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Company	Peninsular Gold Limited
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Stock Exchange Announcement

18th August 2006

Peninsular Gold Limited

Audited Results

Set out below are the audited financial results for Peninsular Gold Limited for the period from incorporation on 8 April, 2005 to 30 June, 2006.

Chairman's Review

We have made steady progress since I reported to you last November.

Gold prices have continued to rise and, having broken through US \$500 an ounce, are currently holding well above the US \$600 an ounce level.

During this time we have pushed ahead, as planned, with our exploration and drilling programmes at both Raub and Tersang and have also completed the pre-construction phase of the new plant at Raub and begun ground preparations, ready for the first phase of civil construction.

Fund Raising

When I reported to you in November, we had secured an initial £635,000 of equity funding. This year we have raised a further £5 million via two private placings in March and May to both institutions and individuals to fund the development of Peninsular Gold ("PGL" or "the Company"). These funds have enabled us to commence our exploration and drilling programmes in both the Raub and Tersang project areas, which have delivered encouraging results to date and upon which I report in more detail below.

Financial Statements for the 15 Months Ended 30 June 2006

These accounts cover the period from the Company's incorporation on 8 April 2005 to 30 June 2006. The RAGM and SEREM subsidiaries were acquired on 17 June 2005 and the financial statements incorporate their results from that point forward. The results show a loss of £1,441,978 reflecting set-up costs, preparations for listing and the reduction in gravity plant production in anticipation of the development of the Carbon-In-Leach (CIL) plant at Raub.

You will see within note 8 of the accounts that we considered it prudent to purchase some gold put options during the period, to provide some financial security should the gold price fall significantly during the coming year. The options purchased have a strike price of US \$613 per ounce.

Raub Project Area Update

In order to secure cash flow for the Company as soon as possible we have concentrated most of our initial exploration efforts in the East Lode section of the Raub project area, as this is close to where the CIL plant is planned to be built around the existing gravity plant facilities.

At the time of listing the total identified resources at Raub comprised a proven reserve of approximately

183,000 ounces held in the tailings deposit and inferred resources of 59,000 ounces in the East Lode shallow oxides. The very limited production since the listing has reduced the level of the tailings proven reserve to approximately 180,000 ounces. The level of inferred resource arising from further exploration and reverse circulation (RC) drilling of the East Lode has now more than doubled to 135,000 ounces from approximately 2.8 million tonnes running at an average 1.5g/t gold. Initial metallurgical testing has returned a promising 93% recovery by conventional cyanidation. Reagent consumption was acceptable.

What is gratifying is that the East Lode inferred resources are expected to be relatively cheap to mine as the mineralisation is located within a range of low hills and extends from surface down to the base of oxidation. The lack of overburden and location within hills promises a low waste to ore ratio. These oxides are expected to form additional higher grade feed for the CIL plant, making this development even more attractive financially.

Following this initial pass of successful RC drilling, we are currently undertaking a limited but deeper (300m) diamond drilling programme to explore and target the deeper structures at Raub.

Carbon-In-Leach Plant Expansion

The preparations for the Raub CIL plant have been pressing ahead whilst we wait for the debt financing to be fully in place. Our preferred project contractors have completed the pre-construction phase of work and we are in final negotiations with sub-contractors and suppliers. The much reduced gravity plant operation that was ticking over, for licence purposes, at Raub has ceased as the site is prepared in anticipation of the civil works commencing and to preserve more of the tailings intact for treatment in the more efficient CIL plant.

Discussions and negotiations for the debt financing package for the plant are progressing well and are expected to be finalised before the end of October. In the meantime, in order to avoid delaying the start of the civil construction stage, we expect to press ahead with the civil works phase, using existing unutilised debt facilities.

The CIL plant at Raub will form a cornerstone for the further development of Peninsular Gold. Once operational and at full capacity, estimated to be 12 months after construction commences, the plant should deliver very positive profits and cash flows and potentially remove the need to raise further equity funds for some time. The plant is expected to cost between US \$8 million to US \$10 million to construct and to be capable of operating at an average cost of circa US\$170 per ounce.

Tersang Project Area Update

Exploration at Tersang, where we currently have over 528,000 ounces of inferred resource, commenced in May and a first pass of 55 RC holes covering 3,540m in total were completed. This initial pass has given some encouraging results and further field work and the next phase of drilling will be amended to take account of the findings as our detailed knowledge of the Tersang structure grows. Sample assay results from Tersang cover a range from 33m at 0.87g/t to 1m at 105g/t gold.

Follow-up field work of several high-ranking gold anomalies has also begun within the Company's 6,433 acre prospecting area, located approximately 5 km North of Tersang.

Resource and Reserves Summary

Following the success of our explorations at Raub, our current summary of proven reserves and resources are laid out in the table below.

Project Area		Proven Reserves (ounces)	Inferred Resources (ounces)	Total
Raub	East Lode Oxides		135,000	
	Tailings Deposit	180,000		
Tersang			528,000	
Total		180,000	663,000	843,000

Tax Incentive Confirmation

Shareholders may take comfort from the Malaysian Government's strong support for the development of the country's mining industry and the fact that it backs this up with tax incentives. The company has secured Pioneer Status for the Raub CIL plant tailings project, which gives us tax relief of 85% for five years from the moment we achieve 30% of the planned plant capacity. Under the current Malaysian tax regime that will give us an effective tax rate of 4.2%

New Prospecting Licences

During the period the Company acquired or renewed three prospecting licences and permits giving the Company prospecting rights until October 2008, over 8,144 acres in our Tersang, Tengellan and Chenua project areas.

