Registered No 666509

Philippine Gold Limited

Report and Financial Statements

30 June 2008

Registered No: 666509

Director
M Carrick

Secretary
A Wilson

Auditors
Ernst & Young LLP
George House
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Glasgow
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Registered Office
Fairfax House
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London
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Director's report

The director presents his annual report and the audited financial statements for the year ended 30 June 2008. The figures are stated in United States Dollars, which is the currency the majority of the transactions are denominated in and has been determined as the functional currency of the business.

Principal activity

Philippine Gold Limited (the company) provides management and financial support to its associate Filminera Resources Limited (Filminera) and wholly owned subsidiary Philippine Gold Processing and Refining Corporation (PGPRC) whose principal activities are the development of the Masbate Gold project in the Philippines.

Business review and proposed dividend

The board of the ultimate parent company is responsible for the oversight of the consolidated entities risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the group with the Chief Executive Officer and Chief Financial Officer having ultimate responsibility to the board for the risk management and control framework.

Arrangements put in place by the board to monitor risk management include monthly reporting to the board in respect of operations and the financial position of the consolidated entity.

The retained loss for the year was US$ 90,432 (2007: profit of US$210,435). The director does not recommend payment of a dividend (2007: US$nil).

The company continues to support its subsidiary and associate in the development of mining and exploration interests in the Philippines. In August 2006, the Company registered a regional operating headquarters (ROHQ) in the Philippines to provide consulting services to its subsidiary and associate.

In May 2008 CGA Mining Limited (CGA), the ultimate parent company, announced that the US$80,300,000 project finance facility documentation has been signed with BNP Paribas and Standard Chartered Bank. The funds available under the BNP Paribas arranged facility will be applied to the continued development of the Masbate Gold Project in the Philippines included a 32mw power plant, which is currently ahead of schedule. Drawdowns under the facility documentation was subject to conditions precedent which have been satisfied subsequent to year end.

Directors and director's interests

The director who served during the year was:

M Carrick

Political and charitable donations

The company made no political or charitable contributions during the year (2007: nil).

Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirmed that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Change in parent company

On 31 January 2007, Thistle Mining Inc. (Thistle) and CGA entered into a Sale and Purchase Agreement (SPA) for the sale to a wholly-owned subsidiary of CGA of 100% of Thistle's shareholding in the company. In addition all loans due to Thistle by the company would be assigned to CGA. The transaction closed on 19 March 2007. Under the terms of the transaction, the consideration payable for the sale and purchase of the shares and assets is, in aggregate, US$51 million of which $30 million represents a cash

Director's report

Change in parent company (continued)

consideration with the balance paid in shares of CGA. In addition, Thistle was reimbursed for approximately US$4.4 million in working capital and capital expenditures in respect of the Masbate Project. CGA is a company incorporated in Australia.

CGA is in a strong position to assume the development of the Masbate Project. In particular CGA has a strong balance sheet. At 30 June 2008, cash on hand amounted to US $44.8 million. CGA has provided a letter of support which indicates that it is the intention of CGA to provide financial support to the company through to positive cash flows being at least until the period ending 30 June 2010 and in particular CGA will not in the ordinary course of business seek repayment of the loan notes during this period.

Auditors

The director of the company will re-appoint Ernst and Young LLP as auditors of the company for the year ended 30 June 2009.

By order of the board

Alison Wilson

A Wilson
Secretary

9 June 2009

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records that 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Philippine Gold Limited

We have audited the financial statements of Philippine Gold Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for the preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 company's circumstances, 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.

Independent auditors' report

to the members of Philippine Gold Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Director's Report is consistent with the financial statements.

