

**Toledo Mining Corporation Plc**

**Registered Number 05055833**

**Interim Results for the six months period ended 30 September 2008**

<b>CONTENTS</b>	<b>Page</b>
Corporate Directory	1
Chairman's Statement	2-4
Independent Review Report	5
Consolidated Income Statement	6
Consolidated Balance sheet	7-8
Consolidated Statement of Changes in Equity	9-10
Consolidated Cash flow statement	11
Notes to the interim results	12-20

## CORPORATE DIRECTORY

Directors	Reg Eccles George Bujtor Felix Pole Simon Purkiss Constantine Thanassoulas	(Non – Executive Chairman) (Chief Executive Officer) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director)
Secretary	Sabretooth Law Limited	
Registered Office	Ground floor, 11 Albemarle Street London W1S 4HH	
Nominated Adviser	Ambrian Partners Limited Old Change House 128 Queen Victoria Street London EC4V 4BJ	
Broker	Ambrian Partners Limited Old Change House 128 Queen Victoria Street London EC4V 4BJ	
Solicitors	Beshoffs Solicitors 12 Walker Avenue Stratford Office Village, Wolverton Mill Milton Keynes MK12 5TW	
Auditors	Sawin & Edwards 15 Southampton Place London WC1A 2AJ	
Principal Bankers	Coutts & Co 188 Fleet Street London EC4A 2HT	
Registrars	Capita IRG PLC Bourne House 34 Beckenham Road, Beckenham Kent BR3 4TU	

**TOLEDO MINING CORPORATION PLC**  
**INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED**  
**30 SEPTEMBER 2008**

**CHAIRMAN'S STATEMENT**

In the period under review, Toledo Mining Corporation's (TMC) activities continued to be focussed on realising the commercial potential of several large laterite nickel ore bodies on Palawan Island in the Philippines.

In a number of respects, the six months under review encompassed both the best and the worst developments in the company's short history. Best in terms of record ore production, volume sales and progress in our ambition for on site beneficiation of ore. Worst because of the precipitous decline in Chinese demand for direct shipping ore and a near halving in the Cash LME nickel price, from \$30,000 per tonne at the beginning of April to \$15,750 at the end of September. The price has continued to decline subsequent to the period end to approximately \$10,000 per tonne at the time of writing.

For the half year, the Berong mine (TMC interest, 56%) shipped 370,355 wet metric tonnes of laterite nickel ore at an average grade of 1.53% (3,829 tonnes contained nickel on a dry basis) to customers in China and Australia. The amount shipped was 5% higher than in the comparable period of 2007. Ore mined during the period amounted to 547,001 wet metric tonnes, with the tonnage mined during the September quarter achieving a record 345,005 tonnes or 1.38 million tonnes on an annualised basis. Ore inventories stockpiled at the coast at the end of September amounted to 323,115 tonnes, two thirds of which was higher grade ore earmarked for BHP Billiton's Yabulu nickel refinery in Australia under a long term supply agreement.

Reflecting lower nickel prices, six months unaudited profit attributable to shareholders, including share of associates profit, declined from £1,538,468 (5.30 pence per share) in 2007 to £839,817 (2.84 pence per share). Unaudited shareholders equity as at 30<sup>th</sup> September 2008 stood at £26.7 million (90.5 pence per share) and cash held by TMC, excluding that of associates, was £3.99 million (13.5 pence per share).

Significant highlights during the six months included the entry of European Nickel PLC ("European Nickel") onto TMC's share register and the signing of a Memorandum of Understanding (MOU) with a major Chinese company for the construction of a plant to treat ore from our Ipilan deposit.

Towards the end of June, European Nickel PLC became the largest shareholder in TMC and a partner in Berong Nickel Corporation (BNC), operator of the Berong mine, when it acquired, from interests associated with the former Chairman of TMC, 19.3% of the issued ordinary shares of TMC and a direct 18.7% holding in Berong. European Nickel has leading edge technology in the heap leaching of laterite ores, the commercial application of which offers the potential to improve dramatically the economics of nickel production. The entry of a committed nickel company as both shareholder and partner can only benefit TMC and as soon as practical, it is intended to build a trial heap leach plant at Berong using European Nickel's technology.

