	\$29,899	\$43,682
Cost of sales	7,752	8,908	20,441	39,633
Royalties and production taxes	561	405	1,724	1,890
Depreciation and depletion	49	10	82	30
Accretion expense (note 11)	150	364	448	497
	8,512	9,687	22,695	42,050
Income (loss) from mining operations before the underrated items:	1,695	(615)	7,204	1,632
Expenses and other income:				
General and administrative	1,010	1,458	3,821	4,037
Bellavista Mine write-down	-	53,797	-	53,797
Orosi Mine - Mill Project	453	377	7,242	618
Care and maintenance	1,497	2,287	3,829	3,052
Stock based compensation (note 15)	615	270	2,826	933
Exploration	1,247	530	3,640	1,483
Net insurance recovery (note 5)	(3,191)	-	(3,191)	-
Other (income) expense (note 3)	(312)	858	(384)	(6,172)
	1,319	59,577	17,783	57,748
Income (loss) from continuing operations, before taxes	376	(60,192)	(10,579)	(56,116)
Income tax expense	-	-	-	(1,865)
Income (loss) from continuing operations, after taxes	376	(60,192)	(10,579)	(57,981)
Loss from discontinued operations, net of taxes (note 20)	-	(46)	-	(170)
Net income (loss) for the period	\$376	\$(60,238)	\$(10,579)	\$(58,151)
Loss per share from continuing operations – basic and diluted	\$-	\$(1.75)	\$(0.18)	\$(1.69)

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Loss per share from discontinued operations, net of
tax – basic and diluted

Loss per share – basic and diluted	-	-	-	-
	\$-	\$(1.75)	\$(0.18)	\$(1.69)
Weighted average number of shares outstanding	59,910	34,475	59,554	34,446

Nature of operations, basis of presentation and going concern (note 1)

Subsequent events (note 21)

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

2

Central Sun Mining Inc.

Period ended September 30

(Unaudited)

(US Dollars in thousands)

Consolidated Statements of Comprehensive Income (Loss)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Net income (loss) for the period	\$ 376	\$(60,238)	\$(10,579)	\$(58,151)
Other comprehensive income				
Unrealized gains (losses) on available-for-sale securities, excluding foreign exchange, net of tax	(798)	(668)	(1,148)	647
Unrealized foreign exchange gains on available-for-sale securities, net of tax	28	174	16	157
Reclassification adjustment for gains, included in net income	(119)	(829)	(119)	(960)
Total other comprehensive loss	(889)	(1,323)	(1,251)	(156)
Total comprehensive income loss	\$(513)	\$(61,561)	\$(11,830)	\$(58,307)

Consolidated Statements of Deficit

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Balance, beginning of period	\$ (93,434)	\$(19,468)	\$(82,479)	\$(21,555)
Net income (loss) for the period	3376	(60,238)	(10,579)	(58,151)
Balance, end of period	\$(93,058)	\$(79,706)	\$(93,058)	\$(79,706)

Consolidated Statements of Accumulated Other Comprehensive Income

	Three months ended September 30, 2008	Nine months ended September 30, 2008
Balance, beginning of period	\$ (227)	\$ 135
Other comprehensive loss		
Net change in unrealized losses on available-for-sale securities		
	(889)	(1,251)
Balance, end of period	\$ (1,116)	\$ (1,116)

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

3

Central Sun Mining Inc.

Consolidated Statements of Cash Flows

Period ended September 30

(Unaudited, US Dollars in thousands)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Operating activities				
Net income (loss) for the period	\$ 376	\$(60,238)	\$ (10,579)	\$(58,151)
Loss from discontinued operations	-	46	-	170
Asset retirement obligations settled (note 11)	(247)	(409)	(1,991)	(544)
Items not affecting cash:				
Bellavista Mine write-down	-	53,797	-	53,797
Depreciation and depletion	584	1,366	1,548	7,772
Accretion expense (note 11)	150	364	448	497
Stock based compensation (note 15)	615	270	2,826	933
Gain on sale of marketable securities	(119)	(829)	(119)	(960)
Gain on sale of royalties	-	-	-	(6,548)
Gross insurance recovery (note 5)	(3,534)	-	(3,534)	-
Unrealized foreign exchange gain	(1)	(38)	(4)	(47)
Change in non-cash working capital (note 16)	1,479	1,127	(544)	2,462
Cash used in operating activities	(697)	(4,544)	(11,949)	(619)
Financing activities				
Repayment of long term debt	-	-	-	(2,500)
Issuance of warrants	350	-	350	-
Increase in short term debt	7,751	-	7,751	-
Equity issued, net of issue costs	-	-	184	315
Cash generated from (used in) financing activities	8,101	-	8,285	(2,185)
Investing activities				
Proceeds from sale of marketable securities	119	1,223	119	1,406
Change in restricted cash	-	-	221	(243)
Purchase of property, plant and equipment (note 9)	(6,965)	(2,592)	(11,430)	(8,291)
Proceeds from sale of royalties	-	-	-	4,694
Proceeds from sale of property, plant and equipment	-	-	900	-
Cash used in investing activities	(6,846)	(1,369)	(10,190)	(2,434)
Decrease in cash and cash equivalents from continuing operations	(558)	(5,913)	(13,854)	(5,238)
Decrease in cash and cash equivalents from discontinued operations	-	(54)	-	(242)
Cash and cash equivalents, beginning of period	3,466	10,035	16,762	9,548
Cash and cash equivalents, end of period	\$ 2,908	\$ 4,068	\$ 2,908	\$ 4,068

Supplemental cash flow information (note 16)

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

4

Central Sun Mining Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 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 were being capitalized until such time as commercial production was reached. The mine continued to incur care and maintenance charges during the development period (note 21).