Emphasis of matter - Carrying value of investments

Without qualifying our opinion, we draw attention to the disclosure made in Note 1 to the financial statements concerning the recoverability of the carrying value of investments in group undertakings. The company's group undertakings are involved in the exploration, evaluation and development of the Masbate Gold Project located in the Philippines. In view of the risk and the large degree of uncertainty of commercial success which attaches to any project of this nature, at this stage of development, there is uncertainty over recoverability of the company's investment in its group undertakings. If for whatever reason the project is found not to be commercially viable, the asset which amounts to US $28,325,489 at 30 June 2008 would be impaired.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow

10 June 2009

Profit and loss account

for the year ended 30 June 2008

	Notes	*12 mths to 30 June 2008 US$*	*6 mths to 30 June 2007 US$*
Turnover	2	1,010,195	426,098
Administrative expenses		(1,084,159)	(483,911)
Other operating income		-	277,541
Operating (loss)/profit	3	(73,964)	219,728
Interest payable and similar charges	4	(16,468)	(9,293)
(Loss)/profit on ordinary activities before taxation		(90,432)	210,435
Tax on (loss)/profit on ordinary activities	7	-	-
Retained (loss)/profit for the financial year		(90,432)	210,435

Statement of total recognised gains and losses

There were no recognised gains or losses other than the loss attributable to shareholders of the company of US$ 90,432 in the year ended 30 June 2008 and the profit of US$210,435 in the period ended 30 June 2007.

Balance sheet

at 30 June 2008

	Notes	*30 June 2008 US$*	*30 June 2007 US$*
Fixed assets			
Investments	8	28,325,489	25,463,906
Office equipment	9	3,069	4,185
		28,328,558	25,468,091
Current assets			
Debtors	10	248,153	288,803
Cash at bank and in hand		118,698	48,147
		366,851	336,950
***Creditors**: amounts falling due within one year*	11	(31,517,507)	(28,536,707)
Net current liabilities		(31,150,656)	(28,199,757)
Net liabilities		(2,822,098)	(2,731,666)
Capital and reserves			
Called up share capital	12	12,582,316	12,582,316
Share premium	13	74,703,216	74,703,216
Profit and loss account	13	(90,107,630)	(90,017,198)
Equity shareholders' deficit		(2,822,098)	(2,731,666)

These financial statements were approved by the director on 9 June 2009 and were signed on its behalf by:

Alison Wilson

A Wilson

Company Secretary

Notes to the financial statements

at 30 June 2008

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules.

The company is exempt by virtue of s228A of the Companies Act 1985 from the requirement to prepare group accounts. The financial statements, therefore, present information about the company as an individual and not about its group.

As the company is a wholly owned subsidiary of CGA Mining Ltd. (CGA), the company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of CGA, within which this company is included, can be obtained from the address given in note 15.

Going concern

The financial statements have been prepared on a going concern basis notwithstanding net liabilities of $2,822,098, including loans payable to group undertakings of £31,228,614 (as disclosed in note 11). The director considers the going concern basis to be appropriate because the company's ultimate parent undertaking, CGA Mining Limited (CGA) has confirmed that it will provide financial support to the company until it can generate positive net cash flows, and at least for the period ending 30 June 2010. In particular CGA has undertaken that it will not in the ordinary course of business seek repayment of the loans payable to group undertakings referred to above for a period through to positive cash generation or for at least 12 months from the date of signing these financial statements. The director is satisfied that CGA is in a strong position to continue the development of the Masbate Project. In particular CGA has a strong balance sheet. At 30 June 2008, cash on hand amounted to US $44.8 million.

Carrying value of investments in group undertakings

The company's interest in group undertakings consists of interests in companies developing gold mines in the Philippines.

All key permits required for the development of the Masbate Gold Project have now been granted by the various regulatory bodies in the Philippines.

Subsequent to the year end, all the conditions precedent to drawdown under a US$80,300,000 project finance facility arranged with BNP Paribas have now been satisfied and unconditional drawdown is available under the facility. The CGA consolidated group made its first drawdown of US$39,200,000 under the facility on 4 September 2008. Subsequent to the year end, the CGA has also entered into US$10,000,000 cost overrun facility loan agreement with Meridian Capital CIS Fund and Casten Holdings Limited which is available subject to certain conditions up to the date of practical completion of the Masbate Gold Project. No drawdown has been made on the facility to date.