Outlook

The Board remains very positive on the outlook for the development of PGL and the creation of value for our shareholders. We believe we have the right strategy going forward to develop PGL's full potential and as your CEO I look forward to updating you regularly on our progress towards becoming a profitable gold producer and the results from our exploration programme.

We have the good fortune to be developing our assets at a time of strong gold prices, in a country with relatively low operating costs, low country risk and a well developed infrastructure. Both of our initial two project areas, at Raub and Tersang benefit from easy access, the necessary supporting infrastructure and local availability of the required engineering, labour and mining expertise.

We have received, for the Raub plant development project, approval for our Environmental Management Plan and also to proceed with the piling and civil construction phases. The Company remains committed to developing in line with best practices in the conduct of its business and in particular to the safeguarding of its employees, the environment and surroundings of its operations.

Dato' Andrew Tai Yeow Kam Chairman and Chief Executive

Note: The information in this report that relates to the updated Raub areas Exploration Results and Mineral Resources of the Group 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 March 2006 Edition of the AIM Guidance 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 For the Period from Incorporation on 8th April 2005 to 30th June 2006

The directors' present their report and the audited financial statements for the period from incorporation on 8th April 2005 to 30th June 2006.

Principal Activity and Business Review

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

Results and Dividends

The Consolidated Income Statement for the period is set out on page 12. The Group made a loss after tax of £1,441,978. The directors do not recommend the payment of a dividend.

Directors

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

Dato' Andrew Tai Yeow Kam	Appointed 27th May 2005
Dato' Moh amed Moiz Bin JM Ali Moiz	Appointed 27th May 2005
Dr. Yves Fernand Marcel Cheze	Appointed 7th June 2005
Mr. Timothy Patrick Watson	Appointed 23rd September 2005
Mr. Jon Starink	Resigned 23rd September 2005
Mr. Raymond Bradshaw	Resigned 27th May 2005
Mr. Ian David Philpott	Resigned 27th May 2005

Mr Jon Starink was appointed on 7th June 2005 and resigned on 23rd September 2005 at the end of his contract. The two nominee directors, Raymond Bradshaw and Ian David Philpott, were appointed on 8th April 2005 and resigned on 27th May 2005.

Directors' Biographies

Dato' Andrew Tai Yeow Kam **Chairman and Chief Executive**

Dato' Andrew Tai Yeow Kam (age 44) is a British educated, Malaysian citizen with a law degree from the University of Buckingham. He was admitted to the Malaysian Bar in 1988. In addition to his legal practice, Kam Woon Wah & Company, he has extensive business and entrepreneurial experience. In the Raub area, in addition to his long involvement in gold mining, his business enterprises have included the development and completion of the district's largest township, development of an orchard project, and successfully managing, over many years, a major palm oil mill and plantation.

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

Dato' Mohamed Moiz Bin JM Ali Moiz (age 46), 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 56), 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.

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

Mr. Watson (age 43) 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 sixteen years

Directors and Directors' Interests

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

	8th April 2005 <u>Ordinary Shares of</u> <u>10p each</u>	30th June 2006 <u>Ordinary Shares of £Nil</u> <u>par value</u>
Dato' Andrew Tai Yeow Kam		
Dato' Mohamed Moiz Bin JM Ali Moiz		4,757,543
Dr. Yves Fernand Marcel Cheze		
Mr. Timothy Patrick Watson		
Mr. Jon Starink		
Mr. Raymond Bradshaw		
Mr. Ian David Philpott		

Indirect Interests

Dato' Andrew Tai Yeow Kam ¹	889	25,000,504
Dato' Mohamed Moiz Bin JM Ali Moiz ²	50	3,741,016
Dr. Yves Fernand Marcel Cheze		
Mr. Timothy Patrick Watson		
Mr. Jon Starink		
Mr. Raymond Bradshaw		
Mr. Ian David Philpott		

¹ Dato' Andrew Tai Yeow Kam's indirect interest in 25,000,504 shares 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 35.97% and 27.55% of Peninsular Gold Limited respectively at 30th June 2006. Of these 8,756,924 of Dato' Andrew Tai Yeow Kam's shares are held in the name of Pershing Keen Nominees Ltd.

² Dato' Mohamed Moiz Bin JM Ali Moiz's indirect interest in 3,741,016 shares is via his wife's 29.99% holding in Akay Venture Sdn. Bhd. which owned 27.55% of the issued share capital of Peninsular Gold Limited at 30th June 2006.

