

LONDON FIDUCIARY TRUST PLC

Report and Financial Statements

31 December 1995

**Deloitte & Touche
Chartered Accountants
63 High Street
Crawley
West Sussex
RH10 1BQ**





REPORT AND FINANCIAL STATEMENTS 1995

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P H Edmonds MA Cantab (Chairman)
A K Burnell
P M Enoch MA (Oxon) A.T.I.I.
F Lubbock Dip ME, F Aust IMM
S Grant-Rennick
M Buckingham MA Cantab

**NOMINATED FINANCIAL ADVISORS AND
STOCKBROKERS**

Raphael Zorn Hemsley Limited
10 Throgmorton Avenue
London EC2N 2DR

SECRETARY

P M Enoch

AUDITORS

Deloitte & Touche
Chartered Accountants
63 High Street
Crawley
West Sussex
RH10 1BQ

SOLICITORS

Franks, Charlesly & Co.
Hulton House
161/166 Fleet Street
London
EC4A 2DY

BANKERS

Midland Bank plc
PO Box 648
Poultry & Princes Street
London
EC2P 2BX

REGISTRARS

Independent Registrars Group
390-398 High Street
Ilford
Essex
IG1 1NQ

REGISTERED OFFICE

62 Gloucester Place
London
W1H 3HL

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITY

The principal activity of the group is the exploration, mining and processing of precious and base metals. London Fiduciary Trust plc acts as a holding and management company for its subsidiaries.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 6 September, 1995, the Company's Ordinary 0.1p shares were admitted to trading on AIM. The Company's Nominated Financial Advisors and Stockbrokers are Raphael Zorn Hemsley Limited.

During the financial year the group has continued its development as a mining, processing and exploration company operating in the Philippines. The development of the Masara Gold Operation has continued and full commercial production is planned to commence in the third quarter of 1996.

The Group acquired the outstanding minority interest in Luxemburg Estates Company SA during 1995. The group's leasing subsidiary, Lease and Finance Services Limited was sold at the end of 1995, generating a profit to the group of £21,358.

The Group acquired the remaining 90% interest in the option to enter into an operating agreement over the Runruno mining properties in April 1995 for £6 million by the issue of shares. The option was exercised in August 1995. A detailed exploration programme over these properties is scheduled for 1996.

During 1996 the group is planning to carry out detailed evaluation, feasibility and exploration, with pilot scale production, over the Gold Operations at Paracale, Masbate, Spandonis and Banahaw.

RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

The results of the group for the year are set out in the consolidated profit and loss account on page 7. The retained loss for the year of £298,132 (1994 - loss of £44,303) has been charged to reserves.

The directors do not recommend the payment of a dividend on the ordinary or deferred shares.

RESEARCH AND DEVELOPMENT

In the coming year the group will undertake research, development and exploration activities in order to further the performance of its mining operations.

FIXED ASSETS

The changes in fixed assets during the year are summarised in notes 10, 11 and 12 to the financial statements.

DIRECTORS

The Directors who served during the year were as follows:

A K Burnell
P H Edmonds
P M Enoch
F Lubbock
S Grant-Rennick
M Buckingham

The current directors are shown on page 1.


DIRECTORS' REPORT (continued)
SHARE CAPITAL

During the year 58,702,393 0.1 pence ordinary shares were issued at a price of 1 pence per share in order to acquire the balance of the issued share capital of Luxemburg Estates Company S.A.

By way of share placements during the year the Company issued 44,992,864 0.1 pence ordinary shares, which raised £889,770 (net of share issue expenses) to be used to provide working capital for the group's activities.

Also during the year the Company issued a further 120,000,000 0.1 pence ordinary shares at a price of 5 pence per share in connection with the acquisition of further mining rights (see note 10 to the financial statements).

Following the year end, by way of share placements the Company issued 480,278,040 0.1 pence ordinary shares, which raised £9,012,533 net of expenses to be used to provide working capital for the group's activities.

Following the year end, \$890,000 of convertible unsecured loan notes 2000 were converted into 25,470,416, 0.1 pence ordinary shares.

A resolution was passed at the Company's 1995 Annual General Meeting whereby all the 'A' and 'B' deferred shares were to be cancelled. This reduction of Capital and Share Premium Account was confirmed by the High Court on 7 February 1996 and was registered by Companies House on 9 May 1996.

For illustration purposes, Note 25 to the financial statements sets out the changes in issued Share Capital and related Reserves from 1 January 1996 to 29 May 1996.

DIRECTORS' INTERESTS

The beneficial interests of each person who was a Director at the year end in the 0.1 pence ordinary shares and the "A" deferred 0.9 pence shares of the Company at 31 December 1995 and at 1 January 1995 were as follows:

	31 December 1995		1 January 1995	
	Ordinary 0.1p shares No.	"A" deferred 0.9p shares No.	Ordinary 0.1p shares No.	"A" deferred 0.9p shares No.
P H Edmonds	10,277,503	-	12,227,503	-
A K Burnell	2,315,000	6,215,000	2,315,000	6,215,000
P M Enoch	-	-	-	-
F Lubbock	240,100,000	-	240,100,000	-
S Grant-Rennick	1,970,000	-	1,970,000	-
M Buckingham	6,500,000	-	6,500,000	-

No director had any interest in the Company's 'B' deferred shares at 1 January 1995 or 31 December 1995. P M Enoch has a non-beneficial interest in 2,000,000 (1994 - 4,000,000) 0.1 pence ordinary shares of the Company which are included in P H Edmonds' beneficial interest, and which are held by P H Edmonds' Pension Fund. F Lubbock's beneficial holding of 240,100,000 shares arises from his beneficial interest in the shares of Tierra Adorada Reality Corporation and Minoro Mining and Exploration Corporation.