**TOLEDO MINING CORPORATION PLC**  
**INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED**  
**30 SEPTEMBER 2008**

**CHAIRMAN'S STATEMENT (*continued*)**

Early in July, TMC reported the signing of a MOU with Jiangxi Rare Earth & Rare Metals Tungsten Group ("Jiangxi") for the financing and construction of a 40,000 tonnes per annum nickel cobalt leaching plant on Palawan Island treating ore from our Ipilan deposit and to supply an associated nickel refinery to be built in China. In November a group of TMC directors were invited to Nanchang in Jiangxi Province to witness the construction of ground works for the refinery.

As part of the MOU, Jiangxi intended to build a demonstration pilot nickel leaching plant in China to determine the optimum processing method for the full scale plant at Ipilan. However, on further consideration it was concluded that it would make more commercial logic to locate the demonstration plant at Berong. Accordingly, a supplementary MOU to this effect was signed in November. The MOU is subject to the approval of the shareholders of BNC.

Under the terms of both MOU's, Jiangxi will be responsible for 100% of the financing of the plants and associated infrastructure whilst the partners in both Berong and Ipilan will have an as yet to be finalised free carried interest in return for a long term ore supply agreement.

At the beginning of December, the company announced an initial JORC compliant resource estimate, prepared by Snowden Mining Industry Consultants, for 30% of the area covered by the Ipilan MPSA (exploration permitted). As calculated by Snowden, the JORC compliant Measured, Indicated and Inferred Resource is 30.59 million tonnes averaging 1.36% nickel, (containing 417,000 tonnes nickel), at a 1% nickel cut-off grade. Encouragingly, more than 90% of the JORC resource falls within the "Measured" category. Management has previously estimated that the total Ipilan MPSA area (including the 30% covered by the JORC calculation) contains a resource of 77 million tonnes averaging 1.25% nickel.

The collapse in the nickel market occurred at a time when nickel inventories at Berong were being accumulated ahead of the scheduled operational shutdown from late October to end February when offshore transshipment is impractical because of rough seas. As a consequence, and fortuitous perhaps, management was well advanced in reducing operating costs at Berong, a process which has continued in earnest since.

Although BHP Billiton has confirmed its intention to continue purchasing ore from Berong in 2009, it does not automatically follow that shipments will commence as soon as the shipping window opens, particularly as BHP Billiton has announced the closure of the Yabulu refinery next February for maintenance work. With the Chinese market remaining virtually closed to the import of direct shipping ore, there is thus no guarantee of an early resumption of cash flow to Berong next year. The only positive in this gloomy prospect is that the break even cost of barging ore from inventory to offshore vessels is well below what Berong would earn at the current nickel price; so that should the opportunity arise, Berong can ship inventory at highly competitive rates.

**TOLEDO MINING CORPORATION PLC**  
**INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED**  
**30 SEPTEMBER 2008**

**CHAIRMAN'S STATEMENT** *(continued)*

Given the possibility of a prolonged recession, the Board and management of TMC have resolved that the only responsible course of action is to manage the company's assets on the presumption of an extended period of poor demand and low nickel prices. Regrettably this has meant laying off the vast majority of the workforce at or servicing the Berong operations, some 600 workers and contractors in total. The remaining staff in the Philippines now comprise a core team of sufficient skill mix to manage our nickel resources, to maintain the Berong mine and plant in good order and, very importantly, to convert the MOU's with Jiangxi into legally binding agreements and advance value added processing trials.

As a demonstration of support for these harsh but essential cost cutting measure, the four non executive directors of TMC have agreed to a 20% reduction in their fees.

As at the end of November, TMC had £3.5 million in cash, excluding a further \$2.5 million (before payments to creditors) held by associated companies. Additionally, from next April, Atlas Consolidated Mining and Development Corporation (which has a 25% interest in Berong Nickel Corporation), is scheduled to commence repayments to TMC of a drawdown facility under the terms of which each draw down is due for repayment with interest 3 years after it was granted. To date \$4.8 million has been drawn down under the loan agreement.

The Board of TMC is confident that the action it has taken, in conjunction with careful management of its financial resources and the support of its partners in Berong (Atlas and European Nickel), will enable the company to weather the economic storm and be well positioned to benefit from a market recovery.