At 31st July 2006, the Company was aware of the following holdings of more than 3% of the issued capital of the Company:

	<u>Number</u>	<u>%</u>
Akay Holdings Sdn. Bhd.	16,284,840	36.0
Akay Venture Sdn. Bhd	12,474,213	27.6
Dato' Mohamed Moiz Bin JM Ali Moiz	4,757,543	10.5
J. P. Morgan	3,000,000	6.6
Granite Peak Ltd.	2,000,000	4.4

In November, 2005 the Company raised £635,000 via the issue of 1,270,000 ordinary shares of £nil par value each at 50 pence each with an attached, unquoted warrant. The warrants are in registered form and entitle the registered holder to subscribe for one new ordinary share of nil par value each in the Company at a price of 65 pence per ordinary share for every warrant held. The warrants can be exercised at any time during the three year subscription period expiring on 31 December 2008.

At the end of the financial period, details of the warrants issued, are as follows:

Date of issuance of warrants	Exercise price per warrant (pence)	Balance at 8.4.2005	Warrants issued	Warrants exercised	Balance at 30.6.2006	Exercise period
07.11.2005	65	-	1,270,000		1,270,000	07.11.2005 to 31.12.2008

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.

Messrs Moore Stephens were appointed auditors during the period. On 3rd October 2005, Moore Stephens transferred its entire business to Moore Stephens LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Moore Stephens as extending to Moore Stephens LLP with effect from 3rd October 2005. A resolution to re-appoint Moore Stephens LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

T. P. WATSON

Finance Director

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to 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 Group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with laws and regulations.

Independent Auditors' Report to the Shareholders of Peninsular Gold Limited

We have audited the group and parent company financial statements (the "financial statements") of Peninsular Gold Limited (the "company") for the period from 8th April 2005 (date of incorporation) to 30th June 2006 which comprise the Group and Company Income Statements, Balance Sheets, Changes in Shareholder Equity and the Cash Flow Statements and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with article 110(2) of the 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards (IFRSs) (as adopted by the European Union) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the chairman's review, and report of the directors and 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 other information.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs (as adopted by the European Union), of the state of the group's and the parent company's affairs as at 30th June 2006 and of the group's and the parent company's loss for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991

St Paul's House
London EC4M 7BP

Moore Stephens LLP
Registered Auditors
Chartered Accountants
17 August, 2006

Consolidated Balance Sheet at 30th June 2006

(Expressed in United Kingdom Sterling)

	Note	£	30th June 2006 £
Non-Current Assets			
Property, plant and equipment	4		642,700
Other intangible assets	5		17,378,478
Mining development expenditure	6		1,318,629
Total Non-current Assets			<u>19,339,807</u>

Current Assets		
Inventories	7	242,145
Trade and other receivables	8	1,126,875
Cash and cash equivalents	9	3,418,166
Total Current Assets		<u>4,787,186</u>
Current Liabilities		
Trade and other payables	10	(952,902)
Total Current Liabilities		<u>(952,902)</u>
Net Current Assets		3,834,284
Total Assets Less Current Liabilities		<u>23,174,091</u>
Non-Current Liabilities		
Long-term borrowings	11	(1,409,385)
Net Assets		<u>21,764,706</u>
Financed by:		
Share capital	12	-
Share premium		23,068,844
Reserves		(1,304,138)
Total Equity		<u>21,764,706</u>

Company Balance Sheet at 30th June 2006

(Expressed in United Kingdom Sterling)

	Note	£	30th June 2006 £
Non-Current Assets			
Property, Plant and Equipment	4		1,372
Investments	3		16,975,298
Total Non-current Assets			<u>16,976,670</u>
Current Assets			
Trade and other receivables	8	3,008,336	
Cash and cash equivalents	9	2,664,038	
Total Current Assets		<u>5,672,374</u>	
Current Liabilities			
Trade and other payables	10	(42,095)	
Total Current Liabilities		<u>(42,095)</u>	

Net Current Assets		5,630,279
Total Assets Less Current Liabilities		22,606,949
Net Assets		22,606,949
Financed by:		
Share capital	12	-
Share premium		23,068,844
Reserves		(461,895)
Total Equity		22,606,949

Consolidated Income Statement
For the Period from Incorporation on 8th April 2005 to 30th June 2006

(Expressed in United Kingdom Sterling)

	<u>Note</u>	Period from Incorporation on 8 th April 2005 to 30 th June 2006 £
Revenue	2(n)	341,782
Cost of sales		(551,866)
Gross loss		(210,084)
Administrative expenses		(1,384,972)
Other operating expenses		(25,985)
Loss from Operations	14	(1,621,041)
Other income:		
Bank interest receivable		52,455
Unrealised gains in financial instruments		417,227
Income received from put option		38,656
Finance costs	17	(329,275)
Loss before Taxation		(1,441,978)
Income tax expense	18	-
Loss for the Period		(1,441,978)
Attributable to:		
Equity shareholders of the parent		(1,441,978)
Basic loss per share	20	(4.58p)

Consolidated Statement of Changes in Equity
For the Period from Incorporation on 8th April 2005 to 30th June 2006

(Expressed in United Kingdom Sterling)

	Share capital £	Share premium £	Accumulated losses £	Capital reserve £	Translation reserve £	Total £
On incorporation	100					100
Conversion to £Nil par value per share	(100)	100				
Redeemable preference shares issued to raise new cash		1,280,000				1,280,000
Issue of ordinary shares to acquire subsidiaries		16,975,298				16,975,298
Issue of ordinary shares for cash		5,663,500				5,663,500
Share issue costs		(850,054)				(850,054)
Loss for the period			(1,441,978)			(1,441,978)
Warrants issue				153,000		153,000
Loss not recognised in the Income Statement –Currency translation difference					(15,160)	(15,160)
		23,068,844	(1,441,978)	153,000	(15,160)	21,764,706

