CGA Mining Limited

2010 ANNUAL REPORT

ABN 88 009 153 128

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CHAIRMAN'S REPORT

On behalf of the Board of CGA Mining Limited ("CGA", the "Company"), I am pleased to present the Annual Report for the financial year ended 30 June 2010.

The 2010 financial year was a milestone achievement for the Company, being both a profitable and successful one, with the Company moving from an explorer and developer to a significant gold producer. The Masbate Gold Project was fully commissioned during the year and achieved an annual production profile in excess of 150,000 ounces, materially exceeding design expectations on throughput, with an equivalent annual rate of 6Mtpa by year end (design of only 4Mtpa). Quarter on quarter we achieved consistent growth, improving production, throughput and availability recoveries.

At a project level (combining the activities of both Phil. Gold Processing and Refining Corp. ("PGPRC") and Filminera Resources Corporation ("FRC")) the 2010 financial year achieved a maiden gross profit of US$48.9M and net profit of US$38.4M derived from a net operating cashflow of US$75.2M. Our balance sheet during the year was materially strengthened with cash and cash equivalents increasing by US$87M to US$109.2M and borrowings reduced by US$44M to US$64M at year end.

The processing plant has consistently exceeded its design capacity of 4Mtpa and is currently operating at an annualised throughput of approximately 6Mtpa. In addition, the Company is now well advanced in a planned plant investment program of US$15M to upsize the existing plant and lock in a sustainable 6.5Mtpa throughput level. Given the success of the project and the expectation of significant exploration success in the future, we are now moving our focus to realising the significant exploration potential through an aggressive drilling program.

The strength of the operating team at Masbate has not only been demonstrated through obvious operational achievements at the project but by successful trialling and introduction of lead nitrate into the processing circuit. This has proven very effective in increasing gold recovery and has had a significant impact on the leach kinetics of the ore, with recoveries that would normally take 24 hours being achieved in just 12 hours. The successful addition of lead nitrate means the operation can maintain above budget recoveries, while processing increased throughput rates, which is particularly positive in light of the planned increase in throughput to 6.5Mtpa and beyond.

The Masbate Gold Project, through FRC, also successfully secured a new exploration permit, EP–010–2010–V, in the Municipality of Aroroy, Masbate, during the year. The permit area is contiguous to the tenements currently being mined by the project and initial aeromagnetics flown over the area, indicate similar radiometric signatures to the current reserves, suggesting a potential to grow existing reserves and resources at the project. The securing of the new licence materially increases the exploration potential of the Masbate Gold Project and an aggressive US$10M exploration program is planned in the next twelve months.

Operating in the Philippines has continued to be a very positive experience for the Company and we are appreciative of the continuing support provided by local communities and authorities, including the Church and all levels of Government. We remain committed to continuing to build long–term relationships between the Company, FRC and most importantly the local communities with a view to maximizing the value of the Masbate Gold Project, for the benefit of all interested stakeholders.

In addition to the success of the Masbate Gold Project, during the year CGA also announced a spin off of its African assets through an initial public offering of common shares in Ratel Gold Limited ("Ratel"), allowing shareholders to more readily realise the value of these assets. The spin off was approved by CGA shareholders and closed successfully in August with the company listing on the Toronto Stock Exchange on 6 August 2010. CGA has retained a strategic holding of 19.4% in Ratel, and now also has a strategic alliance with Sierra Mining Limited, with a number of highly prospective exploration properties in the Philippines.

On behalf of the Board and all our employees, I would like to thank shareholders for their continuing support. We remain both committed and focused, to further enhance the asset base and prospects of the Company in the coming year.

Yours sincerely

Mark Savage

MARK S SAVAGE
Chairman

THE MASBATE GOLD PROJECT

BACKGROUND

The Masbate Gold Project is owned by two Philippine registered companies, FRC and PGPRC, with PGPRC 100% owned indirectly by CGA.

FRC owns the Masbate Gold Project tenements and is responsible for the mining, environmental, social and community relations on the project site. CGA indirectly owns 40% of FRC with the remaining 60% being owned by Zoom Minerals Holdings Inc, ("Zoom") in which CGA has a 40% interest.

PGPRC is 100% owned by CGA and has a lease for that portion of the project area on which the processing facility is located. PGPRC has constructed and owns the processing plant and power plant and has an agreement to purchase and process all of the ore mined by FRC on the project area. PGPRC is also considering the option of purchasing material from sources other than the Masbate Gold Project. The environmental, legal, financial and social responsibilities in connection with the processing and tailings treatment are shared with FRC.

