

Registered number: 00666509

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**PHILIPPINE GOLD LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2018**

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COMPANIES HOUSE

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**PHILIPPINE GOLD LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Michael Andrew Cinnamond Neil Malcolm Gillam 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 EH3 8EX

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**PHILIPPINE GOLD LIMITED**

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**CONTENTS**

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

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## PHILIPPINE GOLD LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

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#### Introduction

The directors present their report and financial statements for the year ended 30 June 2018.

#### Business review

The loss for the year after taxation amounted to \$93,569 (2017 – profit of \$3,821,659). No dividends were declared during the year (2017 – \$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.

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 \$1,491,185 (2017 – \$1,397,616) at the balance sheet date and net current liabilities of \$7,480,504 (2017 – \$7,746,935). Of the net current liabilities, \$7,513,903 (2017 – \$7,410,005) are loans payable to the ultimate parent company. We have obtained a letter of confirmation from the group companies owed the monies to confirm that they will not seek repayment of the monies for at least a period of 12 months from the date of signing off the financial statements or, if earlier, until the company has sufficient reserves to fulfil all of its obligations as and when they fall due.

#### 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.

**Liquidity risk** – The responsibility for liquidity risk rests with the Board of Directors. The Company's objective is to maintain a balance between continuity funding and flexibility through use of bank loans, promissory notes and warrant issues.

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**PHILIPPINE GOLD LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**

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This report was approved by the board on 28 March 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'Michael Andrew Cinnamond', written over a circular stamp or seal.

**Michael Andrew Cinnamond**  
Director

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**PHILIPPINE GOLD LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

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The directors present their report and the financial statements for the year ended 30 June 2018.

**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 \$93,569 (2017 - profit \$3,821,659).

The directors do not recommend the payment of a dividend for the year (2017: \$Nil).

**Directors**

The directors who served during the year were:

Michael Andrew Cinnamond  
Neil Malcolm Gillam  
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.

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**PHILIPPINE GOLD LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**

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**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.

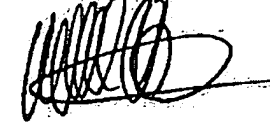
**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**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 28 March 2019 and signed on its behalf.



**Michael Andrew Cinnamon**  
Director

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## PHILIPPINE GOLD LIMITED

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

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#### 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 2018 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 2018; 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.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.



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**PHILIPPINE GOLD LIMITED**

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

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**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.

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 2018 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.

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**PHILIPPINE GOLD LIMITED**

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

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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.

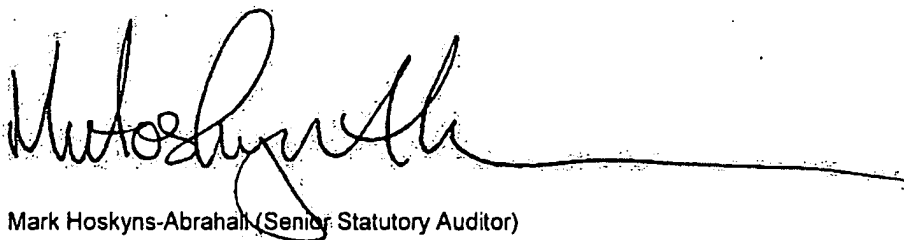
**Other required reporting**

*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-Abraham (Senior Statutory Auditor)

for and on behalf of  
**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

Edinburgh

28 March 2019

**PHILIPPINE GOLD LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
Turnover	4	4,838,392	5,656,139
Cost of sales		(4,788,488)	(5,456,957)
<b>Gross profit</b>		<b>49,904</b>	<b>199,182</b>
Administrative expenses		(146,919)	(205,101)
<b>Operating loss</b>		<b>(97,015)</b>	<b>(5,919)</b>
Income from shares in group undertakings		-	4,533,333
Interest payable and similar charges	8	4,416	(20,270)
<b>(Loss)/profit before tax</b>		<b>(92,599)</b>	<b>4,507,144</b>
Tax on (loss)/profit	9	(970)	(685,485)
<b>(Loss)/profit for the financial year</b>		<b>(93,569)</b>	<b>3,821,659</b>

There was no other comprehensive income for 2018 (2017:\$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 2018**

	Note	2018 \$	2017 \$
<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	13,420	5,355
Cash and cash equivalents	12	207,698	130,307
		<u>221,118</u>	<u>135,662</u>
Creditors: amounts falling due within one year	13	(8,061,622)	(7,882,597)
<b>Net current liabilities</b>		<u>(7,840,504)</u>	<u>(7,746,935)</u>
<b>Total assets less current liabilities</b>		<u>(1,491,185)</u>	<u>(1,397,616)</u>
<b>Net liabilities</b>		<u>(1,491,185)</u>	<u>(1,397,616)</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Foreign exchange reserve	15	(62,799)	(82,799)
Retained earnings	15	(1,428,386)	(1,334,817)
<b>Total shareholders' deficit</b>		<u>(1,491,185)</u>	<u>(1,397,616)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2019.