The project finance facility requires limited hedging which has been executed subsequent to the year end. As at the date of this report, the CGA consolidated group has successfully executed a hedging programme of puts covering 46,079 ounces and forward sales covering 214,337 ounces.

Notes to the financial statements

at 30 June 2008

1. Accounting policies (continued)

Carrying value of investments in group undertakings (continued)

The construction time frame is currently estimated to be completed by the end of July 2009, and consequently gold production is targeted for the second half of calendar 2009. In assessing the recoverability of the investments in group undertakings, the following factors have been considered:

- the group undertakings have secured the rights to explore and mine the Masbate Gold Project for a period of 25 years through a Mineral Production Sharing Agreement commencing on July 1997;
- all expenditure for further exploration and evaluation of the property is included in the future cash flows;
- based on a NI 43 101 compliant feasibility study completed on 30 April 2006, the director has reason to believe that commercial viable quantities of mineral resources exist; and
- sufficient data exists to indicate that the carrying value is likely to be recovered in full from successful development or by sale.

A Feasibility Study for the Masbate Gold project was completed on 30 April 2006 by independent qualified persons in terms of the Canadian National Instrument 43-101 ("NI 43-101"). This report entitled "Masbate Gold Project, Masbate Island, Philippines Form NI 43-101 F1 Technical Report" is available to the public on www.sedar.com.

The director has prepared a base case economic analysis of the project using the economic assumptions stated in the feasibility study, including but not limited to the project capital expenditure and operating expenditure, $450/ounce gold price, $50/barrel crude oil price at the assumption of 100% equity financing.

Net present value has been calculated at a 10% discount rate. Project sensitivities have been run against two ranges of higher gold prices with associated higher crude oil prices and are summarized below.

Tonnes ore	Mt	37.4
Tonnes waste	Mt	126.9
Stripping ratio		3.40
Average	g/t	1.35
Oz produced	Koz	1,623
Initial capital	$ k	92,809
Cash cost per oz	$/oz	$348
Total cost per oz	$/oz	$417

Gold price	$/oz	450	500	600
WTI oil price	$/bbl	50	53	66
Pay back period years		6.8	4.8	3.0
IRR equity		6.3%	14.2%	27.2%
NPV of cash flows to Philippine Gold Ltd discounted @ 10%	$k	(13,745)	16,946	77,359

Notes to the financial statements

at 30 June 2008

1. Accounting policies (continued)

Carrying value of investments in group undertakings (continued)

The Net Present Value (NPV) and Internal Rate of Return (IRR) are derived from cash flows attributable to the company. The net book value of the company's investment in the Philippine subsidiaries at 30 June 2008 is $28.3 million. At current gold prices in excess of $980 per oz and based on current estimates of the available deposits, the carrying value of the investment is not considered to be impaired.

The director's estimate of future cash flows are however subject to risks and uncertainties therefore it is reasonably possible that changes could occur which may affect the recoverability of these assets. The financial statements do not include any adjustments that would result from the carrying value of the investment in the group undertakings being impaired.

Cash flow

The company has taken advantage of the exemption under Financial Reporting Standards 1 (Revised 1996) and a statement of cash flows for the company has not been prepared as its parent undertaking, CGA Mining Limited prepares consolidated group financial statements which incorporate a statement of cash flow.

Investments

Investments are accounted for at cost less amounts written off.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 30 June 2008

1. Accounting policies (continued)

Turnover

Turnover represents consulting fees as invoiced by the Regional Operating Headquarters of the company (ROHQ) in the Philippines against its Philippine subsidiary and associate for services provided by employees of the company. Turnover is recognised in profit or loss when invoiced by the ROHQ.

