

Toledo Mining Corporation Plc

Registered Number 05055833

Financial Statements

For the period ended 31 March 2005

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CORPORATE DIRECTORY

Directors	Chrisilios Kyriakou (Chairman) Merfyn Roberts (Non-Executive Director) Roger Shakesby (Non-Executive Director) Robert Cleary (Non-Executive Director)
Secretary	Adrian Harvey
Registered Office	11 Albemarle Street London W1S 4HH
Nominated Adviser	Nabarro Wells & Co Limited Saddlers House Gutter Lane London EC2V 6HS
Broker	W H Ireland 24 Martin Lane London EC4R 0DR
Solicitors	Beshoffs Solicitors 3rd Floor 83 Marylebone High Street London W1V 4QW
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

CHAIRMAN'S STATEMENT

for the period ended 31 March 2005

I am pleased to be presenting my first annual Chairman's statement since the arrival of Toledo Mining Corporation on the AIM market in April 2004. It has been a positive period for the Company and we are looking forward to advancing steadily in the months ahead as the plans for our first major development take shape.

As I indicated during the announcement of our interim results last November, our arrival on AIM marked the start of an active period of corporate development for Toledo Mining, and I am delighted to report now that we have continued our successful moves forward in the subsequent period to the financial year end and beyond. Of particular significance, at the beginning of 2005, we exchanged our minority interest in the Carmen copper mine for increased nickel holdings in the Philippines.

As a result, Toledo is now firmly positioned as one of the few pure nickel plays traded on the London Stock Exchange.

This sharp focus on nickel is mirrored by a similarly sharp focus on the Philippines where we now own a majority interest in three nickel properties, all on the island of Palawan. One of these – Berong – is one of the largest nickel deposits in the world. We have thus established an excellent position in a country which contains the world's third largest nickel reserves after Canada and Australia, and where the government is keen to promote the efficient development of its abundant natural resources. The Philippines has been exporting nickel ore for twenty-five years, and is well-located to supply the major world markets for the nickel product we are preparing to produce.

Our steady progress towards early development is underlined by today's announcement that we have now achieved a major step forward in the planning process needed ahead of the development of our Berong property, where we are working to begin mining operations next year. This has come with the granting by the local indigenous community of a Free and Prior Informed Consent, which is one of two essential steps needed to secure the necessary Environmental Compliance Certificate and Mineral Production Sharing Agreement. The second essential step is the endorsement of the Palawan Council for Sustainable Development, and we expect to receive this within the next two months, allowing us to begin preliminary work on the Berong site by year end.

As indicated during the interim results statement last December, the Berong, Celestial and Ulugan deposits have between them a contained nickel content estimated at 4.6 million tonnes, with significant potential upside. Toledo's initial thrust will be towards the development of a direct shipping operation to export laterite ore from the largest of these, Berong. This recognises that the Berong deposits have the major advantage of containing laterite ore of a grade that is suitable for direct shipping, allowing the possibility of an early and low-cost start to mining operations, and the generation of significant early cash flow. Our plans envisage direct shipping of at least 1 million tonnes of laterite ore per year, and our objective is to use part of the cash flow generated to fund a bankable feasibility study into a subsequent large scale operation which should produce at least 50 million lbs of nickel per annum and for which several development options have been identified. These include a large scale smelter operation and we have throughout the year been involved in continuing discussions with several large corporations interested in working with Toledo through possible joint ventures.

Berong comprises four nickel laterite deposits (Berong, Moorsom, Long Point and Tagkawayan) which together cover an aggregate area of 10,659 hectares. They are located near the coast in mid-western Palawan, conveniently close to the loading facilities planned for the direct shipping operation. On the basis of extensive sampling, independent geological consultants have calculated the nickel resources within the four Berong deposits to be 275 million tonnes at 1.30% nickel and 0.074% cobalt with a cut-off grade-of 0.90% nickel. It classes the resource as one of the largest in the world – possibly the fourth largest, based on contained nickel of 3.5 million tonnes.

CHAIRMAN'S STATEMENT (continued)

The Company's Celestial nickel laterite property, also on Palawan Island, covers an area of 2,835 hectares, and has substantial permitting already in place. The Company will earn a 52% economic interest in this project, with the right to increase this to 71.2% through future payments.