Company Income Statement
For the Period from Incorporation on 8th April 2005 to 30th June 2006

(Expressed in United Kingdom Sterling)

<u>Note</u>	Period from Incorporation on 8 th April 2005 to 30 th June 2006 £
Administrative expenses	(963,216)
Loss from Operations	14 <u>(963,216)</u>

Other income		
Income received from put option		38,656
Unrealised gain on financial instruments		417,227
Interest income from bank		48,720
Finance cost	17	(156,282)
Loss before Taxation		(614,895)
Income tax expense	18	-
Loss for the Period		(614,895)

Company Statement of Changes in Equity
For the Period from Incorporation on 8th April 2005 to 30th June 2006

(Expressed in United Kingdom Sterling)

	Share capital £	Share premium £	Accumulated losses £	Capital reserve £	Total £
On incorporation	100	-	-	-	100
Conversion to £Nil par value per share	(100)	100	-	-	-
Redeemable preference shares issued to raise new cash	-	1,280,000	-	-	1,280,000
Issue of ordinary shares to acquire subsidiaries	-	16,975,298	-	-	16,975,298
Issue of ordinary shares for cash	-	5,663,500	-	-	5,663,500
Share issue costs	-	(850,054)	-	-	(850,054)
Loss for the period	-	-	(614,895)	-	(614,895)
Warrants issue	-	-	-	153,000	153,000
	-	23,068,844	(614,895)	153,000	22,606,949

Consolidated Statement of Cash Flows
For the Period from Incorporation on 8th April 2005 to 30th June 2006

(Expressed in United Kingdom Sterling)

	Period from Incorporation on 8 th April 2005 to 30 th June 2006 £
Cash Flows from Operating Activities	(1,441,978)
Loss before taxation	
Adjustment for:	
Depreciation charge	114,350
Shares issued in lieu of fees paid	10,000
Interest received	(52,455)
Unrealised gain on financial instruments	(417,227)
Income from put option	(38,656)
Warrant issue	153,000
Interest expense	151,201
Operating loss before working capital changes	<u>(1,521,765)</u>
Changes in working capital:	
Increase in receivables	(453,136)
Increase in inventories	(41,681)
Payables	5,525
Net cash used in operating activities	<u>(2,011,057)</u>
Cash Flows from Investing Activities	
Cash acquired on acquisition of subsidiaries RAGM and SEREM	189,266
Purchase of property, plant and equipment	(252,291)
Interest received	52,455
Interest paid	(151,201)
Mining development expenditures	(477,292)
Placement of fixed deposit	(255,358)
Net cash from investing activities	<u>(894,421)</u>
Cash Flows from Financing Activities	
Proceeds from issue of ordinary shares	5,653,500
Proceeds from issue of redeemable preference shares	1,280,000
Share issue costs	(850,054)
Net cash from financing activities	<u>6,083,446</u>
Foreign exchange translation reserve	(15,160)
Net Increase in Cash and Cash Equivalents	<u>3,162,808</u>
Cash and Cash Equivalents at beginning of Period	-
Cash and Cash Equivalents at end of Period	<u>3,162,808</u>
Cash and Cash Equivalents comprise	3,162,808

Cash at bank (Note 9)	_____
At 30th June 2006	3,162,808

Notes to the Consolidated Statement of Cash Flows
For the Period from Incorporation on 8th April 2005 to 30th June 2006

(Expressed in United Kingdom Sterling)

Acquisition of the subsidiaries RAGM and SEREM

On 17th June 2005 the Group acquired the subsidiaries RAGM and SEREM. The fair value of the assets acquired and liabilities assumed were as follows:

	£
Cash	189,266
Inventories	200,464
Accounts receivable	217,756
Property, plant and equipment	504,759
Mining development expenditure	841,337
Trade and other payables	(306,796)
Term Loan owed within one year	(137,438)
Revolving credit	(729,501)
Hire purchase creditors	(31,905)
Amounts owing to a director	(19,228)
Term Loan owed between 1 to 5 years	(1,131,894)
Mining asset	17,378,478
Assets acquired	16,975,298
Satisfied by:	
Issue of shares	16,975,298

Company Statement of Cash Flows
For the Period from Incorporation on 8th April 2005 to 30th June 2006

(Expressed in United Kingdom Sterling)

	Period from Incorporation on 8 th April 2005 to 30 th June 2006
	£
Cash Flows from Operating Activities	(614,895)
Loss before taxation	
Adjustment for	
Depreciation charge	152
Shares issued at in lieu of fees paid	10,000
Interest income	(48,720)
Interest expense	(38,656)
Warrant issue	153,000
Unrealised gain in fair value	(417,227)
Operating loss before working capital changes	(956,346)

