

## Regulatory Story

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**Company** Peninsular Gold Limited  
**TIDM** PGL  
**Headline** Final Results  
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 29 November 2010

**Peninsular Gold Limited**  
 (the "Company" or "Peninsular") (AIM: PGL)

**FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010**  
 and  
**NOTICE OF ANNUAL GENERAL MEETING**

Peninsular Gold Limited, the gold production and exploration group focused in Malaysia, today announces its inaugural annual profit of £237,812 in its Final Results for the year ended 30<sup>th</sup> June 2010.

**HIGHLIGHTS****Financial**

- Inaugural annual profit after tax (PAT) for the Group of £237,812 (2009: Loss £4,787,034)
- Wholly owned operating subsidiary contributed a PAT of £2,055,670 (2009: £1,082,229) from the Raub mine's operations
- £10,073,283 revenue (2009: £2,607,518) from unhedged gold sales

**Operations**

- 14,934 ounces of gold produced during period
- New 1.1mtpa plant at Raub fully commissioned and operational
- Expansion of the Raub plant's capacity to 2.0mtpa underway
- Expanded plant to be commissioned on tailings at end of Q1 2011 and oxide ore to be included during H2 2011
- Raub mine's operations team strengthened
- Northern gold licence areas granted - approximately 12,000 hectares of exploration grounds

**Post Period**

- Raub drilling intercepted high grade results at previously unexplored cross reef structure, assayed at 5.9m @ 99.60 g/t Au (incl. 2.1 m @ 280 g/t)
- £9.3m of funds, after costs, secured principally for exploration, infrastructure and working capital

**NOTICE OF ANNUAL GENERAL MEETING**

Peninsular announces that it has on 26<sup>th</sup> November 2010 posted to shareholders notice of the Annual General Meeting ('AGM') to be held at First Island House, Peter Street, St Helier, Jersey on 21<sup>st</sup> December 2010 at 9:30 a.m. A copy of the notice of AGM will be made available on the Company's website.

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**CHAIRMAN'S STATEMENT****INTRODUCTION**

Dear fellow shareholders,

It is my pleasure to write to all Peninsular's shareholders and report our inaugural move into profit. This is my fifth annual review on the progress of Peninsular Gold as it progresses its gold production and exploration activities in Malaysia. The year has seen a maiden profit, helped by our un-hedged gold production at the Raub mine and the realisation of a number of key operational milestones.

This year has again seen a number of areas of development and now is a good time to summarise Peninsular's progress since being admitted to the AIM market in June 2005 against some of the key objectives we set ourselves at that time:

JORC) inferred to 218,000 ounces (JORC) mostly in the measured and indicated categories;

- Developed a strong Raub operations team of in-house managers and local workforce; and
- Our targeted northern licence areas have been granted giving us a total of approximately 12,000 hectares of highly prospective exploration land.

I believe we have built a strong foundation for Peninsular to develop into a major regional gold mining and exploration company. With production firmly established we shall look to expand throughput by mining oxides at Raub during 2011 in addition to building up the overall resource base through exploration around the existing plant and in the Northern Licence areas.

The Company is currently reaping the benefit from the board's earlier decision to remain totally unhedged. This position is continually monitored and reviewed by the board.

I would like to thank all our shareholders for their loyal support which has enabled us to reach this key stage of Peninsular's development towards becoming a significant regional gold producer.

#### FINANCIAL YEAR TO 30<sup>th</sup> JUNE 2010

The profit after tax for the year to 30<sup>th</sup> June, 2010 was £237,812 (2009: Loss £4,787,034) and brings Peninsular its inaugural annual profit. This profit reflects the operational progress made since June 2005 culminating in the building of a modern CIL plant that is currently processing gold tailings material located at the Raub project site.

Peninsular's wholly owned operating company, Raub Australian Gold Mining Sdn. Bhd., which operates the Raub mine, contributed a profit after tax of £2,055,670 (2009: £1,082,229). The Group reported profit after tax of £237,812 is after charging administrative expenses, amortisation of intangible assets, foreign exchange movements and finance costs.

Work is progressing on the Plant upgrade at Raub (discussed below) and this is being principally funded by the Malaysian sourced financing facility of RM100m (equivalent to approximately £20.4m), the details of which were announced in August 2009. Once on-line the expanded production capacity is expected to significantly improve the profitability and cash flows of the Group.

In the second half of the financial year Peninsular successfully raised £5m, via equity placings with a number of UK institutional and other investors, towards the CIL plant upgrade, exploration and working capital. Subsequent to the year end a further £9.6m has been raised, principally for exploration, infrastructure and working capital.

#### OPERATIONS

Operationally the year to the end of June has seen a significant number of developments and changes. Gold production in the year to 30<sup>th</sup> June, 2010 was 14,934 ounces of gold and reflected the period of commissioning and operational tuning of the newly built plant.

The second half of the financial year also saw the successful development of our in-house team of expatriate managers supervising and developing our local on-site workforce of employees and local contractors. This team has bedded-in well and the results are being seen in the throughput rates which are now averaging above the target 90,000 tonnes per month with a record 113,580 tonnes treated in October 2010. Gold production for the four months after the financial year end to the end of October was 5,840 ounces.

Peninsular aims to achieve the highest levels of safety for all its employees and contractors working at its Raub operation, the great majority of who are from the local communities.

#### PLANT UPGRADE

The project to upgrade the Raub plant's capacity from 1.1mtpa to 2.0mtpa is underway with commissioning targeted for the end of first quarter of 2011. The expanded plant will be commissioned on tailings and we expect to bring in the richer oxide material later on in the second half of 2011. I look forward to updating the market as development of the plant progresses.

#### APPROVED EXPLORATION AREAS

During the year all of our outstanding exploration licence applications were finalised and combined with our previously held licences this now gives us approximately 12,000 hectares of available exploration areas. The areas in question all lie on the main Raub-Bentong suture, which delineates the major gold belt in the Malaysian peninsular, and contain several high rank soil, stream-sediment and geophysical anomalies. We believe these areas have significant potential to expand our resource base towards our target of 5 million ounces of gold.

The northern areas have been mainly the subject of alluvial artisanal gold mining but very little mining or exploration of the primary source of the gold has taken place in these areas. Our grounds start in the south with the Raub licences, which cover a 2km stretch of the historic high grade underground Raub Australian Gold Mine while the other licence areas all lie to the north of Raub along the same gold trend.

Existing known targets within the northern licence areas include the Tersang deposit, which currently has an inferred resource of 528,000 ounces (non-JORC); Chenua, a large geophysical anomaly similar in size and intensity to Tersang and located 3km to the east; Chunchok, which is 2km to the south of Tersang and contains several mineralised outcrops and with gold values as high as 12.3g/t as well as a drilling intercept 15m below surface of 2.8m @ 2.49g/t; Tengellan, about 7km to the north of Tersang and along the same geological structure, is an 800m x 200m wide soil gold anomaly related to an orebody similar to Tersang, and also Tengellan North which is a 300m long soil gold anomaly about 1.5km north of Tengellan.

Following our successful recent fund raising I look forward to reporting on progress on the exploration front as we start exploring in earnest in these highly prospective but little explored areas.

#### EXPLORATION RESULTS

The recent diamond drilling work at Raub, targeting the zone below the oxide material, has returned some very encouraging gold intercepts and the next stage of this drilling programme, to identify and delineate a significant resource below the oxides in the hard rock, has started. The recent results, announced on 13<sup>th</sup> September 2010, included the intercept of a vein of visible gold in a previously unexplored cross reef structure, which assayed at 5.9m @ 99.60 g/t Au (incl. 2.1 m @ 280 g/t).

#### PENINSULAR GOLD'S RESERVE & RESOURCE INVENTORY

The estimated current reserve and resource inventory of Peninsular Gold at 30<sup>th</sup> June 2010 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
<b>RAUB</b>	<b>Measured, Indicated and Inferred Resources</b>	<b>Total East Lode</b>	<b>4,887,000</b>	<b>1.39</b>	<b>218,000</b>
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. Total production to the end of October 2010 was 26,190 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.