Reg Eccles, Chairman  
23 December 2008

# **INDEPENDENT REVIEW REPORT TO TOLEDO MINING CORPORATION PLC**

## **Introduction**

We have reviewed the accompanying condensed Consolidated Balance Sheet of Toledo Mining Corporation Plc as at 30 September 2008 and the related condensed Statements of Income, Changes in Equity and Cash Flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

## **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK & Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Sawin & Edwards  
Chartered Accountants  
15 Southampton Place  
WC1A 2AJ

23 December 2008

**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
*For the six months period ended 30 September 2008*

	Note	Six months period ended 30 September 2008 (Unaudited) £	Six months period ended 30 September 2007 (Unaudited) £	Year ended 31 March 2008 (Audited) £
Revenue		<u>796,664</u>	<u>583,510</u>	<u>981,487</u>
<b>Gross profit</b>		<b>796,664</b>	583,510	981,487
Administrative expenses		<b>(546,074)</b>	(1,180,571)	(2,416,266)
Exceptional item		-	-	(583,433)
Other operating income		<b>41,652</b>	60,402	104,804
Realised / unrealised gains / (losses) on current asset investments		<b>142,292</b>	(251,550)	(221,298)
Share of results of associates		<u><b>51,178</b></u>	<u>2,840,147</u>	<u>2,649,630</u>
<b>Profit from operations</b>		<b>485,712</b>	2,051,938	514,924
Investment income		<b>435,614</b>	294,157	691,778
<b>Profit before taxation</b>		<u><b>921,326</b></u>	<u>2,346,095</u>	<u>1,206,702</u>
Income tax expense		-	(595,818)	-
<b>Profit for the period</b>		<u><b>921,326</b></u>	<u>1,750,277</u>	<u>1,206,702</u>
<b>Attributable to:</b>				
<b>Equity holders of the parent</b>		<b>839,817</b>	1,538,468	1,003,144
<b>Minority interest</b>		<u><b>81,509</b></u>	<u>211,809</u>	<u>203,558</u>
		<u><b>921,326</b></u>	<u>1,750,277</u>	<u>1,206,702</u>
<b>Earnings per share (pence) – including share of associates results</b>	3			
<b>Basic</b>		<b>2.84</b>	5.30	3.43
<b>Diluted</b>		<b>2.78</b>	5.14	3.36
<b>Earnings / loss per share (pence) – excluding share of associates results</b>	3			
<b>Basic</b>		<b>2.67</b>	(2.43)	(5.62)
<b>Diluted</b>		<b>2.61</b>	(2.36)	(5.52)

The Group has no recognised gains or losses other than the results for the period as set out above.

**UNAUDITED CONSOLIDATED BALANCE SHEET**  
*30 September 2008*

	As at 30 September 2008 (Unaudited) £	As at 30 September 2007 (Unaudited) £	As at 31 March 2008 (Audited) £
Note			
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	2,850	20,695	8,429
Investments in associated undertakings	12,450,721	13,193,821	12,408,531
Loans and receivables	10,171,593	3,069,061	7,625,613
Trade and other receivables	<u>38,450</u>	<u>38,450</u>	<u>38,450</u>
<b>Total non current assets</b>	<b><u>22,663,614</u></b>	<b><u>16,322,027</u></b>	<b><u>20,081,023</u></b>
<b>Current Assets</b>			
Trade and other receivables	711,843	824,377	567,651
Taxation	18,462	16,174	23,928
Investments	-	383,364	413,616
Cash and cash equivalents	<u>3,990,831</u>	<u>9,946,316</u>	<u>5,458,262</u>
<b>Total current assets</b>	<b><u>4,721,136</u></b>	<b><u>11,170,231</u></b>	<b><u>6,463,457</u></b>
<b>Total Assets</b>	<b><u>27,384,750</u></b>	<b><u>27,492,258</u></b>	<b><u>26,544,480</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	659,088	1,126,428	622,770
Taxation	1,088	-	171,583
<b>Total current liabilities</b>	<b><u>660,176</u></b>	<b><u>1,126,428</u></b>	<b><u>794,353</u></b>
<b>Non current liabilities</b>			
Deferred income tax liabilities	-	595,818	-
<b>Total non current liabilities</b>	<b><u>-</u></b>	<b><u>595,818</u></b>	<b><u>-</u></b>
<b>Total Liabilities</b>	<b><u>660,176</u></b>	<b><u>1,722,246</u></b>	<b><u>794,353</u></b>

**UNAUDITED CONSOLIDATED BALANCE SHEET (continued)**  
**30 September 2008**

	Note	As at 30 September 2008 (Unaudited) £	As at 30 September 2007 (Unaudited) £	As at 31 March 2008 (Audited) £
<b>Equity and Reserves</b>				
Called up share capital	4	<b>1,476,917</b>	1,459,417	1,476,917
Share premium		<b>24,508,568</b>	23,907,908	24,508,568
Share based payments reserve		<b>370,006</b>	705,921	408,980
Translation reserve		<b>29,066</b>	-	(735)
Profit and loss account		<b><u>(3,976)</u></b>	<b><u>(551,224)</u></b>	<b><u>(882,767)</u></b>
Equity attributable to equity holders of the parent		<b>26,380,581</b>	25,522,022	25,510,963
Minority interest		<b>343,993</b>	247,990	239,164
<b>Total Equity</b>		<b><u>26,724,574</u></b>	<b><u>25,770,012</u></b>	<b><u>25,750,127</u></b>
<b>Total equity and liabilities</b>		<b><u>27,384,750</u></b>	<b><u>27,492,258</u></b>	<b><u>26,544,480</u></b>