As shareholders have already been informed, acid leach metallurgical test work has been conducted on the property and a pre-feasibility study has demonstrated economic viability, subject to more detailed work being carried out for a bankable feasibility study. The property has been well explored, yielding a current resource estimate of 77 million tonnes of 1.25% nickel and 0.10% cobalt within an area of 800 hectares.

We are, of course, also pleased that these developments are taking place against an extremely positive outlook for nickel prices. Two thirds of global nickel production is used in the manufacture of stainless steel, demand for which continues to grow sharply, with the huge Chinese market now accounting for much of the growth. Worldwide nickel production continues to remain well below consumption, with demand predicted to increase well ahead of the arrival of new capacity.

Finally, I should like to thank fellow members of the Company's management team, whose collective experience leaves us well placed to deal with the exciting challenges ahead. We are now progressing rapidly towards what we believe will be our first production from Berong, and hope in the near future to announce further additions to the team in the Philippines, where we continue working closely with the government and local population. We are now strongly positioned to exploit our potential as a major nickel producer, and I look forward to announcing further positive news in the months ahead.

Chrisilios Kyriakou
Executive Chairman
28 September, 2005

REPORT OF THE DIRECTORS

for the period ended 31 March 2005

The directors present their report together with the audited financial statements for the period ended 31 March 2005.

Incorporation and change of name

The Company was incorporated on 25 February 2004. On 3 March 2004 the Company changed its name from Toledo Mining Corporation Plc to Toledo Copper Corporation Plc. On 8 April 2004 the Company was admitted to the Alternative Investment Market (AIM). On 24 September 2004 the Company changed its name to Toledo Mining Corporation Plc.

Principal activities and review of the business

The principal activity of the Company is investment directly and indirectly in, and operation of, mining exploration and developments projects. During the period the Company withdrew from the Carmen copper project as indicated funding requirements exceeded the Company's planned investment levels. The Company's interest was transferred to the Berong nickel laterite project that now forms the principal activity.

Future developments

The Company plans to continue the nickel laterite project development and to commence in early 2006 exports of nickel under a direct shipping contract negotiated earlier this year.

Results and dividends

The loss for the period on ordinary activities before tax amounted to £467,090. The directors do not recommend the payment of a dividend.

Share capital

Details of the share capital are given in note 15 to the financial statements.

Events since the balance sheet date

See note 22 of the accounts.

Directors and their interests

The directors who served during the year and their interests in the Company's Ordinary Shares were as follows:

			0.1p Ordinary Shares	
	Appointed	Resigned	31 March 2005	Date of appointment
C Kyriakou	25 February 2004		50,000,000	50,000,000
J M Roberts	3 March 2004		–	–
R Shakesby	3 March 2004		–	–
R Cleary	17 March 2005		–	–
T Law Secretaries Limited	25 February 2004	3 March 2004	–	–

REPORT OF THE DIRECTORS (continued)

for the period ended 31 March 2005

Directors and their interests (continued)

Options granted to directors during the period and existing at 31 March 2005 were as follows:

	Date Granted	Number	Exercise Price	Expiry Date
C Kyriakou	26 March 2004	10,000,000	2p	7 April 2007
J M Roberts	26 March 2004	2,500,000	2p	7 April 2007
R Shakesby	26 March 2004	5,000,000	2p	7 April 2007
C Kyriakou	11 March 2005	10,000,000	3p	10 March 2007
J M Roberts	11 March 2005	2,500,000	3p	10 March 2007
R Shakesby	11 March 2005	5,000,000	3p	10 March 2007
R Cleary	11 March 2005	10,000,000	3p	10 March 2007

Following the share capital consolidation and division of 50:1 on 4 July 2005, the number of directors' options in existence at 31 March 2005, as restated in 5p Ordinary shares is 900,000 priced at £1.00 and £1.50 respectively.

Substantial shareholdings

On 31 March 2005 the following shareholders held 3% or more of the issued share capital of the Company.

