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Company Peninsular Gold Limited
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PENINSULAR GOLD LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2009

Peninsular Gold Limited

Chairman's Review

This is my fourth annual letter to shareholders and I am pleased to report that the year ended 30th June 2009 marked the completion of the construction of the new carbon in leach plant (Plant) at our Raub project area (Raub) and the first gold pour in February 2009, both set against a remarkable increase in the gold price.

Since my statement accompanying the Interim Results in March, the Company has made good progress.

During the period we principally focused on the commissioning of the Plant and gold production from the tailings material.

Gold produced from the Plant since the first gold pour till the 30th June 2009 was 5,423 troy ounces. Since 1st July to the end of October 2009, a further 5,575 troy ounces were produced, giving total production of 10,998 troy ounces since commissioning to the end of October and production is expected to further expand as throughput increases.

Financial Results

The pre and post tax loss for the year to 30th June 2009 was £4,787,034. This result was primarily due to foreign exchange losses of £3,736,043 due to the significant and rapid weakening of the Pound Sterling against the US Dollar. Of this foreign exchange loss, £3,697,505 relates to the US\$20 million convertible loan notes (Notes). The Notes were repurchased in February 2009 at a discount of £1.6 million (approximately (US\$3 million) giving a net impact of the Notes of £2.1 million on the loss for the year. Had the Notes not been repurchased their estimated foreign exchange loss on the result for the year would have been approximately £2.0 million. The repurchase of the Notes also resulted in a significant net reduction in potential future shareholder dilution of between 22.5 million to 27.5 million ordinary shares (there are currently approximately 55.2 million ordinary shares in issue).

During the year £5,493,497 was invested in property, plant and equipment and an amount of £448,013 in mining development expenditure (e.g. exploration and tailings facilities) mainly at Raub.

As mentioned above, the year also saw the repurchase, for US\$17 million (c. £10 million) and 10 million one for one warrants, of the US\$20 million convertible loan notes that were issued in the year to 30th June 2008. We are indeed pleased with this achievement as it is very much in line with our objective of maximising shareholder value. The repurchase of the Notes helped enable the securing of 3 new financing facilities, from a local Malaysian financial institution, totalling up to Ringgit Malaysia (RM169 million (c. £29 million)).

The new financing facilities, which have been provided to Peninsular Gold's wholly owned subsidiary Raub Australian Gold Mining Sdn. Bhd. (RAGM), have been applied to the redemption of the convertible loan notes (RM54 million (c. £9 million)), additional working capital (RM15 million (c. £2.5 million)) and a (RM100 million (c. £17 million)) facility available for the funding of the planned plant upgrade at Raub, to increase capacity to 2 million tonnes per annum (mtpa).

Raub Mine CIL Plant Upgrade

In August 2009 we announced our plans to upgrade the Plant's throughput capacity from 1.1 mtpa to 2 mtpa and the addition of a crushing and grinding circuit. The upgraded facility will allow for greater throughput and is expected to increase the Company's revenues. The increase in throughput will be welcome as we enjoy a five-year tax incentive under our Pioneer Status.

Geological Exploration and New Licence Areas

Geological field work during the year was mainly limited to Raub and we announced on 17th November the two new approvals

received for tenements applied for. These areas will form part of our exploration programme that will commence later this financial year. One of the licenses that has been granted, known as Chunchok, contains some high grade samples (up to 12.3g/t) and is located about 2km south of the Company's Tersang tenement. The other licence is located about 7km north of Raub and is on the same gold bearing structure and has yet to be explored in any detail.

Peninsular Gold's Reserve & Resource Inventory

The estimated current reserve and resource inventory of Peninsular Gold at 30th June 2009 is summarised in the following table:

Project Area	JORC Classification	Project	Tonnes	Grade (g/t Au)	Troy Ounces
RAUB	Measured Resource	East Lode	1,338,000	1.43	62,000
RAUB	Indicated Resource	East Lode	1,666,000	1.38	74,000
RAUB	Measured + Indicated	East Lode	3,004,000	1.40	136,000
RAUB	Inferred Resource	East Lode	1,883,000	1.40	82,000
RAUB	Measured, Indicated and Inferred Resources	Total East Lode	4,887,000	1.39	218,000
RAUB*	Proven Reserves	Tailings	8,600,000	0.73	202,000
RAUB	Indicated Resource	Tailings	700,000	0.73	15,400
TERSANG	Inferred (non-JORC)	Tersang	18,900,000	0.87	528,000

Values have been rounded to two or three significant figures to reflect the relative estimation precision of each resource classification. This rounding has also been applied to summations of raw values.

* As at February 2009 prior to production commencing. Production for the period was 5,423 troy ounces.

The information related to the current reserve and resource inventory presented in the above table has all been previously announced to the market. The relevant competent persons for the different projects are as follows:

1. The Raub (East Lode) project resources were compiled by Kevin Lowe, who is a member of the Australasian Institute Of Mining and Metallurgy and a full-time employee of Snowden Mining Industry Consultants, in accordance with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves known as the JORC Code (JORC, 2004).
2. The Raub (Tailings) project was compiled by Bryan (Mort) Cowan, who is a member of the Australasian Institute of Mining and Metallurgy, in accordance with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves known as the JORC Code (JORC, 2004).
3. Tersang project resources were reported on by ACA Howe, as the competent person, in Peninsular Gold Ltd.'s Admission document.

Legal

In March 2008, we had announced an application by four applicants (the Applicants) who had applied for an extension of time for leave of judicial review (the JR Application) against decisions made by the Director-General of the Department of Environment in Malaysia (the DOE) concerning a certain environmental approval granted to RAGM in 1997.

The High Court of Malaya had on 1st June 2009 ordered the said JR Application to be dismissed in its entirety with no order as to costs after concluding that there was no basis to grant an extension of time to the Applicants.

On the 9th of June 2009, three of the applicants filed an appeal against the said decision of the High Court of Malaya which was in favour of the DOE and RAGM, and RAGM has also in July 2009 filed an application in the Court of Appeal for leave to cross-appeal on the issue of costs.

Corporate Social Responsibility and the Environment

Peninsular Gold remains committed to the responsible and sustainable development of its operations and the impact they have on the local communities and economy. During the year as the new Plant at Raub was constructed and commissioned and operations commenced, we grew as a significant local employer and sought to use local contractors and suppliers and employ from the local workforce. We recognise the importance of developing the local skills base as a resource for both the local economy and Peninsular Gold itself as we grow and develop as a business. We currently provide employment to over 200 workers, with the majority being recruited from the Raub area.

The Group aims to operate to the highest standards of environmental care and management and has been in full compliance with all relevant Malaysian regulatory requirements to date.

The Company is committed to maintaining the highest level of safety for all its employees at Raub, most of whom are from the surrounding communities.

Strategy and Outlook

The Company has now reached a significant milestone, having established itself as a leading Malaysian controlled gold producer and having achieved its first gold pour from its new 1.1mtpa CIL processing plant in February 2009.

We intend to improve on all aspects of our operations as we move on to the next level, during an exciting era when the gold price has risen to a level unprecedented in modern times. I am delighted to note that the Company's share price has also risen significantly in recent times, from a low of 13 pence to a price as I write of 62 pence.

The continuous effort to increase throughput and revenue will be our mainstay strategy. At the same time we will continue to tap on the significant potential for further possible gold discoveries that is available to us.

We aim to continue building on our strength as a low cost gold producer and to add to our resources both organically and through acquisitions, where appropriate. To this end we are currently reviewing and considering a number of potential acquisition opportunities.

The year ahead will definitely be an exciting one for Peninsular Gold as the Company goes from strength to strength.

I am proud of the professionalism and commitment shown by the employees of our Group, comprising both the staff at Raub and in Kuala Lumpur and I would like to thank them all for their loyalty and hard work shown during the period.

Dato' Sri Andrew Tai Yeow Kam
Chairman and Chief Executive

Peninsular Gold Limited
Report of the Directors
For the Year Ended 30th June 2009

The directors present their report and the audited financial statements for the year ended 30th June 2009.

Principal Activities

The principal activities of the Company and its subsidiaries during the year were the exploration and development of gold deposits in the state of Pahang in Peninsular Malaysia. These activities are performed via the Company's two wholly owned subsidiaries, Raub Australian Gold Mining Sdn. Bhd. (RAGM) and S.E.R.E.M. Malaysia Sdn. Bhd. (SEREM).

A detailed review of the Group's operations is included in the Chairman's Review on page 2.

Results and Dividends

The Consolidated Income Statement for the year is set out on page 13. The Group made a loss after tax of £4,787,034 (2008: £1,527,895). The directors do not recommend the payment of a dividend.

Directors

The names of the directors who held office during the year and to date were:

Datoq Sri Andrew Tai Yeow Kam
Datoq Mohamed Moiz Bin JM Ali Moiz
Dr. Yves Fernand Marcel Cheze
Mr. Timothy Patrick Watson

Directors' Biographies

Dato' Sri Andrew Tai Yeow Kam
Chairman and Chief Executive

Datoq Sri Andrew Tai Yeow Kam (age 47) is a British educated, Malaysian citizen with a law degree from the University of Buckingham. He is an advocate and solicitor of the High Court of Malaya having been admitted to the Malaysian Bar in 1988. His business and entrepreneurial experience, in addition to his long involvement in gold mining, has included the development and completion of a large township, development of an orchard project, and the successful management, over many years, of a major palm oil mill and plantation.

