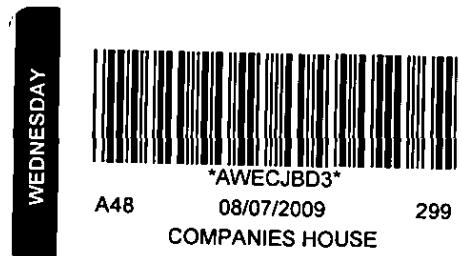


**PHIGOLD MINING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 DECEMBER 2008**

**Registered Number: 06425885**



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**PHIGOLD MINING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 DECEMBER 2008**

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# **PHIGOLD MINING LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 31 DECEMBER 2008**

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The directors present their report and financial statements for the period ended 31 December 2008.

#### **PRINCIPAL ACTIVITIES**

The company was incorporated on 13 November 2007 as Fosters Shelfco 282 Limited and then changed its name to Phigold Limited on 7 December 2007 and then to Phigold Mining Limited on 15 February 2008 and commenced business on 7 February 2008.

The principal activity of the Company is that of an investment holding Company.

#### **RESULTS AND DIVIDENDS**

The audited financial statements for the period ended 31 December 2008 are set out on pages 4 to 9.

The directors recommend no dividend be paid.

#### **DIRECTORS**

The directors who served the Company during the period were as follows:

Aoife Cantillon - appointed 13 November 2007 – resigned 7 February 2008  
Andrew Mullins - appointed 7 February 2008  
David Thompson - appointed 7 February 2008

**PHIGOLD MINING LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE PERIOD ENDED 31 DECEMBER 2008**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which 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 directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, haysmacintyre, will be proposed for re-appointment in accordance with s485 of the Companies Act 2006.

**ON BEHALF OF THE BOARD**



**Andrew Mullins**  
Director

Thames House  
Portsmouth Road  
Esher  
Surrey  
KT10 9AD

7 May 2009

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHIGOLD MINING LIMITED**

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We have audited the financial statements of Phigold Mining Limited for the period ended 31 December 2008 which comprises the Profit and Loss Account, Balance Sheet, and the related notes. 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 auditor's 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and whether the information given in the Director's Report is consistent with the financial statements. We also 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

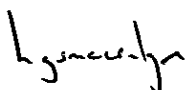
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

### **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 31 December 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



**haysmacintyre**  
**Chartered Accountants**  
**Registered Auditors**

**Fairfax House**  
**15 Fulwood Place**  
**London WC1V 6AY**

7 May 2009

**PHIGOLD MINING LIMITED**

**PROFIT AND LOSS ACCOUNT**

**PERIOD ENDED 31 DECEMBER 2008**

	Notes	2008 US\$
Administrative expenses		(9,870)
<b>OPERATING LOSS</b>		<u>(9,870)</u>
Interest receivable and similar income	3	133,520
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>123,650</u>
Taxation	4	-
<b>RETAINED PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL PERIOD</b>		<u><u>123,650</u></u>

There are no other recognised gains and losses in the period, and accordingly no statement of total recognised gains and losses in the period has been prepared.

The notes on pages 6 - 9 form an integral part of the accounts.

**PHIGOLD MINING LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2008**

	Notes	US\$	2008 US\$
<b>FIXED ASSETS</b>			
Investment in Associate Company	5		294,496
<b>CURRENT ASSETS</b>			
Debtors	6	10,744	
Advances to Associate Company	7	1,972,833	
Cash at bank		3,693	
<b>NET CURRENT ASSETS</b>			<u>1,987,270</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,281,766</u>
<b>CREDITORS: amounts falling due after more than one year</b>	8		<u>(2,151,701)</u>
<b>NETASSETS</b>			<u><u>130,065</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9		6,415
Profit and loss account			<u>123,650</u>
<b>SHAREHOLDERS' FUNDS</b>	10		<u><u>130,065</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 7 May 2009 and were signed below on its behalf by:



A Mullins  
Director

The notes on pages 6 - 9 form an integral part of the accounts.

**PHIGOLD MINING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD ENDED 31 DECEMBER 2008**

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**1. ACCOUNTING POLICIES**

**(a) Basis of preparation**

The financial statements are prepared on a historical cost basis and in accordance with applicable accounting standards.

The financial statements have been prepared in US Dollars as this is the groups functional currency.

The company is itself a subsidiary company and is exempt from the requirements to prepare group accounts by virtue of Section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**(b) Related party transactions**

As the company is a wholly owned subsidiary of Phigold Plc, which prepares consolidated financial statements, it has taken advantage of the exemptions contained in FRS 8 'Related Party Disclosures' and has therefore not disclosed transactions of balances with entities which form part of the group.