These interim results were approved by the Board on 23 December 2008 and signed on their behalf by:

Reg Eccles  
Chairman

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*for the six months period ended 30 September 2008*

	<b>Share Capital £</b>	<b>Share Premium £</b>	<b>Share Based Payments Reserve £</b>	<b>Retained Loss £</b>	<b>Minority Interest £</b>	<b>Trans- lation Exchange Reserve £</b>	<b>Total £</b>
Balance at 1 April 2008	1,476,917	24,508,568	408,980	(882,767)	239,164	(735)	25,750,127
Transfer from reserve	-	-	(38,974)	38,974	-	-	-
Translation movement	-	-	-	-	23,320	29,801	53,121
Profit for the period	-	-	-	839,817	81,509	-	921,326
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2008	<u>1,476,917</u>	<u>24,508,568</u>	<u>370,006</u>	<u>(3,976)</u>	<u>343,993</u>	<u>29,066</u>	<u>26,724,574</u>

  

	<b>Share Capital £</b>	<b>Share Premium £</b>	<b>Share Based Payments Reserve £</b>	<b>Retained Loss £</b>	<b>Minority Interest £</b>	<b>Trans- lation Exchange Reserve £</b>	<b>Total £</b>
Balance at 1 April 2007	1,429,417	23,062,908	1,107,326	(2,491,097)	36,181	-	23,144,735
Share issue	30,000	845,000	-	-	-	-	875,000
Transfer from reserve	-	-	(401,405)	401,405	-	-	-
Profit for the period	-	-	-	1,538,468	211,809	-	1,750,277
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2007	<u>1,459,417</u>	<u>23,907,908</u>	<u>705,921</u>	<u>(551,224)</u>	<u>247,990</u>	<u>-</u>	<u>25,770,012</u>

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*for the six months period ended 30 September 2008*

	<b>Share Capital £</b>	<b>Share Premium £</b>	<b>Share Based Payments Reserve £</b>	<b>Retained Loss £</b>	<b>Minority Interest £</b>	<b>Trans- lation Exchange Reserve £</b>	<b>Total £</b>
Balance at 1 April 2007	1,429,417	23,062,908	1,107,326	(2,491,097)	36,181	-	23,144,735
Share issue	47,500	1,352,500	-	-	-	-	1,400,000
Transfer from reserve	-	93,160	(698,346)	605,186	-	-	-
Translation movement	-	-	-	-	(575)	(735)	(1,310)
Profit for the year	-	-	-	1,003,144	203,558	-	1,206,702
Balance at 31 March 2008	<u>1,476,917</u>	<u>24,508,568</u>	<u>408,980</u>	<u>(882,767)</u>	<u>239,164</u>	<u>(735)</u>	<u>25,750,127</u>

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

*for the six months period ended 30 September 2008*

	Six months period ended 30 September 2008 (Unaudited) £	Six months period ended 30 September 2007 (Unaudited) £	Year ended 31 March 2008 (Audited) £
<b>Cash flows from operating activities</b>			
Operating profit	485,712	2,051,938	514,924
Increase in trade and other receivables	(185,215)	(289,201)	(115,752)
(Decrease) / increase in trade & other payables	(134,177)	(533,293)	(865,368)
Impairment write down	-	-	583,433
Depreciation	3,676	13,390	28,839
Amortisation	8,987	-	11,340
Share of associate undertakings results	(51,178)	(2,840,147)	(2,649,630)
(Increase) / decrease in investments	(142,292)	532,204	221,298
Share based payments	-	-	-
Translation / exchange (gain) / loss	(828,163)	194,177	172,172
	<u>(842,650)</u>	<u>(870,932)</u>	<u>(2,098,744)</u>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash outflow from operating activities</b>	<b>(842,650)</b>	<b>(870,932)</b>	<b>(2,098,744)</b>
<b>Investing Activities</b>			
Investment income	145,432	167,897	406,784
Sale/purchase of property, plant & equipment	1,903	(688)	(3,871)
Loan investments advanced	(1,328,023)	(1,385,772)	(5,687,372)
Loan investments repaid	-	3,129,520	3,129,520
Sale of current investments	555,907	-	280,654
	<u>(624,781)</u>	<u>1,910,957</u>	<u>(1,874,285)</u>
<b>Financing activities</b>			
Issue of equity share capital	-	875,000	1,400,000
	<u>-</u>	<u>875,000</u>	<u>1,400,000</u>
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>875,000</b>	<b>1,400,000</b>
<b>(Decrease) / increase in cash and cash equivalents</b>	<b>(1,467,431)</b>	<b>1,915,025</b>	<b>(2,573,029)</b>
Cash and cash equivalents brought forward	5,458,262	8,031,291	8,031,291
	<u>3,990,831</u>	<u>9,946,316</u>	<u>5,458,262</u>