Dato' Mohamed Moiz Bin JM Ali Moiz
Non Executive Director

Datoq Mohamed Moiz Bin JM Ali Moiz (age 49), is a Malaysian citizen. He has a degree in Business Administration and

International Finance, graduating in 1985. He worked for Timbco Sdn. Bhd., a company involved in timber trading, processing and forestry management as a Project Manager from 1985 to 1986. In 1987 he was appointed CEO of the Tradium Group of companies, which have interests in property development, fashion retailing, manufacturing, food and beverage and equity investments. In 1999, he was appointed Chief Executive Officer of Effective Capital Sdn. Bhd., a company which successfully undertook the migration of the central limit order book of securities traded in an over the counter market in Singapore, from the Central Depository (Pte) Ltd to the Kuala Lumpur Stock Exchange in June 2000. Currently, he is the non-independent non-executive chairman of Bandar Raya Developments Berhad, a company listed on the Malaysian Securities Exchange. He also sits on the Boards of Mieco Chipboard Berhad and several other private companies.

Dr. Yves Fernand Marcel Cheze (Ph.D, B.Sc. and M.Sc.)
Non Executive Director

Dr. Yves Cheze (age 59), a French citizen, studied geology at the University of Clermont-Ferrand and has almost 30 years' worldwide experience in most aspects of mineral exploration. Most of his experience has been gained in Western and Eastern Africa, South-East Asia (including Irian Jaya, Indonesia and over ten years in Malaysia), Papua New Guinea and both North and South America. Whilst with the French company BRGM, he was responsible for large international exploration projects that led to the discovery of major gold deposits, including the Ariab Gold Belt in Sudan; he was also Project Manager for feasibility study of a 50 million Euro programme in Papua New Guinea, for the European Commission. Dr. Cheze resigned from BRGM in 2001 and subsequently set up his own geological consulting company in Malaysia where he now lives.

Timothy Patrick Watson BSc.(Hons.), A.R.S.M., A.C.A.
Finance Director

Mr. Watson (age 46) is a British citizen who started his career working with the Anglo American Corporation of South Africa before attending the Royal School of Mines at Imperial College to read mining engineering. He graduated in 1985 and returned to Anglo in South Africa, to work in the gold division before later changing career to become a Chartered Accountant with KPMG in the UK. His mining career focused on deep level gold mining operations covering both production and development.

As a Chartered Accountant he has over sixteen years' experience in financial and business management in senior roles with KPMG, Nationwide Building Society, PricewaterhouseCoopers and LogicaCMG where he headed their UK Consultancy business. His experience crosses a range of industries, principally focused on advising finance and business executives in the area of financial and cost management. He knows Malaysia and South East Asia well, having previously lived there for many years.

Directors and Directors' Interests

The directors and their families have the following interests in the shares of the Company:

	1 st July 2008 <u>Ordinary Shares of £Nil par value</u>	30 th June 2009 <u>Ordinary Shares of £Nil par value</u>
DatoqSri Andrew Tai Yeow Kam	-	-
DatoqMohamed Moiz Bin JM Ali Moiz	4,500,000	4,500,000
Dr. Yves Fernand Marcel Cheze	50,000	50,000
Mr. Timothy Patrick Watson	-	-

Indirect Interests

DatoqSri Andrew Tai Yeow Kam ¹	21,638,869	21,638,869
DatoqMohamed Moiz Bin JM Ali Moiz	-	-
Dr. Yves Fernand Marcel Cheze	-	-
Mr. Timothy Patrick Watson	-	-

¹ DatoqSri Andrew Tai Yeow Kam's indirect interest in Peninsular Gold Limited is via his ownership of 99.9% of the shares of Akay Holdings Sdn. Bhd. and 70% of the shares of Akay Venture Sdn. Bhd. which owned 23.39% and 22.58% (2008:25.22% and 24.35%) of Peninsular Gold Limited respectively at 30th June 2009.

At 23rd November 2009, the Company was aware of the following holdings of more than 3% of the issued share capital of the Company:

	<u>Number of shares</u>	<u>%</u>
Akay Holdings Sdn. Bhd.	12,919,840	23.4
Akay Venture Sdn. Bhd.	12,474,213	22.6
DatoqMohamed Moiz Bin JM Ali Moiz	4,500,000	8.1
Phoenix Gold Fund	3,450,000	6.2
Granite Peak Ltd.	2,920,500	5.3
Raub Oil Mill Sdn. Bhd.	2,565,000	4.6
Bridge Fund SPC (Bridge Global Opportunities Fund)		

Segregated Portfolio)	2,380,952	4.3
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The Company is not resident in the United Kingdom and is, therefore, not a close company within the meaning of the United Kingdom Income and Corporation Taxes Act 1988.

By order of the Board

T. P. WATSON
Finance Director

Peninsular Gold Limited
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 IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the company. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- 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 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 (Jersey) Law 1991 and, as regards the group financial statements, Article 4 of the IAS Regulation. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent Auditors' Report to the Shareholders of Peninsular Gold Limited

We have audited the group and parent company financial statements (the financial statements) of Peninsular Gold Limited for the year ended 30th June 2009 which comprise the Consolidated and Company Balance Sheets, the Consolidated and Company Income Statements, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements, and related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. 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 on page 9, 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 (APB'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 group's and company's affairs as at 30th June 2009 and of the group's and parent company's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards, as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

St Paul's House
Warwick Lane
LONDON EC4M 7BP

Moore Stephens LLP
Registered Auditors
Chartered Accountants

24th November 2009

Peninsular Gold Limited

Consolidated Balance Sheet at 30th June 2009

(Expressed in United Kingdom Sterling)

	<u>Note</u>	<u>30th June 2009</u> £	<u>As Restated</u> <u>30th June 2008</u> £
Non-Current Assets			
Property, plant and equipment	4	11,659,276	5,970,162
Other intangible assets	5	17,083,010	17,378,478
Mining development expenditure	6	3,677,988	3,338,799
		<hr/>	<hr/>
Total Non-Current Assets		32,420,274	26,687,439
Current Assets			
Inventories	7	545,374	368,785
Other receivables	8	1,014,920	1,908,716
Cash and cash equivalents	9	290,757	2,021,413
Short-term investments	9	28,321	24,572
		<hr/>	<hr/>
Total Current Assets		1,879,372	4,323,486
Current Liabilities			
Trade and other payables	10	(3,507,345)	(954,472)
Borrowings - current portion	11	(1,999,118)	(13,037)
		<hr/>	<hr/>
Total Current Liabilities		(5,506,463)	(967,509)
Net Current (Liabilities)/Assets		(3,627,091)	3,355,977
		<hr/>	<hr/>
Total Assets Less Current Liabilities		28,793,183	30,043,416
Non-Current Liabilities			
Trade and other payables	10	(307,200)	(230,400)
Long-term borrowings	11	(10,052,380)	(10,420,779)
		<hr/>	<hr/>
Total Non-Current Liabilities		(10,359,580)	(10,651,179)
Net Assets		<hr/> <u>18,433,603</u>	<hr/> <u>19,392,237</u>
Shareholders' Equity			

Share capital	12	-	-
State capital account		25,561,661	24,580,891
Reserves		(7,128,058)	(5,188,654)
		<hr/>	<hr/>
Total Equity		18,433,603	19,392,237
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board on 24th November 2009 and signed on its behalf by

T. P. WATSON
Finance Director

The accompanying notes form part of these financial statements

Peninsular Gold Limited

Company Balance Sheet at 30th June 2009

(Expressed in United Kingdom Sterling)

	<u>Note</u>	<u>30th June 2009</u>	<u>As Restated</u> <u>30th June 2008</u>
		£	£
Non-Current Assets			
Property, plant and equipment	4	914	1,067
Investment in subsidiaries	3	19,196,599	16,975,298
		<hr/>	<hr/>
Total Non-Current Assets		19,197,513	16,976,365
Current Assets			
Other receivables	8	3,558,566	14,139,030
Cash and cash equivalents	9	189,995	1,486,453
		<hr/>	<hr/>
Total Current Assets		3,748,561	15,625,483
Current Liabilities			
Trade and other payables	10	(2,268,564)	(673,487)
		<hr/>	<hr/>
Total Current Liabilities		(2,268,564)	(673,487)
Net Current Assets		1,479,997	14,951,996
		<hr/>	<hr/>
Total Assets Less Current Liabilities		20,677,510	31,928,361
Non-Current Liabilities			
Trade and other payables	10	(307,200)	(230,400)
Long-term borrowings	11	(1,002,582)	(10,381,913)
		<hr/>	<hr/>
Total Non-Current Liabilities		(1,309,782)	(10,612,313)
Net Assets		19,367,728	21,316,048
		<hr/>	<hr/>
Shareholders' Equity			
Share capital	12	-	-

State capital account	25,561,661	24,580,891
Reserves	(6,193,933)	(3,264,843)
	<hr/>	<hr/>
Total Equity	19,367,728	21,316,048
	<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board on 24th November 2009 and signed on its behalf by

T. P. WATSON
Finance Director

The accompanying notes form part of these financial statements

Peninsular Gold Limited

**Consolidated Income Statement
For the Year ended 30th June 2009**

(Expressed in United Kingdom Sterling)