**(c) Investments**

Investments are held at the lower of cost and net realisable value.

**(d) Foreign currency translation**

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.

**(e) Deferred taxation**

Full provision is made for deferred tax in respect of all material non-permanent timing differences that have originated but not reversed at the balance sheet date.



**PHIGOLD MINING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**PERIOD ENDED 31 DECEMBER 2008**

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**2. DIRECTORS' REMUNERATION**

None of the directors were paid any remuneration during the period.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

**Period ended  
31 December 2008  
US\$**

Bank interest	8,309
Interest on loan to associate	68,193
Foreign exchange gains	57,018
	<u>133,520</u>

**4. TAXATION**

**a) Analysis of charge in the period**

UK corporation tax on profits for the period	-
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**b) Factors affecting tax charge for the period**

Profit on ordinary activities before taxation	<u>\$123,650</u>
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Profit on ordinary activities multiplied by the standard rate of corporation tax 21%	25,967
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Effects of:	
Expenses not deductible for tax purposes	-
Group relief	<u>(25,967)</u>

Current tax charge for the period	<u>-</u>
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**PHIGOLD MINING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 31 DECEMBER 2008**

**5. INVESTMENT IN ASSOCIATED COMPANY**

**2008  
US\$**

Cost

Additions

294,496

At the year end the Company had interest in the following:

	<b>Country of incorporation</b>	<b>% of ownership Interest</b>
PhiGold Metallic Ore. Inc	Philippines	40%

600,000 common shares of Php 5.00 each (Philippine Peso) were acquired in PhiGold Metallic Ore. Inc on 7 February 2008 for Php 3,000,000 (US\$71,496) which represented 100% of the common shares in issue. The additional £223,000 relates to the acquisition costs in commissioning the Technical Report on the validity of the project.

The issued share capital of PhiGold Metallic Ore. Inc also consists of 900,000 preferred shares of Php 0.10 each owned by non connected shareholders and this class of share controls 60% of the total voting rights of the Company.

**Summary of financial information of PhiGold Metallic Ore. Inc**

	<b>Assets US\$</b>	<b>Liabilities US\$</b>	<b>Equity US\$</b>	<b>Profit/(Loss) US\$</b>
31 December 2008				
PhiGold Metallic Ore. Inc	<u>1,691,939</u>	<u>(1,985,249)</u>	<u>73,642</u>	<u>(366,952)</u>

**6. DEBTORS**

**2008  
US\$**

Other debtors

10,744

**7. ADVANCES TO ASSOCIATED COMPANY**

Advances during the period

1,972,833

The advances are interest bearing at a rate of 6% per annum and are repayable on demand.

**8. CREDITORS: AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR**

Between two to five years:

Amounts owed to parent company

2,151,701

Loans from the parent company are interest free and repayable by quarterly instalments over the 5 year period.

**PHIGOLD MINING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**PERIOD ENDED 31 DECEMBER 2008**

**9. CALLED – UP SHARE CAPITAL**

	<b>2008 Number</b>	<b>2008 US\$</b>
<b>Authorised</b>		
Ordinary shares of £0.001 (US\$0.00196) each	10,000,000	19,619
Convertible preference share of £0.01 (US\$0.0196) each	5,000,000	98,094
Deferred shares of £0.001 (US\$0.00196) each	2,000,000	3,924
	<u>17,000,000</u>	<u>121,637</u>
 <b>Allotted, called-up and fully paid</b>		
Ordinary shares of £0.001 (US\$0.00196) each	<u>3,270,000</u>	<u>6,415</u>

On 7 February 2008, the company increased its authorised share capital to £62,000 sub-divided into 10,000,000 ordinary shares of £0.001 each, 5,000,000 convertible preferences shares of £0.01 each and 2,000,000 deferred shares of £0.001 each and issued 3,270,000 ordinary shares at par value.

Also on 7 February 2008, the company was purchased by Phigold Plc by way of a share for share exchange.

**10. RECONCILIATION OF MOVEMENTS IN  
SHAREHOLDERS' FUNDS**

	<b>2008 US\$</b>
Retained profit for the period	123,650
New share capital subscribed	6,415
	<u>130,065</u>
Net increase in shareholders' funds	
Opening shareholders' funds	-
	<u>130,065</u>
Closing shareholders' funds	<u>130,065</u>

**11. ULTIMATE CONTROLLING UNDERTAKING**

The company is ultimately controlled by Phigold Plc, a company registered in England. Group financial Statements for Phigold Plc are available for the public on payment of the appropriate fee from Companies House, Crown Way, Cardiff, CF14 3UZ.