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

The Company instituted a share option scheme on 10 August 1994 under which directors and employees are able to subscribe for shares in the Company. The number of ordinary shares of 0.1 pence each over which the directors had entitlements as at 31 December 1995 were as follows:

	Granted in August 1994	Granted in August 1995	Total
P H Edmonds	15,000,000	5,000,000	20,000,000
A K Burnell	1,000,000	1,000,000	2,000,000
P M Enoch	1,000,000	1,000,000	2,000,000
F Lubbock	15,000,000	5,000,000	20,000,000
S Grant-Rennick	2,000,000	1,000,000	3,000,000
M Buckingham	15,000,000	5,000,000	20,000,000

All of the share options granted in August 1994 are exercisable between 17 August 1995 and 17 August 1998 at a price of 1.5 pence per share and all those granted in August 1995 are exercisable between 11 August 1996 and 11 August 1999 at a price of 2.25 pence per share. No options were exercised during the year or since the balance sheet date. No further options have been granted to the directors since the balance sheet date. The market price of the shares as at 31 December 1995 was 2 pence per share. During 1995 the share price ranged from 2 pence per share to 3 pence per share.

OTHER SUBSTANTIAL SHAREHOLDINGS


On 29 May 1996, in addition to the shareholdings noted above, the Company's Register of Members contains the following interests in 3% or more of the issued ordinary share capital:

	Number of 0.1p Ordinary shares	Holding as a % of total 0.1p Ordinary shares in issue
Morgan Nominees Limited SL Acct	148,750,000	10.1%
Runruno Mining Corporation	120,000,000	8.1%
Chase Nominees Limited	85,882,684	5.8%
Emerging Economy Investment Limited	78,418,731	5.3%
General Accident Executor and Trustee Company Limited D110 Acct	66,401,666	4.5%
Morstan Nominees Limited	62,375,000	4.2%
James Capel (Nominees) Limited	53,397,117	3.6%
Vidacos Nominees Limited	52,995,416	3.6%
NY Nominees Limited	49,826,960	3.4%

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board.



P M Enoch
Secretary
4 June 1996

**DIRECTORS' STATEMENT OF RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

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LONDON FIDUCIARY TRUST PLC

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 7 to 26 which have been prepared under the accounting policies set out on pages 11 and 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1995 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

5 June 1996


CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Note	£	1995 £	£	1994 £
TURNOVER					
Continuing operations	2		1,838,028		71,304
Discontinued operations	2		177		45,451
			<u>1,838,205</u>		<u>116,755</u>
Other operating charges - continuing		(2,082,852)		(165,367)	
- discontinued		(2,449)		(88,931)	
Other operating income - continuing		17,687		5,700	
- discontinued		7,156		87,346	
		<u></u>	<u>(2,060,458)</u>	<u></u>	<u>(161,252)</u>
OPERATING LOSS					
	4				
Continuing operations		(227,137)		(88,363)	
Discontinued operations		4,884		43,866	
		<u></u>	<u>(222,253)</u>	<u></u>	<u>(44,497)</u>
Profit on sale of discontinued operations	12, 23.5		21,358		-
			<u>(200,895)</u>		<u>(44,497)</u>
LOSS BEFORE INTEREST					
Interest receivable and similar income	5		8,422		631
Interest payable	6		(120,120)		(437)
			<u></u>	<u></u>	<u></u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION					
			(312,593)		(44,303)
Tax on loss on ordinary activities	8		-		-
			<u></u>	<u></u>	<u></u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION					
	9		(312,593)		(44,303)
Attributable to minority shareholders			14,461		-
			<u></u>	<u></u>	<u></u>
RETAINED LOSS FOR THE FINANCIAL YEAR, CHARGED TO RESERVES					
	20		(298,132)		(44,303)
			<u></u>	<u></u>	<u></u>
Loss per ordinary share			(0.033)p		(0.015)p
			<u></u>	<u></u>	<u></u>
Average number of ordinary shares in issue (million)			902.9		294.0
			<u></u>	<u></u>	<u></u>

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.