2. Turnover

	12 mths to 30 June 2008 US$	*6 mths to 30 June 2007 US$*
Consultancy fees	1,010,195	426,098

3. Operating (loss)/profit

	12 mths to 30 June 2008 US$	*6 mths to 30 June 2007 US$*
Auditors' remuneration		
- audit services	30,000	30,059
Depreciation	1,116	279
Travel and subsistence	446	2,387

The operating profit for the 6 months to 30 June 2007 is stated after crediting old creditor balances and accruals. The release of the balances is included in 'Other operating income' in the profit and loss account.

Notes to the financial statements

at 30 June 2008

4. Interest payable and similar charges

	12 mths to 30 June 2008 US$	*6 mths to 30 June 2007 US$*
Interest receivable	242	78
Foreign exchange loss	(16,710)	(9,371)
	(16,468)	(9,293)

5. Staff costs

	12 mths to 30 June 2008 US$	*6 mths to 30 June 2007 US$*
Wages and salaries	1,008,643	425,675
Social security costs	1,674	426
	1,010,317	426,101

The average monthly number of employees, including directors, was as follows:

	12 mths to 30 June 2008 No.	*6 mths to 30 June 2007 No.*
Administration	1	1
Consulting services (ROHQ)	6	2
	7	3

These costs relate to the employees of the ROHQ who provide consulting services for the company's subsidiary and associate in the Philippines.

6. Remuneration of directors

The director is employed CGA, the ultimate parent company. As such, all staff costs associated with his employment is borne by CGA.

Notes to the financial statements

at 30 June 2008

7. Tax on (loss)/profit on ordinary activities

(a) Tax on profit on ordinary activities:

	12 mths to 30 June 2008 US$	*6 mths to 30 June 2007 US$*
Corporation tax at 30% (2007: 30%)	-	-

(b) Factors affecting current tax charges:

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are explained below:

	12 mths to 30 June 2008 US$	*6 mths to 30 June 2007 US$*
Current tax reconciliation:		
(Loss)/profit on ordinary activities	(90,432)	210,435
Current tax at 20.25% (2007: 30%)	(18,312)	63,131
Effects of:		
Offset against tax losses brought forward	-	(63,131)
Tax losses carried forward	18,312	-
Total current tax credit	-	-

The company has approximately US$4.2 million (2007: US$4.19 million) of capital and operating tax losses to carry-forward for future years with no fixed expiry terms that have not been recognised as deferred tax assets due to the uncertainty of any future taxable income.

Notes to the financial statements

at 30 June 2008

8. Investments

	Shares in group undertakings US$	*Loans to group undertakings US$*	*Total US$*
Cost:			
At beginning of period	24,420,164	68,900,944	93,321,108
Additions	-	2,861,583	2,861,583
Reclassifications	-	-	-
At end of period	24,420,164	71,762,527	96,182,691
Provision:			
At beginning of period	(22,464,371)	(45,392,831)	(67,857,202)
At end of period	(22,464,371)	(45,392,831)	(67,857,202)
Net book value:			
At 30 June 2008	1,955,793	26,369,696	28,325,489
At 30 June 2007	1,955,793	23,508,113	25,463,906

The provision of $67.9 million (2007: $67.9 million) was raised in 1998 and increased in 1999 for the potential non recovery of amounts advanced by the company consistent with the director's decision taken in 1998 to reduce the carrying value of the group's mining and exploration properties.

Additional information on company investments is as follows:

	Country of incorporation	*Percentage holding*	*Nature of business*
Filminera Resources Corporation	Philippines	40%	Mining
Philippine Gold Processing & Refining Corporation	Philippines	100%	Mining

The company owns 40% of Filminera Resources Corporation (Filminera), which holds the mineral tenements on the Philippine island of Masbate that embrace the Masbate gold deposit. The remaining 60% of Filminera is owned by Zoom Minerals Holdings Inc (Zoom). CGA Mining Ltd owns a 40% interest in Zoom. Zoom holds the remaining 60% interest in Filminera. The remaining 60% interest in Zoom is owned by a Philippine shareholder that is not otherwise related to CGA. CGA also acquired an option to purchase the Philippine shareholder's 60% interest in Zoom.