The Masbate Gold Project is located on the island of Masbate in the Philippines, approximately 350km southeast of the capital Manila. Primary access to the site is by commercial airline either to the island's capital, Masbate City or to Legaspi City on the southern end of the main island of Luzon, followed by boat to the mine port facility.

The mining operation consists of multiple open pits and the Company executed a 6 year mining alliance contract with Leighton Contractors Asia Limited ("Leighton") whereby Leighton provides the full mining fleet and associated equipment, manpower and maintenance for the project, operating under the direction of FRC mining managers.

The Masbate Gold Project is the largest gold project in the Philippines and was successfully developed by the Company in less than 2 years from acquisition with first gold poured on 12 May 2009. The project has a total indicated resource base of 4.55M ounces, total inferred resource base of 3.22M ounces and a probable reserve of 3.03M ounces of gold. At steady state operations the project is currently forecast to produce over 200,000 ounces per annum, which is planned to increase with the proposed expansions to 6.5Mtpa.

The Masbate Gold Project

OPERATIONS

Following the successful commissioning of the project in May 2009 the operation embarked on a ramp up program to achieve the design throughput rate of 4Mtpa, which was achieved in October 2009. Minor operational modifications and improvements were made throughout the year and the benefits of site training and maintenance programs resulted in improvements in plant throughput such that new records were set each and every quarter.

The Masbate Gold Project

Power Station

In the first full year of operations (which included the commissioning and ramp up phase), the Masbate Gold Project produced in excess of 150,000 ounces of gold and a net operating cashflow (excluding taxes), of US$75.2M (including FRC). In a steady state, the Masbate Gold Project is forecast to produce in excess of 200,000 ounces per annum, with a further expansion planned in the 2011 calendar year to 6.5Mtpa. In this maiden year of operations, the project has achieved significant progress with consistent growth and improvements each quarter in gold production, throughput and plant availability. At a project level (combining the activities of both PGPRC and FRC) the 2010 financial year achieved a maiden gross profit of US$48.9M and net profit of US$38.4M.

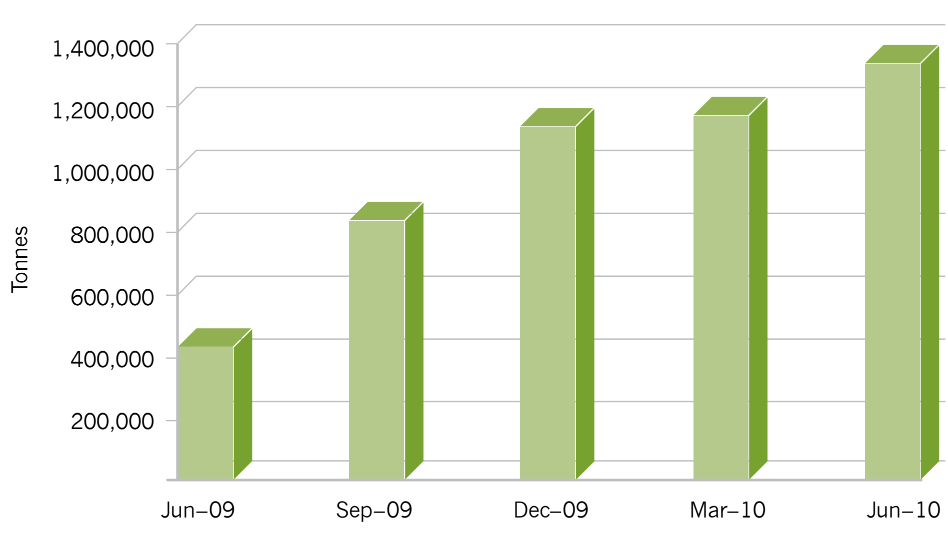

Figure 1. Consistent Throughput Growth in 2010

The plant was constructed by Leighton without one lost time injury, achieving practical completion in the first half of 2009. The mining contract for the Masbate Gold Project was also awarded to Leighton, the largest mining contractor in the world. The processing facility comprises a CIL plant with single stage crushing feeding a SAG mill with two ball mills in parallel. The gold recovery circuit consists of eight carbon–in–leach tanks followed by electrowinning to produce a gold–silver dore bar. Tailings are pumped through a 2km pipeline to a world class storage facility.

