PHIGOLD PLC

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2009

Registered Number: 06468514

PHIGOLD PLC

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

CONTENTS

PHIGOLD PLC

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 DECEMBER 2009

Directors	Andrew Mullins David Thompson Jose Raymond Apostol
Secretary	David Thompson
Registered Office	Thames House Portsmouth Road Esher Surrey KT10 9AD
Auditors	haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY
Solicitors	Fosters LLP 31 Hill Street London W1J 5LS

PHIGOLD PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

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

PRINCIPAL ACTIVITY

The group's principal activity is that of investing in gold mining assets in the Philippines

RESULTS AND DIVIDENDS

The loss after tax for the year amounted to US$789,950 (2008 US$2,186) as shown on page 5 The directors do not recommend the payment of a dividend (2008 US$ Nil)

BUSINESS REVIEW

The key financial highlights are as follows

The raising of £1,250,000 before costs through the issuance of 1,250,000 ordinary shares of £1 each since year end,

Conversion of the Convertible Preference Shares into Ordinary Shares on 19 April 2010 Resulting in the net assets of the Company increasing by US$2,452,695

The Key business highlights are as follows:

NI43-101 compliant mineral resources, of 168,921 ounces of Gold indentified as a result of our investment to date Of this 104,278 ounces (at 0 281 gram per tonne cut off) are defined in the Measured and Indicated categories suggesting that the project will demonstrate commercial viability at current gold prices,

Comprehensive review of the business resulting in the resolution to move forward with mining of the Barobo MPSA190 prospect and not to divest business at this stage,

Subsequently, significant progress to enable the commencement of production at Barobo within 2010,

Assessment of further material strategic acquisitions are ongoing

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the business are as follows

- Uncertainty of discovering a commercial viable project
- Capital costs of exploration
- The ability to raise additional capital if required
- Reliance on price of commodity
- Political and environmental regulatory changes in the country of operation

FINANCIAL INSTRUMENTS

The Group has no bank borrowings and manages its cash flow by way of constant monitoring of its working capital requirements and careful use of the proceeds of the fund raising against its detailed cash flow projections

CREDITORS PAYMENT POLICY

It is the Group's policy to agree commercial terms with its creditors prior to purchase

PHIGOLD PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2009

DIRECTORS

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

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

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

This report was approved by the board on 22 June 2010 and signed on its behalf

Andrew Mullins
Director

Thames House
Portsmouth Road
Esher
Surrey
KT10 9AD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHIGOLD PLC

We have audited the financial statements of Phigold Plc for the year ended 31 December 2009 which comprises the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement 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 page3 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 group's and the parent 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 group's and the parent company's affairs as at 31 December 2009 and of the group's loss 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Fairfax House
15 Fulwood Place
London
WC1V 6AY

22 June 2010

PHIGOLD PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2009

	Notes	2009 US$	2008 US$
Administrative expenses		(169,261)	(177,088)
Share based payments		(83,258)	(41,935)
OPERATING LOSS	2	(252,519)	(219,023)
SHARE OF OPERATING LOSS OF ASSOCIATE	9	(82,108)	(118,264)
		(334,627)	(337,287)
Interest receivable and similar income	5	126,983	593,515
Interest payable and similar expenses	6	(582,306)	(258,414)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(789,950)	(2,186)
Taxation	7	-	-
RETAINED LOSS ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR		(789,950)	(2,186)

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 9 to 16 form an integral part of the accounts

PHIGOLD PLC

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 US$	2009 US$	2008 US$	2008 US$
FIXED ASSETS					
Investment in associated company	9		88,514		147,846
CURRENT ASSETS					
Debtors	12	11,793		40,145	
Advances to associated company	13	2,296,994		1,972,833	
Cash at bank		637		185,296	
		2,309,424		2,198,274	
CREDITORS: amounts falling due within one year	14	(259,246)		(21,902)	
NET CURRENT ASSETS			2,050,178		2,176,372
TOTAL ASSETS LESS CURRENT LIABILITIES			2,138,692		2,324,218
CREDITORS: amounts falling due after more than one year	15		(2,452,695)		(1,956,463)
NET (LIABILITES)/ASSETS			(314,003)		367,755
CAPITAL AND RESERVES					
Called up share capital	16		130,055		129,640
Merger reserve	19		(121,891)		(121,891)
Other reserves	17		108,623		108,623
Profit and loss account	18		(430,790)		251,383
SHAREHOLDERS' FUNDS	19		(314,003)		367,755

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 9 to 16 form an integral part of the accounts