Changes in working capital	
Receivables	(2,552,353)
Other payables	42,095
Net cash used in operating activities	(3,466,604)
Cash Flows from Investing Activities	
Purchase of equipment	(1,524)
Interest received	48,720
Net cash from investing activities	47,196
Cash Flows from Financing Activities	
Proceeds from issue of ordinary shares	5,653,500
Proceeds from issue of preference shares	1,280,000
Share issue costs	(850,054)
Net cash from financing activities	6,083,446
Net increase in Cash and Cash Equivalents	2,664,038
Cash and Cash Equivalent at beginning of Period	-
	-
	2,664,038
Cash and Cash Equivalents at end of Period	
Cash and Cash Equivalents comprise	
Cash at bank (Note 9)	2,664,038
At 30th June 2006	2,664,038

**Notes to the Financial Statements For the Period from Incorporation on
8th April 2005 to 30th June 2006**

1. Group and Company Information

Peninsular Gold Limited is a limited liability company, incorporated under the laws of Jersey on 8th April 2005. This is the Company's first set of statutory accounts that are being prepared from the date of incorporation on 8th April 2005 to 30th June 2006. The Company was listed on AIM on 23rd June 2005. Its registered office is First Island House, Peter Street, St. Helier, Jersey.

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

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

The directors of the Company are considered to be key management.

Risks

The Group's activities expose it to a variety of financial risks, including the effects of changes in commodity prices, foreign currency, exchange rates, interest rates, credit and liquidity risks. The Board reviews and agrees policies for managing each of 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:

Commodity prices risk

Currently, gold is sold at its spot rate. The Group seeks to manage its exposure to commodity prices risk through the use of put options.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date, the areas of significant concentrations of credit risk include cash and cash equivalent and a balance within trade receivables. The carrying amount of trade and other receivables, subsidiary companies and related party balances and cash represent the Group's maximum exposure to credit risk.

Interest rate risk

The Group finances its operations via overdraft, revolving credit and term loans which bear interest at rates ranging from 1.5% to 2.0% per annum above the bank's base lending rate, currently 6.75%. Hire purchase arrangements are subject to fixed interest rates ranging from 2.45% to 4.5% per annum.

Liquidity risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair value

The carrying amounts reported in the financial statements for the financial instruments approximate their fair values.

Exchange Rate Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group does not enter into forward exchange contracts to hedge its foreign currency exposure. However, the Board keeps this policy under review.

2. Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRS" as adopted by the European Union). The Group has adopted early IFRS 6, *Exploration for and Evaluation of Mineral Resources*. The Group has not adopted early IFRS 7, *Financial Instruments: Disclosures*, which is effective for accounting periods beginning 1st January 2007. The impact on the accounts had this standard been adopted early are disclosed in note 24.

The financial statements have been prepared on the going concern basis. During the period the Group has renegotiated its bank borrowings and raised further equity funding of £5,663,500. The Term Loans in RAGM and SEREM are personally guaranteed by Dato' Andrew Tai Yeow Kam.

(b) Basis of Consolidation

The Group financial statements incorporate the assets, liabilities and results of Peninsular Gold

Limited together with its subsidiaries, RAGM and SEREM from the date of acquisition on 17th June 2005. The subsidiaries were acquired via share swap agreements, which valued the Peninsular Gold Limited shares issued as consideration at 50 pence per share. This valuation was provided by an independent valuer and was based on the gold resources and exploration grounds held by RAGM and SEREM.

All significant intercompany transactions and balances within the Group are eliminated in the preparation of the consolidated financial statements. Investment in subsidiaries is stated in the financial statements of the Company at cost less impairment losses. 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 acquisition method of accounting.

(c) Subsidiary Companies

Investment in subsidiaries is stated in the financial statements of the Company at cost less impairment losses. 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 acquisition method of accounting.

(d) Property, plant and equipment

Property, plant and equipment are 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%
Office furniture, fittings and equipment	10%

(e) Other intangible assets

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

Licences for the exploitation of natural resources are amortised on a straight-line basis over the period of the licence. 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 production output basis.

There has been no material level of gold production during the period as the gravity plant was being operated on a low level maintenance basis. Production ceased in March 2006 to allow site clearance and preparations for construction of the Carbon-In-Leach (CIL) plant. Amortisation of the intangible mining assets will be charged on commencement of meaningful production on commissioning of the CIL plant.

(f) 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 on the straight-line method over the life of the interest to which such costs relate on the production output basis and recognised in the income statement upon the commencement of commercial production.

(g) 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.

(h) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(i) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances and deposits with banks and highly liquid investments which 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.

(j) Impairment

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

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement.

(k) Liabilities

Trade and other payables are stated at cost.

(l) Borrowings and borrowing costs

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

(m) Leases

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

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; if not, the Group's incremental borrowing rate is used.

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

(n) Revenue

Revenue is generated from sales of bars of gold doré, is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(o) Retirement benefit costs

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

(p) Income tax

Malaysian Corporation Tax is provided on taxable profits at the appropriate rate. The Company has exempt company status for Jersey Income tax purposes and an exempt company tax at the fixed rate of £600 per annum is payable. As no relationship exists between the tax and the level of the company's activities, the tax is included in administrative expenses.

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

(q) 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 the Alternative Investment Market of the London Stock Exchange.

In the opinion of the directors, Malaysian Ringgit is the most appropriate 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.