Design throughput of the processing plant is 4Mtpa, however the plant is already operating at an annualised throughput of approximately 6Mtpa (refer to Figure 1). CGA is now well advanced in a planned plant investment program of approximately US$15M to upsize the existing plant and lock in a sustainable 6.5Mtpa throughput level.

Production at the Masbate Gold Project has consistently improved each quarter, with a maiden annual production for 2010 of 150,143 ounces at cash costs of US$548 per ounce.

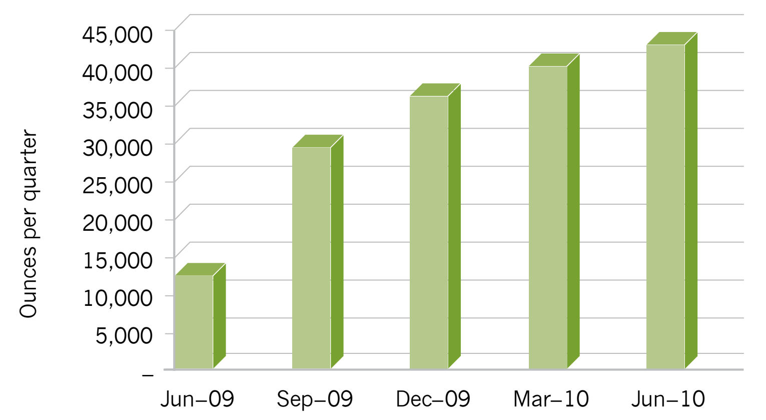

Figure 2. Quarterly Gold Production in 2010

The average operating statistics achieved for the year ended 30 June 2010 are set out as follows:

Total tonnes of ore mined	4.0 Mtpa
Total tonnes milled	4.5 Mtpa
Average grade processed	1.26 g/t
Recovery	83.2%
Availability	88.9%
Average grade mined	1.36g/t

Gold Cupellation – Assay Laboratory

MINING

Ore Loading

Mine Haul Trucks

Mine development in the 2009–2010 year continued to focus on the production areas of Main Vein and Colorado. During the initial two quarters smaller, higher grade pits at Libra East, Libra West, HMB West and Montana were developed, whilst access and bench development were undertaken at Colorado and Main Vein. Over this period, as working areas were opened up, significant production improvements were made as shown in the graphs below.

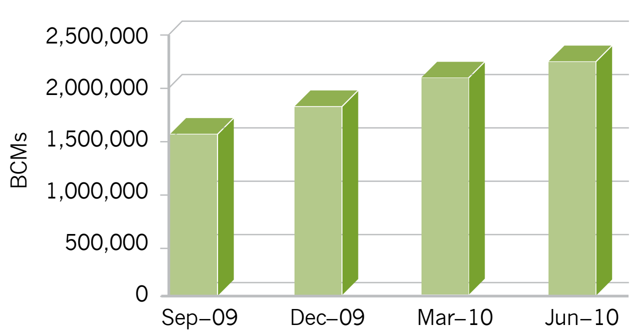

Figure 5. Total Volume Mined

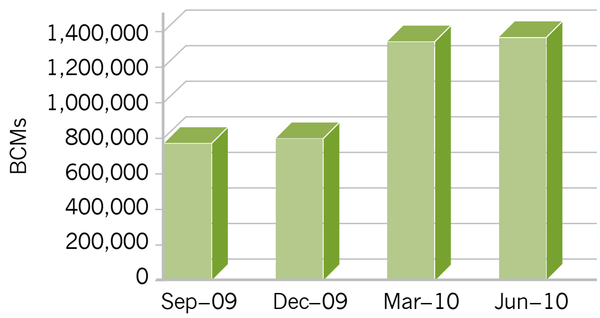

Figure 6. Total Ore Mined


Wall Face Mining

TAILINGS STORAGE FACILITY

The Tailings Storage Facility ("TSF") started construction in August 2008 and construction of this facility continues to date. Stage three of the TSF was completed in March 2010, four months ahead of schedule. This involved raising the level of the main dam, and associated saddle dams to the 30mRL.

GHD Engineering Pty Ltd, a Perth based engineering company continue to conduct the detailed designs required for the TSF Construction under the guidance of D.E. Cooper and Associates Pty Ltd. The construction of the TSF is being conducted by Galeo Equipment and Mining Company, Inc., a Philippine owned and operated company.