	<u>Note</u>	<u>30th June 2009</u>	<u>As Restated</u> <u>30th June 2008</u>
		£	£
Revenue	2(m)	2,607,518	-
Cost of sales		(2,072,346)	-
		<hr/>	<hr/>
Gross Profit		535,172	-
Administrative expenses		(1,737,382)	(873,472)
Other operating expenses		(540,754)	(90,420)
		<hr/>	<hr/>
Loss from Operations	14	(1,742,964)	(963,892)
Interest income	16	15,329	67,274
Finance costs	16	(529,790)	(467,014)
Other income / (expense) :			
Loss on foreign exchange		(3,736,043)	(87,642)
Profit on disposal of fixed assets		-	179
Discount on repurchase of convertible loan notes	11	1,622,170	-
Deferred financing costs written off		(338,936)	-
Preference dividends	12	(76,800)	(76,800)
		<hr/>	<hr/>
Loss before Taxation		(4,787,034)	(1,527,895)
Income tax expense	17	-	-
		<hr/>	<hr/>
Loss for the Year		(4,787,034)	(1,527,895)
		<hr/>	<hr/>
Attributable to :			
Equity shareholders of the parent		(4,787,034)	(1,527,895)
		<hr/>	<hr/>

Basic loss per share	19	<u>(8.87p)</u>	<u>(3.34p)</u>
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The accompanying notes form part of these financial statements

Peninsular Gold Limited
Consolidated Statement of Changes in Equity
For the Year ended 30th June 2009

(Expressed in United Kingdom Sterling)

	Share capital £	State capital account £	Accumulated losses £	Capital reserve £	Equity reserve on loan notes £	Translation reserve £	Total £
At 1st July 2007, as previously reported	-	22,218,844	(3,667,273)	153,000	-	28,998	18,733,569
Prior period adjustment relating to preference dividends (Note 12)	-	-	(153,600)	-	-	-	(153,600)
At 1st July 2007, as restated	-	22,218,844	(3,820,873)	153,000	-	28,998	18,579,969
Loss for the year	-	-	(1,527,895)	-	-	-	(1,527,895)
Issue of ordinary shares for cash (Note 12)	-	2,362,047	-	-	-	-	2,362,047
Convertible loan notes - Equity portion (Note 11)	-	-	-	-	108,587	-	108,587
Currency translation differences	-	-	-	-	-	(130,471)	(130,471)
At 30th June 2008	-	24,580,891	(5,348,768)	153,000	108,587	(101,473)	19,392,237
Loss for the year	-	-	(4,787,034)	-	-	-	(4,787,034)
Issue of ordinary shares for cash (Note 12)	-	980,770	-	-	-	-	980,770
Warrants expired (Note 12)	-	-	153,000	(153,000)	-	-	-
Repurchase of convertible loan notes - Equity portion (Note 12)	-	-	108,587	-	(108,587)	-	-
Warrants issued (Note 12)	-	-	-	456,303	-	-	456,303
Currency translation differences	-	-	-	-	-	2,391,327	2,391,327
At 30th June 2009	-	25,561,661	(9,874,215)	456,303	-	2,289,854	18,433,603

The accompanying notes form part of these financial statements

Peninsular Gold Limited

**Company Income Statement
For the Year ended 30th June 2009**

(Expressed in United Kingdom Sterling)

	<u>Note</u>	<u>30th June 2009</u> £	<u>As Restated</u> <u>30th June 2008</u> £
Administrative expenses		(731,844)	(759,940)
Loss from Operations	14	(731,844)	(759,940)
Interest income	16	14,368	52,345
Finance costs	16	(138,308)	(407,191)
Other income / (expense) :			
Loss on foreign exchange		(3,736,043)	(87,642)
Discount on repurchase of convertible loan notes	11	1,622,170	-
Deferred financing costs written off		(338,936)	-
Preference shares dividend	12	(76,800)	(76,800)
Loss before Taxation		(3,385,393)	(1,279,228)
Income tax expense	17	-	-
Loss for the Year		(3,385,393)	(1,279,228)

The accompanying notes form part of these financial statements

Peninsular Gold Limited

**Company Statement of Changes in Equity
For the Year ended 30th June 2009**

(Expressed in United Kingdom Sterling)

	<u>Share Capital</u> £	<u>State capital account</u> £	<u>Accumulated losses</u> £	<u>Capital reserve</u> £	<u>Equity reserve on loan notes</u> £	<u>Total</u> £
At 1st July 2007, as previously reported	-	22,218,844	(2,093,602)	153,000	-	20,278,242
Prior period adjustment relating to preference dividends (Note 12)	-	-	(153,600)	-	-	(153,600)
At 1st July 2007, as restated	-	22,218,844	(2,247,202)	153,000	-	20,124,642
Loss for the year	-	-	(1,279,228)	-	-	(1,279,228)
Issue of ordinary shares for cash (Note 12)	-	2,362,047	-	-	-	2,362,047

Convertible loan notes- Equity portion (Note 11)	-	-	-	-	108,587	108,587
At 30th June 2008	-	24,580,891	(3,526,430)	153,000	108,587	21,316,048
Loss for the year	-	-	(3,385,393)	-	-	(3,385,393)
Issue of ordinary shares for cash (Note 12)	-	980,770	-	-	-	980,770
Warrants expired (Note 12)	-	-	153,000	(153,000)	-	-
Repurchase of convertible loan notes . Equity portion (Note 12)	-	-	108,587	-	(108,587)	-
Warrants issue (Note 12)	-	-	-	456,303	-	456,303
At 30th June 2009	-	25,561,661	(6,650,236)	456,303	-	19,367,728

The accompanying notes form part of these financial statements

Peninsular Gold Limited

Consolidated Statement of Cash Flows For the Year ended 30th June 2009

(Expressed in United Kingdom Sterling)

	Note	30 th June 2009 £	As Restated 30 th June 2008 £
Operating Activities			
Loss before taxation		(4,787,034)	(1,527,895)
Adjustments for :			
Depreciation of property, plant and equipment	4	431,694	41,099
Profit on disposal of fixed assets		-	(179)
Amortisation of mining development expenditure	6	108,824	-
Amortisation of other intangible assets	5	295,468	-
Interest income	16	(15,329)	(67,274)
Preference dividend		76,800	76,800
Loss on foreign exchange		3,736,043	180,948
Discount on repurchase of convertible loan notes	11	(1,622,170)	-
Written off unamortised costs on convertible loan notes		338,936	-
Write off of fixed assets	4	13,450	-
Finance costs	16	529,790	467,014
Cash inflow/(outflow) before working capital changes		(893,528)	(829,487)
Changes in working capital:			
Decrease/(increase) in other receivables		893,796	(1,747,118)
Increase in inventories		(176,588)	(125,635)
Increase in trade and other payables		1,303,667	672,897
Cash inflow/(outflow) from operating activities		1,127,347	(2,029,343)
Investing Activities			
Purchase of property, plant and equipment	4	(5,493,497)	(4,981,129)
Interest received		15,329	67,274
Proceeds from disposal of fixed assets		-	179
Mining development expenditure	6	(448,013)	(1,411,234)
Withdrawal of fixed deposit	9	-	616,013
Placement of fixed deposit	9	(961)	(24,572)
Cash outflow from investing activities		(5,927,142)	(5,733,469)
Financing Activities			
Proceeds from issue of ordinary shares	12	980,770	2,362,047
Proceeds from issue of convertible loan notes	11	-	9,357,871
Increase in bank loans	11	11,114,160	-
Repayment of hire purchase obligations		(8,712)	(10,660)
Repayment of bank loans		-	(1,860,354)

Repurchase of convertible loan notes	11	(10,347,000)	-
Finance costs paid		(417,857)	(365,333)
Cash inflow from financing activities		1,321,361	9,483,571
Net (Decrease)/Increase in Cash and Cash Equivalents		(3,478,434)	1,720,759
Foreign exchange translation reverse		1,747,778	(189,600)
Cash and Cash Equivalents at beginning of Year		2,021,413	490,254
Cash and Cash Equivalents at end of Year	9	290,757	2,021,413

Peninsular Gold Limited

**Company Statement of Cash Flows
For the Year ended 30th June 2009**

(Expressed in United Kingdom Sterling)

	<u>Note</u>	<u>30th June 2009</u>	<u>As Restated</u> <u>30th June 2008</u>
		£	£
Operating Activities			
Loss before taxation		(3,385,393)	(1,279,228)
Adjustments for:			
Depreciation of property, plant and equipment	4	153	152
Interest income	16	(14,368)	(52,345)
Preference dividends		76,800	76,800
Finance costs	16	138,308	407,191
Discount on repurchase of convertible loan notes		(1,622,170)	-
Written off unamortised costs on convertible loan notes		338,936	-
Loss on foreign exchange		3,736,043	180,948
Corporate guarantee issued to financial institution for bank facility to subsidiary		152,583	-
Cash outflow before working capital changes		(579,108)	(666,482)
Changes in working capital			
Decrease/(increase) in other receivables		187	(187)
(Decrease)/increase in trade and other payables		(1,875,430)	637,703
Cash outflow from operating activities		(2,454,351)	(28,966)
Investing Activities			
Interest received		14,368	52,345
Repayment from/(loans to) subsidiaries		10,580,276	(10,129,642)
Cash inflow/(outflow) from investing activities		10,594,644	(10,077,297)
Financing Activities			
Proceeds from issue of ordinary shares	12	980,770	2,362,047
Proceeds from issue of convertible loan notes	11	-	9,357,871
Repurchase of convertible loan notes	11	(10,347,000)	-
Finance costs paid		(70,521)	(305,510)
Cash (outflow)/inflow from financing activities		(9,436,751)	11,414,408
Net (Decrease)/Increase in Cash and Cash Equivalents		(1,296,458)	1,308,145
Cash and Cash Equivalents at beginning of Year		1,486,453	178,308

Cash and Cash Equivalents at end of Year	9	189,995	1,486,453
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>

Peninsular Gold Limited

Notes to the Financial Statements For the Year ended 30th June 2009

1. Group and Company Information

Peninsular Gold Limited is a limited liability company, incorporated under the laws of Jersey on 8th April 2005. The Company was listed on AIM on 23rd June 2005. Its registered office is First Island House, Peter Street, St. Helier, Jersey. The Company's place of domicile is in Jersey.