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 the Company expects the remediation project to last for four years.

These interim 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 and for the nine month period ended September 30, 2008, the Company had cash outflows of \$13,854,000, reported a net loss of \$10,579,000 and had an accumulated deficit of \$93,058,000.

The Company currently does not have sufficient cash to fully fund ongoing 2008 capital expenditures, exploration activities and complete the development of the Orosi Mine - mill project. Consequently, the Orosi- mill project has been temporarily suspended (note 21), which will have an impact on the overall cost of the project and delay the previously scheduled start up date. The Company continues to seek additional financing such that it may be sourced in time to allow the Company to continue the normal course of planned activities.

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At an annual production rate of approximately 45,000 gold ounces, the Company's Limon Mine currently generates sufficient cash flows to cover ongoing sustaining capital requirements of the mine, the general and administrative expenses of the Company and the estimated care and maintenance costs of the Bellavista and Orosi mines. However, such cash flows are subject to market risk relating to the price of gold and maintaining current production levels. There can be no assurances that the Company's activities in obtaining additional financing will be successful and that cash flows from the Limon Mine will be sufficient to fund ongoing operations (note 18). 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.

Central Sun Mining Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Unaudited)

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

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN (CONT'D)

The unaudited interim 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 Policies

The Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook effective January 1, 2008 on a prospective basis.

(i) *CICA 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.

The Company 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) *CICA 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Unaudited)

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

2. ACCOUNTING POLICIES (CONT'D)

a) Recently Adopted Policies (cont'd)

(iii) *CICA 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) *CICA 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) *CICA 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Unaudited)

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

3. OTHER (INCOME) EXPENSE

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Interest and other income	\$ (266)	\$ (136)	\$ (580)	\$ (598)
Gain on sale of marketable securities	(119)		(829)	(119) (960)
Gain on sale of royalties	-		-	- (6,548)
Foreign exchange loss (gain)	50	(143)	375	(345)
Interest and finance fees	176	-	176	313
Legal settlement	17	1,104	127	1,104
Net write-down (recovery) of accounts receivable				
	(170)	862	(363)	862
	\$ (312)	\$ 858	\$ (384)	\$ (6,172)

4. MARKETABLE SECURITIES

The Company held the following marketable securities:

	September 30, 2008		December 31, 2007	
	Shares	Amount	Shares	Amount
Independent Nickel Corp.	2,000	\$ 330	2,000	\$ 749
Carlisle Goldfields Limited	1,000	38	4,000	870
		\$ 368		\$ 1,619

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These securities have been valued at closing prices on the relevant stock exchange as at September 30, 2008 and December 31, 2007. The Company has recorded the net after-tax increase or decrease in the fair value of these shares in other comprehensive income.

On August 19, 2008, Victory Nickel Inc. ("Victory Nickel"), an unrelated company, announced an offer to acquire all of the outstanding common shares of Independent Nickel Corp. ("Independent Nickel"). Pursuant to an amended offer announced on September 3, 2008, Victory Nickel offered to exchange 1.1 Victory Nickel shares for each one (1) Independent Nickel. The transaction closed subsequent to the end of the quarter and the Company now owns 2,200,000 shares of Victory Nickel. On September 22, 2008, Independent Nickel cancelled the escrow agreement and released the 1,450,000 common shares that were still subject to escrow.

8

Central Sun Mining Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Unaudited)

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

5. ACCOUNTS RECEIVABLE AND PREPAIDS

Accounts receivable and prepaids include:

	September 30, 2008	December 31, 2007
Insurance receivable	\$ 3,534	\$ -
Note receivable (note 20)	1,952	2,768
Orosi Mill - construction deposits	4,564	1,899
Value-added and other tax receivables	1,616	914
Supplier advances	427	545
Other	768	938
	\$ 12,861	\$ 7,064

On October 2, 2008 the Company received gross proceeds of \$3,534,000 (or \$3,191,000 net of expenses), representing an interim insurance payment on an outstanding claim for certain equipment damages at the Bellavista Mine site. The damages were as a result of the ground movement in July 2007 and damage to the ADR building and other equipment when a portion of the heap leach pad slid into the building. The total claim by the Company is in excess of the interim insurance payment. The Company continues its efforts to recover further insurance proceeds; as at September 30, 2008 the amount of further recoveries is unknown.