#### INFRASTRUCTURE AND ENVIRONMENT

As our operations progress we look forward to the expanded plant coming on line and are ensuring that the supporting infrastructure develops at a consequent rate in order to ensure an effective and safe operational environment.

To this end we have undertaken a review of the onsite infrastructure and are implementing a series of enhancements to meet expanded production needs. These include the evaluation and implementation of options to increase tailings storage capacity whilst simultaneously enhancing further our environmental protection. We are in full compliance with all the relevant Malaysian environmental regulatory requirements.

We will also be improving the support facilities and offices to handle the needs of a growing number of operational and support staff as the expansion starts up.

#### CORPORATE SOCIAL RESPONSIBILITY

As a significant new and growing business in the Raub district, with many interested stakeholders, we are committed to the responsible and sustainable development of all our operations. Peninsular aims to nurture its good relationship with the local communities, businesses, schools and the relevant authorities that govern our operations who are naturally very interested in the redevelopment of what was once a major gold mine in the region and the opportunities it presents.

we continue to engage and develop stronger relationships.

#### STRATEGY GOING FORWARD

As stated above, I believe we have carefully built the key foundations for the Company to now build upon and progress into a significant regional gold producer. The plant at Raub is operating well with an excellent team of managers, engineers and operators. Peninsular is positioned to deliver on the 2011 commissioning of the upgraded plant and increase production from Raub.

Our plan is to commence mining oxide material in the second half of 2011 from the current 218,000 JORC resource in the East Lode. The ongoing exploration at Raub bodes well as we aim to delineate a significant resource at Raub below this shallow oxide material, which is located in close proximity to the plant. This, coupled with the exploration and drilling in the Northern Licence areas, should help us take the next steps towards our target of identifying 5 million ounces of gold and I look forward to updating shareholders on the exploration results over the next year.

We are well poised, with relatively low costs of production and the increase in the production capacity of the plant coming online next year to benefit from the current strong gold price.

In addition to our organic development we will remain alert to any potential acquisition opportunities where we believe they will add value to Peninsular.

As ever the professionalism, commitment and work level demonstrated by all the Group's staff has been at a very high level and I would once again like to thank them all for their loyalty and hard work.

In the year ahead we expect to achieve some further major milestones, on both the production and exploration fronts, that are expected to add significant value for Peninsular's shareholders. I look forward with great anticipation, to updating you all on our progress over the coming weeks and months.

Dato' Sri Andrew Tai Yeow Kam  
Chairman and Chief Executive

#### INDEPENDENT ADVISER'S DECLARATION

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves for the Raub area is based on information compiled by Bryan (Mort) Cowan who is a Member of the Australasian Institute of Mining and Metallurgy. Mort Cowan is an independent consultant geologist to the Company. The Directors of the Company are satisfied that he has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves" as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Mort Cowan is qualified as a qualified person as defined in the June 2009 Edition of the AIM Note for Mining, Oil and Gas Companies. Mort Cowan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

#### REPORT OF THE DIRECTORS

The directors' present their report and the audited financial statements for the year ended 30<sup>th</sup> June 2010.

##### Principal Activities

The principal activities of the Company and its subsidiaries during the year were the exploration, development of gold deposits and the production of gold dore bars 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.

##### Results and Dividends

The Consolidated Statement of Comprehensive Income for the year is set out below. The Group made a profit after tax of £237,812 (2009: Loss of £4,787,034). 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:

Dato' Sri Andrew Tai Yeow Kam  
Dato' 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

Dato' Sri Andrew Tai Yeow Kam (age 48) 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

**Dato' Mohamed Moiz Bin JM Ali Moiz**  
**Non Executive Director**

Dato' Mohamed Moiz Bin JM Ali Moiz (age 50), 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 Mico 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 60), 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 47) 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 <sup>st</sup> July 2009 Ordinary Shares of £Nil par value	30 <sup>th</sup> June 2010 Ordinary Shares of £Nil par value
Dato' Sri Andrew Tai Yeow Kam	-	-
Dato' Mohamed 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**

Dato' Sri Andrew Tai Yeow Kam <sup>1</sup>	21,638,869	21,638,869
Dato' Mohamed Moiz Bin JM Ali Moiz	-	-
Dr. Yves Fernand Marcel Cheze	-	-
Mr. Timothy Patrick Watson	-	-

<sup>1</sup> Dato' Sri 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 19.48% and 18.81% (2009: 23.39% and 22.58%) of Peninsular Gold Limited respectively at 30<sup>th</sup> June 2010.

At 19<sup>th</sup> November 2010, 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	16.7
Akay Venture Sdn. Bhd.	12,474,213	16.1
Baker Steel Capital Managers LLP	7,700,000	9.9
Dato' Mohamed Moiz Bin JM Ali Moiz	4,500,000	5.8
Phoenix Gold Fund	3,450,000	4.5
Granite Peak Ltd.	2,920,500	3.8
Raub Oil Mill Sdn. Bhd.	2,565,000	3.3
Bridge Fund SPC (Bridge Global Opportunities Fund Segregated Portfolio)	2,380,952	3.1

Company on 23<sup>rd</sup> November 2010, as disclosed in Note 25 to the financial statements.

#### Events after the Reporting Period

Details are disclosed in Note 25.

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

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Jersey 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 International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law. Under company law, the directors must prepare financial statements that give a true and fair view of the state of affairs of the Company and of profit or loss of the Company and Group for that period. 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 and Group 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. 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 MEMBERS 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 30<sup>th</sup> June 2010 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows, and related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Article 110 of Companies (Jersey) Law 1991. 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, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

#### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion 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 30<sup>th</sup> June 2010 and of the Group's profit and the Company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted in the European Union; and
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Michael Simms

For and on behalf of Moore Stephens LLP  
Chartered Accountants  
150 Aldersgate Street  
London  
EC1A 4AB

26<sup>th</sup> November 2010

#### FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010

##### Consolidated Statement of Financial Position at 30<sup>th</sup> June 2010

(Expressed in United Kingdom Sterling)

	Note	30 <sup>th</sup> June 2010 £	30 <sup>th</sup> June 2009 £
<b>Non-Current Assets</b>			
Property, plant and equipment	4	21,635,246	11,659,276
Other intangible assets	5	16,557,712	17,083,010
Mining development expenditure	6	4,380,249	3,677,988
		<hr/>	<hr/>
<b>Total Non-Current Assets</b>		42,573,207	32,420,274
<b>Current Assets</b>			
Inventories	7	890,887	545,374
Other receivables	8	1,112,734	1,014,920
Short-term investments	9	92,063	28,321
Cash and cash equivalents	9	1,118,530	290,757
		<hr/>	<hr/>
<b>Total Current Assets</b>		3,214,214	1,879,372
<b>Current Liabilities</b>			
Trade and other payables	10	(2,517,338)	(3,507,345)
Borrowings - current portion	11	(4,462,146)	(1,999,118)
		<hr/>	<hr/>
<b>Total Current Liabilities</b>		(6,979,484)	(5,506,463)
<b>Net Current Liabilities</b>		(3,765,270)	(3,627,091)
		<hr/>	<hr/>
<b>Total Assets Less Current Liabilities</b>		38,807,937	28,793,183
<b>Non-Current Liabilities</b>			
Trade and other payables	10	(300,000)	(307,200)
Long-term borrowings	11	(13,435,645)	(10,052,380)
		<hr/>	<hr/>
<b>Total Non-Current Liabilities</b>		(13,735,645)	(10,359,580)
<b>Net Assets</b>		<hr/> <u>25,072,292</u>	<hr/> <u>18,433,603</u>
<b>Shareholders' Equity</b>			
Share capital	12	-	-
Stated capital account	12	31,616,674	25,561,661
Reserves		(6,544,382)	(7,128,058)
		<hr/>	<hr/>
<b>Total Equity</b>		<hr/> <u>25,072,292</u>	<hr/> <u>18,433,603</u>

