

Registered number: 00666509

---

**PHILIPPINE GOLD LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

WEDNESDAY



\*A93ZX93L\*

A12

29/04/2020

#123

COMPANIES HOUSE

---

**PHILIPPINE GOLD LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	Michael Andrew Cinnamond Neil Malcolm Gillam FCCA ACA CTA Jerry Richard Korpan
<b>Registered number</b>	00666509
<b>Registered office</b>	10 Queen Street Place London EC4R 1AG
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 144 Morrison Street Edinburgh EH12 8EB

---

**PHILIPPINE GOLD LIMITED**

---

**CONTENTS**

---

	Page
<b>Strategic Report</b>	1 - 2
<b>Directors' Report</b>	3 - 4
<b>Independent Auditors' Report</b>	5 - 7
<b>Statement of Comprehensive Income</b>	8
<b>Statement of Financial Position</b>	9
<b>Statement of Changes in Equity</b>	10
<b>Notes to the Financial Statements</b>	11 - 19

---

## PHILIPPINE GOLD LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2019

---

#### Introduction

The directors present their report and financial statements for the year ended 30 June 2019.

#### Business review

The loss for the year after taxation amounted to \$85,940 (2018 – loss of \$93,569). No dividends were declared during the year (2018 – \$nil) and the directors do not recommend a final dividend.

#### Principal activities and review of the business

Philippine Gold Limited (the company) provides management and financial support to its associate, Filminera Resources Limited (Filminera), and carries an investment in Philippine Gold Processing and Refining Corporation (PGPRC) whose principal activities are the operation of and exploration of mining interests at the Masbate Gold project in the Philippines. The directors do not anticipate any change in the foreseeable future.

The board of the ultimate parent undertaking is responsible for the oversight of the group 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 quarterly reporting to the board in respect of operations and the financial position of the group entity.

#### Going concern

The company continues to support its subsidiary and associate in the operation 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.

The company has net liabilities of \$1,577,125 (2018 – \$1,491,185) at the balance sheet date and net current liabilities of \$7,926,444 (2018 – \$7,840,504). Of the net current liabilities, \$7,588,256 (2018 - \$7,513,903) are loans payable to the ultimate parent company. We have obtained a letter of confirmation from the company's ultimate parent company, B2Gold Corp, in which it has confirmed that it will provide financial support to the company to the extent that funds for working capital requirements are not otherwise available for at least a period of 12 months from the date of signing the financial statements. Further details in relation to going concern, and the material uncertainty that exists, are set out in note 2.2 to the financial statements.

#### Financial risk management

**Credit risk** – Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Being part of the B2Gold Corp Group, the company uses the same credit risk management procedures as that used by B2Gold Corp Group to monitor credit risk through reviewing inputs to the valuation model used to determine future cash flows of PGPRC to determine if any impairment exists. To date, there have been no indicators which would cause the Company and the Group to impair the investment in PGPRC.

**Gold price risk** – Being part of the The B2Gold Corp Group, the company is exposed to movements in the gold price. As part of the risk management policy of the Group and in compliance with the conditions required by the Group's financiers, a variety of financial instruments are used from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams.

**Foreign currency risk** – The Company and B2Gold Corp Group's policy is to manage its foreign currency exposure through holding its cash largely in USD, being the same currency as the majority of its costs. As a result, the B2Gold Corp Group does not have a material exposure to foreign currency risk.

---

**PHILIPPINE GOLD LIMITED**

---

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2019**

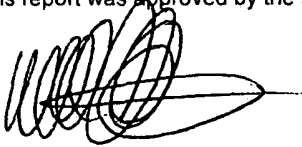
---

Liquidity risk – The company is reliant on funding from the Group.

This report was approved by the board on

27 April 2020

and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Michael Andrew Cinnamond', with a long horizontal stroke extending to the right.

**Michael Andrew Cinnamond**  
Director

---

## PHILIPPINE GOLD LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

---

The directors present their report and the financial statements for the year ended 30 June 2019.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They are 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.