Monitoring of the containment system of the TSF is being conducted through 12 piezometers, and 3 monitoring boreholes. Analyzing of the piezometer data is being carried out by GHD Engineering Pty Ltd, and results to date show no signs of any water ingress through the wall.

Stage 4 design requires the existing government road to be re–routed around the design of the Tails Storage Facility. Construction of this road is well advanced and is estimated to be completed by the middle of November 2010. Construction is being conducted by San R Mining and Construction Company, Inc. a Philippine owned and operated company. The design and monitoring of the new government road is being conducted by the Department of Public Works and Highways, Philippines.

Tailings Storage Facility

RESERVES AND RESOURCES

Based on the NI 43–101 compliant technical report dated 20 May 2008, the Masbate Gold Project has a total indicated resource base of 153.41Mt at a grade of 0.92g/t for 4.55M ounces, total inferred resource base of 127.15Mt at 0.8g/t for 3.22M ounces and a probable reserve of 92.2Mt at 1.0g/t for 3.03M ounces of gold. Mining and production at the project commenced in 2009 and as at the end of September 2010, the project has produced a total of 211,491oz of gold to date.

EXPLORATION OVERVIEW

Construction of the project was completed in early 2009 with first gold poured on 12 May 2009.

Following completion of construction and commissioning of the plant at Masbate in 2009/2010, the Company committed to a US$10M exploration program, with a focus on materially enhancing the reserve and resource base of the project. In April 2010, FRC was granted a 52 square kilometre Exploration Permit adjacent to the project. This permit area covers a number of known and previously mined gold deposits as well as hosting a significant geophysical anomaly with a signature similar to the Main Vein deposit. The permit has not benefited from modern or systematic exploration in the past and is considered highly prospective with the potential to materially increase both reserves and resources.

Whilst exploration personnel and additional drill rigs were mobilised, access arrangements were negotiated with the land owners to enable drilling to commence on the near mine Boston–Porphyry, and Blue Quartz prospects.

Exploration Drilling

Sample Inspection

The US$10M, 12 month exploration program is initially focussed on three broad target areas:

- near mine infill drilling to upgrade inferred material to indicated status;
- near mine step out drilling to extend the ore model beneath and along strike of current information; and
- exploration of the new EP10 tenement in areas of known mineralisation and those previously unexplored.