(r) Foreign Currency Translation

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

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

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

United Kingdom Sterling	1.00	Malaysian Ringgit	6.7249
United Kingdom Sterling	1.00	United States Dollar	1.831
United States Dollar	1.00	Malaysian Ringgit	3.6724

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

United Kingdom Sterling	1.00	Malaysian Ringgit	6.789
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(s) Financial Instruments

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

financial instruments which are considered effective hedges are recognised directly in equity.

(t) Share-based payment transactions

IFRS 2 *Share-based Payment*, has been applied to all grants of equity instruments. The Group makes equity-settled share-based payments under the terms and conditions of issue. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, increase in capital reserves. The fair value is measured at issue date and recognised in the period which the warrant holders can unconditionally exercise their rights under the **Peninsular Gold Limited** based on an estimate of the shares that will ultimately vest. Fair value is measured by use of the Black-Scholes pricing model.

3. Investments

Company	<u>2006</u>
	£
Cost	
At 8th April 2005	-
Additions for the period	16,975,298
	<hr/>
At 30th June 2006	16,975,298
	<hr/>
Impairment at 8th April 2005 and at 30th June 2006	-
	<hr/>
Net book value	
At 30th June 2006	16,975,298
	<hr/>

The Company's investment in RAGM was £10,199,588 and its investment in SEREM was £6,775,710. Details of the assets acquired and liabilities assumed are set out in the note to the consolidated cash flow.

Subsidiary Companies

The consolidated financial statements include the following subsidiary companies held at 30th June 2006:

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

Peninsular Gold Limited

Notes to the Financial Statements For the Period from Incorporation on 8th April 2005 to 30th June 2006

(Continued)

4. Property, Plant and Equipment

	Plant and equipment £	Buildings £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Company					
<u>Cost</u>					
Additions during the period	-	-	-	1,524	1,524
At 30 th June 2006	-	-	-	1,524	1,524
<u>Accumulated depreciation</u>					
Charge for the period	-	-	-	152	152
At 30 th June 2006	-	-	-	152	152
Net Book Value at 30 th June 2006	-	-	-	1,372	1,372
Group					
<u>Cost</u>					
Additions on acquisition of subsidiaries	438,801	4,695	29,045	32,218	504,759
Additions during the period	199,392	4,502	21,693	26,704	252,291
At 30 th June 2006	638,193	9,197	50,738	58,922	757,050
<u>Accumulated depreciation</u>					
Charge for the period	81,687	4,635	18,726	9,302	114,350
At 30 th June 2006	81,687	4,635	18,726	9,302	114,350
Net Book Value at 30 th June 2006	556,506	4,562	32,012	49,620	642,700

Included in plant and equipment are idle assets amounting to £357,833 which are not subject to depreciation, as these assets, which were purchased for the commencement of the commercial mining operations, have not been used since their respective dates of acquisition.

Included in property, plant and equipment are motor vehicles acquired under hire purchase agreements with a net book value of £28,348.

Peninsular Gold Limited

**Notes to the Financial Statements For the Period from Incorporation on
8th April 2005 to 30th June 2006
(Continued)**

5. Other intangible assets – Mining reserves and resources

Group	<u>2006</u>
	£
Cost	
Additions on acquisition of subsidiaries	17,378,478
At 30th June 2006	<u>17,378,478</u>
Net book value	
At 30th June 2006	<u>17,378,478</u>

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

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

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

6. Mining development expenditure

Group	<u>2006</u>
	£
Mining development and prospecting expenditure, at cost	<u>1,318,629</u>

Mining development expenditure relates to the development costs of the proposed carbon-in-leach plant at Raub. All revenue generated in the financial year ending 30th June 2006 is generated from the gravity plant. Hence, there has been no amortisation of mining development expenditure.

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

7. Inventories

Group	<u>2006</u>
	£
Spare parts and consumables	22,309
Work-in-progress	219,836
	<u>242,145</u>

8. Trade and other receivables

Group	Company
<u>2006</u>	<u>2006</u>

	£	£
Trade receivables	-	-
Other receivables, deposits and prepayments	224,438	38,842
Put options	902,437	902,437
Amount due from subsidiaries	-	2,067,057
	<u>1,126,875</u>	<u>3,008,336</u>

Included in other receivables, deposits and prepayments are deposits of £30,633 which relate to the sub-lease (with an option to purchase) of a Mining Certificate which grants the right to occupy and mine a piece of mining land in Raub, Pahang.

Included in other receivables, deposits and prepayments are interest free advances of £78,649 to a third party. The directors believe the amount approximates its fair value.

The fair value adjustment of financial instruments is in relation to the fair value of a put option purchased during the period for US\$999,840. This is for a quantity of 49,996 ounces of gold. As at the end of the financial year, the fair value of the put option is US\$1,652,364.

9. Cash and Cash Equivalents

	Group <u>2006</u> £	Company <u>2006</u> £
Cash at bank and in hand	3,162,808	2,664,038
Fixed deposit with a licensed bank	255,358	-
	<u>3,418,166</u>	<u>2,664,038</u>

Fixed deposit with a licensed bank has not been included in Cash and Cash Equivalent in the Consolidated Cash Flow Statement as it has a maturity exceeding three months.