The Group is engaged in the exploration, development and mining of gold deposits. All of the Group's activities are undertaken in the state of Pahang, Malaysia.

On 17th June, 2005 under the terms of share swap agreements, the Company acquired the whole of the issued share capital of Raub Australian Gold Mining Sdn. Bhd. (RAGM) and S.E.R.E.M Malaysia Sdn. Bhd. (SEREM).

Key management comprise solely directors of the Company.

2. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards, as adopted by the European Union (IFRS).

The financial statements have been prepared on the going concern basis. At 30th June, 2009 the Group had net current liabilities of £3.6 million. Of this total £2.0 million represents the current portion of bank loans repayable during the year and £1.2 million is the deferred consideration payable as part of the convertible loan note repurchase, which took place in February 2009. Current liabilities are expected to be settled out of operational cashflows derived from the ramp-up of production and an increase in gold sales in the coming year. Subsequent to the balance sheet the Group has secured additional financing amounting to RM100 million, equivalent to £17 million, to fund the expansion of the Carbon-In-Leach (CIL) plant (details disclosed in Note 25). The Company is confident of being able to raise additional funds, if required, to provide the Group with sufficient resources to meet all obligations as they fall due within the next 12 months.

A prior period adjustment has arisen in respect of an error relating to the company's accrued preference dividends at 30th June 2008, amounting to £230,400. Details are disclosed in Note 12.

(b) Basis of consolidation

The consolidated financial statements have been prepared under the historical cost basis other than financial instruments which are measured at fair value, and following the implementation of IFRS, the group's accounting policies have been consistently applied to all the periods presented. The principal policies are set out below.

The Group financial statements include the assets, liabilities and results of Peninsular Gold Limited together with its subsidiaries, RAGM and SEREM from the date of acquisition. The subsidiaries were acquired via share swap agreements, which valued the Peninsular Gold Limited shares issued as consideration at 50 pence per share. This valuation was provided by an independent valuer and was based on the gold resources and exploration grounds held by RAGM and SEREM.

All intercompany transactions and balances within the Group are eliminated in the preparation of the consolidated financial statements. The financial statements of subsidiaries acquired are consolidated in the financial statements of the Group from the date that control commences until the date control ceases, using the purchase method of accounting.

(c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and equipment	20%
Buildings	20%
Motor vehicles	20%
Furniture, fittings and equipment	10%
Renovation	10%
Leasehold land	10%
Gold production plant	Units of production basis
Tailings storage facility	Units of production basis

Leasehold land refers to a piece of land owned by SEREM on which mining certificate MC511 relates to.

Assets in the course of construction are capitalised in the assets under construction account and are not depreciated.

On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciated accordingly.

(d) Other intangible assets

Other intangible assets comprise principally measured reserves, indicated and inferred resources and the value of exploration grounds and licences. These assets have arisen as a result of the acquisition of RAGM and SEREM. They were independently valued just prior to the acquisition date of 17th June, 2005. Other intangible assets are recorded at cost and are reviewed annually for any impairment and any such impairment would then be charged to the consolidated income statement for the period.

Production of gold ceased in March 2006 to allow site clearance and preparation for construction of the CIL Plant. Amortisation of the other intangible assets started on commencement of meaningful production on commissioning of the CIL Plant based on a units of production basis.

Once an intangible mining asset is developed into a producing asset, the value of the asset is written off over its producing life using a units of production basis.

(e) Mining development expenditure

Mining development expenditure is capitalised when it is probable that the projects will be successful and the cost can be measured reliably. Development expenditure that has been capitalised is amortised over the life of the interest to which such costs relate on a units of production basis and recognised in the income statement upon the commencement of commercial production.

(f) Inventories

Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost comprises direct costs and overheads that have been incurred in bringing the inventories to their present location and condition. The FIFO method is used for determining costs. Gold is valued at the lower of cost and net realisable value using market price at the year-end, or where applicable, a forward contract price. Work-in-progress comprises gold concentrates and gold contained in stockpiled ore as determined by production records. The cost of work-in-progress includes the cost of direct materials, labour, and variable and fixed overheads relating to mining activities.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less appropriate allowances for the estimated irrecoverable amounts.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances and deposits with banks which mature within three months of deposit and have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(i) Impairment

The carrying amounts of assets, other than inventories, deferred tax assets and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(j) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(k) Borrowings and borrowing costs

All loans and borrowings are initially recognised at the fair value of the consideration received net of direct issue costs associated with the borrowing. Financing charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and are expensed as incurred. The interest component of finance lease payments is recognised in the consolidated income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when the asset is substantially complete and ready for use.

(l) Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the

lease, if this is practicable to determine; if not, the Group's incremental borrowing rate is used.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(m) Revenue

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Gold sales are recognised when the significant risks and rewards of ownership are transferred to the buyer. Amounts are recorded net of value added tax, rebates and discounts.

(n) Retirement benefit costs

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(o) Income tax

Current tax is provided based on the results for the period.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law that have been enacted or substantially enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the consolidated financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(p) Functional and presentation currency

The consolidated financial statements have been presented with United Kingdom Sterling as the presentation currency as the Company is incorporated in Jersey with Sterling denominated shares which are traded on AIM, a market operated by the London Stock Exchange.

In the opinion of the directors, Malaysian Ringgit is the functional currency as the major part of the Group's finances are in Malaysian Ringgit and expenses in relation to mining activities, overheads and corporation tax are in Malaysian Ringgit.

(q) Foreign currency translation

Foreign exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised in the consolidated income statement in the period in which they arise.

Consolidated subsidiaries are considered as financially, economically and organisationally autonomous foreign entities. Their reporting currencies are the respective local currencies. Assets and liabilities of foreign consolidated subsidiaries are translated to United Kingdom Sterling at the rate of exchange ruling at the balance sheet date. Revenue and expenses are translated at the average exchange rates for the year. All resulting translation differences are included in a translation reserve in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

United Kingdom Sterling	1.00	Malaysian Ringgit	5.8592
United Kingdom Sterling	1.00	United States Dollar	1.6587

The average rates used in translation of foreign currency income and expenses during the year are as follows:

United Kingdom Sterling	1.00	Malaysian Ringgit	6.1806
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(r) Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument. Derivative financial instruments, which are not effective hedges, are measured at fair value, with the movement in fair value being recognised in the income statement for the period. Movements in the fair value of derivative financial instruments which are considered effective hedges are recognised directly in equity.

- Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

- Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

- Compound instruments

The compound parts of compound instruments (convertible bonds) issued by the Group are classified separately

as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

The consideration paid in connection with an early redemption of a compound financial instrument is allocated at the date of redemption between the liability and the equity components with an allocation method consistent with the method used initially. The amount of gain or loss relating to the liability component is recognized in other financial income (loss) and the amount of consideration relating to the equity component is recognized in shareholders' equity.

- Investments in subsidiaries

Investments held by the Parent Company in subsidiaries are held at cost less impairment.

(s) Deferred stripping costs

Stripping costs incurred during the production phase to remove waste ore are deferred to the balance sheet and charged to operating costs on the basis of the average life of the mine stripping ratio.

The average stripping ratio is calculated as the number of cubic metres of waste material removed per tonne of ore mined. The average stripping ratio over the life of the mine is revised annually in the light of additional knowledge and change in estimates.

(t) Environment protection, rehabilitation and closure costs

Provision is made for close down, restoration and for environment clean up costs, where there is a legal or constructive obligation to do so and when it is quantifiable. Any provision is reviewed on an annual basis for any changes in cost estimates or lives of operations.

As at the end of the financial year no such provision has been made as there is no legal or constructive obligation to do so. The company is currently mining only the tailings which essentially involves the mining of materials and then putting them back into existing mining facilities.

(u) Judgements in applying accounting policies and sources of uncertainty

Certain amounts included in the financial statements involve the use of judgement and /or estimation. These are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. However, judgements and estimations regarding the future are a key source of uncertainty and actual results may differ from the amounts included in the financial statements.

The key areas are summarised below:

Other Intangible Assets and Mining Development Expenditure

The recoverability of other intangible assets and mining development expenditure, including exploration costs, is assessed based on a judgement about the likely economic feasibility of the projects.

Carrying Values of Property, Plant and Equipment

The Group periodically makes judgements as to whether its property, plant and equipment may have been impaired, based on internal and external factors. Any impairment is based on estimates of future cash flows.

Environment protection, rehabilitation and closure provisions

Such provisions require a judgement on likely future obligations, based on assessment of technical, legal and economic factors. The ultimate cost of such items is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements and the life of mine.

Provisions and contingent liabilities

Judgements are made on whether a past event has led to a potential liability that should be recognised in the financial statements or disclosed as a contingent liability. When or whether such a potential liability can be quantified it often involves judgements and estimations. These judgements are based on a number of factors including the nature of the claim or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realised. Several of these factors are a source of uncertainty.

3. Investment in Subsidiaries

Company	2009 £
Cost and net book value	
At 30 th June 2007	16,975,298
Additions	-
	<hr/>
At 30 th June 2008	16,975,298
Additions	2,221,301
	<hr/>

At 30th June 2009 19,196,599

During the financial year, the Company increased its investment in RAGM by £2,221,301, which is shown as follows:

	<u>2009</u>
	£
11 million new ordinary shares of RM1 each at par	2,068,719
Corporate guarantee issued to financial institution for bank facility granted to RAGM	<u>152,582</u>
	<u>2,221,301</u>

During the financial year, the Company issued a corporate guarantee to secure bank loans provided to RAGM. Details are disclosed in Note 11.