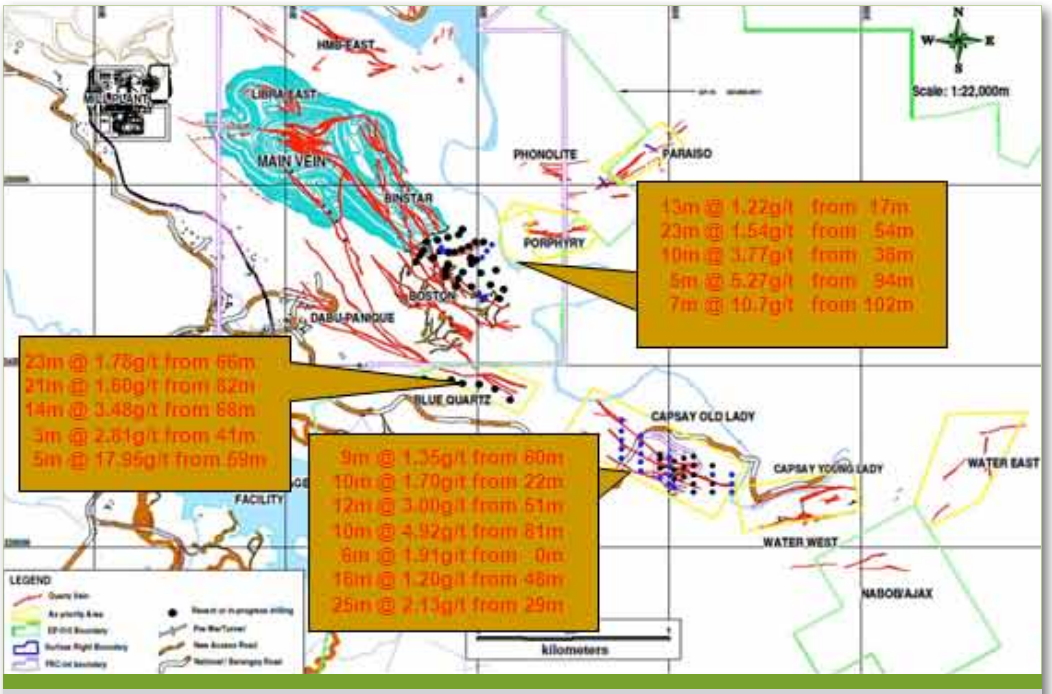

Figure 3. Selection of Exploration Results – Near Mine Targets

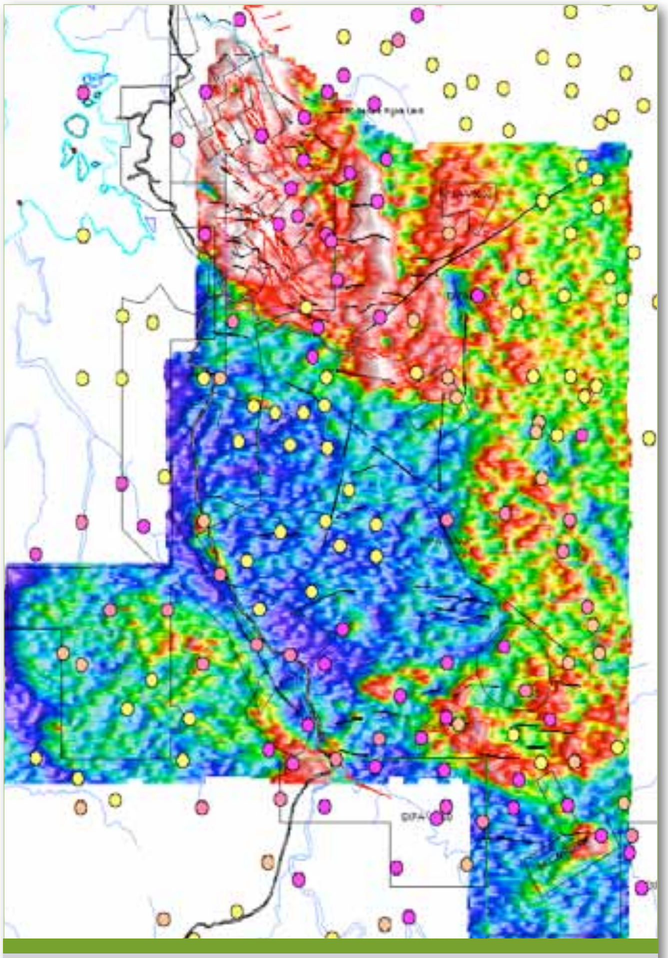

Figure 4. Exploration – EP10 (formerly EXPA39)

A number of pre–identified zones exist within the EP10 area. These are planned for further investigation through integrating existing information from the previous ownership with reconnaissance mapping. Orientation soil sampling traverses are also planned to be carried out over the tenement. Walk Up drill targets also exist in the southern vein system cluster and will be advanced by drilling and sampling processes. Work on the radiometric anomalism will be done through geological reconnaissance mapping and wide spaced soil sampling and drainage sampling around the ridge. 15km of trench sampling is also planned and this will be followed up with RC and diamond drilling. In the longer term comprehensive full multi–element stream sampling coverage of this and any others in the south is intended. This is to target both Masbate–style gold and potential porphyry targets.

Processing Plant

STRATEGIC INVESTMENTS

During the year, CGA entered into a strategic alliance with Sierra Mining Limited ("Sierra"), who holds prospective gold and copper exploration interests in the Philippines. Its key projects include the property immediately adjacent to Medusa Mining Limited's (TSX:MLL) rich Co–0 gold mine (March quarter – average grade 20.6g/t and cash costs of US$180/oz) and other properties to the south of the King–king gold and copper deposit. This will leverage CGA's exploration expenditure and further capitalise on the success to date in the Philippines.

CGA announced on 1 June 2010, a proposed spin off of the interests in the Segilola Gold Project and Mkushi Copper Projects by way of an initial public offering of shares in Ratel and a listing on the Toronto Stock Exchange. The proposed spin off was structured to provide CGA shareholders with an opportunity to realise enhanced value for the African projects and provide an opportunity to better manage exposure and investment in the different assets and jurisdictions. The spin off was approved by CGA shareholders and closed successfully in August 2010 raising gross proceeds of US$14M. The Company retained a strategic interest as the largest shareholder, holding a 19.4% interest in Ratel.