PHIGOLD PLC COMPANY NUMBER: 06468514

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2009

		2009		2008	
	Notes	US$	US$	US$	US$
FIXED ASSETS					
Investment in subsidiary company	10		128,306		128,306
Advances to subsidiary company	11		2,418,258		2,151,701
			2,546,564		2,280,007
CURRENT ASSETS					
Debtors	12	2,505		29,401	
Cash at bank		-		181,603	
		2,505		211,004	
CREDITORS. amounts falling due within one year	14	(259,246)		(21,902)	
NET CURRENT (LIABILITIES)/ASSETS			(256,741)		189,102
TOTAL ASSETS LESS CURRENT LIABILITIES			2,289,823		2,469,109
CREDITORS: amounts falling due after more than one year	15		(2,452,695)		(1,956,463)
NET (LIABILITIES)/ASSETS			(162,872)		512,646
CAPITAL AND RESERVES					
Called up share capital	16		130,055		129,640
Other reserves	17		108,623		108,623
Profit and loss account	18		(401,550)		274,383
SHAREHOLDERS' FUNDS			(162,872)		512,646

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 9 - 16 form an integral part of the accounts

PHIGOLD PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 US$	2009 US$	2008 US$	2008 US$
Net cash inflow/(outflow) from operating activities	20		50,518		(195,331)
Returns on investments and servicing of finance					
Interest received		126,983		89,766	
Interest paid		(507,445)		(230,028)	
Net cash outflow from returns on investments and servicing of finance			(380,462)		(140,262)
Capital expenditure and financial investments					
Payments to acquire investment in associated company		(73,512)		(294,496)	
Advances to associate company		(324,161)		(1,972,833)	
Net cash outflow from capital expenditure and financial investments			(397,673)		(2,267,329)
Net cash outflow before financing			(727,617)		(2,602,922)
Financing					
Issue of ordinary share capital		415		128,306	
Issue of deferred preference shares		-		1,334	
Issue of 8% convertible redeemable preference share (net of issue costs)		496,626		2,287,986	
Net cash inflow from financing			497,041		2,417,626
(Decrease)/increase in cash in the year	21		(230,576)		185,296
Opening cash balance			185,296		-
Closing cash balance			(45,280)		185,296

The notes on pages 9 - 16 form an integral part of the accounts

1. ACCOUNTING POLICIES

(a) Basis of preparation

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

As permitted by section 408 of the Companies Act 2006 the parent company has not presented its own profit and loss account

(b) Basis of consolidation

The Group financial statements consolidate the financial statements of Phigold Plc and its subsidiary undertaking for the year ended 31 December 2009 The subsidiary undertaking has been accounted for using the merger accounting principles The financial statements of the subsidiary undertaking are adjusted, where appropriate, to conform to Group accounting policies

(c) Associated companies

When the group has the power to participate in (but not control) the financial and operating policy of another entity, it is classified as an associate

Associates are initially recognised in the consolidated balance sheet at cost The Group's share of post-acquisition profits and losses is recognised in the consolidated profit and loss account, except that the losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses

(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) Compound financial instruments

Compound financial instruments comprise of both liability and equity components At issue date, the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option The liability component is accounted for as a financial liability

The difference between the net issue proceeds and the liability component, at the time of issue, is the residual of equity component, which is accounted for as an equity instrument

The interest expense on the liability component is calculated by applying the effective interest rate for the liability component of the instrument The difference between any repayments and the interest expense is deducted from the carrying amount of the liability

(f) Deferred shares

The fair value of the company's deferred shares has been recognised as a share issue expense with a corresponding increase in other reserves

(g) Share-based payments

FRS 20 requires the Group to recognise an expense in respect of the granting over shares to employees and directors This expense, which is calculated by reference to the fair value of the options granted, is recognised on a straight line basis over the vesting year based on the Group's estimate of options that will eventually vest The Directors have used the Black Scholes model to estimate the value of options granted in the current year

(h) 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. OPERATING LOSS

	2009 US$	2008 US$
Operating loss is stated after charging:		
Auditors Remuneration		
- Statutory audit	9,677	7,960
Directors Remuneration	78,696	73,663
Foreign exchange gain	(1,010)	-

3. STAFF COSTS

	No.	No.
The average number of employees during the year is made up as follows		
Management and administration	2	2

Their aggregate remuneration (including directors) comprised -

	2009 US$	2008 US$
Salaries	28,687	39,257
Fees	21,451	21,696
Share-based payments	83,258	41,935
Social Security costs	640	3,528
	134,036	106,416

4. DIRECTORS' REMUNERATION

Salaries	28,687	39,257
Fees	21,451	21,696
Share-based payments	28,556	12,710
	78,694	73,663

5. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest from bank deposits	143	21,573
Interest on loan to associate	126,840	68,193
Foreign exchange gains	-	503,749
	126,983	593,515