The Company's investment in RAGM is £12,420,889 and its investment in SEREM is £6,775,710.

Subsidiary Companies

The consolidated financial statements include the following subsidiary companies held at 30th June 2009:

Subsidiary companies and country of incorporation	Nature of Business	Place of business	Ordinary shares owned
Raub Australian Gold Mining Sdn. Bhd. (%RAGM+) (Malaysia)	Gold Mining	Malaysia	100%
S.E.R.E.M Malaysia Sdn. Bhd. (%SEREM+) (Malaysia)	Holding of Mining rights	Malaysia	100%

4. Property, Plant and Equipment

Company	Furniture, fittings and equipment	
	£	Total £
<u>Cost</u>		
At 1 st July 2007	1,524	1,524
Additions	-	-
At 30 th June 2008	<u>1,524</u>	<u>1,524</u>
Additions	-	-
At 30 th June 2009	<u>1,524</u>	<u>1,524</u>
<u>Accumulated depreciation</u>		
At 1 st July 2007	305	305
Charge for the year	152	152
At 30 th June 2008	<u>457</u>	<u>457</u>
Charge for the year	153	153
At 30 th June 2009	<u>610</u>	<u>610</u>
Net Book Value at 30 th June 2009	<u>914</u>	<u>914</u>
Net Book Value at 30 th June 2008	<u>1,067</u>	<u>1,067</u>

Peninsular Gold Limited

Notes to the Financial Statements For the Year ended 30th June 2009
(Continued)

4. Property, Plant and Equipment (Continued)

Group	Plant and equipment £	Buildings £	Motor vehicles £	Furniture, fittings and equipment £	Renovation £	Assets under construction £	Gold production plant £	Tailings storage facility £	Leasehold land £	Total £
<u>Cost</u>										
At 1 st July 2007	83,257	9,819	81,655	68,629	15,498	836,374	-	-	-	1,095,232
Currency translation difference	5,187	611	5,088	4,314	966	52,112	-	-	-	68,278
Additions	474,257	-	5,039	7,751	-	4,417,294	-	-	76,788	4,981,129
Disposals	-	-	(728)	-	-	-	-	-	-	(728)
At 1 st July 2008	562,701	10,430	91,054	80,694	16,464	5,305,780	-	-	76,788	6,143,911
Currency translation difference	62,635	1,161	10,135	8,982	1,833	590,597	-	-	8,548	683,891
Additions	110,856	34,122	-	54,529	156,165	3,724,206	56,286	1,357,333	-	5,493,497
Written off	-	-	-	(8,643)	(12,767)	-	-	-	-	(21,410)
Reclassification	-	221,224	-	-	-	(9,620,583)	9,399,359	-	-	-
At 30 th June 2009	736,192	266,937	101,189	135,562	161,695	-	9,455,645	1,357,333	85,336	12,299,889
<u>Accumulated depreciation</u>										
At 1 st July 2007	80,174	6,345	17,910	18,725	1,075	-	-	-	-	124,229
Currency translation difference	5,019	430	1,732	1,616	117	-	-	-	235	9,149
Charge for the year	742	1,073	19,499	10,745	1,596	-	-	-	7,444	41,099
Disposals	-	-	(728)	-	-	-	-	-	-	(728)
At 1 st July 2008	85,935	7,848	38,413	31,086	2,788	-	-	-	7,679	173,749
Currency translation difference	10,343	2,025	5,473	4,301	733	-	16,693	2,264	1,298	43,130
Charge for the year	14,178	20,997	21,828	13,321	7,701	-	304,313	41,266	8,090	431,694
Written off	-	-	-	(4,534)	(3,426)	-	-	-	-	(7,960)
At 30 th June 2009	110,456	30,870	65,714	44,174	7,796	-	321,006	43,530	17,067	640,613
Net Book Value at 30 th June 2009	625,736	236,067	35,475	91,388	153,899	-	9,134,639	1,313,803	68,269	11,659,276
Net Book Value at 30 th June	476,766	2,582	52,641	49,608	13,676	5,305,780	-	-	69,109	5,970,162

2008

Peninsular Gold Limited

**Notes to the Financial Statements For the Year ended 30th June 2009
(Continued)**

4. Property, Plant and Equipment (Continued)

Assets under construction refer to the construction works in progress for the Carbon-In-Leach plant, which were completed in the year and accordingly, all associated costs were transferred to gold production plant. Included in assets under construction are borrowing costs capitalised amounting £698,123 (2008 : £517,408). The rate of capitalisation is 18% (2008 : 11.7%).

Included in property, plant and equipment are motor vehicles acquired under hire purchase agreements with a net book value of £30,507 (2008 : £46,321).

Leasehold land refers to a piece of land owned by SEREM on which mining certificate MC511 relates to.

5. Other Intangible Assets – Mining Reserves and Resources

	SEREM £	RAGM £	Group £
<u>Cost</u>			
At 1 st July 2007	7,300,483	10,077,995	17,378,478
Additions	-	-	-
At 1 st July 2008	<u>7,300,483</u>	<u>10,077,995</u>	<u>17,378,478</u>
Additions	-	-	-
Less : Amortisation	-	(295,468)	(295,468)
At 30 th June 2009	<u><u>7,300,483</u></u>	<u><u>9,782,527</u></u>	<u><u>17,083,010</u></u>
<u>Net book value</u>			
At 30 th June 2009	<u>7,300,483</u>	<u>9,782,527</u>	<u>17,083,010</u>
At 30 th June 2008	<u>7,300,483</u>	<u>10,077,995</u>	<u>17,378,478</u>

Other intangible assets comprise mineral properties including mining licences and rights.

The Group's mining assets were valued by independent experts prior to the acquisition of the subsidiaries on 17th June 2005 and these valuations were considered to be relevant and unimpaired at the balance sheet date. The valuation was based upon the defined reserves, resources and the Group's prospecting interests. Valuation techniques most relevant to the asset type, as considered by the independent valuer, were applied and included discounted cash flows for the defined reserves, comparable transaction method for the inferred resources and the Geoscience Factor method for mineral titles. The gold price used for the discounted cash flow calculation of the reserves was US\$ 420 per ounce.

The Group intend to do an updated valuation within the next financial year and plan to disclose it in due course.

The current profile and amount of gold reserves are disclosed in the Chairman's Review.

6. Mining Development Expenditure

	SEREM £	RAGM £	Group £
<u>Cost</u>			
At 1 st July 2007	300,153	1,627,412	1,927,565
Additions	167,157	1,244,077	1,411,234
At 30 th June 2008	<u>467,310</u>	<u>2,871,489</u>	<u>3,338,799</u>
Additions	52,017	395,996	448,013
Less : Amortisation	-	(108,824)	(108,824)

At 30th June 2009 519,327 3,158,661 3,677,988

Mining development expenditure relates principally to the exploration related costs incurred for the Raub and Tersang project areas. No revenue has been generated from SEREM in the financial year ended 30th June 2009. Hence, there has been no amortisation of mining development expenditure for SEREM.

The directors are of the view that there will be sufficient future revenue from the extraction of gold to offset the mining development expenditure capitalised in the financial statements.

7. Inventories

Group	<u>2009</u>	<u>2008</u>
	£	£
Spare parts and consumables	266,792	21,651
Finished goods and work-in-progress	278,582	347,134
	<u>545,374</u>	<u>368,785</u>

Despite the commencement of mining operations in the year, the level of deferred stripping has not been significant and consequently, no deferred stripping adjustment have been made at 30th June 2009.

8. Other receivables

	Group		Company	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	£	£	£	£
Other receivables	1,014,920	1,908,716	100	287
Amounts due from subsidiaries	-	-	3,558,466	14,138,743
	<u>1,014,920</u>	<u>1,908,716</u>	<u>3,558,566</u>	<u>14,139,030</u>

Included in other receivables are refundable and interest free advances of £593,344 (2008: £1,775,566) to a third party in relation to the construction of the plant.

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

9. Cash and Cash Equivalents

	Group		Company	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	£	£	£	£
Cash at bank and in hand	290,757	2,021,413	189,995	1,486,453

A fixed deposit of £28,321 (2008 : £24,572) with a licensed bank has not been included in Cash and Cash Equivalents as it has a maturity exceeding three months at inception. It has been reported in short term investments.

10. Trade and Other Payables

	Group		Company	
	<u>2009</u>	<u>As Restated</u>	<u>2009</u>	<u>As Restated</u>
	£	£	£	£
Trade payables	509,883	241,831	-	-
Other payables and accrued expenses	2,777,627	416,006	2,048,729	376,852
Amount due to related party (Note 22)	527,035	527,035	527,035	527,035
	<u>3,814,545</u>	<u>1,184,872</u>	<u>2,575,764</u>	<u>903,887</u>
Less : non-current portion	(307,200)	(230,400)	(307,200)	(230,400)
	<u>3,507,345</u>	<u>954,472</u>	<u>2,268,564</u>	<u>673,487</u>

Included in other payables and accrued expense is deferred consideration of £1,210,668 (2008 : £Nil) which relate to the repurchase of convertible loan notes (Note 11).

Also included in other payables and accrued expenses is accrued preference dividends of £307,200 (2008 : £230,400) and

amounts are not deemed payable within 12 months of the balance sheet date. A prior period adjustment has arisen in respect to an error relating to the company's accrued preference dividends at 30th June 2008, amounting to £230,400. Details are disclosed on Note 12.