The financial statements were approved and authorised for issue by the Board on 26<sup>th</sup> November 2010

and signed on its behalf by  
T. D. WATSON

The accompanying notes form part of these financial statements

**Company Statement of Financial Position at 30<sup>th</sup> June 2010**

(Expressed in United Kingdom Sterling)

	<u>Note</u>	<u>30<sup>th</sup> June 2010</u>	<u>30<sup>th</sup> June 2009</u>
		£	£
<b>Non-Current Assets</b>			
Property, plant and equipment	4	762	914
Investment in subsidiaries	3	19,241,431	19,196,599
<b>Total Non-Current Assets</b>		<b>19,242,193</b>	<b>19,197,513</b>
<b>Current Assets</b>			
Other receivables	8	7,764,654	3,558,566
Cash and cash equivalents	9	515,724	189,995
<b>Total Current Assets</b>		<b>8,280,378</b>	<b>3,748,561</b>
<b>Current Liabilities</b>			
Trade and other payables	10	(2,398,204)	(2,268,564)
<b>Total Current Liabilities</b>		<b>(2,398,204)</b>	<b>(2,268,564)</b>
<b>Net Current Assets</b>		<b>5,882,174</b>	<b>1,479,997</b>
<b>Total Assets Less Current Liabilities</b>		<b>25,124,367</b>	<b>20,677,510</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	10	(300,000)	(307,200)
Long-term borrowings	11	(861,414)	(1,002,582)
<b>Total Non-Current Liabilities</b>		<b>(1,161,414)</b>	<b>(1,309,782)</b>
<b>Net Assets</b>		<b>23,962,953</b>	<b>19,367,728</b>
<b>Shareholders' Equity</b>			
Share capital	12	-	-
Stated capital account	12	31,616,674	25,561,661
Reserves		(7,653,721)	(6,193,933)
<b>Total Equity</b>		<b>23,962,953</b>	<b>19,367,728</b>

The financial statements were approved and authorised for issue by the Board on 26<sup>th</sup>  
November 2010  
and signed on its behalf by

T. P. WATSON  
Finance Director

The accompanying notes form part of these financial statements

**Consolidated Statement of Comprehensive Income  
For the Year ended 30<sup>th</sup> June 2010**

(Expressed in United Kingdom Sterling)

	<u>Note</u>	<u>30<sup>th</sup> June 2010</u>	<u>30<sup>th</sup> June 2009</u>
		£	£
<b>Revenue</b>	2(m)	10,073,283	2,607,518
Cost of sales		(5,588,303)	(2,072,346)
<b>Gross Profit</b>		<b>4,484,980</b>	<b>535,172</b>
Other operating expenses		(750,667)	(540,754)
Administrative expenses		(2,763,776)	(1,737,382)
<b>Profits / (Loss) from Operations</b>	14	<b>970,537</b>	<b>(1,742,964)</b>
Financial income	16	2,442	1,637,400

Other income / (expense) :			
Gain / (loss) on foreign exchange		212,070	(3,736,043)
Profit on disposal of fixed assets		572,159	-
Deferred financing costs written off		-	(338,936)
Preference dividends		(71,200)	(76,800)
Other income		106,583	-
<b>Profit / (Loss) before Taxation</b>		<b>237,812</b>	<b>(4,787,034)</b>
Income tax expense	17	-	-
<b>Profit / (Loss) for the Year</b>		<b>237,812</b>	<b>(4,787,034)</b>
Other Comprehensive Income:			
Exchange difference arising on translation of foreign operations		345,864	2,391,327
Other Comprehensive Income for the Year, net of tax		<b>345,864</b>	<b>2,391,327</b>
<b>Total Comprehensive Income for the Year</b>		<b>583,676</b>	<b>(2,395,707)</b>
<b>Attributable to:</b>			
Equity shareholders of the parent		<b>237,812</b>	<b>(4,787,034)</b>
Basic earnings per share		19	<b>0.41p</b>
Diluted earnings per share		19	<b>0.38p</b>

The accompanying notes form part of these financial statements

**Consolidated Statement of Changes in Equity**  
**For the Year ended 30<sup>th</sup> June 2010**

(Expressed in United Kingdom Sterling)

	Share capital £	Stated capital account £	Accumulated losses £	Capital reserve £	Equity reserve on loan notes £	Translation reserve £	Total £
<b>At 1<sup>st</sup> July 2008</b>	-	24,580,891	(5,348,768)	153,000	108,587	(101,473)	19,392,237
<b>Loss for the year</b>	-	-	(4,787,034)	-	-	-	(4,787,034)
Other Comprehensive Income:							
Exchange difference arising on translation of foreign operations	-	-	-	-	-	2,391,327	2,391,327
<b>Total Comprehensive Income for the Year</b>	-	-	(4,787,034)	-	-	2,391,327	(2,395,707)
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 16)	-	-	108,587	(108,587)	-	-	-
Warrants issued (Note 12)	-	-	-	456,303	-	-	456,303
<b>At 30<sup>th</sup> June 2009</b>	-	25,561,661	(9,874,215)	456,303	-	2,289,854	18,433,603
<b>Profit for the year</b>	-	-	237,812	-	-	-	237,812
Other Comprehensive Income:							
Exchange difference arising on translation of foreign operations	-	-	-	-	-	345,864	345,864
<b>Total Comprehensive Income for the Year</b>	-	-	237,812	-	-	345,864	583,676
Issue of ordinary shares for cash (Note 12)	-	4,763,994	-	-	-	-	4,763,994

Conversion of convertible loan to ordinary shares (Note 12)	-	1,026,619	-	-	-	-	1,026,619
Conversion of preference shares to ordinary shares (Note 12)	-	264,400	-	-	-	-	264,400
<b>At 30<sup>th</sup> June 2010</b>	-	31,616,674	(9,636,403)	456,303	-	2,635,718	25,072,292

The accompanying notes form part of these financial statements

**Company Statement of Comprehensive Income**  
**For the Year ended 30<sup>th</sup> June 2010**

(Expressed in United Kingdom Sterling)

	<u>Note</u>	<u>30<sup>th</sup> June 2010</u>	<u>30<sup>th</sup> June 2009</u>
		£	£
Administrative expenses		(800,882)	(731,844)
<b>Loss from Operations</b>	14	(800,882)	(731,844)
Financial income	16	260	1,636,538
Finance costs	16	(288,218)	(138,308)
Other income / (expense) :			
Loss on foreign exchange		(305,281)	(3,736,043)
Preference dividends		(71,200)	(76,800)
Other income		5,533	-
Deferred financing costs written off		-	(338,936)
<b>Loss before Taxation</b>		(1,459,788)	(3,385,393)
Income tax expense	17	-	-
<b>Loss and Total Comprehensive Income for the Year</b>		(1,459,788)	(3,385,393)

The accompanying notes form part of these financial statements

**Company Statement of Changes in Equity**  
**For the Year ended 30<sup>th</sup> June 2010**

(Expressed in United Kingdom Sterling)

	<u>Share capital</u>	<u>Stated capital account</u>	<u>Accumulated losses</u>	<u>Capital reserve</u>	<u>Equity reserve on loan notes</u>	<u>Total</u>
	£	£	£	£	£	£
<b>At 1<sup>st</sup> July 2008</b>	-	24,580,891	(3,526,430)	153,000	108,587	21,316,048
<b>Loss and Total Comprehensive Income for the Year</b>	-	-	(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 16)	-	-	108,587	-	(108,587)	-
Warrants issue (Note 12)	-	-	-	456,303	-	456,303
<b>At 30<sup>th</sup> June 2009</b>	-	25,561,661	(6,650,236)	456,303	-	19,367,728
<b>Loss and Total Comprehensive Income for the Year</b>	-	-	(1,459,788)	-	-	(1,459,788)
Issue of ordinary shares for cash (Note 12)	-	4,763,994	-	-	-	4,763,994
Conversion of convertible loan to ordinary shares (Note 12)	-	1,026,619	-	-	-	1,026,619