## NOTES TO THE UNAUDITED INTERIM RESULTS

*For the six months period ended 30 September 2008*

### **1. General information**

Toledo Mining Corporation Plc is a company incorporated in England and Wales under the Companies Act 1985. The Company's registered office is 11 Albemarle Street, London, W1S 4HH.

The principal activity of the Group is the investment in and exploration and development of mining projects, specifically in the Philippines.

The Group's principal activity is carried out in US dollars. The financial statements are presented in pounds sterling as this is the currency of the country (the UK) where the Company is incorporated and its ordinary shares admitted for trading.

The Board of directors has authorised the issue of these interim results on the date of the statement as set out on page 8.

### **2. Accounting policies**

#### **Basis of accounting**

The interim results have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The interim results have been prepared on the historical cost basis except that certain financial instruments are accounted for at fair values. The same principal accounting policies and methods of computation have been followed in the interim results as compared with the Group's financial statements for the year ended 31 March 2008.

## NOTES TO THE UNAUDITED INTERIM RESULTS *(continued)*

*For the six months period ended 30 September 2008*

### **3. Earnings per share – including share of associates results**

Earnings per share has been calculated by dividing the profit for the period after taxation including share of associates profits of £51,178 (30 September 2007:£2,840,147) (31 March 2008:£2,649,630) attributable to the equity holders of the parent company of £839,817 (30 September 2007:£1,538,468) (31 March 2008: £1,003,144) by the weighted average number of shares in issue at the period end of 29,538,333 (30 September 2007: 29,034,652) (31 March 2008: 29,278,552).

Diluted earnings per share has been calculated using the weighted average number of shares in issue at the period end, diluted for the effect of share options in existence at the period end of 640,000 ( 30 September 2007: 895,000) (31 March 2008: 545,000).

### **Earnings / (loss) per share – excluding share of associates results**

Earnings / (loss) per share has been calculated by dividing the profit / (loss) for the period after taxation excluding share of associates profits and deferred tax relating thereto £51,178 (30 September 2007:£2,244,329) (31 March 2008:£2,649,630) attributable to the equity holders of the parent company of £788,639 (30 September 2007:loss £705,861) (31 March 2008: loss £1,646,486) by the weighted average number of shares in issue at the year end of 29,538,333 (30 September 2007:29,034,652) ( 31 March 2008:29,278,552).

Diluted loss per share has been calculated using the weighted average number of shares in issue at the period end, diluted for the effect of share options in existence at the period end of 640,000 (30 September 2007: 895,000) (31 March 2008: 545,000).

### **4. Called up share capital**

	<b>Six months period ended 30 September 2008 (Unaudited)</b>	<b>Six months period ended 30 September 2007 (Unaudited)</b>	<b>Year ended 31 March 2008 (Audited)</b>
<b>Authorised</b>			
Ordinary shares of 5p each			
Number	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>
Nominal value	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
<b>Allotted and fully paid</b>			
Ordinary shares of 5p each			
Number	<u>29,538,333</u>	<u>29,188,333</u>	<u>29,538,333</u>
Nominal value	<u>1,476,917</u>	<u>1,459,417</u>	<u>1,476,917</u>

**NOTES TO THE UNAUDITED INTERIM RESULTS** *(continued)*

*For the six months period ended 30 September 2008*

**5. Related party transactions**

C Kyriakou, R Cleary and R Shakesby resigned as Directors of the Company on 27 June 2008.

C Kyriakou is a director of Tarquin Resources Plc and R Cleary and R Shakesby were directors of Tarquin Resources Plc.