11. Borrowings

	Group		Company	
	<u>2009</u> £	<u>2008</u> £	<u>2009</u> £	<u>2008</u> £
Bank loans	11,158,306	-	-	-
Convertible loan notes	-	9,531,913	-	9,531,913
Preference shares - debt portion (Note 12)	850,000	850,000	850,000	850,000
Corporate guarantee issued to financial institution for bank facility granted to its subsidiary	-	-	152,582	-
Hire purchase obligations	43,192	51,903	-	-
	<u>12,051,498</u>	<u>10,433,816</u>	<u>1,002,582</u>	<u>10,381,913</u>
Less : current portion	(1,999,118)	(13,037)	-	-
	<u>10,052,380</u>	<u>10,420,779</u>	<u>1,002,582</u>	<u>10,381,913</u>

Bank loans

Bank loans provided to RAGM during the financial year (after deducting transaction costs) was £11,158,306 (Malaysian Ringgit 65,180,104) as shown below. The loans are secured by way of a debenture over all the assets and undertakings of RAGM, a third party charge over a property owned by a company under common control and a corporate guarantee provided by the Parent Company. These loans are repayable in 60 instalments commencing from 28th February 2009.

Group	<u>2009</u> £	<u>2008</u> £
Proceeds received from bank loans	11,776,352	-
Less : Transaction costs	(618,046)	-
	<u>11,158,306</u>	<u>-</u>
Net proceeds received from bank loans	<u>11,158,306</u>	<u>-</u>

The Group's bank loans are subject to interest at a rate of 2% per annum above the lender's base lending rate, currently 6.25%.

Hire purchase agreements are subject to fixed interest rates ranging from 2.45% to 4.65% (2008 : 2.45% to 4.65%) per annum.

Convertible loan notes

During the financial year ended 30th June 2008, the Company issued US\$20 million of convertible loan notes. The convertible loan notes were convertible into new ordinary shares of no par value in the capital of the Company at a price of 30 pence per share on or after 22nd August 2007. The foreign exchange rate for conversion is fixed at GBP1.00 : US\$2.05.

On 25th February 2009, the Company repurchased the US\$20 million of convertible loan notes for a cost of US\$17 million and the issue of 10 million one for one warrants. The principal terms of the repurchase are summarized as follows:

- Initial cash payment of US\$15 million (plus US\$1.07 million outstanding interest) followed by two deferred payments of US\$1 million each, one by 30 November 2009 and the second by 31 December 2009.
- The Company to issue to the seller of the convertible loan notes 5 million cashless warrants and 5 million warrants exercisable at a price of 30 pence per share.

A discount on the repurchase of the convertible loan notes of £1,622,170 was recorded in the statement of income. For more information on accounting treatment, refer to Note 16.

The equity portion of convertible loan notes was released and transferred to accumulated losses on redemption of the convertible loan notes.

The net proceeds received from the issue of the loan notes for 2008 were split between the liability and the equity portions, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:

<u>2009</u> £	<u>2008</u> £
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Proceeds of issue of convertible loan notes	-	9,357,871
Foreign exchange difference	-	180,948
Amortisation of transaction costs	-	101,681
Equity portion	-	(108,587)
		<hr/>
Liability portion	-	<u>9,531,913</u>

Borrowings are summarised as follows:

Group	Effective interest rate per annum %	Within one year £	Within one – two years £	Within two – five years £	Total £
At 30th June 2009					
Bank loans	8.25	1,984,639	2,363,143	6,810,524	11,158,306
Preference shares	9.00	-	-	850,000	850,000
Hire purchase obligations	3.20	14,479	10,171	18,542	43,192
		<u>1,999,118</u>	<u>2,373,314</u>	<u>7,679,066</u>	<u>12,051,498</u>
At 30th June 2008					
Convertible loan notes	10.50	-	-	9,531,913	9,531,913
Preference shares	9.00	-	-	850,000	850,000
Hire purchase obligations	3.27	13,037	13,030	25,836	51,903
		<u>13,037</u>	<u>13,030</u>	<u>10,407,749</u>	<u>10,433,816</u>

Hire purchase obligations

Group	2009 £	2008 £
Repayable within one year	17,157	13,618
Repayable between one and five years	34,738	48,517
	<hr/>	<hr/>
	51,895	62,135
Finance charges and interest allocated to future accounting periods	(8,703)	(10,232)
	<hr/>	<hr/>
	43,192	51,903
Included in liabilities falling due within one year	(14,479)	(13,037)
	<hr/>	<hr/>
	28,713	38,866

12. Share Capital

Company	2009 £	2008 £
Authorised		
Unlimited ordinary shares of £Nil par value each	-	-
	<hr/>	<hr/>
	-	-
Allotted, called up and fully paid		
55,230,978 ordinary shares of £Nil par value each	-	-
2,560,000 preference shares of £Nil par value each	-	-
	<hr/>	<hr/>
	-	-

The authorised share capital of the Company at 30th June 2009 is an unlimited number of shares of no par value designated as ordinary shares and an unlimited number of shares of no par value designated as preference shares.

The Company has one class of ordinary shares which carry no right to fixed income. 55,230,978 ordinary shares were issued up to 30th June 2009. Included in the ordinary shares are 5,952,382 ordinary shares issued at 42p per share on 30th

May 2008 and also 4,000,000 ordinary shares issued on 21st October 2008 at 25p per share. The net proceeds of the share issue (after deducting issue costs) was £2,362,047 and £980,770 respectively. 2,560,000 redeemable, convertible 6% preference shares were issued at £0.50 per share on 27th May 2005.

The preference shares carry no right to vote save in certain limited circumstances including where the Company proposes to reduce its capital, wind itself up or dispose of the whole of its property and business. Payment of dividends is subject to Jersey Companies Law, the availability of distributable profits and the discretion of the Board. The preference shares may be converted into ordinary shares at the option of the holder at a rate of conversion determined by application of a formula that could result in every 4 preference shares being converted into 5 ordinary shares. The preference shares are redeemable at the option of the Company either in cash or through the issue of ordinary shares to the preference share holder based on a rate determined by application of a formula that could result in the issue of 5 ordinary shares for every 4 preference shares.

A prior period adjustment has arisen in respect of an error relating to the company's accrued preference dividends at 30th June 2008, amounting to £230,400. In accordance with the share subscription agreement, preference dividends should be accrued from the date of issuance to the conversion date or the redemption date. The impact of the adjustment to the prior periods has been to increase accumulated losses by £153,600 at 1st July 2007, increase in the loss of £76,800 for the year ended 30th June 2008 with a corresponding increase of £230,400 to trade and other payables.

Warrants

On 3rd November 2005, the Company issued 1,270,000 new ordinary shares at £0.50. The subscribers of these shares have been allotted free, one unquoted warrant exercisable at 65p per share by 31st December 2008 for each share subscribed. The warrants had not been exercised and expired on 31st December 2008 resulting in a transfer of £153,000 from capital reserve account to accumulated reserve account.

On 24th February 2009 the Company issued 5 million cashless warrants and 5 million warrants exercisable at a price of 30 pence per share to R3 Capital Partners Master LP. The warrants expire on 19th July 2012. The warrants issued formed part of the consideration with respect to the repurchase of convertible loan notes (Note 11).

There is no impact on dividend per share with respect to the warrants issued due to the Company has not declared any dividend.

Mining Rights Agreement

On 17th June 2005, the Company entered into a Mining Rights Agreement, which provides for the issue by the Company of 1,356,780 ordinary shares to Akay Holdings Sdn. Bhd. in consideration for the procurement by Akay Holdings Sdn. Bhd. of certain mining rights. On 11th December 2007, the Company entered into an agreement with Akay Holdings Sdn Bhd to vary the terms of the Mining Rights Agreement whereby the obligations under the agreement would be paid in cash (£678,390) no later than 30th November 2008 and that no interest in the company shall be payable to Akay Holdings Sdn Bhd in respect of this sum. RM1 million (£151,355) was paid on 31st January 2008. On 11th November 2008, both parties entered into a second variation agreement to defer the payment of the outstanding amount to a date no later than 31st December 2009 (Note 23).

13. Segmental Information

Currently all revenues, losses before tax and the carrying value of assets and liabilities arise from the production and sale of gold doré bars within Malaysia.

14. Loss From Operations

Loss from operations for the year is arrived at after charging / (crediting) the following:

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Audit fees	51,546	49,997	43,000	43,000
Depreciation of property, plant and equipment	431,694	41,099	153	152
Amortisation of mining development expenditure	108,824	-	-	-
Amortisation of other intangible assets	295,468	-	-	-
Directors' emoluments	348,447	320,138	261,611	263,778
Rental of premises	85,326	46,159	-	-
Rental of property, plant and equipment	13,152	9,157	-	-

15. Employees

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Wages and salaries	819,259	449,880	291,581	291,837
Social security costs	5,498	865	-	-
Other pension costs	42,400	10,071	-	-

<u>867,157</u>	<u>460,816</u>	<u>291,581</u>	<u>291,837</u>
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The average monthly number of employees during the year was as follows:-

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Administration	31	18	3	3
Production	73	21	-	-
	<u>104</u>	<u>39</u>	<u>3</u>	<u>3</u>

16 Financial Income / (Loss)

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Finance costs:				
Bank loan interest	334,916	58,594	-	-
Other financial charges	13,697	3,091	1,277	1,862
Interest on convertible loan notes	69,244	303,648	69,244	303,648
Amortisation of transaction costs	111,933	101,681	67,787	101,681
	<u>529,790</u>	<u>467,014</u>	<u>138,308</u>	<u>407,191</u>
Financial income:				
Discount on repurchase of convertible loan notes	1,622,170	-	1,622,170	-
Interest income	15,329	67,274	14,368	52,345
	<u>1,637,499</u>	<u>67,274</u>	<u>1,636,538</u>	<u>52,345</u>
Net financial income / (loss)	<u>1,107,709</u>	<u>(399,740)</u>	<u>1,498,230</u>	<u>(354,846)</u>

The financial income of £1,622,170 relates to the early redemption of the convertible loan notes (refer to note 11).