10. Trade and other payables

	Group <u>2006</u> £	Company <u>2006</u> £
Other payables and accrued expenses	451,595	42,095
Term loan	490,268	-
Hire purchases	11,039	-
	<u>952,902</u>	<u>42,095</u>

11. Long term borrowings

	Group <u>2006</u> £	Company <u>2006</u> £
Term Loan	1,383,515	-
Hire purchase credit	25,870	-
	<u>1,409,385</u>	<u>-</u>

The Group's term loans are subject to interest at a rate of 2.0% per annum above the lender's base lending rate, currently 6.75%.

The term loans which are all repayable in Malaysian Ringgit are payable as follows:

£550,194 by way of bullet repayment at the end of two years from the drawdown date of 30th June 2005.

Repayment of a term loan of £743,506 (RM5,000,000) began on 1st January 2006. This term loan is repayable in 36 equal installments. The balance of this term loan as at 30th June 2006 was £580,083. Another term loan of £743,506 (RM5,000,000) is repayable in 36 instalments commencing 1st October 2006 .

The Group's term loans made to RAGM totalling £1,323,589 (Malaysian Ringgit 8,901,000) are secured by way of a debenture over all the Group's fixed and floating assets, a third party charge over a related company's property and a personal guarantee by a director. The term loan made to SEREM totaling £550,194 (Malaysian Ringgit 3,700,000) is secured by a pledge of a fixed deposit of £255,358 (RM1,700,000), and a personal guarantee by a director.

Hire purchase arrangements are subject to fixed interest rates ranging from 2.45% to 4.5% per annum.

Group	Effective interest rate per annum %	Borrowings				Total £
		Within 1 year £	1-2 years £	2-3 years £		
Floating rate term loan	7.95	490,268	691,757	691,758	1,873,783	
Hire purchase creditors	3.75	11,039	11,039	14,831	36,909	

Net obligations under hire purchase contracts

Group	<u>2006</u>
	£
Repayable within one year	13,054
Repayable between one and five years	30,011
	<u>43,065</u>
Finance charges and interest allocated to future accounting periods	(6,156)
	<u>36,909</u>
Included in liabilities falling due within one year	(11,039)
	<u>25,870</u>

12. Share Capital

Company	<u>2006</u>
Authorised	
Unlimited ordinary shares of £Nil par value each	-
	<u>£ -</u>
Allotted, called up and fully paid	
45,278,596 ordinary shares of £Nil par value each	-
	<u>£ -</u>

The Company has one class of ordinary shares which carry no right to fixed income. On incorporation the Company issued 1,000 shares of £0.10 nominal value each which remained unpaid at the period end. These were subsequently converted into 1,000 shares of £Nil par value each and the share capital transferred to the share premium account. On 17th June 2005, a further 33,950,596 shares at

£Nil par value at a subscription price of £0.50 per share were issued, as consideration to acquire RAGM and SEREM. On 3rd November 2005, the Company issued 1,270,000 new ordinary shares at £0.50. The subscribers of these shares have been allotted free, one unquoted warrant exercisable at 65p per share by 31st December 2008 for each share subscribed. The house broker was

12. Share Capital (continued)

issued 20,000 shares on the same day . On 13th March 2006, a further 8,037,000 new ordinary shares were issued at £0.50 per share via a private placement. Subsequently 2,000,000 new ordinary shares were issued on 12th May 2006 at £0.50 per share. The authorised share capital of the Company at 30th June 2006 is an unlimited number of shares of no par value designated as Ordinary Shares and an unlimited number of shares of no par value designated as Preference Shares. 2,560,000 redeemable, convertible and cumulative 6% Preference Shares were issued at £0.50 per share on 27th May 2005 and rank equally amongst themselves in all respects.

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

Warrants

Information and assumptions regarding the Company's warrants issued on 7th November, 2005

Fair value at issuance date	12 pence
Share price	60 pence
Warrant exercise price	65 pence
Expected volatility	25%
Option life	3 years
Risk-free interest rate	4.76%

The expected volatility is based on the historic volatility of the Company's share price. The estimated fair value of the warrant was measured based on the Black-Scholes model.

Mining Rights Agreement

On 17th June 2005, the Company entered into a Mining Rights Agreement, which provides for the issue by the Company of 1,356,780 Ordinary Shares to Akay Holdings Sdn. Bhd. at £0.50 per share in consideration for the procurement by Akay Holdings Sdn. Bhd. of certain mining rights. At 30th June 2006 these shares had not been issued as the state government had not yet issued the mining licence and hence the conditions for issuing the shares had not been met.

13. Segmental Information

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

The total cost to acquire RAGM and SEREM is noted in the notes to the Consolidated Cash Flow.

14. Loss from Operations

The operating loss for the period is arrived at after charging the following:

Group	Company
<u>2006</u>	<u>2006</u>
£	£

Audit fees	37,514	37,514
Depreciation	114,350	152
Directors' emoluments	297,465	262,150
Rental of premises	29,269	-
Rental of production plant and equipment	180,993	-

Additional payments made to the auditors during the period amounted to £69,452. These amounts are included within share issue and admission expenses set off against the share premium account.