The Company provided and recharged to Tarquin Resources Plc office, support staff and expenses of £12,934 (30 September 2007:£31,059) (31 March 2008: £45,625).

Tarquin Resources Plc provided support and consultancy services to the Company for £2,938 (30 September 2007: £4,930) (31 March 2008: £7,395).

At the period end Tarquin Resources Plc owed the Company £118 (30 September 2007: £12,165) (31 March 2008: £2,116).

The Company was charged £24,000 (30 September 2007: £30,000) (31 March 2008 £72,000) by Resource Capital Partners Inc. for the provision of services of C Kyriakou as Director of the Company.

Capma Pty Ltd, a company in which C Kyriakou has an interest, paid expenses on behalf of the Company of £54,695 ( 30 September 2007: £55,655) (31 March 2008: £143,325) which was re-charged to the Company.

During the period the Company paid Capma Pty Limited £96,000 termination payment in respect of C Kyriakou as Director of the Company.

At the period end the Company owed £nil (30 September 2007:£nil) (31 March 2008: £16,126) to Capma Pty Ltd.

The Company was charged £25,684 (30 September 2007: £28,153) (31 March 2008:£51,124) by Accomplishments Pty Ltd for the provision of services of R Cleary; £7,500 (30 September 2007:£7,500) (31 March 2008:£15,000) for services as Director of the Company and £18,184 (30 September 2007: £20,653) (31 March 2008: £36,124) for services as a consultant to the Company.

During the period the Company paid Accomplishments Pty Limited £15,000 termination payment in respect of R Cleary as Director of the Company.

The Company was charged £39,469 (30 September 2007:£15,381) (31 March 2008:£42,403) by Metal Analysis Limited for the provision of services of R Eccles, £14,100 (30 September 2007:£7,500) (31 March 2008:£17,250) for services as Director of the Company and £25,369 (30 September 2007: £7,881) (31 March 2008: £25,153) for services as a consultant to the Company.

## NOTES TO THE UNAUDITED INTERIM RESULTS

*For the six months period ended 30 September 2008*

### 5. Related party transactions (*continued*)

The Company was charged £3,750 (30 September 2007:£7,500) (31 March 2008:£20,545) by R Shakesby, £3,750 (30 September 2007: £7,500) (31 March 2008:£15,000) for services as Director of the Company and £nil (30 September 2007: £nil) (31 March 2008: £5,545) for services as consultant to the Company.

During the period the Company paid R Shakesby £15,000 termination payment in respect of his services as Director of the Company.

The Company was charged £28,594 (30 September 2007: £165,000) (31 March 2008: £332,001) for the services of G Bujtor as consultant by Global Resources & Marketing Services SA. G Bujtor incurred and recharged expenses to the Company for £52,830 (30 September 2007: £40,561) (31 March 2008:£66,954).

At the period end the Company owed G Bujtor £11,893 (30 September 2007:£4,355) (31 March 2008: £nil).

The Company was charged £nil (30 September 2007: £42,237) (31 March 2008: £62,983) for the services of G Bujtor as consultant by Resource & Project Commercialisation Pty Ltd. The subsidiary, China Nickel Corporation, was charged £nil (30 September 2007: £nil) (31 March 2008: £37,346) for the services of G Bujtor as consultant by Resource & Project Commercialisation Pty Ltd.

C Kyriakou is a director of UMC Energy Plc and R Cleary and G Bujtor were, directors of UMC Energy Plc.

The Company provided and recharged to UMC Energy Plc office, support staff and expenses of £31,545 (30 September 2007:£31,062) (31 March 2008:£63,475).

UMC Energy Plc provided support staff to the Company for £4,113 (30 September 2007: £4,930) (31 March 2008: £8,680).

At the period end the Company was owed £410 (30 September 2007: £12,164) (31 March 2008 £6,173) by UMC Energy Plc.

C Kyriakou is a director of Belitung Zinc Corporation Plc and G Bujtor and R Eccles were, directors of Belitung Zinc Corporation Plc.

## NOTES TO THE UNAUDITED INTERIM RESULTS

*For the six months period ended 30 September 2008*

### 5. Related party transactions (*continued*)

The Company provided and recharged to Belitung Zinc Corporation Plc office, support staff and expenses of £11,214 (30 September 2007: £27,312) (31 March 2008: £38,625).

Belitung Zinc Corporation Plc provided support staff to the Company for £nil (30 September 2007:£4,930) (31 March 2008: £7,395).

At the year end the Company was owed £411 (30 September 2007: £10,402) (31 March 2008: £1,528) by Belitung Zinc Corporation Plc.