CONSOLIDATED BALANCE SHEET
31 December 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Intangible assets	10	25,320,153		14,362,525	
Tangible assets	11	979,333		717,286	
			26,299,486		15,079,811
CURRENT ASSETS					
Stocks	13	940,296		490,032	
Debtors	14	492,335		170,702	
Investment in finance leases and lease purchase agreement	15	-		7,175	
Other investments		787		742	
Cash at bank and in hand		80,785		1,339,642	
		1,514,203		2,008,293	
CREDITORS: amounts falling due within one year	16	2,137,248		1,253,132	
NET CURRENT (LIABILITIES)/ASSETS			(623,045)		755,161
TOTAL ASSETS LESS CURRENT LIABILITIES			25,676,441		15,834,972
CREDITORS: amounts falling due after more than one year	17		496,388		423,810
Convertible unsecured loan notes	18		2,484,480		-
PROVISIONS FOR LIABILITIES AND CHARGES	8		3,686,000		3,686,000
TOTAL NET ASSETS			19,009,573		11,725,162
CAPITAL AND RESERVES					
Called up share capital	19	2,543,350		2,319,655	
Share premium account	20	15,931,873		8,685,832	
Capital reserve	20	3,121,726		3,126,470	
Profit and loss account - (deficit)	20	(2,587,376)		(2,411,494)	
		19,009,573		11,720,463	
Equity shareholders' funds			19,009,573		11,720,463
Non equity shareholders' funds			-		-
Total shareholders' funds			19,009,573		11,720,463
Equity minority interests			-		4,699
			19,009,573		11,725,162

These financial statements were approved by the Board of Directors on 4 June 1996

Signed on behalf of the Board of Directors.

 P H Edmonds
Director

PARENT COMPANY BALANCE SHEET
31 December 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Investments	12		5,992,877		5,984,087
CURRENT ASSETS					
Debtors - amounts due within one year	14	12,049,987		1,458,357	
- amounts due after more than one year	14	830,021		830,021	
Cash at bank and in hand		40,098		657,246	
		<u>12,920,106</u>		<u>2,945,624</u>	
CREDITORS: amounts falling due within one year	16	459,522		629,407	
		<u> </u>		<u> </u>	
NET CURRENT ASSETS			12,460,584		2,316,217
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,453,461</u>		<u>8,300,304</u>
CREDITORS: amounts falling due after more than one year					
Convertible unsecured loan notes	18		2,484,480		-
TOTAL NET ASSETS			<u>15,968,981</u>		<u>8,300,304</u>
CAPITAL AND RESERVES					
Called up share capital	19		2,543,350		2,319,655
Share premium account	20		15,931,873		8,685,832
Profit and loss account - (deficit)	20		(2,506,242)		(2,705,183)
TOTAL EQUITY AND NON EQUITY SHAREHOLDERS' FUNDS			<u>15,968,981</u>		<u>8,300,304</u>
Equity shareholders' funds			15,968,981		8,300,304
Non equity shareholders' funds			-		-
			<u>15,968,981</u>		<u>8,300,304</u>

These financial statements were approved by the Board of Directors on 4 June 1996

Signed on behalf of the Board of Directors.

P H Edmonds
Director



CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1995

	Note	£	1995 £	£	1994 £
Net cash outflow from operating activities	23.1		(795,824)		(41,950)
Returns on investments and servicing of finance					
Interest received		8,422		631	
Interest paid		(8,364)		(343)	
Interest element of finance lease rental payments		-		(94)	
Net cash inflow from returns on investments and servicing of finance			58		194
Investing activities					
Purchase of subsidiary		-		257,300	
Sale of subsidiary	23.5	(10,746)		-	
Loans advanced		-		(824,866)	
Purchase of intangible fixed assets		(3,657,503)		(860,288)	
Purchase of tangible fixed assets		(336,781)		(676,635)	
Net cash outflow from investing activities			(4,005,030)		(2,104,489)
Net cash outflow before financing			(4,800,796)		(2,146,245)
Financing					
Convertible unsecured loan notes	23.4	2,484,480		-	
Loans, finance lease rentals and hire purchase agreements		99,111		(10,413)	
Instalments received from lessees		7,175		114,054	
Issue of share capital		1,004,599		3,494,739	
Expenses on issue of shares		(14,828)		(131,389)	
Net cash inflow from financing			3,580,537		3,466,991
(Decrease)/increase in cash and cash equivalents	23.2		(1,220,259)		1,320,746

**NOTES TO THE ACCOUNTS****Year ended 31 December 1995****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

These financial statements are prepared under the historical cost convention.

Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiaries made up to 31 December 1995. Intra group earnings and profits are eliminated on consolidation and all earnings and profit figures relate to external transactions. All companies within the group prepare their accounts to the same date.

Base Metals Minerals Resources Corporation (BMMRC) and Palawan Chrome Corporation (PCC) have been consolidated on an acquisition accounting basis. Notwithstanding the group's 40% equity holdings in these companies, there is considered to be dominant influence exercised over their activities on the basis that Directors of London Fiduciary Trust (LFT) have been appointed by the Company to represent LFT on the executive committees formed by BMMRC and PCC which are empowered to manage their affairs.

Investments and goodwill on consolidation

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Negative goodwill arises when the fair value to the group of the net assets acquired, exceeds the purchase consideration. Negative goodwill has been classified as a capital reserve in the consolidated balance sheet.

Foreign currencies

Trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the consolidated profit and loss account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rate of exchange and the difference arising from the translation of the opening net investment in subsidiaries at the closing rate is taken direct to consolidated reserves.

Deferred exploration expenses

All costs associated with mineral exploration are capitalised pending determination of the feasibility of the project. Costs incurred include appropriate administrative expenses. If an exploration project is successful, the related expenditure will be amortised over the estimated life of the ore reserves on a unit of production basis, having regard to the remaining period of the mine operating agreements. Where a project is abandoned or is considered to be of no further interest to the Group, the related costs are written off.