15. Directors' emoluments

	Group <u>2006</u>	Company <u>2006</u>
	£	£
Emoluments for qualifying services	297,465	262,150
Company pension contributions	-	-
	<u>297,465</u>	<u>262,150</u>

16. Employees

	Group <u>2006</u>	Company <u>2006</u>
	£	£
Wages and salaries	336,412	262,150
Social security costs	972	-
Other pension costs	9,621	-
	<u>347,005</u>	<u>262,150</u>

As at 30th June 2006. the number of employees was as follows:-

Administration	18	3
Others	10	-
	<u>28</u>	<u>3</u>

17. Finance costs

	Group <u>2006</u>	Group <u>2006</u>
	£	£
Bank loan interest	151,201	-
Other financial charges	25,074	3,282
Warrant issue	153,000	153,000
	<u>329,275</u>	<u>156,282</u>

18. Income tax expense

Tax reconciliation :

Group	%	<u>2006</u> £
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Loss before tax	100	(1,441,978)
	-----	-----
Income tax using Malaysian tax rate	28	(403,754)
Non-deductible expenses	(15)	221,336
Effect of deferred tax asset not recognized	(12)	174,788
Effect of lower tax rate for Malaysian companies with share capital below RM2.5 million	(1)	7,630
	-----	-----
Income tax expense	-	-
	-----	-----

19. Deferred taxation

No deferred taxation has been recognised for the following items:

Group	
<u>2006</u>	£
Taxable temporary differences	(166,543)
Unabsorbed mining allowance	433,011
Unabsorbed capital allowance	910,186
Unabsorbed abortive prospective expenditure	89,517
Unutilised tax losses	1,017,398

	2,283,569

20. Loss per share

The calculation of basic loss per share is based on the loss for the period after taxation: £1,441,978. The weighted average number of shares in issue during the period was 31,503,218. The redeemable preference shares and the warrants attached to the 1,270,000 shares issued in November 2005 are non-dilutive. The rights of preference share holders on conversion are set out in Note 12.

21. Capital commitments

Group	<u>2006</u>
	£
Authorised and contracted for	
Acquisition/sub-lease of mining rights	61,265

This amount relates to a commitment which shall be payable upon approval for the extension of a mining certificate on a piece of land (MC511) for a period of not less than 10 years. As at 30th June 2006, approval was still pending.

22. Control

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

23. Currency exposure

Currency risk for foreign Group companies, to currencies other than their originating currency, is not considered to be significant to the Group's overall position at 30th June 2006.

The assets/liabilities of the Group were denominated in the following currencies:

Malaysian	United Kingdom
Ringgit	Sterling
£	£

Assets	1,127,333	5,672,374
Liabilities	910,807	42,095

24. Related party transactions

As a result of Dato' 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 contracts are related party contracts.

- (a) On 17th June 2005, the Company entered into and completed the Share Swap Agreement with Akay Venture Sdn. Bhd. Akay Holdings Sdn. Bhd. and Dato' Mohamed Moiz Bin JM Ali Moiz pursuant to which 33,950,596 shares were issued in consideration for the acquisition of the two subsidiaries RAGM and SEREM.
- (b) On 17th June 2005, the company entered into the Mining Rights Agreement with Akay Holdings Sdn. Bhd., pursuant to which the company will issue 1,356,780 ordinary shares at £0.50 per share to Akay Holdings Sdn. Bhd. for procuring a permit for the company to undertake prospecting and mining activities on the Raub Mining Development Corporation Sdn. Bhd. ("RMDC") land.
- (c) On 17th June 2005, RAGM was granted by Akay Holdings Sdn. Bhd. an unregistered permit to undertake mining activities on the 1669 Mining Lease for a period of one year expiring on 30th June 2006. Provided that RAGM does not breach the terms of the permit, Akay Holdings Sdn. Bhd. will grant an annual extension of the permit until expiry of the 1669 Mining Lease on 31st December 2017. The Group pay Akay Holdings Sdn. Bhd. £1,487 annually under this agreement to permit the Group to carry out gold mining activity at Raub, Pahang.
- (d) The Company has extended interest free advances to its wholly-owned subsidiaries. As at 30th June 2006, the amount advanced to RAGM was £1,592,999 and the amount advanced to SEREM was £474,058.
- (e) Further related party transactions between the Company and the directors are noted in the borrowing note (Note 11).

25. Financial Instruments

IFRS 7 *Financial Instruments: Disclosure* was issued in August 2005, but comes into force for accounting periods beginning on or after 1st January 2007. The Company is not intending to adopt the standard early. IFRS 7 will have no impact on the net assets of the Company or Group, but will require increased disclosure in respect of the credit, liquidity and market risks faced by the Company and Group.

At the same time as IFRS 7 comes into force, IAS 1 is also amended to require additional disclosure in respect of capital. The impact of the revision of IAS 1 on the Company and Group will be limited, as neither the Company nor the Group is subject to externally imposed capital requirements.

26. Availability of Accounts

Copies of the accounts will be posted to shareholders shortly and will also be available free of charge for collection at the following address:

Nabarro Wells & Co. Limited
Saddlers House
Gutter Lane
London
EC2V 6HS

-End-

For further information:

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