During the year, share based payments and related costs for key management totalled £nil (30 September 2007: £nil) (31 March 2008: £127,296).

C Kyriakou and R Cleary are directors of Natasa Mining Limited (formerly Investika Limited), an Australian resources company.

Atlas Consolidated Mining and Development Corporation (ACMDC) and European Nickel plc are, and Natasa Mining Limited was, joint venture partners with the Company under the Berong Venture Agreement.

Brooks Nickel Ventures Inc. (Brooks) and Celestial Nickel Mining and Exploration Corporation (CNMEC) are joint venture partners with the Company under the Celestial/Ipilan Venture Agreement.

Atlas Consolidated Mining and Development Corporation (ACMDC) is joint venture partner with the Company under the Ulugan Venture Agreement.

Under the Berong, Celestial and Ulugan Venture Agreements, the Company has through the expenditure of qualifying costs of £10,464,306 (30 September 2007: £10,464,306) (31 March 2008: £10,464,306) acquired equity interests in the following Philippines' registered companies.

	TMM Management Inc	Ulugan Resources Holdings Inc	Ulugan Nickel Corp.	Nickeline Resources Holdings Inc	Nickel Laterite Resources Inc	Berong Nickel Corp.	Ipilan Nickel Corp.
Direct	40%	30%	40%	40%	20%	21.3%	40%
Indirect	—	—	18%	18%	—	34.8%	12%
Total	<u>40%</u>	<u>30%</u>	<u>58%</u>	<u>58%</u>	<u>20%</u>	<u>56.1%</u>	<u>52%</u>

## NOTES TO THE UNAUDITED INTERIM RESULTS

*For the six months period ended 30 September 2008*

### 5. Related party transactions (*continued*)

In April 2006, the Company entered into an agreement to subscribe for up to US\$5 million in a three-year Loan Note in Atlas Consolidated Mining and Development Corporation (ACMDC). The Note bears interest at the rate of 10% per annum and is repayable (with accrued interest) 36 months after the date of each drawdown. The Note is repayable in cash (US\$) or is convertible into ACMDC shares (on the basis of 10 Peso per ACMDC share) at the election of the Company and is secured by a primary lien over ACMDC's share of earnings from the Berong nickel project.

During the period, the Company advanced US\$238,799 (30 September 2007: US\$nil (31 March 2008: US\$1,811,567) to ACMDC under the Loan Note. These advances together with accrued interest of US\$704,445 (30 September 2007: US\$73,904) (31 March 2008: US\$: US\$310,909) are shown under non current loan investments at £3,031,637 (30 September 2007:£1,381,348) (31 March 2008: £2,461,594). Accrued interest of US\$ nil (30 September 2007: US\$100,000) (31 March 2008: US\$100,000) arising on the loan note was waived during the period.

In May 2007, the Company entered into an agreement to make a loan facility available to Brooks of up to US\$2.5 million. Brooks confirmed that the £340,119 (US\$585,191) already advanced by the Company in excess of its US\$2 million funding commitment would be subject to the terms of the agreement. This loan facility was subsequently increased to US\$8 million. During the period, the Company advanced a further US\$1,905,772 (30 September 2007: US\$1,914,809) (31 March 2008: US\$4,414,781) to Brooks. These advances amount together with accrued interest of US\$590,527 (30 September 2007:US\$92, 261) (31 March 2008: US\$ 289,929) are shown under non current loan investments at £4,127,760 (30 September 2007:£1,247,793) (31 March 2008:£2,654,603). The loan facility bears interest at 10%, is repayable on the third anniversary of each drawdown, is secured over Brooks' share of earnings from the Iplan nickel project and is repayable out of Brooks' share of the Iplan nickel project cash flows.

Under the Celestial joint venture agreement, the Company has the option to take a 40% holding in CNMEC. During the period the Company agreed to an advance of US\$nil (30 September 2007: US\$900,000 (£444,418) (31 March 2008: US\$900,000 (£444,418), against the option exercise amount. If the Company decides not to exercise the option to purchase, or is prevented by any cause from exercising the option to purchase, then the borrowers are required to reimburse the US\$900,000. The advance is interest free and guaranteed by CNMEC but is otherwise unsecured.

The Company's expenditure commitment under the Ulugan Venture Agreement at the period end is US\$ 700,000 (£385,280) (30 September 2007: US\$700,000 (£342,020) (31 March 2008: \$700,000 (£351,050).