#### **Results and dividends**

The loss for the year, after taxation, amounted to \$85,940 (2018 - loss \$93,569).

The directors do not recommend the payment of a dividend for the year (2018: \$Nil).

#### **Directors**

The directors who served during the year were:

Michael Andrew Cinnamon  
Neil Malcolm Gillam FCCA ACA CTA  
Jerry Richard Korpan

#### **Future developments**

The company will continue to focus on its efforts of providing management and financial support to its related undertakings with the objective of continuing mining operations and exploration activities at Masbate Gold project in the Philippines.

---

**PHILIPPINE GOLD LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2019**

---

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

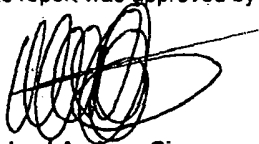
**Post balance sheet events**

Since the year end COVID-19 has been declared a global pandemic. This represented a non-adjusting post balance sheet event for the purposes of these financial statements. The impact on the directors assessment on going concern are set out in note 2.2 to the financial statements.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 April 2020 and signed on its behalf.



**Michael Andrew Cinnamond**  
Director

---

## PHILIPPINE GOLD LIMITED

---

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHILIPPINE GOLD LIMITED

---

#### Report on the audit of the financial statements

##### Opinion

In our opinion, Philippine Gold Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements concerning the company's ability to continue as a going concern. The company has obtained a letter of support from the parent company, B2Gold Corp, however in light of the current worldwide health and economic crisis the continued support for the company cannot be confirmed with any certainty. These conditions, along with the other matters explained in note 2.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

##### Reporting on other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

---

## PHILIPPINE GOLD LIMITED

---

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHILIPPINE GOLD LIMITED (CONTINUED)

---

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

PHILIPPINE GOLD LIMITED

---

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHILIPPINE GOLD LIMITED (CONTINUED)

---

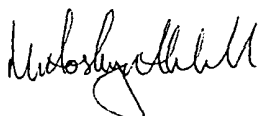
**Other required reporting**

*Companies Act 2006 exception reporting*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns .

We have no exceptions to report arising from this responsibility.



Mark Hoskyns-Abrahall (Senior Statutory Auditor)

for and on behalf of  
**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

Edinburgh

Date: 27 April 2020

**PHILIPPINE GOLD LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
Turnover	4	4,397,916	4,838,392
Cost of sales		(4,378,909)	(4,788,488)
<b>Gross profit</b>		<b>19,007</b>	<b>49,904</b>
Administrative expenses		(100,785)	(146,919)
<b>Operating loss</b>		<b>(81,778)</b>	<b>(97,015)</b>
Interest payable and expenses	8	(3,704)	4,416
<b>Loss before tax</b>		<b>(85,482)</b>	<b>(92,599)</b>
Tax on loss	9	(458)	(970)
<b>Loss for the financial year</b>		<b>(85,940)</b>	<b>(93,569)</b>

There was no other comprehensive income for 2019 (2018:\$NIL).

The notes on pages 11 to 19 form part of these financial statements.

**PHILIPPINE GOLD LIMITED**  
**REGISTERED NUMBER: 00666509**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Fixed assets</b>			
Investments	10	6,349,319	6,349,319
		<u>6,349,319</u>	<u>6,349,319</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	14,465	13,420
Cash and cash equivalents	12	187,492	207,698
		<u>201,957</u>	<u>221,118</u>
Creditors: amounts falling due within one year	13	(8,128,401)	(8,061,622)
<b>Net current liabilities</b>		<u>(7,926,444)</u>	<u>(7,840,504)</u>
<b>Total assets less current liabilities</b>		<u>(1,577,125)</u>	<u>(1,491,185)</u>
<b>Net liabilities</b>		<u>(1,577,125)</u>	<u>(1,491,185)</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Foreign exchange reserve	15	(62,799)	(62,799)
Retained earnings	15	(1,514,326)	(1,428,386)
		<u>(1,577,125)</u>	<u>(1,491,185)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