6. PRODUCT INVENTORY

	September 30, 2008	December 31, 2007
In-process inventories	\$ 247	\$ 1,247
Gold inventory	1,300	2,179
Total	\$ 1,547	\$ 3,426

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	Three months ended		Nine months ended	
	September 30		September 30	
	2008	2007	2008	2007
Production costs	\$ 6,328	\$ 7,855	\$ 17,513	\$ 32,996
Depreciation and depletion	483	1,346	1,268	7,775
Inventory write-down	-	-	-	890
Change in inventory	1,137	8,826	1,879	7,091
Total inventory expensed	\$ 7,948	\$ 18,027	\$ 20,660	\$ 48,752
Allocated to:				
Cost of sales	\$ 7,752	\$ 8,908	\$ 20,441	\$ 39,633
Bellavista Mine Write-down	-	9,119	-	9,119
Other expense	196	-	219	-
Total inventory expensed	\$ 7,948	\$ 18,027	\$ 20,660	\$ 48,752

9

Central Sun Mining Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Unaudited)

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

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 May 29, 2008, the courts in Costa Rica garnished a further \$22,000 in the cash account balances at the Bellavista Mine relating to the Dobles royalty ("Dobles") arbitration.

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 the loss in an arbitration case with holders of the Dobles.

8. EQUIPMENT HELD FOR SALE (BELLAVISTA MINE AND CONTINGENCY)

In July 2007, the Company 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 plan to reopen the mine. At September 30, 2008 the mining property is shown at its estimated recoverable amount of \$3,281,000 (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 loss in an arbitration case with Dobles. As at September 30, 2008 the Company's liability totaled \$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 may need 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Unaudited)

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

9. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2008	December 31, 2007
<i>Mine properties:</i>		
Limon Mine, Nicaragua		
Cost	\$ 30,134	\$ 27,224
Accumulated depreciation and depletion	(18,573)	(17,303)
	11,561	9,921
Orosi Mine, Nicaragua ^(a)		
Cost	22,485	21,072
Accumulated depreciation and depletion	(5,067)	(5,020)
	17,418	16,052
Less: write-down	-	(88)
	17,418	15,964
Construction-in-progress ^(b)	17,108	8,411
Disposal ^(b)	(900)	-
	33,626	24,375
<i>Other properties:</i>		
Mestiza, Nicaragua ^(c)	989	648
<i>Corporate assets:</i>		
Cost	208	208
Accumulated depreciation	(184)	(164)
	24	44
Property, plant and equipment	\$ 46,200	\$ 34,988

a) Orosi Mine, Nicaragua

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In March 2007, a decision to begin construction of a conventional milling facility at the Orosi Mine resulted in the mining activities being suspended. The Orosi Mine continued to incur care and maintenance costs during the year (note 21).

b) Construction-in-progress

As at September 30, 2008, the Company has made expenditures of \$17,108,000 to third parties as part of the Orosi Mine expansion project. On May 1, 2008, a positive feasibility on the project was obtained. Subsequent to this date all development expenditures related to this project were being capitalized. The Company obtained a short term demand loan (note 10) to fund capital expenditures on the project; as a result, interest costs of \$150,000 have been capitalized relating to the funds directly attributable to capital expenditures. Prior to this date, consulting, engineering and other project support costs related to this used mill facility were expensed.

11

Central Sun Mining Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Unaudited)

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

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

In September 2006, the Company signed an option agreement to acquire the Mestiza property in Nicaragua. The Company has since made payments totalling \$860,000. The Company can complete the acquisition by making further cash installments totalling \$1,273,000. The installments are due as follows:

<u>Date</u>	<u>Amount</u>
January, 2009	\$ 100
July, 2009	948
January, 2010	225
	\$ 1,273

10. LOAN PAYABLE

The Company has a \$8,000,000 short-term loan facility outstanding. The loan facility was drawn-down in two equal tranches on July 2, 2008 and August 8, 2008. The Company has the right to repay the loan facility in whole or in part, in minimum increments of \$1,000,000 at any time on ten days prior notice without a penalty or premium. Each tranche must be repaid 120 days following draw-down. Interest is applied at a fixed interest rate of 12.5% per annum. The Company also granted the lender a first priority pledge over the shares of holding companies for the Limon and Orosi Mines.

In addition, the Company issued two separate sets of 150,000 warrants to the lender upon each draw-down, with each warrant exercisable at \$1.99. Both warrants have expiry dates of one year from their respective issue date. The lender has the right to redeem outstanding warrants, from both issues, not exercised at their expiration date, for \$175,000 per issue (pro-rated in the event of a partial redemption). The lender's option contained in the warrants has been recognized as a current financial liability by the Company.

On October 31, 2008, the first \$4,000,000 tranche of the short-term loan facility, which was due on this date, was extended to December 8, 2008 (note 21).

12

Central Sun Mining Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Unaudited)

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

11. ASSET RETIREMENT OBLIGATIONS

**Three
months
ended
September
30, 2008**