6. INTEREST PAYABLE AND SIMILAR EXPENSES

8% convertible redeemable preference shares	493,048	213,498
Interest charged on bridging loan	14,316	16,530
Interest on overdraft	81	-
Foreign exchange loss	24,125	-
Share of associates interest payable	50,736	28,386
	582,306	258,414

Interest on the 8% convertible redeemable preference shares has been charged at a rate of 20%, the estimated rate of interest that would have applied on a pure loan in the absence of the convertible feature

7. TAXATION ON ORDINARY ACTIVITIES

	2009 US$	2008 US$
a) Analysis of charge in the year		
UK corporation tax on losses for the year	-	-
b) Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(789,950)	(2,186)
Loss on ordinary activities multiplied by the standard rate of corporation tax 21%	(165,890)	(459)
Effects of		
Tax losses brought forward	(6,312)	-
Net expenses/(income) not taxable	92,624	(36,650)
Tax losses carried forward	51,681	6,312
Share of loss of associate company	27,897	30,797
Current tax charge for the year	-	-

8. LOSS/PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

The loss dealt within the account of the parent company was US$783,710 (2008 -Profit US$20,814)

9. INVESTMENT IN ASSOCIATED COMPANY – Group

	2009 US$	2008 US$
Cost		
At 1 January	147,846	-
Additions	73,512	294,496
Share of operating loss of associate	(132,844)	(146,650)
At 31 December	88,514	147,846

At the year end the Group had interest in the following

	Country of incorporation	% of ownership Interest
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 by Phigold Mining Limited 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 $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

9. INVESTMENT IN ASSOCIATED COMPANY – Group (continued)

Summary of financial information of PhiGold Metallic Ore. Inc

	Assets US$	Liabilities US$	Equity US$	Profit/(Loss) US$
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)

10 INVESTMENT IN SUBSIDIARY COMPANY - Company

	2009 US$	2008 US$
At 1 January	128,306	-
Additions	-	128,306
At 31 December	128,306	128,306

The company has an investment in the following subsidiary company which has been included in the Group consolidation

	Principal activity	Country of incorporation	Holdings	%
Phigold Mining Limited	Investment Holding Company	UK	Ordinary shares of £0 001 each	100

11. ADVANCES TO SUBSIDIARY COMPANY – Company

	2009 US$	2008 US$
At 1 January	2,151,701	-
Advanced in the year	266,557	2,151,701
At 31 December	2,418,258	2,151,701

The advances to the subsidiary company are interest free and repayable by quarterly instalments over a 5 year period

12. DEBTORS

	Group		Company	
	2009 US$	2008 US$	2009 US$	2008 US$
Other debtors	11,793	40,145	2,505	29,401

13. ADVANCES TO ASSOCIATED COMPANY – Group

	2009 US$	2008 US$
At 1 January	1,972,833	-
Advanced in the year	324,161	1,972,833
At 31 December 2009	2,296,994	1,972,833

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009 US$	2008 US$	2009 US$	2008 US$
Bank overdraft	45,917	-	45,917	-
Bridging loans	149,203	-	149,203	-
Other creditors and accruals	64,126	21,902	64,126	21,902
	259,246	21,902	259,246	21,902

Included within bridging loans is a loan from Andrew Mullins a director of the company for US$27,625 (2008 - Nil)

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2009 US$	2008 US$	2009 US$	2008 US$
Between two to five years				
8% convertible redeemable preference shares (net of costs)	2,452,695	1,956,463	2,452,695	1,956,463

On 24 March 2009, the Group issued 5,000 (2008 - 3,899,455) convertible redeemable preference shares of £0 01 each at a price of £0 50 The convertible redeemable preference shares are to be redeemed 5 years from the date of issue if no exit has occurred and the shares have not been converted The redemption price is 15% IRR (including dividends received) of the amount originally invested A convertible redeemable preference share will be entitled to convert at any time into an ordinary share

16. SHARE CAPITAL

	Group and Company	
	2009 US$	2008 US$
Authorised share capital		
10,000,000 ordinary shares of £0 02 (US$0 04)	392,373	392,373
5,000,000 8% convertible redeemable preference shares of £0 01 (US$0 2)	98,095	98,095
2,000,000 deferred ordinary shares of £0 001 (US$0 002)	3,924	3,924
	494,392	494,392

16 SHARE CAPITAL (continued)

	Group and Company 2009 US$	2008 US$
Allotted , issued and called up		
3,282,500 (2008 3,270,000) ordinary shares of £0 02 (US$0 04)	128,721	128,306
680,000 deferred ordinary shares of £0 001 (US$0 002)	1,334	1,334
	130,055	129,640