27 April 2020



**Michael Andrew Cinnamond**  
 Director

**PHILIPPINE GOLD LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital	Foreign exchange reserve	Retained earnings	Total equity
	\$	\$	\$	\$
At 1 July 2018	-	(62,799)	(1,428,386)	(1,491,185)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(85,940)	(85,940)
<b>Total comprehensive income for the year</b>	-	-	(85,940)	(85,940)
<b>Total transactions with owners</b>	-	-	-	-
<b>At 30 June 2019</b>	-	(62,799)	(1,514,326)	(1,577,125)

The notes on pages 11 to 19 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Foreign exchange reserve	Retained earnings	Total equity
	\$	\$	\$	\$
At 1 July 2017	-	(62,799)	(1,334,817)	(1,397,616)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(93,569)	(93,569)
<b>Total comprehensive income for the year</b>	-	-	(93,569)	(93,569)
<b>Total transactions with owners</b>	-	-	-	-
<b>At 30 June 2018</b>	-	(62,799)	(1,428,386)	(1,491,185)

The notes on pages 11 to 19 form part of these financial statements.

---

## PHILIPPINE GOLD LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

---

#### 1. General information

Philippine Gold Limited is a private company limited by shares incorporated in England and Wales.

The Registered Office is 10 Queen Street Place, London, EC4R 1AG.

The principal activity of the company is the provision of management and financial support to its associate, Filminera Resources Limited (Filminera), and carries an investment in Philippine Gold Processing and Refining Corporation (PGPRC). The principal activities of these companies are the operation of and exploration of mining interests at the Masbate Gold project in the Philippines.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding net current liabilities of \$7,926,444, including loans payable to group undertakings of \$7,814,923. The directors consider the going concern basis to be appropriate because the company's ultimate parent undertaking, B2Gold Corp, has confirmed that it will provide financial support to the company to the extent that funds for working capital requirements are not otherwise available for at least a period of 12 months from the date of signing the financial statements.

The directors understand that B2Gold Corp is currently in a strong financial position to continue the mining operations and exploration activities at the Masbate Project, and to continue to support the company as required. B2Gold Corp had a strong balance sheet at 31 December 2019 showed a profit of \$316 million and had net assets of \$2,052 million of which cash and cash equivalents amounted to \$141 million.

However, the recent COVID-19 pandemic represents a significant emerging risk for the Group and the Company. This includes potential business interruptions, including suspended or reduced operations at the Group's mines, expenses and delays, relating to COVID-19 and other such events outside of the Group's control, which could have a material adverse impact on the Group, the Company, operating results, and financial condition. As at the date of approval of these financial statements, the duration of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. It is unknown whether and how the Group may be affected if such an epidemic persists for an extended period of time.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The directors have assumed that the Group, and the Company, will continue to operate. Accordingly, the Company's financial statements are prepared on the going concern basis and do not include any adjustments that would be required in the event that the Company were unable to meet its liabilities as they fall due.

---

**PHILIPPINE GOLD LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

---

**2. Accounting policies (continued)**

**2.3 Preparation of consolidated financial statements**

The company is exempt from preparing consolidated financial statements by virtue of s401 of the Companies Act 2006. The ultimate company, for whom consolidated financial statements are prepared is for B2Gold Corp, a company incorporated in Canada. The financial statements therefore present information about the company as an individual and not about the group.

**2.4 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of B2Gold Corp as at 31 December 2019 and these financial statements may be obtained from Suite 3100, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J1.

**2.5 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

---

## PHILIPPINE GOLD LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

---

#### 2. Accounting policies (continued)

##### 2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

##### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.11 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is USD.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

##### 2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

---

PHILIPPINE GOLD LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

---

2. Accounting policies (continued)

2.14 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

*Carrying value of investments*

The company conducts impairment reviews of investments in group undertakings and non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount. This requires the company to estimate the value in use which is based on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	\$	\$
Consultancy fees	<u>4,397,916</u>	<u>4,838,392</u>

All turnover arose within the rest of the world.