Filminera is the guarantee of Mineral Production Sharing Agreement (MPSA) No. 95-97-V dated 20 November 1997 covering an area of 289.9466 hectares located in the Municipality of Aroroy, Masbate Philippines. This MPSA has tenure of 25 years commencing in July 1997.

Processing of ore mined by Filminera is planned to be undertaken by Philippine Gold Processing & Refining Corporation (PGPRC) in terms of an agreement entered into between PGPRC and Filminera dated 14 December 1996.

Notes to the financial statements

at 30 June 2008

8. Investments (continued)

Loan agreements - Filminera

On 25 October 2005 the company entered into an agreement with Filminera whereby the company granted to Filminera a facility in aggregate amounting to $3.35 million for the period 1 January 2005 to 1 June 2006. Interest on the loan shall not accrue or be payable to 31 December 2012. From 31 December 2012 interest is to accrue on a quarterly basis at a rate equal to LIBOR +2.25% per annum. Repayment is to be undertaken in 20 equal quarterly instalments commencing 31 March 2012, or such other date as the parties may agree. The loan can be called in after 10 days written notice at any time. As at 1 June 2006 the total amount advanced in terms of this facility was $4.033 million.

On 1 June 2006, a second loan agreement for a further $0.875 million was signed on the same terms as those above for the period 1 June 2006 to 31 December 2006. As at 31 December 2006 the facilities were overdrawn by net amount of $0.705 million as a total of $4.93 million was provided to the company. As at 31 December 2006 the total amount advanced in terms of this facility was $0.897 million. On 10 August 2006, the Company concluded an agreement with Filminera confirming advances made prior to 1 January 2005 amounting to $5.289 million on the same terms as those above.

On 29 November 2006, the company signed a shareholder loan note regarding other advances made prior to 1 January 2005 under which $16.584 million was re-classified as additional paid in capital (APIC) and $38.993 million was confirmed as an interest free shareholders loan payable on demand. The re-classification to APIC reduced the debt to equity ratio of the company's investment in Filminera to below 3:1 and consequently reduced the risk of withholding tax payable on loan repayments that may be considered as dividend distributions by the Philippine Bureau of Internal Revenue. The thin capitalisation guideline in the Philippines is a maximum debt to equity ratio of 3:1.

During 2007, the company and Filminera signed two loan agreements to provide a further $0.633 million and $0.900 million on the same terms as the other loan agreements referred to above for the period 1 January 2007 to 31 March 2007 and 20 March 2007 to 31 August 2007, respectively. At 30 June 2008, the amount advanced to Filminera was $1.908 million.

Loan agreements - PGPRC

On 25 October 2005 the company entered into an agreement with PGPRC whereby the company granted to PGPRC a facility in aggregate amounting to $1.75 million for the period 1 January 2005 to 1 June 2006. Interest on the loan shall not accrue or be payable to 31 December 2012. From 31 December 2012 interest is to accrue on a quarterly basis at a rate equal to LIBOR +2.25% per annum. Repayment is to be undertaken in 20 equal quarterly instalments commencing 31 March 2012. The loan can be called in after 10 days written notice at any time. As at 1 June 2006 the total amount advanced in terms of this facility was $2.065 million.

On 1 June 2006, a second loan agreement for a further $2.550 million was signed on the same terms as those above for the period 1 June 2006 to 31 December 2006. As at 31 December 2006 the total amount advanced in terms of this facility was $2.273 million. On 25 October 2006, a third loan agreement for a further $1.925 million was signed on the same terms as those above for the period 25 October 2006 to 31 December 2006 (subsequently extended to 28 February 2007).

On 29 November 2006, the company signed a shareholder loan note with PGPRC regarding advances made prior to 1 January 2005 under which $5.879 million was re-classified as APIC and $10.973 million was confirmed as an interest free shareholders loan payable on demand. The re-classification to APIC reduced the debt to equity ratio of the company's investment in PGPRC to below 3:1 and consequently reduced the risk of withholding tax payable on loan repayments that may be considered as dividend distributions by the Philippine Bureau of Internal Revenue. The thin capitalisation guideline in the Philippines is a maximum debt to equity ratio of 3:1.