**NOTES TO THE ACCOUNTS**
Year ended 31 December 1995**1. ACCOUNTING POLICIES (continued)****Mining rights**

Mining rights represent the value associated with the group's exercised mine operating agreements at two gold mines in the Philippines. The value of these options is to be amortised over the estimated life of the mines' ore reserves on a unit of production basis having regard to the remaining period of the mine operating agreements. As at 31 December 1995 full commercial operation had not started, hence no amortisation had been charged to the profit and loss account in the year. Value attributable is normally at cost, except where directors are required to fair value on acquisition.

Tangible fixed assets

Depreciation on tangible fixed assets is calculated so as to write down the cost of those assets to their estimated residual values by equal instalments over the period of their estimated useful economic lives which are considered to be:

Plant and equipment	- 5 years
Office equipment	- 6 years
Computer systems and equipment	- 4 years
Fixtures, fittings and equipment	- 6 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes the invoiced price of the goods supplied and the cost of bringing such goods to their present location and condition.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items of income and expenditure for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise. Provision is made only to the extent that, in the opinion of the Directors, there is reasonable probability that the liability will arise in the foreseeable future. Losses available to carry forward and offset against future corporation tax liabilities are taken into account when assessing the level of provision required for deferred taxation.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

2. TURNOVER AND OPERATING LOSS ANALYSIS

Turnover is derived from the principal activity of the group which is the mining and processing of minerals. Turnover is also derived from leasing activities, and this represents gross earnings, which comprise interest earned on finance lease and lease purchase agreements, together with profits realised on the sales of leases and commission earned on lease brokings. Leasing activities have been discontinued in the year.

	Operating loss		Turnover	
	1995	1994	1995	1994
	£	£	£	£
Gold sales	(227,137)	35	1,838,028	71,304
Interest earned on finance lease and lease purchase agreements	4,884	(44,532)	177	45,451
	<u>(222,253)</u>	<u>(44,497)</u>	<u>1,838,205</u>	<u>116,755</u>
	1995	1994	1995	1994
	£	£	£	£
Geographical analysis by location:				
United Kingdom	4,884	(44,532)	177	45,451
Philippines	(227,137)	35	1,838,028	71,304
	<u>(222,253)</u>	<u>(44,497)</u>	<u>1,838,205</u>	<u>116,755</u>

3. EMPLOYEES

	1995	1994
	No.	No.
Average number of persons employed (including directors):		
Mining and Processing	561	-
Other including finance and administration	16	6
Total	<u>577</u>	<u>6</u>
Principal locations of employment were:		
Philippines	572	1
United Kingdom	5	5
Total	<u>577</u>	<u>6</u>
	£	£
Employment Costs (including Directors' Remuneration):		
Wages and Salaries	947,950	8,333
Social Security Costs	38,593	-
	<u>986,543</u>	<u>8,333</u>
Less: charged within Deferred Exploration Costs	(976,543)	-
Charged to Profit and Loss Account	<u>10,000</u>	<u>8,333</u>



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

3. EMPLOYEES (CONTINUED)

No staff costs were charged to the profit and loss account during the year other than as disclosed in note 7 concerning the directors. Base Metal Mineral Resources Corporation, a company acquired at the end of 1994, had 451 employees at the date of acquisition. Staff costs incurred as part of mining operations costs have been capitalised within deferred exploration costs (see note 10 for details).

4. OPERATING LOSS	1995	1994
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	45,519	31,250
Other fees paid to the auditors	22,950	4,750
	<hr/>	<hr/>
5. INTEREST RECEIVABLE AND SIMILAR INCOME	1995	1994
	£	£
Bank interest receivable	8,422	631
	<hr/>	<hr/>
6. INTEREST PAYABLE	1995	1994
	£	£
On borrowings repayable within five years:		
Bank overdraft	1,306	343
Finance lease and hire purchase interest	-	94
Convertible unsecured loan notes	118,814	-
	<hr/>	<hr/>
	120,120	437
	<hr/>	<hr/>
7. DIRECTORS	1995	1994
	£	£
Directors' emoluments (including pension contributions):		
Management remuneration	125,935	8,333
	<hr/>	<hr/>
	£	£
Remuneration of chairman, who was the highest paid director (excluding pension contributions)	48,645	8,333
	<hr/>	<hr/>
	No.	No.
Scale of other directors' remuneration:		
£Nil - £5,000	3	5
£35,001 - £40,000	2	-
	<hr/>	<hr/>

Anglo Scottish Finance Limited, a company in which A K Burnell is a director charged the group management fees during 1994 (1995 - nil) (see note 24).

Franks, Charlesly & Co, a firm in which P M Enoch is a partner have charged legal fees during the year (see note 24).



NOTES TO THE ACCOUNTS

Year ended 31 December 1995

8. TAX ON LOSS ON ORDINARY ACTIVITIES

The amounts provided in respect of deferred taxation at 31 December 1995 and 31 December 1994 were as follows:

	1995	The Group 1994	1995	The Company 1994
	£	£	£	£
Surplus on revaluation	3,686,000	3,686,000	-	-

Deferred taxation has been provided in respect of the adjustment arising on revaluation of intangible assets and will be released to the profit and loss account as the asset is amortised.

There were no unprovided amounts in respect of deferred taxation at either 31 December 1995 or 31 December 1994.

9. PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF LONDON FIDUCIARY TRUST PLC	1995 £	1994 £
Profit/(loss) dealt with in the accounts of the parent company	191,883	(6,898)

The Company has taken advantage of s230 of the Companies Act 1985 and consequently no profit and loss account for the Company has been presented as part of these accounts.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

10. INTANGIBLE FIXED ASSETS

The Group	Deferred exploration costs £	Mining rights £	Total £
Cost:			
At 1 January 1995	2,362,525	12,000,000	14,362,525
Adjustments for currency translation	(147,908)	-	(147,908)
Additions	5,046,355	6,000,000	11,046,355
Tangible fixed asset depreciation (note 11)	59,181	-	59,181
At 31 December 1995	7,320,153	18,000,000	25,320,153
Depreciation:			
At 1 January 1995 and 31 December 1995	-	-	-
Net book value:			
At 31 December 1995	7,320,153	18,000,000	25,320,153
At 31 December 1994	2,362,525	12,000,000	14,362,525

Mining rights are split as follows:

	£
100% owned operating agreement over the Apex Mine at Masara (i)	11,200,000
100% owned operating agreement over the Runruno mine at Luzon (ii)	6,800,000
	18,000,000

- i) Apex Operating Agreement: The net present value of this Operating Agreement has been fair valued by the directors at £11,200,000, having regard to independent professional advice and all relevant factors.
- ii) Runruno: By agreement dated 24 June 1994, Asian Goldfields (CCM) Limited (formerly Countertrade Contract Management Limited) a group company, acquired an interest of 10% in an Option to enter into an Operating Agreement over the Runruno Mine in the Philippines (transfer price £nil). The net present value of this Option has been fair valued by the directors at £800,000, having regard to independent professional advice and all relevant factors. On 4 April 1995, Base Metals Mineral Resources Corporation (BMMRC), a group company, acquired the remaining 90% of the option at a cost of £6,000,000 which was satisfied by the issue of London Fiduciary Trust plc shares. The option was subsequently exercised on 28 August 1995.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

11. TANGIBLE FIXED ASSETS

The Group	Plant and equipment £	Office equipment £	Computer systems and equipment £	Furniture, fittings and equipment £	Total £
Cost:					
At 1 January 1995	676,635	108,445	98,578	35,231	918,889
Adjustment for currency translation	(13,009)	(3,298)	-	-	(16,307)
Subsidiary sold	-	(55,750)	(98,578)	(35,231)	(189,559)
Additions	306,439	30,342	-	-	336,781
At 31 December 1995	970,065	79,739	-	-	1,049,804
Depreciation:					
At 1 January 1995	-	67,794	98,578	35,231	201,603
Adjustment on currency translation	-	(754)	-	-	(754)
Subsidiary sold	-	(55,750)	(98,578)	(35,231)	(189,559)
Depreciation for the year charged to deferred exploration costs (note 10)	54,308	4,873	-	-	59,181
At 31 December 1995	54,308	16,163	-	-	70,471
Net book value:					
At 31 December 1995	915,757	63,576	-	-	979,333
At 31 December 1994	676,635	40,651	-	-	717,286

The company had no tangible fixed assets at 31 December 1995 (1994 - £nil).

12. INVESTMENTS HELD AS FIXED ASSETS

The Company	Shares in group undertakings £
Cost and Net book value:	
At 1 January 1995	5,984,087
Additions	8,790
At 31 December 1995	5,992,877
At 31 December 1994	5,984,087
The above investments are not listed.	


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
12. INVESTMENTS HELD AS FIXED ASSETS (continued)
The Company

Additional information on principal group undertakings is as follows:

	Country of registration or incorporation and operation	Percentage of issued ordinary shares held by:		Nature of business
		The Company	Subsidiaries	
Luxemburg Estates Company SA	Luxembourg	100%	-	Investment
Base Metals Mineral Resources Corporation	Philippines	-	40%	Mining
LFT Processing Corporation	Philippines	100%	-	Mining
Asian Goldfields (CCM) Limited	England	100%	-	Investment
Palawan Chrome Corporation	Philippines	-	40%	Exploration
Mindex Resources plc	England	100%	-	Dormant
Asian Goldfields Ltd	England	100%	-	Dormant

Base Metals Mineral Resources Corporation and Palawan Chrome Corporation are considered subsidiaries due to the fact that both companies have formed an executive committee, in which three out of the four members are Directors of London Fiduciary Trust plc, which is empowered to manage the affairs of these companies. All subsidiary companies are consolidated in the London Fiduciary Trust plc Financial Statements.

On 2 May 1996 Countertrade Contract Management Limited changed its name to Asian Goldfields (CCM) Limited.

Acquisitions

On 1 November 1995 the company purchased Asian Goldfields Limited, a dormant company. Purchase consideration was £2. No goodwill arose on the acquisition. During the year the company increased its shareholding to 100% in Luxemburg Estates Company SA. £8,788 was paid by way of share issue to acquire the shares from the existing minority, giving rise to goodwill of £4,744, which has been written off to reserves. (see note 20).

Both acquisitions during the year were accounted for by the acquisition method of accounting.

Disposals

Lease and Finance Services Limited and its subsidiary company, Asset & Investment Management Limited were sold on 28 December 1995, on an arms length basis, to K Bishop, a former employee of Lease and Finance Services Limited (see note 23.5). The original cost of this investment of £1,000 was written off in a prior year.