**NOTES TO THE UNAUDITED INTERIM RESULTS**

*For the six months period ended 30 September 2008*

**5. Related party transactions (continued)**

Under the Berong Venture Agreement, the Company has advanced funds to Berong Nickel Corporation (BNC) to meet ongoing mine development costs. The total amount advanced at 31 March 2007 was US\$6,129,258 (£3,129,520). This amount was repaid in May and June 2007. During the period, the Company advanced US\$410,000 (30 September 2007: US\$nil) (31 March 2008: US\$4,162,740) to BNC, which amount is shown under non current loan investments at £2,516,836 (30 September 2007: £nil) (31 March 2008: £2,058,067). The loan amounts advanced are interest free, unsecured and have no fixed terms of repayment.

CNMEC owns 40% of the issued share capital of Nickel Laterite Resources Inc. There is a royalty agreement in place such that the Company has a commitment to make certain payments to CNMEC as described in note 6.

**6. Commitments and contingencies**

Under a royalty agreement, the Company has made a commitment to make certain payments to Celestial Nickel Mining Exploration Corporation as follows:

Upon completion of a feasibility study	US\$200,000
Upon completion of positive bankable feasibility study	US\$500,000
Upon the commencement of construction of plant	US\$1,200,000

A potential claim for an unspecified sum for breach of contract has been notified to the Company in respect of a dispute with Celestial Nickel Mining Exploration Corporation. The directors are firmly of the opinion that the claim is without foundation and no provision has been made in these accounts in respect of this.

**NOTES TO THE UNAUDITED INTERIM RESULTS**

*For the six months period ended 30 September 2008*

**7. Associate Undertakings**

The Company has equity holdings in the following associate undertakings:

	TMM Management Inc	Ulugan Resources Holdings Inc	Ulugan Nickel Corp.	Nickeline Resources Holdings Inc	Nickel Laterite Resources Inc	Berong Nickel Corp.	Ipilan Nickel Corp.
Direct	40%	30%	40%	40%	20%	21.3%	40%
Indirect	—	—	<u>18%</u>	<u>18%</u>	—	<u>34.8%</u>	<u>12%</u>
Total	<u>40%</u>	<u>30%</u>	<u>58%</u>	<u>58%</u>	<u>20%</u>	<u>56.1%</u>	<u>52%</u>

The principal place of business and country of incorporation of the associate undertakings is the Philippines.

Summarised results of the associate undertakings as translated in sterling are as follows:

	Berong Nickel Corporation	Ipilan Nickel Corporation	Remaining Associates	Total
Period ended 30 September 2008	£	£	£	£
Revenue	<u>6,852,836</u>	=	<u>169,710</u>	<u>7,022,546</u>
Profit / (loss) for the period	<u>181,324</u>	<u>(110,760)</u>	<u>17,997</u>	<u>88,561</u>
Total assets	<u>14,154,388</u>	<u>4,580,546</u>	<u>1,676,864</u>	<u>20,411,798</u>
Total liabilities	<u>6,521,961</u>	<u>104,875</u>	<u>1,322,693</u>	<u>7,949,529</u>

**NOTES TO THE UNAUDITED INTERIM RESULTS***For the six months period ended 30 September 2008***7. Associate Undertakings (continued)**

	<b>Berong Nickel Corporation</b>	<b>Ipilan Nickel Corporation</b>	<b>Remaining Associates</b>	<b>Total</b>
<b>Period ended 30 September 2007</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue	<u>12,275,951</u>	-	<u>16,305</u>	<u>12,292,256</u>
Profit / (loss) for the period	<u>5,090,592</u>	<u>(28,960)</u>	<u>(1,377)</u>	<u>5,060,255</u>
Total assets	<u>10,840,086</u>	<u>2,692,702</u>	<u>339,110</u>	<u>13,871,898</u>
Total liabilities	<u>3,592,707</u>	<u>385,111</u>	<u>53,021</u>	<u>4,030,839</u>
<b>Year ended 31 March 2008</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue	<u>12,156,404</u>	-	<u>55,375</u>	<u>12,211,779</u>
Profit / (loss) for the year	<u>4,721,657</u>	<u>12,469</u>	<u>(13,360)</u>	<u>4,720,766</u>
Total assets	<u>12,932,631</u>	<u>4,172,280</u>	<u>1,694,733</u>	<u>18,799,644</u>
Total liabilities	<u>5,323,397</u>	<u>390,061</u>	<u>1,352,296</u>	<u>7,065,754</u>

**8. Post balance sheet events**

All significant post balance sheet events are dealt with in the Chairman's Statement.