(Note 12)

At 30 <sup>th</sup> June 2010	-	31,616,674	(8,110,024)	456,303	-	23,962,953
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The accompanying notes form part of these financial statements

**Consolidated Statement of Cash Flows**  
**For the Year ended 30<sup>th</sup> June 2010**

(Expressed in United Kingdom Sterling)

	Note	30 <sup>th</sup> June 2010 £	30 <sup>th</sup> June 2009 £
<b>Operating Activities</b>			
Profit/(loss) before taxation		237,812	(4,787,034)
Adjustments for:			
Depreciation of property, plant and equipment	4	896,452	431,618
Profit on disposal of fixed assets		(572,159)	-
Amortisation of mining development expenditure	6	222,139	108,825
Amortisation of other intangible assets	5	525,298	295,468
Interest income	16	(2,142)	(15,329)
Preference dividend		71,200	76,800
(Gain)/loss on foreign exchange		(212,070)	3,736,043
Discount on repurchase of convertible loan notes	16	-	(1,622,170)
Written off unamortised costs on convertible loan notes		-	338,936
Write off of fixed assets		-	13,525
Finance costs	16	1,554,479	529,790
		<hr/>	<hr/>
<b>Cash inflow/(outflow) before working capital changes</b>		2,721,009	(893,528)
<b>Changes in working capital:</b>			
(Increase)/decrease in other receivables		(97,814)	893,796
Increase in inventories		(345,513)	(176,588)
(Decrease)/increase in trade and other payables		(621,830)	1,303,667
		<hr/>	<hr/>
<b>Cash inflow from operating activities</b>		1,655,852	1,127,347
<b>Investing Activities</b>			
Purchase of property, plant and equipment	4	(8,696,834)	(5,493,497)
Interest received		2,142	15,329
Proceeds from disposal of fixed assets		572,168	-
Mining development expenditure	6	(232,154)	(448,013)
Placement of fixed deposit	9	(63,742)	(961)
		<hr/>	<hr/>
<b>Cash outflow from investing activities</b>		(8,418,420)	(5,927,142)
<b>Financing Activities</b>			
Proceeds from issue of ordinary shares	12	4,763,994	980,770
Proceeds from convertible loan		1,001,581	-
Increase in bank loans	11	5,687,249	11,114,160
Repayment of hire purchase obligations		(25,966)	(8,712)
Repayment of bank loans		(2,211,397)	-
Repurchase of convertible loan notes		-	(10,347,000)
Finance costs paid		(1,397,001)	(417,857)
		<hr/>	<hr/>
<b>Cash inflow from financing activities</b>		7,818,460	1,321,361
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		1,055,892	(3,478,434)
<b>Foreign exchange translation reverse</b>		(228,119)	1,747,778
Cash and cash equivalents at beginning of year		290,757	2,021,413
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	9	1,118,530	290,757
		<hr/>	<hr/>

**Company Statement of Cash Flows**  
**For the Year ended 30<sup>th</sup> June 2010**

(Expressed in United Kingdom Sterling)

		£	£
<b>Operating Activities</b>			
Loss before taxation		(1,459,788)	(3,385,393)
Adjustments for:			
Depreciation of property, plant and equipment	4	152	153
Interest income	16	(260)	(14,368)
Preference dividends		71,200	76,800
Finance costs	16	288,218	138,308
Discount on repurchase of convertible loan notes		-	(1,622,170)
Written off unamortised costs on convertible loan notes		-	338,936
Loss on foreign exchange		305,281	3,736,043
Corporate guarantee issued to financial institution for bank facility to subsidiary (net of amortisation)		44,832	152,583
<b>Cash outflow before working capital changes</b>		<b>(750,365)</b>	<b>(579,108)</b>
<b>Changes in working capital</b>			
(Increase)/decrease in other receivables		(4,206,087)	10,392,094
Decrease in trade and other payables		(220,474)	(1,687,061)
<b>Cash (outflow)/inflow from operating activities</b>		<b>(5,176,926)</b>	<b>8,125,925</b>
<b>Investing Activities</b>			
Interest received		260	14,368
<b>Cash inflow from investing activities</b>		<b>260</b>	<b>14,368</b>
<b>Financing Activities</b>			
Proceeds from issue of ordinary shares	12	4,763,992	980,770
Proceeds from convertible loan		1,001,581	-
Repurchase of convertible loan notes	11	-	(10,347,000)
Finance costs paid		(263,178)	(70,521)
<b>Cash inflow/(outflow) from financing activities</b>		<b>5,502,395</b>	<b>(9,436,751)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>325,729</b>	<b>(1,296,458)</b>
Cash and cash equivalents at beginning of year		189,995	1,486,453
<b>Cash and cash equivalents at end of year</b>	9	<b>515,724</b>	<b>189,995</b>

#### Notes to the Financial Statements For the Year ended 30<sup>th</sup> June 2010

##### 1. Group and Company Information

Peninsular Gold Limited is a limited liability company, incorporated under the laws of Jersey on 8<sup>th</sup> April 2005. The Company was listed on AIM on 23<sup>rd</sup> 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 17<sup>th</sup> 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").

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.

##### 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 30<sup>th</sup> June 2010 the Group had net current liabilities of £3.8 million. Of this total £4.5 million represents the current portion of bank loans repayable within one year. 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. 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.

###### (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. The Group's accounting policies have been consistently applied to all the periods presented. The principal policies are set out below.

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
Water retaining pond	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 17<sup>th</sup> June, 2005. Other intangible assets are recorded at cost and are reviewed annually for any indication that those assets have suffered an impairment loss and any such impairment would then be charged to profit or loss in the statement of comprehensive income for the period.

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.

The portion of the intangible asset that relates to the Raub tailings project is currently being amortised following the commencement of the plant at Raub in February 2009.

(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 will be recognised in profit or loss in the statement of comprehensive income upon the commencement of commercial production.

The portion of the mining development expenditure that relates to the Raub tailings project is currently being amortised following the commencement of the plant at Raub in February 2009.

(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 financial reporting date to determine whether there is any indication that those assets have suffered an impairment loss. 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 profit or loss in the statement of comprehensive income.

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 profit or loss in the statement of comprehensive income 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 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 profit or loss in the statement of comprehensive income 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 statement of comprehensive income as incurred.

(o) Income tax

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(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 items at rates different from those at which they were initially recorded are recognised in profit or loss in the statement of comprehensive income in the period in which they arise.

Subsidiaries are considered as financially, economically and organisationally autonomous foreign entities. Their reporting currencies are the respective local currencies. Assets and liabilities of foreign subsidiaries are translated to United Kingdom Sterling at the rate of exchange ruling at the financial reporting date. Revenue and expenses are translated at the average exchange rates for the year. All resulting translation differences are included in other comprehensive income.

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

United Kingdom Sterling	1.00	Malaysian Ringgit	4.90690
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the year is as follows:

United Kingdom Sterling	1.00	Malaysian Ringgit	5.3831
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(r) Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument. Derivative financial instruments are measured at fair value, with the movement in fair value being recognised in profit or loss in the statement of comprehensive income for the period.

- 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.

- Debt instruments

Interest bearing bank loans are initially measured at fair value (proceeds received, net of direct issue costs), and are subsequently measured at amortised cost, using the effective interest rate method.

- Compound instruments

The component 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 a 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.

- Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently measured at the higher of the amount of the obligation, as determined in accordance with IAS37 and the amount initially recognised less, where appropriate, cumulative amortisation.

(s) Deferred stripping costs

Stripping costs incurred during the production phase to remove waste ore are deferred to the statement of financial position 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 Group is currently mining only the tailings project 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

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.

Recognition of deferred tax assets

The determination of deferred tax assets relating to carried forward taxable losses against future taxable profits, as set out in Note 17.