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

13. STOCKS

	1995 £	The Group 1994 £
Gold in circuit	244,952	244,464
Consumables	695,344	245,568
	<u>940,296</u>	<u>490,032</u>

14. DEBTORS

	1995 £	The Group 1994 £	1995 £	The Company 1994 £
Trade debtors	249,044	18,761	-	-
Amounts owed by subsidiary undertakings	-	-	12,832,661	2,176,300
Other debtors and prepayments	243,291	51,941	47,347	12,078
Called up share capital not paid	-	100,000	-	100,000
	<u>492,335</u>	<u>170,702</u>	<u>12,880,008</u>	<u>2,288,378</u>

Included in Amounts owed by subsidiary undertakings is an amount at £830,021 (1994 - £830,021) which is not recoverable within one year.

**15. INVESTMENT IN FINANCE LEASES AND LEASE
PURCHASE AGREEMENTS**

	1995 £	The Group 1994 £
Amounts due within one year:		
Finance lease rentals	-	6,785
Lease purchase instalments	-	390
	<u>-</u>	<u>7,175</u>

**16. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	1995 £	The Group 1994 £	1995 £	The Company 1994 £
Trade creditors	2,005,289	674,899	327,564	27,482
Amounts owed to subsidiary undertakings	-	-	-	23,692
Other creditors	131,959	578,233	131,958	578,233
	<u>2,137,248</u>	<u>1,253,132</u>	<u>459,522</u>	<u>629,407</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	The Group		The Company	
	1995	1994	1995	1994
	£	£	£	£
Other loans	496,388	423,810	-	-

Other loans represent non-interest bearing loans from stockholders and directors of Base Metals Mineral Resources Corporation and Palawan Chrome Corporation. These loans are due for repayment after more than one year from the balance sheet date at a date yet to be determined.

18. CONVERTIBLE UNSECURED LOAN NOTES

	The Group and Company		
	1995	1994	
	£	£	£
12% Convertible Unsecured Loan Notes 1998	644,081		
less unamortised cost of issue	1,885	642,196	-
10% Convertible Unsecured Loan Notes 2000	1,932,243		
less unamortised cost of issue	89,959	1,842,284	-
		2,484,480	-

(a) 12% Convertible Unsecured Loan Notes 1998

US\$1 million Notes were issued at par for cash on 12 June 1995, repayable on 30 June 1998. The Noteholders are entitled at anytime from 12 June 1995 to 15 June 1998 to require conversion into New Ordinary Shares of 0.1p each at the rate of 2.75p nominal of the Notes for 1 ordinary share.

The Company may require the Noteholders to convert in the event that the price of the Ordinary shares on the Alternative Investment Market exceeds 3.85p for a continuous period of two months.

For the purposes of conversion the nominal value of the Note shall be converted into sterling at the spot rate prevailing on the date of conversion.

None of the Notes were converted in 1995 and none have been converted in the period since 31 December 1995.

(b) 10% Convertible Unsecured Loan Notes 2000

US\$3 million Notes were issued at par for cash on 25 August 1995, repayable on 30 September 2000. The Noteholders are entitled at any time from 18 August 1995 to 15 September 2000 to require conversion into New Ordinary Shares of 0.1p each at the rate of 2.25 pence nominal of the Notes for 1 ordinary share. The Company may require the Noteholders to convert in the event that, at any time after 18 August 1998, the price of the ordinary shares on the Alternative Investment Market exceeds 3.15p for a continuous period of two months.

For the purposes of conversion the nominal value of the Note shall be converted into Sterling at the rate of US\$1 to £1.553. None of the Notes were converted in 1995. Since 31 December 1995, US\$890,000 nominal of Notes have been converted into 25,470,416 New Ordinary shares of 0.1p each.

The proceeds of these issues were to provide working capital for the group.