---

**PHILIPPINE GOLD LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

---

**5. Auditors' remuneration**

	2019	2018
	\$	\$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>14,600</u>	<u>14,525</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**6. Employees**

Staff costs were as follows:

	2019	2018
	\$	\$
Wages and salaries	4,372,448	4,782,190
Social security costs	6,461	6,298
	<u>4,378,909</u>	<u>4,788,488</u>

Staff costs relate to ROHQ employees who provide consulting services for the company's associates in the Philippines.

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

	2019	2018
	No	No
Administration	1	1
Consulting services (ROHQ)	13	15
	<u>14</u>	<u>16</u>

**7. Directors' remuneration**

Fees payable to the directors during the year amounted to \$23,847 (2018: \$24,292).

---

**PHILIPPINE GOLD LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

---

**8. Interest payable and similar expenses**

	2019	2018
	\$	\$
Foreign exchange (loss)/gain	(3,718)	4,403
Interest receivable	14	13
	<u>(3,704)</u>	<u>4,416</u>

**9. Taxation**

	2019	2018
	\$	\$
<b>Foreign tax</b>		
Foreign tax on income for the year	458	970
	<u>458</u>	<u>970</u>
<b>Taxation on profit on ordinary activities</b>	<u>458</u>	<u>970</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019	2018
	\$	\$
Loss on ordinary activities before tax	(85,482)	(92,599)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(16,242)	(17,594)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5	316
Unrelieved tax losses carried forward	16,421	17,319
Other differences leading to an increase in the tax charge	274	929
<b>Total tax charge for the year</b>	<u>458</u>	<u>970</u>

**Factors that may affect future tax charges**

---

PHILIPPINE GOLD LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

---

9. Taxation (continued)

The company has approximately \$5 million (2018: \$4.9 million) of capital and operating 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 profit.

10. Investments

	Investments in subsidiary companies \$
<b>Cost or valuation</b>	
At 1 July 2018	24,476,414
At 30 June 2019	24,476,414
<b>Impairment</b>	
At 1 July 2018	18,127,095
At 30 June 2019	18,127,095
<b>Net book value</b>	
At 30 June 2019	6,349,319
At 30 June 2018	6,349,319

---

**PHILIPPINE GOLD LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

---

**10. Investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Filminera Resources Corporation	3rd Floor, Corinthian Plaza, 121 Paseo de Roxas, Makati, 1229 Philippines	Ordinary	40%
Philippine Gold Processing and Refining Corporation	3rd Floor, Corinthian Plaza Building, 121 Paseo De Roxas, Makati City, 1229, Philippines	Ordinary	14%

**11. Debtors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Other debtors	<b>14,465</b>	<b>13,420</b>
	<b>14,465</b>	<b>13,420</b>

**12. Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	<b>187,492</b>	<b>207,698</b>

---

PHILIPPINE GOLD LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

---

13. Creditors: Amounts falling due within one year

	2019 \$	2018 \$
Amounts owed to group undertakings	7,814,923	7,740,570
Other taxation and social security	206,071	238,801
Other creditors	27,540	-
Accruals	79,867	82,251
	<u>8,128,401</u>	<u>8,061,622</u>

The loan from group undertakings can be called in after 10 days with written notice and is interest free.

14. Called up share capital

	2019 \$	2018 \$
Allotted, called up and fully paid		
1 (2018 - 1) Ordinary share of £0.05	-	-
	<u>-</u>	<u>-</u>

15. Reserves

Foreign exchange reserve

The reserve records exchange rate movements on equity related transactions.

Retained earnings

Includes all current and prior periods retained profits and losses accumulated to date.

16. Related party transactions

The company has applied the exemption available under FRS 102 Section 33 not to disclose any intra group related party transactions with companies in the group headed by B2Gold Corp where the subsidiary which is party to the transaction is wholly owned.

17. Controlling party

The company's ultimate controlling party is B2Gold Corp, a company incorporated in Canada.

The largest and smallest group for which consolidated financial statements are drawn up and of which the company is included is the group headed by B2Gold Corp.

Copies of the consolidated financial statements of B2Gold Corp are available from its registered office, Suite 3100, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J1.