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**

<b>Company</b>	<b>2010</b> <b>£</b>
Cost and net book value	
At 30 <sup>th</sup> June 2008	16,975,298
Additions	2,068,719
Additions - corporate guarantee issued for bank facility granted to RAGM	163,481
Amortisation of corporate guarantee	<u>(10,899)</u>
At 30 <sup>th</sup> June 2009	19,196,599
Additions - corporate guarantee issued for bank facility granted to RAGM	94,756
Amortisation of corporate guarantees	<u>(49,924)</u>
At 30 <sup>th</sup> June 2010	<u>19,241,431</u>

The Company has issued two corporate guarantees issued to a financial institution for bank facilities granted to RAGM (Notes 11 and 22). The corporate guarantees are amortised over the expected life of the loans.

The Company's investment in RAGM is £12,465,721 and its investment in SEREM is £6,775,710.

**Subsidiary Companies**

The consolidated financial statements include the following subsidiary companies held at 30<sup>th</sup> June 2010:

<b>Subsidiary companies and country of incorporation</b>	<b>Nature of business</b>	<b>Place of business</b>	<b>Ordinary shares owned</b>
Raub Australian Gold Mining Sdn. Bhd. ("RAGM") (Malaysia)	Gold mining and exploration	Malaysia	100%
S.E.R.E.M Malaysia Sdn. Bhd. ("SEREM") (Malaysia)	Exploration and the holding of exploration and mining rights	Malaysia	100%

4. **Property, Plant and Equipment**

<b>Company</b>	<b>Furniture, fittings and equipment</b> <b>£</b>	<b>Total</b> <b>£</b>
<u>Cost</u>		
At 1 <sup>st</sup> July 2008	1,524	1,524
Additions	-	-
At 30 <sup>th</sup> June 2009	<u>1,524</u>	<u>1,524</u>
Additions	-	-

<u>Accumulated depreciation</u>		
At 1 <sup>st</sup> July 2008	457	457
Charge for the year	153	153
At 30 <sup>th</sup> June 2009	610	610
Charge for the year	152	152
At 30 <sup>th</sup> June 2010	762	762
Net book value at 30 <sup>th</sup> June 2010	762	762
Net book value at 30 <sup>th</sup> June 2009	914	914

Group	Plant and equipment £	Buildings £	Motor vehicles £	Furniture, fittings and equipment £	Renovation £	Gold production plant £	Tailings storage facility £	Water retaining pond £	Leasehold land £	Assets under construction £	Total £
<u>Cost</u>											
At 1 <sup>st</sup> July 2008	2,428,222	73,132	133,330	107,152	16,464	-	-	-	76,788	5,305,780	8,140,
Currency translation difference	270,289	8,140	14,841	13,409	1,833	-	-	-	8,548	590,597	907,
Additions	110,856	34,122	-	54,529	156,165	56,286	1,357,333	-	-	3,724,206	5,493,
Written off	-	-	-	(8,643)	(12,767)	-	-	-	-	-	(21,
Reclassification	-	221,224	-	-	-	9,399,359	-	-	-	(9,620,583)	
At 30 <sup>th</sup> June 2009	2,809,367	336,618	148,171	166,447	161,695	9,455,645	1,357,333	-	85,336	-	14,520,
Currency translation difference	545,226	65,329	28,756	32,007	31,381	1,835,092	263,422	-	16,561	-	2,817,
Additions	12,473	36,764	177,531	66,964	11,285	112,562	199,080	157,723	-	7,922,452	8,696,
Disposals	(224,829)	-	(28,491)	-	-	-	-	-	-	-	(253,
At 30 <sup>th</sup> June 2010	3,142,237	438,711	325,967	265,418	204,361	11,403,299	1,819,835	157,723	101,897	7,922,452	25,781,
Group	Plant and equipment £	Buildings £	Motor vehicles £	Furniture, fittings and equipment £	Renovation £	Gold production plant £	Tailings storage facility £	Water retaining pond £	Leasehold land £	Assets under construction £	Total £
<u>Accumulated depreciation</u>											
At 1 <sup>st</sup> July 2008	1,951,455	70,549	80,689	57,544	2,788	-	-	-	7,679	-	2,170
Currency translation difference	217,998	9,005	10,179	8,804	733	16,693	2,264	-	1,298	-	266
Charge for the year	14,178	20,997	21,828	13,245	7,701	304,313	41,266	-	8,090	-	431
Written off	-	-	-	(4,534)	(3,426)	-	-	-	-	-	(7,
At 30 <sup>th</sup> June 2009	2,183,631	100,551	112,696	75,059	7,796	321,006	43,530	-	17,067	-	2,861
Currency translation difference	427,535	25,321	25,354	16,327	3,257	122,440	17,729	-	4,214	-	642
Charge for the year	38,631	59,837	35,874	19,506	17,970	619,714	95,632	-	9,288	-	896
Disposals	(224,821)	-	(28,490)	-	-	-	-	-	-	-	(253,
At 30 <sup>th</sup> June 2010	2,424,976	185,709	145,434	110,892	29,023	1,063,160	156,891	-	30,569	-	4,146
Net book value at 30 <sup>th</sup> June 2010	717,261	253,002	180,533	154,526	175,338	10,340,139	1,662,944	157,723	71,328	7,922,452	21,635
Net book value at 30 <sup>th</sup> June 2009	625,736	236,067	35,475	91,388	153,899	9,134,639	1,313,803	-	68,269	-	11,659

Assets under construction refer to the additional expansion construction works in progress for the Carbon-In-Leach plant which, upon completion will be transferred to gold production plant. Included in assets under construction are capitalised borrowing costs amounting to £427,958 (2009: £698,123). The rate of capitalisation is 8.6% (2009 : 18%).

Included in property, plant and equipment are motor vehicles acquired under hire purchase agreements with a net book value of £192,549 (2009 : £30,507).

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 <sup>st</sup> July 2008 , 30 <sup>th</sup> June 2009 and 30 <sup>th</sup> June 2010	7,300,483	10,077,995	17,378,478
<u>Amortisation</u>			
At 1 <sup>st</sup> July 2008	-	-	-
Charge for the year	-	295,468	295,468
At 30 <sup>th</sup> June 2009	-	295,468	295,468
Charge for the year	-	525,298	525,298
At 30 <sup>th</sup> June 2010	-	820,766	820,766
<u>Net book value</u>			
At 30 <sup>th</sup> June 2010	7,300,483	9,257,229	16,557,712
At 30 <sup>th</sup> June 2009	7,300,483	9,782,527	17,083,010

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 17<sup>th</sup> June 2005 and these valuations were considered to be relevant and unimpaired at the financial reporting 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 at the time of the original valuation was US\$ 420 per ounce.

No revenue has been generated from SEREM in the financial year ended 30<sup>th</sup> June 2010 from its mineral reserves. Hence, there is no amortisation of mining reserves and resources for SEREM.

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

#### 6. Mining Development Expenditure

	SEREM £	RAGM £	Group £
<u>Cost</u>			
At 1 <sup>st</sup> July 2008	467,985	2,875,641	3,343,626
Currency translation difference	51,342	315,481	366,823
Additions	-	82,333	82,333
At 30 <sup>th</sup> June 2009	519,327	3,273,455	3,792,782
Currency translation difference	100,789	635,291	736,080
Additions	61,138	171,016	232,154
At 30 <sup>th</sup> June 2010	681,254	4,079,762	4,761,016
<u>Amortisation</u>			
At 1 <sup>st</sup> July 2008	-	-	-
Currency translation difference	-	5,969	5,969
Charge for the year	-	108,825	108,825
At 30 <sup>th</sup> June 2009	-	114,794	114,794
Currency translation difference	-	43,834	43,834
Charge for the year	-	222,139	222,139

Net book value

At 30 <sup>th</sup> June 2010	<u>681,254</u>	<u>3,698,995</u>	<u>4,380,249</u>
At 30 <sup>th</sup> June 2009	<u>519,327</u>	<u>3,158,661</u>	<u>3,677,988</u>

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 30<sup>th</sup> June 2010. 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**

<b>Group</b>	<b><u>2010</u></b> <b>£</b>	<b><u>2009</u></b> <b>£</b>
Spare parts and consumables	334,774	266,792
Work-in-progress	488,742	255,423
Finished goods	67,371	23,159
	<u>890,887</u>	<u>545,374</u>

Despite the commencement of mining operations during the year ended 30<sup>th</sup> June 2009, the level of deferred stripping relating to the tailing project has not been significant and consequently, no deferred stripping adjustment has been made at 30<sup>th</sup> June 2010 or 30<sup>th</sup> June 2009.