NOTES TO THE ACCOUNTS

Year ended 31 December 1995

19. CALLED UP SHARE CAPITAL	1995	1994
	£	£
Authorised:		
2,600,215,525 new ordinary shares of 0.1p each	2,600,216	2,600,216
162,737,355 "A" deferred shares of 0.9p each	1,464,636	1,464,636
1,251,685 "B" deferred shares of 8.8p each	110,148	110,148
	<u>4,175,000</u>	<u>4,175,000</u>
Allotted and fully paid:		
At 1 January 1995 - 744,871,008 new ordinary shares of 0.1p each	744,871	-
Conversion of 14,295,990 ordinary shares of 10p each	-	14,296
Conversion of 5,481,465 "A" ordinary shares of 10p each	-	5,482
Conversion of 1,251,685 new convertible preference shares	-	15,020
Issue of 223,695,257 new ordinary shares of 0.1p each	223,695	710,073
	<u>968,566</u>	<u>744,871</u>
At 31 December 1995 - 968,566,265 (1994 - 744,871,008) new ordinary shares of 0.1p each	968,566	744,871
	<u>1,464,636</u>	<u>-</u>
At 1 January 1995 - 162,737,355 "A" deferred shares of 0.9p each	1,464,636	-
Conversion of 14,295,990 ordinary shares of 10p each	-	1,415,303
Conversion of 5,481,665 "A" ordinary shares of 10p each	-	49,333
	<u>1,464,636</u>	<u>1,464,636</u>
At 31 December 1995 - 162,737,355 (1994 - 162,737,355) "A" deferred shares 0.9p each	1,464,636	1,464,636
	<u>110,148</u>	<u>-</u>
At 1 January 1995 1,251,685 "B" deferred shares of 8.8p each	110,148	-
Conversion of 1,251,685 new convertible preference shares of 0.9p each	-	110,148
	<u>110,148</u>	<u>110,148</u>
At 31 December 1995 - 1,251,685 (1994 - 1,251,685) "B" deferred shares of 8.8p each	110,148	110,148
	<u>-</u>	<u>1,429,599</u>
At 1 January 1995 - nil ordinary shares of 10p each	-	1,429,599
Conversion to 14,295,990 new ordinary shares of 0.1p each	-	(14,296)
Conversion to 157,255,890 "A" deferred shares of 0.9p each	-	(1,415,303)
	<u>-</u>	<u>-</u>
At 31 December 1995 - nil ordinary shares of 10p each	-	-
	<u>-</u>	<u>54,815</u>
At 1 January 1995 - nil "A" ordinary shares of 1p each	-	54,815
Conversion to 5,481,465 new ordinary shares of 0.1p each	-	(5,482)
Conversion to 5,481,465 "A" deferred shares of 0.9p	-	(49,333)
	<u>-</u>	<u>-</u>
At 31 December 1995 - nil "A" ordinary shares of 10p each	-	-



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

19. CALLED UP SHARE CAPITAL (CONTINUED)	1995	1994
	£	£
At 1 January 1995 - nil new convertible preference shares	-	125,169
Conversion to 1,251,685 "B" deferred shares of 8.8p each	-	(125,169)
	<hr/>	<hr/>
At 31 December 1995 - nil new convertible preference shares	-	-
	<hr/>	<hr/>
Total allotted and fully paid shares at balance sheet date	2,543,350	2,319,655
	<hr/>	<hr/>

During the year 58,702,393 0.1 pence ordinary shares were issued at a price of 1 pence per share in order to acquire the balance of the issued share capital of Luxemburg Estates Company S.A.

By way of share placements during the year the Company issued 44,992,864 0.1 pence ordinary shares, which raised £889,770 (net of share issue expenses) to be used to provide working capital for the group's activities.

Also during the year the Company issued a further 120,000,000 ordinary 0.1 pence shares at a price of 5 pence in connection with the acquisition of further mining rights.

The 'A' and 'B' deferred shares have the following restrictions:

- i) No right to any dividend;
- ii) Restricted right to return of capital after payment of the Company's liabilities and after holders of the ordinary shares have received £1,000,000 for each share held; and
- iii) no entitlement to vote.

Because of these restrictions the value attributable to non equity shareholders at the year end is £nil (1994 £nil).

A resolution was passed at the Company's 1995 Annual General Meeting whereby all the 'A' and 'B' deferred shares were to be cancelled. This reduction in capital and share premium account was confirmed by the High Court on 7 February 1996 and was registered by Companies House on 9 May 1996. (See note 25 for further details).

Further shares have been issued since the year end amounting in total to 505,748,456 ordinary shares of 0.1 pence each. See note 25 for further details.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
20. STATEMENT OF MOVEMENTS ON RESERVES

	Share premium account £	Capital reserve £	Profit and loss account £
The Group			
Balance at 1 January 1995 - (deficit)	8,685,832	3,126,470	(2,411,494)
Retained loss for the year	-	-	(298,132)
Issue of new ordinary shares (see note 19)	7,267,927	-	-
Foreign currency translation difference	-	-	115,192
Amortisation of cost of issuing Loan Notes	(7,058)	-	7,058
Goodwill on acquisition (note 12)	-	(4,744)	-
Share issue expenses written off	(14,828)	-	-
Balance at 31 December 1995 - (deficit)	15,931,873	3,121,726	(2,587,376)
The Company			
Balance at 1 January 1995 - (deficit)	8,685,832	-	(2,705,183)
Retained profit for the year	-	-	191,883
Issue of new ordinary shares (see note 19)	7,267,927	-	-
Amortisation of cost of issuing Loan Notes	(7,058)	-	7,058
Share issue expenses written off	(14,828)	-	-
Balance at 31 December 1995 - (deficit)	15,931,873	-	(2,506,242)

21. COMBINED STATEMENT OF TOTAL
RECOGNISED GAINS AND LOSSES
AND RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS

	1995 £	The Group 1994 £	1995 £	The Company 1994 £
(Loss)/profit for the financial year	(298,132)	(44,303)	191,883	(6,898)
New share capital subscribed net of expenses	7,476,794	8,547,092	7,476,794	8,547,092
Goodwill written off on acquisition	(4,744)	-	-	-
Negative goodwill on acquisition	-	3,126,470	-	-
Foreign currency translation	115,192	(5,306)	-	-
Opening shareholders' funds - (deficit)	11,720,463	96,510	8,300,304	(239,890)
Closing shareholders' funds	19,009,573	11,720,463	15,968,981	8,300,304

22. OPERATING LEASE COMMITMENTS

At 31 December 1995, the group was not committed to making any significant payments during the next year in respect of operating leases.