	No. of Ordinary Shares	Percentage issued Ordinary Shares
Capita Trust Company Limited	77,000,000	11.18%
Credit Suisse First Boston Client Nominees Limited	154,775,000	22.47%
Golden Dragon Trading Limited	25,000,000	3.63%
HSBC Global Custody Nominee (UK) Limited	27,000,000	3.92%
Chris Kyriakou	50,000,000	7.26%
W B Nominees Limited	55,833,933	8.11%
Willbro Nominees Limited	30,000,000	4.36%

Corporate Governance

As Toledo Mining Corporation Plc is not a fully listed company, it is not required to comply with the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance ("the Combined Code"). However, the directors do place a high degree of importance on ensuring that high standards of corporate governance are maintained. As a result, most of the relevant principles set out in the Combined Code have been adopted during the period and these are summarised below.

Directors

The Company supports the concept of an effective Board leading and controlling the company. The Board is responsible for approving the Company's policy and strategy. It meets frequently and receives and reviews on a timely basis financial and operating information appropriate to being able to discharge its duties. Directors are free to seek any further information they consider necessary. All directors submit themselves for re-election every three years by rotation in accordance with the Articles of Association. Given the size of the Company it is not considered appropriate that there should be a separate nomination committee. It is the view of the Board that the appointment of new directors should be a matter for consideration by the Board as a whole. All appointments to the Board are subject to confirmation by shareholders at the following AGM.

REPORT OF THE DIRECTORS (continued)

for the period ended 31 March 2005

Relations with Shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance. The Board is available to discuss current events with its institutional and private shareholders and positively encourages attendance at General Meetings.

Audit Committee

The principal functions of the Audit Committee are to review the interim and annual accounts before they are presented to the Board and to review the effectiveness of the Company's internal control and risk management systems. The Audit Committee comprises the Company's non-executive directors from time to time. Currently it comprises J M Roberts (Chairman) and R Shakesby.

Internal Financial Control and Risk Management

The directors are responsible for the Company's system of internal financial control and also for identifying the major business risks faced by the Company. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of internal financial control. The directors have established procedures for planning, budgeting and for monitoring, on a regular basis, the performance of the Company and for determining the appropriate course of action to manage any major business risks. The board has considered the need for an internal audit function but has decided the size of the Company does not justify it at present. This decision will be reviewed annually.

Supplier Payment Policy

It is the Company's policy to agree terms of payment with all suppliers at the time of the transaction and to pay suppliers as and when they fall due for payment or alternatively to agree revised terms of payment. No distinction is made between different classes of suppliers. At the year end trade creditors amounted to 17 days.

Political and Charitable Donations

There were no political or charitable donations made during the year.

Auditors

Sawin & Edwards were appointed during the period and have indicated their willingness to continue in office. A resolution to reappoint Sawin & Edwards for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

By order of the Board

A W Harvey
Company Secretary

28 September, 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the period ended 31 March 2005

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 at the end of the period and of the Company's profit or loss for the period then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 14, 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the report and accounts is prepared in accordance with the law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TOLEDO MINING CORPORATION PLC

for the period ended 31 March 2005

We have audited the financial statements on pages 11 to 13 which have been prepared under the historical cost convention and accounting policies set out on page 14.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 5 the Company's directors are responsible for the preparation of the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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

Basis of audit opinion

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

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

TOLEDO MINING CORPORATION PLC (continued)

for the period ended 31 March 2005

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Sawin & Edwards
Chartered Accountants &
Registered Auditors

15 Southampton Place
London
WC1A 2AJ

Date 28 September, 2005

PROFIT AND LOSS ACCOUNT

for the period ended 31 March 2005

	Note	Period 25 February 2004 to 31 March 2005
Turnover	2	18,402
Gross profit		18,402
Administrative costs		(1,219,986)
Exceptional item	3	(262,442)
Other operating income		20,000
Realised gains on current asset investments		932,170
Operating Loss	4	(511,856)
Interest receivable		44,766
Loss on Ordinary Activities Before Taxation		(467,090)
Tax on loss on ordinary activities	7	–
Loss on Ordinary Activities After Taxation	17	(467,090)
Loss per share (pence)	8	0.08p
Diluted loss per share (pence)	8	0.05p

Following the share capital consolidation and division of 50:1 on 4 July 2005, the restated loss per share is as follows:

Loss per share (pence)	4.3p
Diluted loss per share (pence)	2.3p

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

BALANCE SHEET

31 March 2005

	Note	2005 £
Fixed Assets		
Intangible Assets	9	2,870,445
Tangible Assets	10	20,532
Investments	11	271,944
<hr/>		
		3,162,921
Current Assets		
Debtors	12	424,308
Investments	13	120,750
Cash at bank and in hand		4,029,039
<hr/>		
		4,574,097
Creditors: Amounts falling due within one year	14	(121,608)
<hr/>		
Net Current Assets		4,452,489
<hr/>		
Total Assets less current liabilities		7,615,410
<hr/>		
Capital and Reserves		
Called-up equity share capital	15	688,667
Share premium account	16	7,393,833
Profit and loss account	17	(467,090)
<hr/>		
Equity Shareholders' Funds	18	7,615,410
<hr/>		

These financial statements were approved by the board of directors on 28 September, 2005 and are signed on their behalf by:

C Kyriakou
Director

CASH FLOW STATEMENT

for the period ended 31 March 2005

	25 February 2004 to 31 March 2005		
Reconciliation of operating loss to net cash (Outflow) from operating activities	£		
Operating loss	(511,856)		
Increase in debtors	(424,308)		
Increase in creditors	121,608		
Depreciation	1,918		
Impairment to intangible fixed assets	262,442		
Increase in current asset investments	(120,750)		
<hr/>			
Net cash outflow from operating activities	(670,946)		
 CASH FLOW STATEMENT			
Net cash outflow from operating activities	(670,946)		
 Return on investments and servicing of finance			
Interest received	44,766		
 Capital expenditure and financial investments			
Intangible fixed asset expenditure	(3,132,887)		
Fixed asset expenditure	(22,450)		
Loan investments and investment in Associated Company	(271,944)		
<hr/>			
Net cash outflow for capital expenditure and financial investment	(3,427,281)		
<hr/>			
Cash outflow before financing	(4,053,461)		
 Financing:			
Issue of Share Capital	8,082,500		
<hr/>			
Increase in Cash	4,029,039		
<hr/>			
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period	4,029,039		
Net funds at 25 February 2004	–		
<hr/>			
Net funds at 31 March 2005	4,029,039		
<hr/>			
Analysis of changes in net funds			
	At 31 March 2005	Cashflows	At 25 February 2004
Cash at bank and in hand	£4,029,039	£4,029,039	–

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 March 2005

1. Accounting policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover shown in the profit and loss account represents management services sold in the period.

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange gain or loss is dealt with in the profit and loss account.

Investments

Fixed asset investments are carried at cost less provisions for any permanent diminution in value. Current asset investments are carried at the lower of cost or net realisable value.

Depreciation

Depreciation is provided on fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its useful economic life, as follows:

Office furniture and fittings	3 years straight line
Computer and office equipment	3 years straight line

Intangible Assets – Exploration Expenditure

Costs relating to the acquisition, exploration and development of mining projects are capitalised under intangible assets. When it is determined that such costs will be recouped through successful development and exploitation or alternatively by sale of such interests acquired, the expenditure will be transferred to tangible assets and depreciated over the expected productive life of the asset. Whenever a project is considered no longer viable, the associated exploration expenditure is written off to the profit and loss account.

Impairment Review

The company undertakes an impairment review at least annually and when there is a significant change to the company's business.

The review covers tangible and intangible assets and re-assesses the value to the business of those assets. Write downs to asset values are taken to the profit and loss account as exceptional items.

Pension Costs

The company makes defined contributions to the independent personal pension schemes of one of its employees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period 31 March 2005

2. Turnover

The turnover and loss before tax are attributable to the principal activities of the company.

Segmental information on a geographical basis is set out below.

	UK	Philippines	Period 25 February 2004 to 31 March 2005
	£	£	£
Turnover	18,402	–	18,402
Loss for the period	204,648	262,442	467,090
Net Assets	2,870,445	4,744,965	7,615,410

3. Exceptional Item

Period 25 February 2004 to
31 March 2005
£

Exploration expenditure impairment charge (262,442)

The impairment charge relates to the legal, consulting and other fees and expenses incurred in connection with the discontinued investment in the Carmen copper mine project.