8. **Other receivables**

	<b>Group</b>		<b>Company</b>	
	<b><u>2010</u></b> <b>£</b>	<b><u>2009</u></b> <b>£</b>	<b><u>2010</u></b> <b>£</b>	<b><u>2009</u></b> <b>£</b>
Other receivables	1,112,734	1,014,920	151	100
Amounts due from subsidiaries	-	-	7,764,503	3,558,466
	<u>1,112,734</u>	<u>1,014,920</u>	<u>7,764,654</u>	<u>3,558,566</u>

Included in other receivables are refundable and interest free deposits of £425,626 (2009: £593,344) 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**

	<b>Group</b>		<b>Company</b>	
	<b><u>2010</u></b> <b>£</b>	<b><u>2009</u></b> <b>£</b>	<b><u>2010</u></b> <b>£</b>	<b><u>2009</u></b> <b>£</b>
Cash at bank and in hand	<u>1,118,530</u>	<u>290,757</u>	<u>515,724</u>	<u>189,995</u>

A fixed deposit of £92,063 (2009 : £28,321) 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**

	<b>Group</b>		<b>Company</b>	
	<b><u>2010</u></b> <b>£</b>	<b><u>2009</u></b> <b>£</b>	<b><u>2010</u></b> <b>£</b>	<b><u>2009</u></b> <b>£</b>
Trade payables	1,763,314	509,883	36,810	-
Other payables and accrued expenses	1,054,024	2,777,627	345,000	2,048,729
Amount due to related party (Note 22)	-	527,035	-	527,035
Amounts due to subsidiaries	-	-	2,316,394	-
	<u>2,817,338</u>	<u>3,814,545</u>	<u>2,698,204</u>	<u>2,575,764</u>
Less : non-current portion	<u>(300,000)</u>	<u>(307,200)</u>	<u>(300,000)</u>	<u>(307,200)</u>
	<u>2,517,338</u>	<u>3,507,345</u>	<u>2,398,204</u>	<u>2,268,564</u>

Included in other payables and accrued expenses is accrued preference dividends of £300,000 (2009 : £307,200). The amounts are not deemed payable within 12 months of the financial reporting date.

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

11. **Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b><u>2010</u></b> <b>£</b>	<b><u>2009</u></b> <b>£</b>	<b><u>2010</u></b> <b>£</b>	<b><u>2009</u></b> <b>£</b>
Bank loans	17,052,075	11,158,306	-	-

Corporate guarantees issued to financial institution for bank facilities granted to its subsidiary	-	-	197,414	152,582
Hire purchase obligations	181,716	43,192	-	-
	<u>17,897,791</u>	<u>12,051,498</u>	<u>861,414</u>	<u>1,002,582</u>
Less : current portion	(4,462,146)	(1,999,118)	-	-
	<u>13,435,645</u>	<u>10,052,380</u>	<u>861,414</u>	<u>1,002,582</u>

**Bank loans**

In the prior year, RAGM obtained bank loans of £11,158,306 (after deducting transaction costs) as disclosed in Note 22(c). The loan is repayable in 60 monthly instalments commencing from 28<sup>th</sup> February 2009.

The balance of £5,893,769 relates to the amount drawdown on a new additional financing facility granted to RAGM in August 2009 as disclosed in Note 22(d). This loan is repayable over 48 monthly instalments from the date of first drawdown inclusive of 12 months grace period.

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 corporate guarantees provided by the Parent Company.

The bank loans are subject to interest at a rate of 2% per annum above the lender's base lending rate, currently 6.05%.

Hire purchase agreements are subject to fixed interest rates ranging from 2.45% to 4.65% (2009 : 2.45% to 4.65%) per annum.

**Convertible loans**

On 22<sup>nd</sup> December 2009 the Company entered into convertible loan agreements for a total of US\$1.5 million. On 17<sup>th</sup> March 2010, the Company announced that it had received notice to convert the loans into new ordinary shares in the Company (See Note 12).

Borrowings are summarised as follows:

Group	Effective interest rate per annum %	Within one year £	Within one - two years £	Within two - five years £	Total £
<b>At 30<sup>th</sup> June 2010</b>					
Bank loans	8.05	4,427,839	4,787,883	7,836,353	17,052,075
Preference shares	6.00	-	-	664,000	664,000
Hire purchase obligations	3.20	34,307	32,617	114,792	181,716
		<u>4,462,146</u>	<u>4,820,500</u>	<u>8,615,145</u>	<u>17,897,791</u>
<b>At 30<sup>th</sup> June 2009</b>					
Bank loans	8.25	1,984,639	2,363,143	6,810,524	11,158,306
Preference shares	6.00	-	-	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>

**Hire purchase obligations**

Group	2010 £	2009 £
Repayable within one year	38,207	17,157
Repayable between one and five years	186,513	34,738
	<u>224,720</u>	<u>51,895</u>
Finance charges and interest allocated to future accounting periods	(43,004)	(8,703)
	<u>181,716</u>	<u>43,192</u>
Included in liabilities falling due within one year	(34,307)	(14,479)
	<u>147,409</u>	<u>28,713</u>

**12. Share Capital and Stated Capital Account****(a) Share Capital**

Group & Company	2010 £	2009 £
Authorised		



On 3<sup>rd</sup> 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 31<sup>st</sup> December 2008 for each share subscribed. The warrants had not been exercised and expired on 31<sup>st</sup> December 2008 resulting in a transfer of £153,000 from capital reserve account to accumulated reserve account.

On 24<sup>th</sup> February 2009 the Company issued 5 million cashless warrants and 5 million warrants exercisable at a price of 30p per ordinary share to R3 Capital Partners Master LP. The warrants expire on 19<sup>th</sup> July 2012. The warrants issued formed part of the consideration with respect to the repurchase of convertible loan notes in the prior year. There is no impact on dividend per share with respect to the warrants issued as the Company has not declared any dividend.

### 13. Segmental Information

Currently the business has one business segment comprising the production and sale of gold dore bars in Malaysia. Accordingly, no analysis of segment revenues or results of net assets has been presented.

During the years ended 30<sup>th</sup> June 2010 and 2009, the Group generated all its revenues from gold sales to a single customer in Australia, to whom it ships all its gold dore bars for refining. For the year ended 30<sup>th</sup> June 2010 revenues of £10.1 million arose from these sales of gold (2009 : £2.6 million).

### 14. Profits/(Loss) From Operations

Profits/(loss) from operations for the year is arrived at after charging the following:

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Audit fees - current	62,846	51,546	53,000	43,000
Depreciation of property, plant and equipment	896,452	431,618	152	153
Amortisation of mining development expenditure	222,139	108,825	-	-
Amortisation of other intangible assets	525,298	295,468	-	-
Directors' emoluments	615,092	348,447	433,657	261,611
Rental of premises	134,142	85,326	-	-
Rental of property, plant and equipment	20,211	13,152	-	-
	<u>1,554,479</u>	<u>529,790</u>	<u>288,218</u>	<u>138,308</u>

### 15. Employees

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Wages and salaries	1,511,961	819,259	433,657	291,581
Social security costs	11,996	5,498	-	-
Other pension costs	91,823	42,400	-	-
	<u>1,615,780</u>	<u>867,157</u>	<u>433,657</u>	<u>291,581</u>

The average monthly number of employees during the year was as follows:-

	Group		Company	
	2010	2009	2010	2009
Administration	45	31	2	3
Production	150	73	-	-
	<u>195</u>	<u>104</u>	<u>2</u>	<u>3</u>

### 16. Financial (Loss) / Income

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
<b>Finance costs:</b>				
Bank loan interest	869,263	334,916	-	-
Other financial charges	266,538	13,697	1,978	1,277
Interest on convertible loan notes	286,240	69,244	286,240	69,244
Amortisation of transaction costs	132,438	111,933	-	67,787
	<u>1,554,479</u>	<u>529,790</u>	<u>288,218</u>	<u>138,308</u>
<b>Financial income:</b>	£	£	£	£
Discount on repurchase of convertible loan notes	-	1,622,170	-	1,622,170
Interest income	2,142	15,329	260	14,368

	<u>2,142</u>	<u>1,637,499</u>	<u>260</u>	<u>1,636,538</u>
<b>Net financial (loss) / income</b>	<u>(1,552,337)</u>	<u>1,107,709</u>	<u>(287,958)</u>	<u>(1,498,230)</u>

During the financial year ending 30<sup>th</sup> June 2009 the Company repurchased US\$20 million of convertible loan notes for a cost of US\$17 million and the issue of 10 million one for one warrants (Note 12). A discount on the repurchase of the convertible loan notes of £1,622,170 was recorded.

