

**PHIGOLD MINING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2009**

**Registered Number: 06425885**



**PHIGOLD MINING LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

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**PHIGOLD MINING LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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The directors present their report and financial statements for the year ended 31 December 2009

**PRINCIPAL ACTIVITIES**

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

**RESULTS AND DIVIDENDS**

The audited financial statements for the year ended 31 December 2009 are set out on pages 4 to 9

The directors recommend no dividend be paid (2008 \$Nil)

**DIRECTORS**

The directors who served the Company during the year were as follows

Andrew Mullins  
David Thompson  
Jose Raymund Apostol - appointed 05/08/2009

**PHIGOLD MINING LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

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 ON 22 JUNE 2010**



**Andrew Mullins**  
Director

Thames House  
Portsmouth Road  
Esher  
Surrey  
KT10 9AD

## **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 year ended 31 December 2009 which comprises the Profit and Loss Account, Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

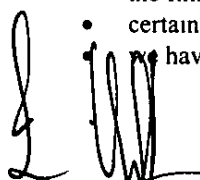
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Ian Cliffe (Senior statutory auditor)  
for and on behalf of haysmacintyre, Statutory Auditor

22 June 2010

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**PHIGOLD MINING LIMITED**  
**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 US\$	2008 US\$
Administrative expenses		(340)	(9,870)
<b>OPERATING LOSS</b>		<u>(340)</u>	<u>(9,870)</u>
Interest receivable and similar income	3	126,944	133,520
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		126,604	123,650
Taxation	5	-	-
<b>PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR</b>		<u>126,604</u>	<u>123,650</u>

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

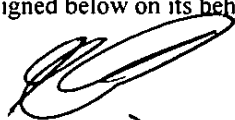
All turnover and operating losses are derived from continuing activities

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

**PHIGOLD MINING LIMITED**
**COMPANY NUMBER: 06425885**
**BALANCE SHEET**
**AS AT 31 DECEMBER 2009**

	Notes	2009 US\$	2008 US\$
<b>FIXED ASSETS</b>			
Investment in Associate Company	6	368,008	294,496
<b>CURRENT ASSETS</b>			
Debtors	7	9,288	10,744
Advances to Associate Company	8	2,296,994	1,972,833
Cash at bank		637	3,693
<b>NET CURRENT ASSETS</b>		<u>2,306,919</u>	<u>1,987,270</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,674,927</u>	<u>2,281,766</u>
<b>CREDITORS: amounts falling due after more than one year</b>	9	<u>(2,418,258)</u>	<u>(2,151,701)</u>
<b>NET ASSETS</b>		<u><u>256,669</u></u>	<u><u>130,065</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	6,415	6,415
Profit and loss account	12	250,254	123,650
<b>SHAREHOLDERS' FUNDS</b>	11	<u><u>256,669</u></u>	<u><u>130,065</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 22 June 2010 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

YEAR ENDED 31 DECEMBER 2009

### 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 the Companies Act 2006. 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

### 2. DIRECTORS' REMUNERATION

None of the directors were paid any remuneration during the year

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 US\$	2008 US\$
Bank interest	-	8,309
Interest on loan to associate	126,840	68,193
Foreign exchange gains	104	57,018
	<u>126,944</u>	<u>133,520</u>

### 4. AUDITORS' REMUNERATION

The auditors' remuneration has been borne by its parent company Phigold Plc



**PHIGOLD MINING LIMITED**

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

**YEAR ENDED 31 DECEMBER 2009**

<b>5. TAXATION</b>	<b>2009 US\$</b>	<b>2008 US\$</b>
<b>a) Analysis of charge in the year</b>		
UK corporation tax on profits for the year	-	-
<b>b) Factors affecting tax charge for the year</b>		
Profit on ordinary activities before taxation	126,604	123,650
Profit on ordinary activities multiplied by the standard rate of corporation tax 21%	26,587	25,967
Effects of Group relief	(26,587)	(25,967)
Current tax charge for the year	-	-
<b>6. INVESTMENT IN ASSOCIATED COMPANY</b>		
<b>Cost</b>		
At 1 January	294,496	-
Additions	73,512	294,496
At 31 December	368,008	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 for Php 3,000,000 (US\$71,496) which represented 100% of the common shares in issue. The additions in 2009 of US\$73,512 relate to completion of the Technical report, a topographical survey of the area and costs in respect of obtaining an Environmental Clearance Certificate. The additional US\$223,000 in 2008 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 2009	1,676,610	(2,302,031)	73,642	(332,111)
31 December 2008	1,691,939	(1,985,249)	73,642	(366,952)

**PHIGOLD MINING LIMITED**

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

**YEAR ENDED 31 DECEMBER 2009**

<b>7. DEBTORS</b>	<b>2009 US\$</b>	<b>2008 US\$</b>
Other debtors	<u>9,288</u>	<u>10,744</u>

**8 ADVANCES TO ASSOCIATED COMPANY**

At 1 January	1,972,833	-
Advances during the year	324,161	1,972,833
	<u>2,296,994</u>	<u>1,972,833</u>

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

**9. CREDITORS- AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Between two to five years		
Amounts owed to parent company	<u>2,418,258</u>	<u>2,151,701</u>

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

**10. CALLED UP SHARE CAPITAL**

	<b>2009</b>		<b>2008</b>	
	<b>Number</b>	<b>US\$</b>	<b>Number</b>	<b>US\$</b>
<b>Authorised</b>				
Ordinary shares of £0 001 (US\$0 00196) each	10,000,000	19,619	10,000,000	19,619
Convertible preference share of £0 01 (US\$0 0196) each	5,000,000	98,094	5,000,000	98,094
Deferred shares of £0 001 (US\$0 00196) each	2,000,000	3,924	2,000,000	3,924
	<u>17,000,000</u>	<u>121,637</u>	<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>	<u>3,270,000</u>	<u>6,415</u>

**11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2009 US\$</b>	<b>2008 US\$</b>
Retained profit for the year	126,604	123,650
New share capital subscribed	-	6,415
Net increase in shareholders' funds	<u>126,604</u>	<u>130,065</u>
Opening shareholders' funds	130,065	-
Closing shareholders' funds	<u>256,669</u>	<u>130,065</u>

**PHIGOLD MINING LIMITED**

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

**YEAR ENDED 31 DECEMBER 2009**

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<b>12. PROFIT AND LOSS ACCOUNT</b>	<b>2009 US\$</b>	<b>2008 US\$</b>
At 1 January	123,650	-
Retained profit during the year	126,604	123,650
At 31 December	<u>250,254</u>	<u>123,650</u>

**13. ULTIMATE CONTROLLING PARTY AND PARENT UNDERTAKING**

The company is ultimately owned and 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.