  
Michael Andrew Cinnamon  
Director

**PHILIPPINE GOLD LIMITED**

**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)
Comprehensive Income for the year				
Loss for the year	-	-	(93,569)	(93,569)
Total comprehensive income for the year	-	-	(93,569)	(93,569)
Total transactions with owners	-	-	-	-
At 30 June 2018	-	(62,799)	(1,428,386)	(1,491,185)

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Foreign exchange reserve	Retained earnings	Total equity
	\$	\$	\$	\$
At 1 July 2016	-	(62,799)	(5,156,476)	(5,219,275)
Comprehensive Income for the year				
Profit for the year	-	-	3,821,659	3,821,659
Total comprehensive income for the year	-	-	3,821,659	3,821,659
Total transactions with owners	-	-	-	-
At 30 June 2017	-	(62,799)	(1,334,817)	(1,397,616)

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

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## PHILIPPINE GOLD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 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 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 \$7,840,504, including loans payable to group undertakings of \$7,740,570. The directors consider the going concern basis to be appropriate because of 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. In particular, B2Gold Corp 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. B2Gold Corp reserve the right to seek repayment of the loans where Philippine Gold Limited receive monies from investments, up to the value of these monies. The directors are satisfied that B2Gold Corp is in a strong financial position to continue the mining operations and exploration activities at the Masbate Project. In particular B2Gold Corp has a strong balance sheet. B2Gold Corp's consolidated financial statements at 31 December 2018 showed a profit of \$45.1 million and had net assets of \$1,653 million of which cash and cash equivalents amounted to \$102.8 million.

##### 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.

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**PHILIPPINE GOLD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**2. Accounting policies (continued)**

**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 2018 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.

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**PHILIPPINE GOLD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**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 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.

**2.12 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.

**2.13 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.



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PHILIPPINE GOLD LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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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:

	2018 \$	2017 \$
Consultancy fees	<u>4,838,392</u>	<u>5,856,139</u>

All turnover arose within the rest of the world.

5. Auditors' remuneration

	2018 \$	2017 \$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>10,997</u>	<u>10,997</u>

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**PHILIPPINE GOLD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**6. Employees**

Staff costs were as follows:

	2018 \$	2017 \$
Wages and salaries	4,782,189	5,447,311
Social security costs	6,299	9,646
	<u>4,788,488</u>	<u>5,456,957</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:

	2018 No	2017 No
Administration	1	1
Consulting services (ROHQ)	15	25
	<u>16</u>	<u>26</u>

**7. Directors' remuneration**

Fees payable to the directors during the year amounted to \$24,292 (2017: \$5,778).

**8. Interest payable and similar expenses**

	2018 \$	2017 \$
Foreign exchange gain/(loss)	4,403	(20,300)
Interest receivable	13	30
	<u>4,416</u>	<u>(20,270)</u>

**PHILIPPINE GOLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**9. Taxation**

	2018 \$	2017 \$
<b>Foreign tax</b>		
Foreign tax on income for the year	970	685,485
	<u>970</u>	<u>685,485</u>
<b>Taxation on profit on ordinary activities</b>	<u>970</u>	<u>685,485</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 \$	2017 \$
(Loss)/profit on ordinary activities before tax	(92,599)	4,507,144
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(17,594)	901,429
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	316	-
Non-taxable income in the UK	-	(908,666)
Dividends from UK companies	-	680,000
Unrelieved tax losses carried forward	17,319	10,722
Other differences leading to an increase in the tax charge	929	-
<b>Total tax charge for the year</b>	<u>970</u>	<u>685,485</u>

**Factors that may affect future tax charges**

The company has approximately \$4.90 million (2017: \$4.76 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.

**PHILIPPINE GOLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**10. Investments**

	Investments in group undertakings \$
<b>Cost or valuation</b>	
At 1 July 2017	24,476,414
At 30 June 2018	<u>24,476,414</u>
<b>Impairment</b>	
At 1 July 2017	18,127,095
At 30 June 2018	<u>18,127,095</u>
<b>Net book value</b>	
At 30 June 2018	<u><u>6,349,319</u></u>
At 30 June 2017	<u><u>6,349,319</u></u>

**Related undertakings**

The following were related undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Filminera Resources Corporation	Ordinary	40 %	Mining
Philippine Gold Processing and Refining Corporation	Ordinary	14 %	Mining

Name	Registered office
Filminera Resources Corporation	3rd Floor, Corinthian Plaza, 121 Paseo de Roxas, Makati, 1229 Philippines
Philippine Gold Processing and Refining Corporation	3rd Floor, Corinthian Plaza Building, 121 Paseo De Roxas, Makati City, 1229, Philippines

In the opinion of the directors, the carrying value of the investments are supported by their underlying activities.

**PHILIPPINE GOLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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

	2018 \$	2017 \$
Other debtors	13,420	5,355
	<u>13,420</u>	<u>5,355</u>

**12. Cash and cash equivalents**

	2018 \$	2017 \$
Cash at bank and in hand	207,698	130,307
	<u>207,698</u>	<u>130,307</u>

**13. Creditors: Amounts falling due within one year**

	2018 \$	2017 \$
Amounts owed to group undertakings	7,740,570	7,836,672
Other taxation and social security	238,801	165,538
Accruals	82,251	80,387
	<u>8,061,622</u>	<u>7,882,597</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**

	2018 \$	2017 \$
Allotted, called up and fully paid 1 (2017: 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.

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**PHILIPPINE GOLD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**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.