17. Income Tax Expense

Malaysian Corporation Tax is provided on taxable profits at the appropriate rate. The Company has exempt company status for Jersey Income tax purposes and an exempt company tax at the fixed rate of £600 per annum is payable. As no relationship exists between the exempt company tax and the level of the Company's activities, the tax charge is included in administrative expenses. Income tax for the financial year is derived by using Malaysian tax rate of 25% (2008 : 26%).

Tax reconciliation :

Group	2009	2008
	£	£
Loss before taxation	<u>(4,787,034)</u>	<u>(1,527,895)</u>
Income tax using Malaysian tax rate	(1,196,759)	(397,253)
Non-deductible expenses	1,506,986	380,779
Non-taxable income	(714,464)	-
Effect of deferred tax assets not recognised	407,587	16,395
Effect of lower tax rate for Malaysian Companies with share capital below RM2.5 million	(3,350)	79
	<u>-</u>	<u>-</u>

18. Deferred Taxation

No deferred tax asset has been recognised in respect of the following items:

Group	<u>2009</u> £	<u>2008</u> £
Taxable temporary differences	(3,706,436)	(874,017)
Unabsorbed capital allowance	4,446,332	966,214
Unutilised tax losses	3,756,917	1,741,112
	<u>4,496,813</u>	<u>1,833,309</u>

One of the Company's subsidiaries, RAGM has received a confirmation from the Malaysian Industrial Development Authority, the government's principal agency for the promotion and coordination of industrial development in Malaysia, that RAGM's Raub Tailings Project is entitled to Pioneer Status. Under the Pioneer Status scheme, RAGM will be entitled to 85% tax exemption on its statutory income from the project for a period of 5 years commencing on the day that production reaches 30% of its planned capacity. The unutilised tax losses do not expire under the Malaysian tax legislation but cannot be offset against taxable profits in this period. As a result of uncertainty of recoverability of these losses, a deferred tax asset has not been recognised at 30th June 2009. If there is a substantial change in shareholders (more than 50%) however, the unutilised tax losses will not be available to the Group.

The Company has tax exempt status for Jersey Income tax purposes.

19. Basic Loss Per Share

The basic loss per share for the year is 8.87p (2008 : 3.34p). The calculation of the basic loss per share is based on the loss for the year of £4,737,034 (2008 : £1,527,895). The weighted average number of shares in issue during the year was 53,992,622 (2008 : 45,766,496 shares). The redeemable preference shares and the warrants attached to the 1,270,000 shares issued in November 2005 are anti-dilutive. The rights of preference share holders on conversion are set out in Note 12.

A prior period adjustment has arisen in respect to an error relating to the company's accrued preference dividends at 30th June 2008, amounting £230,400 and has resulted an increase in basic loss per share by 0.17p at 30th June 2008.

20. Capital Commitments

Group	<u>2009</u> £	<u>2008</u> £
Authorised and contracted for	1,996,860	1,458,980
Authorised but not contracted for	-	921,461

The above amounts at 30th June 2009 relate to a commitment for the expansion of the Carbon-in-Leach Plant (CIL), scheduled for completion at the end of the financial year 2010.

21. Ultimate Controlling Party

The Company is controlled by DatoqSri Andrew Tai Yeow Kam, a director.

22. Key Management Personnel Compensation

	Group		Company	
	<u>2009</u> £	<u>2008</u> £	<u>2009</u> £	<u>2008</u> £
Directors' emoluments	<u>348,447</u>	<u>320,138</u>	<u>261,611</u>	<u>263,778</u>

Key management personnel comprise Directors having authority and responsibility for planning, directing and controlling all activities of the entity either directly or indirectly.

23. Related Party Transactions

As a result of DatoqSri Andrew Tai Yeow Kam's 99.9% interest in Akay Holdings Sdn. Bhd. and 70% interest in Akay Venture Sdn. Bhd. and the substantial shareholding of Akay Holdings Sdn. Bhd. and Akay Venture Sdn. Bhd. in the Company and DatoqMohamed Moiz Bin JM Ali Moiz's substantial shareholding in the Company, the following are considered related party transactions:

- (a) On 4th June 2009, RAGM was granted by Akay Holdings Sdn. Bhd. a registered permit to undertake mining activities on the 1669 Mining Lease for a period of one year expiring on 30th July 2010. Provided that RAGM does not breach the terms of the permit, Akay Holdings Sdn. Bhd. will grant an annual extension of the permit until expiry of the 1669 Mining Lease on 31st December 2017. The Group pay Akay Holdings Sdn. Bhd. £1,707 annually under this agreement to permit the Group to carry out gold mining activity at Raub, Pahang. The Directors are confident that the permit will be renewed once it expires.

- (b) On 17th June 2005, the Company entered into the Mining Rights Agreement with Akay Holdings Sdn. Bhd., pursuant to which the company will issue 1,356,780 ordinary shares at £0.50 per share to Akay Holdings Sdn. Bhd. for procuring a permit for the company to undertake prospecting and mining activities on the Raub Mining Development Corporation Sdn. Bhd. (RMDC) land. On 11th December 2008, the Company entered into an agreement with Akay Holdings Sdn Bhd to vary the terms of the Mining Rights Agreement whereby the obligations under the agreement shall now be paid in cash (£678,390) no later than 30th November 2009 and that no interest shall be payable to Akay Holdings Sdn Bhd in respect of this sum. RM1 million (£151,355) was paid on 31st January 2008. On 11th November 2008, both parties entered into a second variation agreement to defer the payment of the outstanding amount to a date no later than 31st December 2009.
- (c) On 10th February 2009, Raub Australian Gold Mining Sdn Bhd, Peninsular Gold Limited and Akay Holdings Sdn Bhd entered into a financing agreement whereby RAGM agrees to pay Akay an annual fee of RM960,000 (£163,845) for the term of the agreement for creating a charge in favour of Bank Kerjasama Rakyat Malaysia Berhad. This was to enable RAGM to secure a RM69 million facility under the BaiqAl-Inah Term Financing-i, as disclosed in Note 11 to the financial statements.
- (d) On 7th August 2009, the Company issued a corporate guarantee in favour of Bank Kerjasama Rakyat Malaysia Berhad. This was to enable RAGM to secure a RM69 million facility under the BaiqAl-Inah Term Financing-i, as disclosed in Note 11 to the financial statements.

24. Financial Risk Management

The Group's activities expose it to a variety of financial risks, including the effects of changes in commodity prices, exchange rates, interest rates, credit and liquidity risks. The Board reviews and agrees policies for managing each of these risks. Other than the use of put options when appropriate in relation to gold price risk, the Group does not currently have a policy of using financial derivatives to mitigate these risks. The following information is presented in order to assist users of the financial statements in assessing the extent of risk related to financial instruments:

	<u>2009</u>	<u>As Restated</u> <u>2008</u>
	£	£
Financial assets, at amortised cost		
Cash and bank balances	290,757	2,021,413
Fixed deposit	28,321	24,572
Other receivables	1,014,920	1,908,716
	<u>1,333,998</u>	<u>3,954,701</u>
Financial liabilities, at amortised cost		
Trade and other payables	3,316,670	899,714
Hire purchase creditors	43,192	51,903
Other long-term liabilities	12,008,306	10,381,913
	<u>15,368,168</u>	<u>11,333,530</u>

Commodity price risk

The Group is subject to commodity price risk. Gold is sold at its spot rate. As at the financial year end, the spot price of gold was USD 934.50 per ounce. The Group seeks to manage its exposure to commodity price risk through the use of gold put options. As at 30th June 2009, there were no put options in place.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis to ensure that the group only deals with well established counterparties, including international banks and reputable third parties. At the balance sheet date, the main areas of significant concentration of credit risk include cash and cash equivalents and prepaid capital costs within other receivables.

Interest rate risk

The Group is exposed to interest rate risk through the holding of cash and cash equivalents, and where variable interest rates are attached to cash and cash equivalents, the maturity of these instruments is short-term. The Group adopts a practice to continuously seek for alternative facilities, which provide competitive interest rate to finance and/or refinance its working capital requirements.

Interest rate risk (Continued)

The Group finances its operations via equity fundraising and bank loans bearing a margin of 2% per annum above the lender's base lending rate, currently 6.25%. Hire purchase arrangements are subject to fixed interest rates ranging from 2.45% to 4.65% per annum. The Group has not entered into interest rate swap, cap and collar agreements to mitigate interest rate risk.

During the financial year, the Company has repurchased its US\$20 million of convertible loan notes as disclosed in Note 11.

If interest rates had been 1% higher/lower and all other variables were held constant, the impact would be as follows:

	Group		Company	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	£	£	£	£
Increase/(decrease) in loss	111,583	-	-	-

In 2008, sensitivity to the Group was £Nil as the Group did not have floating rate bank loans.