#### 17. Income Tax Expense

Malaysian Corporation Tax is provided on taxable profits at the appropriate rate. With effect from 1<sup>st</sup> January 2009, the status of exempt company ceased to exist and the Company is subject to Jersey income tax at a rate of 0%. Income tax for the financial year is derived by using the Malaysian tax rate of 25% (2009 : 25%).

##### Tax reconciliation:

##### Group

	<u>2010</u>	<u>2009</u>
	£	£
Profit / (loss) before taxation	237,812	(4,787,034)
Income tax using Malaysian tax rate	59,453	(1,196,759)
Non-deductible expenses	521,111	1,506,986
Non-taxable income	-	(714,464)
Utilisation of losses brought forward and previous years capital allowance	(571,276)	-
Effect of deferred tax assets not recognised	-	407,587
Effect of lower tax rate for Malaysian Companies with share capital below RM2.5 million	(9,288)	(3,350)
	<u>-</u>	<u>-</u>

#### 18. Deferred Taxation

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

Group	<u>2010</u>	<u>2009</u>
	£	£
Taxable temporary differences	(536,218)	(3,706,436)
Unabsorbed capital allowance	24,097	4,446,332
Unutilised tax losses	4,353,161	3,756,917
	<u>3,841,040</u>	<u>4,496,813</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. Production from the tailings operations began in February 2009. RAGM's production reached 30% of its planned capacity in April 2009.

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 taxable losses, a deferred tax asset has not been recognised at 30<sup>th</sup> June 2010. If there is a substantial change in shareholders (more than 50%) however, the unutilised tax losses will not be available to the Group.

#### 19. Earnings Per Share

##### (a) Basic Earnings Per Share

The basic earnings per share for the year is 0.41p (2009 : loss per share of 8.87p). The calculation of the basic earnings per share is based on the profit for the year of £237,812 (2009 : loss £4,787,034). The weighted average number of shares in issue during the year was 57,846,846 (2009 : 53,992,622 shares).

##### (b) Diluted Earnings Per Share

The diluted earnings per share for the year is 0.38p (2009 : loss per share of 8.87p). The calculation of the diluted earnings per share is based on the profit for the year of £237,812 (2009 : loss £4,787,034). The weighted average number of shares during the year was 61,965,596 (2009 : 53,992,622 shares). The redeemable preference shares are anti-dilutive.

<u>Basic earnings per share</u>	<u>2010</u>	<u>2009</u>
	£	£
Earnings used in calculation	237,812	(4,787,034)
Weighted average number of ordinary shares	<u>57,846,846</u>	<u>53,992,622</u>

<u>Diluted earnings per share</u>	<u>2010</u> £	<u>2009</u> £
Earnings used in calculation	237,812	(4,787,034)
Weighted average number of ordinary shares	57,846,846	53,992,622
Conversion of warrants for nil consideration	4,118,750	-
	<u>61,965,596</u>	<u>53,992,622</u>
Diluted earnings per share	<u>0.38p</u>	<u>(8.87p)</u>

20. **Capital Commitments**

<u>Group</u>	<u>2010</u> £	<u>2009</u> £
Authorised and contracted for	<u>9,693,846</u>	<u>1,996,860</u>

The above amounts at 30<sup>th</sup> June 2010 and 2009 relate to a commitment for the expansion of the Carbon-in-Leach Plant (CIL), which is expected to be commissioned within the second half of the financial year to 30<sup>th</sup> June 2011.

21. **Key Management Personnel Compensation**

	<u>Group</u>		<u>Company</u>	
	<u>2010</u> £	<u>2009</u> £	<u>2010</u> £	<u>2009</u> £
Directors' emoluments	<u>615,092</u>	<u>348,447</u>	<u>433,657</u>	<u>261,611</u>

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

Directors' emoluments of the Company are as follows:-

<u>Directors' emoluments</u>	<u>2010</u> £	<u>2009</u> £
<b>Company</b>		
Dato' Sri Andrew Tai Yeow Kam	223,333	90,000
Mr. Timothy Patrick Watson	162,324	133,611
Dato' Mohamed Moiz Bin JM Ali Moiz	24,167	20,000
Dr. Yves Fernand Marcel Cheze	23,833	18,000
	<u>433,657</u>	<u>261,611</u>

Dato' Sri Andrew Tai Yeow Kam also receives £6,688 (2009 : £5,825) of directors fees from Raub Australian Gold Mining Sdn Bhd, a subsidiary of the Company.

There is no share option scheme, long term incentive plan or awards in place. The Company does not make any contributions to any pension scheme.

22. **Related Party Transactions**

As a result of Dato' Sri 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 Dato' Mohamed Moiz Bin JM Ali Moiz's substantial shareholding in the Company, the following are considered related party transactions:

- On 30<sup>th</sup> June 2010, 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 30<sup>th</sup> July 2011. 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 31<sup>st</sup> December 2017. The Group pay Akay Holdings Sdn. Bhd. £2,038 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.
- On 17<sup>th</sup> June 2005, the Company entered into the Mining Rights Agreement with Akay Holdings Sdn. Bhd., pursuant to which the Company issued 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 11<sup>th</sup> 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 30<sup>th</sup> 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 31<sup>st</sup> January 2008. During the current financial year, full settlement of the amount outstanding of £527,035 was made.
- On 10<sup>th</sup> February 2009, Raub Australian Gold Mining Sdn Bhd, Peninsular Gold Limited and Akav Holdings Sdn Bhd entered into a financing

in favour of Bank Kerjasama Rakyat Malaysia Berhad. This was to enable RAGM to secure a RM69 million facility under the Bai' Al-Inah Term Financing-i, as disclosed in Note 11 to the financial statements.

- (d) On 7<sup>th</sup> August 2009, Raub Australian Gold Mining Sdn Bhd, Peninsular Gold Limited and Akay Holdings Sdn Bhd entered into a financing agreement whereby RAGM agreed to pay Akay Holdings Sdn Bhd an annual fee of RM1,390,000 (£283,275) for the term of agreement for creating a charge in favour of Bank Kerjasama Rakyat Malaysia Berhad. This was to enable RAGM to secure a RM100 million facility under the Bai' Al-Inah Term Financing-i, as disclosed in Note 11 to the financial statements.
- (e) On 10<sup>th</sup> February 2009 and 7<sup>th</sup> August 2009, the Company issued corporate guarantees in favour of Bank Kerjasama Rakyat Malaysia Berhad. This was to enable RAGM to secure RM 69 million and RM100 million facilities under the Bai' Al-Inah Term Financing-i, as disclosed in Note 11 to the financial statements.
- (f) On 3<sup>rd</sup> June 2010, RAGM was granted by Akay Holdings Sdn Bhd an unregistered Permit To Mine to undertake mining activities on Mining Certificate No. PL 533 for a period of one year expiring on 8<sup>th</sup> July 2011.