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

23. ADDITIONAL INFORMATION ON THE CONSOLIDATED CASH FLOW STATEMENT

23.1 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1995	1994
	£	£
Operating loss	(222,253)	(44,497)
(Increase) in stocks	(450,264)	(410,063)
(Increase) in debtors	(430,685)	(29,789)
Increase in creditors	278,328	442,399
Foreign currency movement	29,050	-
Net cash outflow from operating activities	<u>(795,824)</u>	<u>(41,950)</u>

23.2 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1995	1994
	£	£
Balance at 1 January	1,339,642	24,202
Net cash (outflow)/inflow	(1,220,259)	1,320,746
Effect of foreign exchange differences	(38,598)	(5,306)
Balance at 31 December	<u>80,785</u>	<u>1,339,642</u>

23.3 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE CONSOLIDATED BALANCE SHEET	1995	1994	Change
	£	£	in year
			£
Cash at bank and in hand	<u>80,785</u>	<u>1,339,642</u>	<u>(1,258,857)</u>

23.4 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR	Share capital (including premium)	Convertible Unsecured Loan Notes	Loans	Investment in finance leases and lease purchase agreement
	£	£	£	£
Balance at 1 January 1995	11,005,487	-	423,810	(7,175)
Adjustment for currency translation	-	-	(26,535)	-
Cash inflow from financing	1,004,599	2,484,480	99,111	7,175
Shares issued for non-cash consideration	6,587,024	-	-	-
Unpaid shares issued in 1994	(100,000)	-	-	-
Expenses on issue of shares	(14,829)	-	-	-
Expenses of raising Loan Notes	(7,058)	-	-	-
Balance at 31 December 1995	<u>18,475,223</u>	<u>2,484,480</u>	<u>496,388</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

**23. ADDITIONAL INFORMATION ON THE CONSOLIDATED CASH FLOW STATEMENT
(CONTINUED)**

23.5 DISPOSAL OF SUBSIDIARY UNDERTAKING

Net assets disposed of:	£
Debtors	9,052
Cash at bank	10,746
Creditors	(41,156)
	<hr/>
	(21,358)
Profit on disposal	21,358
	<hr/>
Consideration	-
	<hr/>
Cash equivalents in subsidiary undertaking sold	(10,746)
	<hr/>
Cash decrease on disposal of subsidiary undertaking	(10,746)
	<hr/>

24. RELATED PARTY TRANSACTIONS

Anglo Scottish Finance Limited is a company in which A K Burnell, director of the Company is also a director. In 1994 Anglo Scottish Finance Limited charged a management fee which terminated on 31 December 1994 for collecting lease payments on behalf of the group. No charge was made during 1995 (1994 - £101,644).

Franks, Charlesly & Co, a firm in which P M Enoch is a partner, charged fees of £37,898 during the year (1994 - £54,578).

During the year £10,000 (1994 - £8,333) was paid in respect of rent to Mr P H Edmonds' pension fund, the Company's landlord. In addition Mr P H Edmonds received £1,560 (1994 nil) in respect of further rents.

NOTES TO THE ACCOUNTS

Year ended 31 December 1995

25. SUBSEQUENT EVENTS

The changes in issued Share Capital since 31 December 1995, as noted in the Directors' Report and in note 19, are set out below for illustration purposes:

	Balance as at 1 Jan 1996 £	Reduction of capital and share premium 9 May 1996 £	Shares issued for cash in period (net of expenses) £	Partial conversion of loan notes £	Balance as at 29 May 1996 £
New ordinary shares of 0.1p each	968,566	-	480,278	25,471	1,474,315
"A" Deferred shares of 0.9p each	1,464,636	(1,464,636)	-	-	-
"B" Deferred shares of 10p each	110,148	(110,148)	-	-	-
	<u>2,543,350</u>	<u>(1,574,784)</u>	<u>480,278</u>	<u>25,471</u>	<u>1,474,315</u>
Share Premium Account	15,931,872	(1,130,399)	8,532,256	547,614	23,881,343
Capital Reserve	3,121,726	-	-	-	3,121,726
Profit and Loss Account (deficit)	(2,587,376)	2,705,183	-	-	117,807
Total Share Capital and Reserves	<u>19,009,572</u>	<u>-</u>	<u>9,012,534</u>	<u>573,085</u>	<u>28,595,191</u>

No.

New ordinary shares of 0.1p each in issue at 1 January 1996	968,566,265
New ordinary shares of 0.1p each issued between 1 January 1996 and 29 May 1996	505,748,456

New ordinary shares of 0.1p each in issue at 29 May 1996	<u>1,474,314,721</u>
----------------------------------------------------------	----------------------

Since the year end, the group has announced two new mineral acquisition opportunities in the Philippines.

The group has obtained an option from Atlas Consolidated Mining for the outright purchase of the Masbate Gold Project on Masbate Island. Preliminary studies indicate the property may be profitably brought into full production quickly and at relatively low costs and detailed studies are now being conducted into opening the mine. One third of the US\$10 million outright purchase price is payable on exercise of the option and the balance in two equal annual instalments. The option may be exercised at any time up to 15th November 1996 at the group's discretion.

The second option, from another company, is for the purchase of an 86% interest in the Banahaw Gold Project in East Mindanao. The initial plan is to undertake exploration drilling to block out open pit reserves. The full purchase price, including all contingent liabilities, will not exceed US\$2 million.