4. Operating loss

Operating loss is stated after charging:

Period 25 February 2004 to
31 March 2005
£

Depreciation of owned fixed assets	1,918
Auditors' remuneration	
– as auditors	24,000
– as accountants and advisors	19,739
Directors' Emoluments	161,250

5. Particulars of employees

The average number of staff employed by the company during the financial period amounted to:

Period 25 February 2004 to
31 March 2005
No.

Administrative staff	1
The aggregate costs of the above were:	£
Wages and salaries	30,593
Social security costs	3,512
Pension costs – defined contribution	2,700
	36,805

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2005

6. Directors' emoluments

The company also employed three directors during the period **Period 25 February 2004 to 31 March 2005** with aggregate emoluments in respect of qualifying services as follows: £

Directors' fees	15,625
Amounts paid to third party for the provision of directors' services	145,625
	<hr/>
	161,250

7. Taxation

Period 25 February 2004 to 31 March 2005
£

Analysis of tax charge in period

Corporation tax

 -

Factors affecting tax charge for the period

Loss on ordinary activities before tax

 (467,090)

Loss on ordinary activities before exceptional items multiplied by standard rate of UK corporation tax 30% (140,127)

Effects of:

Expenses not deductible for tax purposes 6,973

Expense allowable for tax purposes (422)

Increase in UK tax losses 133,576

 -

UK tax losses carried forward multiplied by standard rate of UK corporation tax 30% £133,576.

8. Loss per share

Loss per ordinary share (pence)

 0.08p

Diluted loss per ordinary share (pence)

 0.05p

The loss per share has been calculated on the net basis on the loss for the period, after taxation, of £467,090 using the weighted average number of ordinary shares in issue of 542,148,198.

Fully diluted earnings per share have been calculated using the Ordinary shares in issue at 31 March 2005, diluted for the effect of un-issued shares under the Berong and Celestial Venture Agreements and share options, in existence at that date of 132,500,000 giving a total number of share of 1,031,166,667.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2005

9. Intangible Assets

	Total £
Exploration expenditure	
Cost	
Additions	1,430,030
Transferred from fixed asset investments	1,702,857
<hr/>	
At 31 March 2005	3,132,887
<hr/>	
Amortisation	
Impairment write down	262,442
<hr/>	
At 31 March 2005	262,442
<hr/>	
Net book value	
At 31 March 2005	2,870,445

The exploration expenditure relates to the Company's development costs and qualifying expenditure under the Company's Venture Agreements relating to Berong, Celestial and Ulugan. Under these agreements, the Company must commit certain levels of expenditure before its interests in each of these projects is fully vested.

10. Tangible Fixed Assets

	Computer and office equipment £	Furniture, fixtures and fittings £	Total £
Additions	17,450	5,000	22,450
<hr/>			
At 31 March 2005	17,450	5,000	22,450
<hr/>			
Depreciation			
Charge for period	1,778	140	1,918
<hr/>			
At 31 March 2005	1,778	140	1,918
<hr/>			
Net book value			
At 31 March 2005	15,672	4,860	20,532

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2005

11. Fixed Asset Investments (Unlisted)

Company	Loan Investments	Associated undertakings	Total £
Cost			
Additions	1,972,857	1,944	1,974,801
Transferred to intangible fixed assets	(1,702,857)	–	(1,702,857)
<hr/>			
At 31st March 2005	270,000	1,944	271,944
<hr/>			
Net book value			
At 31st March 2005	270,000	1,944	271,944

Associated undertaking	Holding	Proportion of voting shares held	Nature of business
TMM Management Inc.	Ordinary Shares	40%	Mining Management Company

TMM Management Inc is a company incorporated in the Philippines.

12. Debtors

Trade debtors	1,817
Other debtors	390,640
Prepayments and accrued income	31,851
<hr/>	
	424,308

13. Current asset investments

	2005 £
Listed investment – cost	120,750
<hr/>	
Market value at 31 March 2005	507,149

14. Creditors: Amounts falling due within one year

	2005 £
Trade creditors	69,407
Accruals	49,931
Taxation and social security	2,270
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	121,608

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2005

15. Share capital

Authorised share capital:	2005
	£
2,000,000,000 Ordinary shares of 0.1p each	2,000,000

Allotted, called up and fully paid:

	No.	Nominal Value £
Ordinary shares of 0.1p each	688,666,667	688,667

During the year the Company issued the following Ordinary shares of 0.1p each:

Date	Number	Price per Share	Total Proceeds £	Nominal Value £	Share Premium £
25 February 2004	50,000,000	0.1p	50,000	50,000	–
15 March 2004	150,000,000	0.1p	150,000	150,000	–
16 March 2004	87,000,000	0.75p	652,500	87,000	565,500
8 April 2004	166,666,667	1.5p	2,500,000	166,667	2,333,333
17 September 2004	220,000,000	2p	4,400,000	220,000	4,180,000
7 February 2005	15,000,000	2.2p	330,000	15,000	315,000

Share options in existence at 31 March 2005 were as follows:

No.	Description	Exercise Price	Expiry Date
20,000,000	Ordinary Shares	2p per share	7 April 2007
37,500,000	Ordinary Shares	3p per share	10 March 2007
75,000,000	Ordinary Shares*	2.5p per share	18 January 2007

*These options were granted under the Celestial Nickel Mining Exploration Venture Agreement and vest upon the earliest of either the approval of the Mineral Production Sharing Agreement or the issue of a Temporary Exploration Permit.

Following the share capital consolidation and division of 50:1 on 4 July 2005, the number of options in existence at 31 March 2005 as restated in 5p Ordinary shares is 2,650,000.

16. Share Premium Account

	Share premium account
	£
Premium on issue of Ordinary shares	7,393,833
At 31 March 2005	7,393,833

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2005

17. Profit and loss account

	Profit and loss account £
Loss for the period	(467,090)
<hr/>	
At 31 March 2005	(467,090)

18. Reconciliation of movements in shareholders' funds

	£
Loss for the financial period	(467,090)
Issue of ordinary shares – nominal value	688,667
– premium	7,393,833
<hr/>	
Net addition to funds	7,615,410
Opening equity shareholders' funds	–
<hr/>	
Closing equity shareholders' funds	7,615,410

19. Capital Commitments

	£
Berong Nickel Corporation Venture Agreement	
Balance of qualifying expenditure prior to vesting of 34.8% interest	598,802
Celestial Nickel Mining Exploration Corporation	
Balance of qualifying expenditure prior to vesting of 52.1% interest	
Additionally, the Company is liable for capital maintenance payments of US\$200,000 per annum until vesting (or termination).	828,350

20. Controlling Party

There is no controlling party of the company.

21. Related Party Transactions

C Kyriakou is a director and shareholder in Tarquin Resources Plc.

R Shakesby is a director of Tarquin Resources Plc.

Tarquin Resources Plc is a shareholder in Toledo Mining Corporation Plc.

During the period the company provided and recharged to Tarquin Resources Plc, support staff of £18,402 and has been reimbursed for expenses paid on their behalf of £7,744. Of these amounts £1,816 was outstanding at the period end and is included in trade debtors.

During the period Tarquin Resources Plc provided consultancy services to the Company of £4,282.

C Kyriakou is a director of Investika Limited, an Australian investment company. During the period Investika Limited provided support staff and reimbursed expenses on behalf of the Company of £65,765.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2005

21. Related Party Transactions (continued)

Following the Company's refocus from copper to nickel, the Company agreed to transfer its copper development investment in Chile to Investika Limited at the original cost of £43,763 which is included in other debtors at 31 March 2005.

During the period the Company was charged £130,000 (£10,000 per month) by Capma Pty Ltd for the provision of the services of C Kyriakou who is a director of the Company.

During the period the Company was charged £15,625 by Match Number Limited for the provision of the services of JM Roberts who is a director of the Company.

The Company was charged £80,431 for the consultancy services of R S Shakesby who is a director of the Company.

The Company holds 40% of the issued share capital of TMM Management Inc ('TMM'), a Philippines registered company. The remaining 60% is held by Atlas Consolidated Mining Development Corporation ('ACMDC'), a joint venture partner with the Company under the Berong, Celestial and Ulugan Venture Agreements. Under the terms of the TMM Agreement with ACMDC, the Company is responsible for 100% of the funding of the TMM operating costs. Under the Berong, Celestial and Ulugan Venture Agreements, the Company is responsible for the future capitalisation of a number of intermediate companies which shall, on incorporation, become and be disclosed as related parties. All such costs qualify under the Venture Agreement towards vesting of interests.