Notes to the financial statements

at 30 June 2008

8. Investments (continued)

Loan agreements – PGPRC (continued)

During 2007, the company and PGPRC signed two loan agreements to provide a further $0.652 million and $0.800 million on the same terms as the other loan agreements referred to above for the period 1 January 2007 to 31 March 2007 and 20 March 2007 to 31 August 2007, respectively. At 30 June 2008, the amount advanced to PGPRC was $3.407 million.

9. Office equipment

	Office equipment US$	*Total US$*
Cost:		
At beginning of period	4,464	4,464
Additions	-	-
At end of period	4,464	4,464
Depreciation:		
At beginning of period	(279)	(279)
Charge for the year	(1,116)	(1,116)
At end of period	(1,395)	(1,395)
Net book value:		
At 30 June 2008	3,069	3,069
At 30 June 2007	4,185	4,185

10. Debtors

	30 June 2008 US$	*30 June 2007 US$*
Amounts due by the subsidiary and associate	246,174	286,853
Advances	1,979	1,950
	248,153	288,803

The amounts due by the subsidiary and associate represent consulting fees as invoiced by the ROHQ for services provided by employees of the company.

Notes to the financial statements

at 30 June 2008

11. Creditors: amounts falling due within one year

	30 June 2008 US$	*30 June 2007 US$*
Trade creditors	-	999
Taxation and social security	56,001	43,149
Accruals	156,085	111,135
Due to affiliated company	76,807	14,393
Loans payable to group undertakings	31,228,614	28,367,031
	31,517,507	28,536,707

On 19 December 2005, the company signed an agreement with Thistle for a facility of $20.044 million to 1 June 2006 of which $18.559 million had already been advanced to the date of the agreement. Interest on the loan shall not accrue or be payable to 31 December 2012. From 31 December 2012 interest is to accrue on a quarterly basis at a rate equal to LIBOR +2% per annum. Repayment is to be undertaken in 20 equal quarterly instalments commencing 31 March 2012. The loan can be called in after 10 days written notice at any time. As at 1 June 2006 the total amount advanced in terms of this facility was $20.314 million.

On 1 June 2006, a second loan agreement for a further $3.481 million was signed on the same terms as those above for the period 1 June 2006 to 31 December 2006. As at 31 December 2006 the total amount advanced in terms of this facility was $4.787 million.

On 1 January 2007, a loan agreement between the company and Thistle was signed to provide for a further $2.1 million to the company on the same terms as the other loan agreements referred to above for the period 1 January 2007 to 31 March 2007. As at 30 June 2008 the total amount advanced in terms of this facility was $6.12 million.

In connection with the Share and Purchase Agreement discussed in Note 1, the total loan payable was transferred to CGA Mining on 19 March 2007 and all rights, title, interest and benefit of Thistle in relation to the loan were unconditionally assigned to CGA.

12. Share capital

	30 June 2008 US$	*30 June 2007 US$*
Authorised:		
Equity: 300,000,000 ordinary shares of 5p each	22,254,000	22,254,000
Allotted, called up and fully paid:		
Equity: 169,621,158 (2007: 169,621,158) ordinary shares of 5p each	12,582,316	12,582,316

Notes to the financial statements

at 30 June 2008

13. Share premium and reserves

	Share premium US$	*Profit and loss account US$*
At beginning of period	74,703,216	(90,017,198)
Retained loss for the year	-	(90,432)
At end of the period	74,703,216	(90,107,630)

14. Share-based payments

All existing share option plans were cancelled at £nil charge at the date of company acquisition by CGA. No share options plans exist at 30 June 2008.

15. Ultimate parent company

The ultimate parent undertaking is CGA Mining Limited, a company incorporated in Australia. The consolidated accounts of this company are available to the public from its registered office, Level 5, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000.