Liquidity risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The maturity profile of the undiscounted financial liabilities is disclosed below:

Group	Within one year	Within one – two years	Within two – five years	Total
	£	£	£	£
At 30th June 2009				
Bank loans	1,984,639	2,363,143	6,810,524	11,158,306
Hire purchase obligations	14,479	10,171	18,542	43,192
Preference shares	-	-	850,000	850,000
Trade and other payables	3,507,345	-	307,200	3,814,545
	<u>5,506,463</u>	<u>2,373,314</u>	<u>7,986,266</u>	<u>15,866,043</u>
At 30th June 2008				
Convertible loan notes	-	-	9,531,913	9,531,913
Hire purchase obligations	13,037	13,030	25,836	51,903
Preference shares	-	-	850,000	850,000
Trade and other payables	954,472	-	230,400	1,184,872
	<u>967,509</u>	<u>13,030</u>	<u>10,638,149</u>	<u>11,618,688</u>

During the recent uncertainty and shortage of funds in the financial markets, the Group has nonetheless raised both debt and equity funding when required.

Fair value

The carrying amounts of cash and cash equivalents, other receivables, trade payables and accruals, approximate their fair values due to the relatively short term nature of these financial instruments.

In respect of bank loans, the carrying amounts approximate their fair values due to the fact that interest rates are variable.

The carrying amounts of warrants issued approximate their fair values as they were valued based on a prevailing capital pricing model at the time.

Exchange rate risk

The Group undertakes certain transactions denominated in foreign currencies, namely Malaysian Ringgit and US Dollars and is therefore exposed to exchange rate risk associated with a fluctuation in the relative values of these currencies.

Exchange rate risk is mitigated to the extent considered necessary by the Board of Directors, through holding the relevant currencies.

The carrying amount of the Group's currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	<u>2009</u> £	<u>2008</u> £	<u>2009</u> £	<u>As Restated</u> <u>2008</u> £
GB Pounds Sterling	190,095	1,486,740	1,798,651	1,486,740
US Dollars	30,973	24,463	1,229,992	9,611,894
Malaysian Ringgit	1,112,930	2,443,498	12,339,525	240,179

The following table illustrates the Group's sensitivity to the fluctuation of the major currencies in which it transacts. A 10% percentage movement has been applied to each currency in the table below, representing management's assessment of a reasonably possible change in foreign currency rates:

	US Dollar currency impact		Malaysian Ringgit currency impact	
	<u>2009</u> £	<u>2008</u> £	<u>2009</u> £	<u>As Restated</u> <u>2008</u> £
Profit or (loss)	(119,902)	(958,743)	(1,122,659)	220,332

The Group does not enter into forward exchange contracts to hedge its foreign currency exposure. However, the Board

keeps this policy under review.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders subject to maintaining sufficient financial flexibility to undertake its investment plans.

The Group monitors capital on the basis of the debt to adjusted capital ratio.

Adjusted capital of the Group is summarised as follows:

	<u>2009</u>	<u>As Restated</u> <u>2008</u>
	£	£
Cash and cash equivalents	(290,757)	(2,021,413)
Borrowings	12,051,498	10,433,816
Total equity	<u>18,433,603</u>	<u>19,392,237</u>
	<u>30,194,344</u>	<u>27,804,640</u>
Gearing ratio (debt / adjusted capital)	39.9%	37.5%

25. Recent Accounting Pronouncements

At 30th June 2009, the following Standards and Interpretations were in issue but not yet effective:

IFRS 2	Share based payments (effective 1st January 2009); and group cash-settled share based payment transaction (effective 1st January 2010 but not EU endorse);
IFRS 7	Financial instruments; improving disclosures about financial instruments (effective 1st January 2009);
IFRS 8	Operating segments (effective 1st January 2009);
IFRS 9	Financial instruments (effective 1st January 2012 but not EU endorse);
IAS 1	Presentation of financial statements (effective 1st January 2009);
IFRS 3 and IAS 27	Business combinations an consolidated and separate financial statements (effective 1st July 2009);
IAS 23	Borrowing costs (effective 1st January 2009);
IAS 24	Related party disclosure (effective 1st November 2009);
IAS 32	Contingent consideration (effective 1st July 2009); and right issues (effective 1st February 2010 but not EU endorse);
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (effective 1st July 2009);
IAS 39	Financial instruments; recognition and measurement exposures qualifying for hedge accounting (effective 1st July 2009);
IFRIC 9 and IAS 39	Reassessment of embedded derivatives and financial instruments: recognition and measurement (ending on or after 30th June 2009 but not EU endorse);
IFRIC 16	Hedges of a net investment in a foreign operation (effective 1st July 2009); and
IFRIC 17	Distributions of non-cash assets to owners (effective 1st July 2009);

The 2008 IASB improvements project was finalised in May 2009. The 2008 changes impacted twenty standards. Improvement projects will now be an annual occurrence.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no impact on the results and financial position presented in this financial information other than substantial changes to the disclosures required in the financial information, as well as changes in the presentation of performance introduced by the revised IAS 1 which is effective for accounting periods beginning on 1st January 2009.

26. Post balance sheet events

- (a) On 7th August 2009, Raub Australian Gold Mining Sdn Bhd, Peninsular Gold Limited and Akay Holdings Sdn Bhd entered into a financing agreement whereby RAGM agrees to pay Akay an annual fee of RM1.39 million (£237,234) for the term of the agreement for creating a third charge in favour of Bank Kerjasama Rakyat Malaysia Berhad. This was to enable RAGM to secure a RM100 million facility under the BaiqAl-Inah Term Financing-i.
- (b) On 7th August 2009, Raub Australian Gold Mining Sdn Bhd, executed the following security documents in favour of Bank Kerjasama Rakyat Malaysia Berhad as security for the RM100 million (£17,023,595) facility granted under the BaiqAl-Inah Term Financing-i:-
- (i) Asset Sale Agreement;
 - (ii) Asset Purchase Agreement;
 - (iii) Debenture;

The RM100 million facility provided to RAGM is secured by way of debenture over all the assets and undertaking of RAGM, a third party charge over a property owned by a company under common control and a corporate guarantee by the Company. The loan is subject to interest at a rate of 2% per annum above the lender's base lending rate and is repayable in 48 instalments commencing from 1st September 2010.

27. Contingent Liability

On 24th February 2009, the fixed and floating charge over all the Company's present and future assets and undertakings created by the Company in 2007 as security for convertible loan notes amounting to US\$20 million issued by the Parent Company, Peninsular Gold Limited was fully released.

Application for Judicial Review

On 21st March 2008, four individuals, claiming to act on behalf of the residents of Kampung Bukit Koman, Raub, Pahang Darul Makmur, Malaysia (the "Applicants") filed an application for leave for judicial review against decisions made by the Director General of the Department of Environment in Malaysia ("DOE") concerning the approval of the preliminary Environmental Impact Assessment granted to the Company on 13th January 1997. The DOE is the first and principal respondent to the application whilst the Company has been named as the second respondent.

The Applicants are seeking, inter-alia, the following relief against the DOE and the Company:

- (a) A declaration that an Environmental Impact Assessment Report ("EIA") dated 27 August 1996 relating to the proposal to extract and mine gold from the Bukit Koman gold mine does not comply with the requirements of Section 34A of the Environmental Quality Act 1974 ("EQA") and a corresponding order to quash the decision of the DOE dated 13 January 1997 approving such Environment Impact Assessment Report;
- (b) A declaration that a decision of the DOE on 21st February 2008 dismissing an earlier application by a third party requiring the Company to produce a new and detailed Environmental Impact Assessment Report amounts to a breach of natural justice and/or a breach of Section 34A of the EQA and a corresponding order to quash such decision;
- (c) A declaration that the Company be prohibited from continuing and/or pursuing its mining activities and/or gold digging activities until a new and detailed Environmental Impact Assessment Report is produced for consideration by DOE in accordance with Section 34A of the EQA with the addition of public participation;
- (d) An order compelling the Company to produce a new and detailed Environmental Impact Assessment Report for consideration by the DOE in accordance with Section 34A of the EQA with the addition of public participation; and
- (e) A stay of proceedings against the decision of the DOE handed down on 13th January 1997 approving the EIA Report dated 27th August 1996 in the event leave for judicial review is granted.

The Applicants have made an application to the Court to seek an extension of time to proceed with their application for a judicial review of the decision of the DOE made on 13th January 1997. Under the provision of Order 53 rule 3(6) of the Malaysian Rules of the High Court 1980, an application for judicial review shall be made promptly and in any event within forty days from the date when the grounds for the application first arose or when the decision is first communicated to the applicant.

On 1st June 2009, the High Court of Malaya at Kuala Lumpur ("High Court") had dismissed the application filed by four individuals (the Applicants) for extension of time for leave of judicial review against decisions made by the Director General of the Department of Environment in Malaysia ("DOE") concerning certain environmental approval granted to Raub Australian Gold Mining Sdn Bhd ("RAGM"). The High Court was of the view that there was no basis to grant an extension of time for leave for judicial review. The High Court then ordered that the Applicants' Judicial Review Application be dismissed in its entirety with no order as to costs.

Three of the Applicants have sought to appeal against the decision handed down on 1st June 2009 and RAGM's solicitors were served with a copy of the Notice of Appeal dated 9th June 2009. This appeal is against the finding of the High Court wherein the High Court made a finding that there has been inordinate delay on the part of the Applicants in seeking leave to judicially review the decision of the Department of Environment to approve the Environmental Impact Assessment made on 13th January 1997. No date has been fixed for the hearing of the appeal.

RAGM filed an application for leave to cross-appeal on the issue of costs in the Court of Appeal on 1st July 2009. No date has been fixed for the hearing of this application.

In this connection, in the opinion of the Directors, a provision is not required for this matter.

28. Comparatives

Certain comparatives have been amended to conform with the presentation in the current year in relation to a prior period adjustment with respect to accrued preference dividends.

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