22. Post Balance Sheet Events

On 4 July 2005 the Company's issued and unissued share capital was consolidated and divided into 40,000,000 Ordinary shares of 5p each on the basis of one 5p Ordinary share for every 50 0.1p Ordinary shares.

Under the Celestial Nickel Mining Exploration Corporation Venture Agreement dated 19 January 2005, the company will issue 1,500,000 Ordinary 5p shares (restated following consolidation) at par within one month of incorporation of Iplan Nickel Corporation. Iplan Nickel Corporation was incorporated on 22 July 2005. The Company has allotted the 1,500,000 shares and is awaiting further instructions from Celestial relating to the issuing of the shares.

In addition, under this Agreement the company will grant options over 1,500,000 5p Ordinary shares (restated after consolidation) exercisable within two years of the Agreement date at an exercise price of £1.25p per share dependant upon approval of the Mineral Production Sharing Agreement or the issuance of a Temporary Exploration Permit over the mineral properties, whichever is issued earlier.

Under the Celestial Venture Agreement dated 19 January 2005, the company will issue 270,000 Ordinary 5p shares (restated after consolidation) upon approval of the Mineral Production Sharing Agreement or the issuance of a Temporary Exploration Permit whichever is issued earlier.

Under the Venture Agreements, the Company is obliged to capitalise intermediate companies. Since the balance sheet date, the Company has funded five incorporations of Philippine companies at a capitalisation of approximately £27,000 each. These new incorporations are:

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period 31 March 2005

22. Post Balance Sheet Events (continued)

- Ipilan Nickel Corporation
- Nickel Laterite Resources Holdings Inc
- Nickeline Resources Holdings Inc
- Ulugan Nickel Corporation
- Ulugan Resources Holdings Inc.

In May 2005, as part settlement of the Fixed Investment Loan to Archipelago Resources Plc the Company acquired 712,000 Ordinary shares in Archipelago Resources Plc at 34p per share (£242,080).

In May 2005, the Company entered into a five year office rental lease agreement with a three year break clause. The annual amount payable under this agreement (including service charges) is £90,707.

On 17 July 2005 the Company purchased 2,000,000 Ordinary shares in Max Petroleum Limited at a cost of £500,000.

23. Associate Undertaking

The company owns 40% of TMM Management Inc, a company incorporated in the Philippines.

TMM Management Inc was incorporated and registered with the Securities and Exchange Commission on 28 September 2004 and its principal activity is to manage the Company's investments in the Philippines.

The Company's share of the results, assets and liabilities of TMM Management Inc is as follows:

	40% share from 28 September 2004 to 31 March 2005
Interest received	11
Loss before taxation	(7,610)
Taxation	2,436
Loss after taxation	(5,174)
	31 March 2005
Fixed assets	11,692
Current assets	2,322
Creditors: Amounts falling due after one year	(396)
Creditors: Amounts falling due after one year	(16,909)
Net liabilities	(3,291)

(Amounts translated using the exchange rate at 31 March 2005 of 1 Philippine peso to £0.0097).

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period 31 March 2005

24. Financial instruments

The Company's principal financial instruments comprise cash, short term deposits and equity shares. Together with the issue of equity share capital, the main purpose of these is to finance company's operations and expansion. The Company has other financial instruments such as trade debtors, trade creditors and current investments which arise directly from normal trading.

The Company has not entered into any derivative or other hedging instruments.

The disclosures below, with the exception of currency risk, exclude short term debtors and creditors as permitted by Financial Reporting Standard 13.

The main risks arising from the Company's financial instruments are exchange risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below.

Currency risks

The company is exposed to transaction related foreign exchange risk on its Philippines investments. The company does not carry out any hedging to cover this exposure risk.

Interest rate risks

The Company finances its operations through the use of cash deposits at variable rates of interest for a variety of short term periods, depending on cash requirements. The rates are reviewed regularly and the best rate obtained in the context of the Company's need.

Liquidity risks

The Company's policy throughout the year has been to ensure that it has adequate liquidity by careful management of its working capital.

Fair values

The directors have given serious consideration and have reached the conclusion that there is no significant difference between the book values and the fair values of the assets and liabilities of the company as at 31 March 2005.