## 23. 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>2010</u> £	<u>2009</u> £
<b>Financial assets, at amortised cost</b>		
Cash and bank balances	1,118,530	290,757
Fixed deposit	92,063	28,321
Other receivables	<u>1,112,734</u>	<u>1,014,920</u>
	<u>2,323,327</u>	<u>1,333,998</u>
<b>Financial liabilities, at amortised cost</b>		
Trade and other payables	2,817,338	3,814,545
Hire purchase creditors	181,716	43,192
Other long-term liabilities	<u>17,716,075</u>	<u>12,008,306</u>
	<u>20,715,129</u>	<u>15,866,043</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 1,244.00 per ounce. The Group seeks to manage its exposure to commodity price risk through the use of gold put options. As at 30<sup>th</sup> June 2010, 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 reporting 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 mainly exposed to interest rate risk through the variable rate loans and holding of cash and cash equivalents. 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.

The Group finances its operations via equity fundraising and bank loans bearing a margin of 2% per annum above the lender's base financing rate, currently 6.05%. 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 arrangements to mitigate interest rate risk.

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

	Group		Company	
	<u>2010</u> £	<u>2009</u> £	<u>2010</u> £	<u>2009</u> £
Increase or decrease in profit/(loss)	170,521	111,583	-	-

### Liquidity risk

mitigate the effects of fluctuations in cash flows. The maturity profile of the undiscounted financial liabilities expected to be settled in cash, is disclosed below:

Group	Within one year £	Within one - two years £	Within two - five years £	Total £
At 30 <sup>th</sup> June 2010				
Bank loans	5,606,241	5,638,091	8,113,954	18,685,954
Hire purchase obligations	41,952	39,905	140,353	222,210
Trade and other payables	2,517,338	-	300,000	2,817,338
	<u>8,165,531</u>	<u>5,677,996</u>	<u>7,881,975</u>	<u>22,175,502</u>
At 30 <sup>th</sup> June 2009				
Bank loans	2,838,306	3,031,951	7,561,981	13,432,238
Hire purchase obligations	17,799	12,186	22,220	52,205
Trade and other payables	3,507,345	-	307,200	3,814,545
	<u>6,363,450</u>	<u>3,044,137</u>	<u>7,891,401</u>	<u>17,298,988</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.

#### 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	
	2010 £	2009 £	2010 £	2009 £
GB Pounds Sterling	515,876	190,095	1,045,810	1,717,221
US Dollars	18,588	30,973	18,536	1,229,992
Malaysian Ringgit	1,788,863	1,112,930	19,060,538	12,420,956

The following table illustrates the Group's sensitivity to the fluctuation of the major currencies in which it transacts. A 10% movement against GB Pound Sterling has been applied to each currency in the table above, representing management's assessment of a reasonably possible change in foreign currency rates, and all other variables were held constant:

	US Dollar currency impact		Malaysian Ringgit currency impact	
	2010 £	2009 £	2010 £	2009 £
Profit and loss				
- Strengthened against GBP	5	(119,902)	(1,727,167)	(1,130,803)
- Weakened against GBP	(5)	119,902	1,727,167	1,130,803
Other comprehensive income				
- Strengthened against GBP			214,141	(156,747)
- Weakened against GBP			(214,141)	156,747

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:

	2010 £	2009 £
Cash and cash equivalents	(1,118,530)	(290,757)
Borrowings	17,897,791	12,051,498
Total equity	<u>25,072,292</u>	<u>18,433,603</u>

Gearing ratio (debt / adjusted capital) 42.8% 39.9%

#### 24. Recent Accounting Pronouncements

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB adopted by the European Union that are relevant to its operations and effective for accounting periods beginning on 1<sup>st</sup> July 2009 as follows:

- IAS 1 (revised): "Presentation of financial statements" which is effective for accounting periods beginning on or after 1<sup>st</sup> January 2009. The revised IAS 1 prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are shown in two performance statements (the income statement and statement of comprehensive income). The Group has elected to present a single statement of comprehensive income.
- IFRS 3 (revised): "Business Combinations" and consequential amendments to IAS 27 "Consolidated and Separate Financial Statements", to IAS 31 "Interests in Joint Ventures" and to IAS 28 "Investments in Associates" (effective for annual periods beginning on or after 1<sup>st</sup> July 2009) has been extensively revised.

If the Group undertakes business combinations in the future, this will have a significant impact on the accounting treatments adopted. Due to the transitional provisions, there will be no effect on previous combinations. The main changes likely to affect the Group are to:

- require transactions costs to be taken to profit or loss when incurred;
- crystallise contingent consideration at the acquisition date, with any future changes reflected in profit or loss; and
- require redetermination of values where the Group acquires a controlling interest in any entity in which an interest was already held.

There are associated changes to IAS 27 "Consolidated and Separate Financial Statements" which are likely to impact on the Group as follows:

- all changes in the parent's interest in an entity that is a subsidiary before and after the change will be accounted for as equity transactions; and
- all relevant losses will be attributed to non-controlling interests (previously minority interests), even if it results in the non-controlling interests having a deficit balance.
- IFRS 8 (revised): "Operating segments" which is effective for accounting periods beginning on or after 1<sup>st</sup> January 2009. IFRS 8 replaces IAS 14: "Segment Reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Due to the ramp-up of operations at RAUB and the limited nature of exploration activities, the Group continues to report its results as one operation. However, management will monitor this situation in the forthcoming year with the expectation that exploration activities will increase.

At the end of the reporting period, the following Standards and Interpretations applicable to the Group were in issue but not yet effective:

- IAS 7 (revised): "Statement of Cash Flows" (effective for annual periods beginning on or after 1<sup>st</sup> January 2010).
- IAS 32 (revised): "Financial Instruments: Presentation" - "Classification of Rights Issues" (effective for annual periods beginning on or after 1<sup>st</sup> February 2010).
- IAS 39 (revised): "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1<sup>st</sup> January 2010).
- IFRS 3 (revised): "Business Combinations" (effective for annual periods beginning on or after 1<sup>st</sup> January 2010).
- IFRS 8 (revised): "Operating segments" (effective for annual periods beginning on or after 1<sup>st</sup> January 2010).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1<sup>st</sup> January 2013).
- IFRIC 16: "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1<sup>st</sup> January 2010).
- IFRIC 17: "Distributions of Non-Cash Assets to Owners" (effective for annual periods beginning on or after 1<sup>st</sup> January 2010).
- IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1<sup>st</sup> July 2010).

financial position presented in these financial statements other than changes to the disclosures required in the financial statements.

## 25. Events after the Reporting Period

On 12<sup>th</sup> October 2010 the Company announced that it raised £5,572,000 via a private placement of 11,144,000 new ordinary shares at 50p per share. The net proceeds of the placement after deducting costs associated with the placement were £5,309,487.

On 23<sup>rd</sup> November 2010 the Company announced that a further £4,000,000 was raised via a private placement of 5,500,000 new ordinary shares and a subscription for 2,500,000 new ordinary shares, both at 50p per share.

The funds from these equity raisings will primarily be used to:-

- . Finance the next phase of exploration at the Raub project site and the recently approved northern licence areas;
- . Develop the infrastructure in the new licence areas and also at Raub; and
- . Provide working capital.

## 26. Contingent Liability

### Application for Judicial Review

On 21<sup>st</sup> 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 13<sup>th</sup> 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<sup>th</sup> 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<sup>th</sup> January 1997 approving such Environment Impact Assessment Report;
- (b) A declaration that a decision of the DOE on 21<sup>st</sup> 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 13<sup>th</sup> January 1997 approving the EIA Report dated 27<sup>th</sup> 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 13<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> June 2009 and RAGM's solicitors were served with a copy of the Notice of Appeal dated 9<sup>th</sup> 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 13<sup>th</sup> January 1997. As at the date of approval of these financial statements, there have been no further developments in relation to the appeal and no date has been fixed for the hearing of the appeal.

11/29/2010

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granted. As at the date of approval of these financial statements, no date has been fixed for hearing of the cross-appeal.

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

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