The company issued the following shares during the year

15 September 2009 - 12,500 ordinary shares of £0 02 each at par value

The following 8% convertible redeemable preference shares were issued under an offer for subscription at £0 50 each

24 March 2009 - 5,000

17. OTHER RESERVES – GROUP AND COMPANY

	Group and Company 2009 US$	2008 US$
Equity component of the 8% convertible redeemable preference shares (net of issue costs)	108,623	108,623

The 8% convertible redeemable preference shares are more fully described in note 15

Deferred shares
Until conversion, the deferred shares have no rights attaching to them At any date falling five years from the date of issue, all the options of the holders of the deferred shares may be converted into ordinary shares The conversion price payable is the difference between the par value and £0 50

Fair Value pricing of options and deferred shares
The fair value of options and deferred shares has been calculated using the Black Scholes pricing model The inputs into the model were as follows

Grant date	**7 February 2008**	**27 May 2008**	**21 November 2008**
Share price at date of grant	£0 50	£0 50	£0 75
Exercise price	£0 50	£0 50	£0 75
Volatility	50%	50%	50%
Option life	5 years	5 years	5 years
Dividend yield	0%	0%	0%
Risk free investment	4%	4%	4%

Based on the above assumptions, the fair values of the options granted are estimated to be

Grant date	**7 February 2008**	**27 May 2008**	**21 November 2008**
Fair value	£0 241 (US$0 348)	£0 241 (US$0 348)	£0 361 (US$0 521)

18. PROFIT AND LOSS ACCOUNT

	Group		Company	
	2009	2008	2009	2008
	US$	US$	US$	US$
At 1 January	251,383	-	274,383	-
Retained (loss)/profit during the year	(789,950)	(2,186)	(783,710)	20,814
Share option charge	83,258	41,935	83,258	41,935
Deferred shares charge	24,519	211,634	24,519	211,634
At 31 December	(430,790)	251,383	(401,550)	274,383

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group	
	2009	2008
	US$	US$
Retained loss for the year	(789,950)	(2,186)
New share capital subscribed	415	129,640
Deferred shares charge	24,519	211,634
Share option charge	83,258	41,935
Equity component of the 8% convertible redeemable preference shares (net of issue costs)	-	108,623
Merger reserve on acquisition of subsidiary undertaking	-	(121,891)
Net (decrease)/increase in shareholders' funds	(681,758)	367,755
Opening shareholders' funds	367,755	-
Closing shareholders' funds	(314,003)	367,755

The merger reserve represents the share capital and share premium in Phigold Mining Limited less the investment by Phigold Plc in Phigold Mining Limited

20. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Group	
	2009	2008
	US$	US$
Operating loss	(252,519)	(219,023)
Share based payments	83,258	41,935
Decrease/(increase) in debtors	28,352	(40,145)
Increase in creditors	191,427	21,902
Net cash inflow/(outflow) from operating activities	50,518	(195,331)

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Group 2009 US$	Group 2008 US$
(Decrease)/increase in cash in the year	(230,576)	185,296
Change in net funds	(230,576)	185,296
At 1 January	185,296	-
Net funds at 31 December	(45,280)	185,296

	At 1 January 2009 US$	Cash flow US$	At 31 December 2009 US$
Net cash:			
Cash in hand and at bank	185,296	(230,576)	(45,280)

22. ACQUISITION OF SUBSIDIARY UNDERTAKING

The company acquired 100% of the issued share capital of Phigold Mining Limited, a company incorporated in the UK, by way of a share for share exchange by issuing 3,270,000 ordinary shares of £0 02 each This acquisition has been accounted for in the prior year using merger accounting principles

23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with its 100% owned subsidiary undertakings

Included in debtors is US$1,334 (2008 - US$1,334) and US$6,415 (2008 - US$6,415) relating to unpaid share capital on the deferred shares in both the company and its subsidiary undertaking respectively

Included in creditors is a short term bridging loan of US$27,625 (2008 - Nil) from Andrew Mullins, a director of the company

24. POST BALANCE SHEET EVENT

The total fundraising of 1,250,000 ordinary shares of 2p each at £1 per share has been placed since the year end

As at the date of the accounts being approved, 971,800 ordinary shares of 2p each had been issued at £1 per share

In addition at an Extraordinary General Meeting held on 19 April 2010 it was agreed to convert 3,904,455 convertible preference shares to ordinary shares, with an additional 1,034,681 shares as an approximate of the 15% per annum on the shareholders original investment

The Conversion of the convertible preference shares has resulted in the net assets position of the Group improving by $2,452,695

25. ULTIMATE CONTROLLING PARTY

The Directors do not believe there to be an ultimate controlling party