Ratel holds interests in the Segilola Gold Project in Nigeria and and the Mkushi Copper Project in Zambia. An initial feasibility study at the Segilola Gold Project has been completed and a maiden resource for the project was announced in 2009 of an indicated resource of 3,620,386 tonnes at a grade of 4.5g/t for 521,814 ounces of gold and an inferred resource of 747,590 tonnes at a grade of 4g/t for 96,445 ounces of gold. Segilola Gold Limited, which holds Ratel's interest in the Segilola Gold Project, is currently in discussions with the appropriate Government agencies in an effort to optimise and clarify the applicable/appropriate tax regime and identify the optimal corporate structure for any future development of the project.

At the Mkushi Copper Project, a feasibility study has been completed and further optimisation work is underway. A NI 43–101 compliant technical report was completed in May 2008 outlining resources of 18.5Mt grading 83% Cu using a cut–off grade of 0.3% Cu.

In September 2010, Ratel exercised an option to acquire a 51% interest in the Obuasi Joint Venture, for the issue of 2.5M new shares in Ratel. The Obuasi region has one of the highest gold endowments in the world and the project lies approximately 10 kms to the west of Obuasi, a field which has to date produced 26M ounces and last year produced 571,000 ounces of gold. The concession covers approximately 130 km² and the extentions of several NE/SW trending mineralized zones that host shallow oxide gold resources on Anglo Ashanti's ground to the north east.

COMMITMENT TO COMMUNITY DEVELOPMENT

CGA continuously interacts with the communities and other stakeholders surrounding its operations and is committed to fostering long–term partnerships and relationships to maximise the sharing of opportunities and benefits within the areas surrounding its operations. The guidelines set out in the Company's Community Relations Policy are set out below:

- respecting and valuing the traditions and culture of the local community;
- ensuring the local community is kept fully informed of and involved in developments which affect them throughout the cycle of the operations;
- developing sustainable social investment initiatives aimed at making a practical and meaningful contribution to the community through cooperation and participation;
- providing training and employment opportunities to the local communities to ensure sustainable long term employment prospects;
- partnering with local community leaders to develop relationships based on mutual understanding and trust to ensure open communication between the Company and the communities;
- ensuring local community leaders have access at reasonable times to the Company's management;
- developing management systems to identify, monitor and control existing potential impacts on communities surrounding its operations;
- regularly reviewing its community relations policy in order to keep it relevant to the stakeholders concerned; and
- keeping all its employees aware of the requirement of this policy and their role in its implementation.

Andres Soriano Junior Memorial School Students

The Masbate Gold Project ("MGP") continues its commitment to ensure the sustainable development of the area surrounding its operation through the implementation of the Corporate Social Responsibility Program, Social Development and Management Program ("SDMP") and addressing community feedback and concerns. The overall community development aim is to assist the communities to enhance their standard of living and increase their capabilities independently. Support and contribution of resources were made throughout the year to improve education, health, sport, livelihood, cultural affairs, infrastructure and the environment.

Examples of the key projects undertaken this year include the following.

Education and Training

- Provision of the Scholarship and Educational Assistance Program to 127 high school and college students.
- Construction of an additional 6 classrooms for elementary and high school students at Syndicate Elementary School, Lanang Elementary School, Bangon Elementary School, Panique Elementary School and Panique National High School to cope with the increasing number of enrolees including Day Care Centers.
- Provision of subsidies for additional teachers to increase and improve the student–teacher ratio within the local area.
- Provision of transportation assistance to 808 elementary and high school students living in remote areas to reduce absenteeism.
- Conducting Information and Education Campaigns through community newsletters, Masbate local tabloids, radio programs, media engagements, mine tours and information booth exhibits.


ASJMS High School Students


Classroom – Elementary Pupils


Panique Basketball Court


Students

Health Services

- Improving community health care services by providing health stations with basic medicines, medical supplies, materials and equipment.
- Provision of transport for community emergency patients to health facilities.
- Implementation of nutrition and feeding programs to reduce the number of malnourished children in a number of identified local communities.
- Provision of additional rubbish trucks and receptacles to support community waste segregation and sanitation improvement programs.
- Provision of construction materials for the installation of toilets for households with no sanitary facilities.

Mine Clinic – Physician

Mine Clinic

Livelihood Projects

- Provision of Women's Association with livelihood programs for additional income such as vegetable production, dressmaking and hog raising.
- Provision of farm skills training to the Farmers Association with the aim of increasing productivity including improving livelihood opportunities with cattle and hog production.
- Provision of fishing boats and fishnets to additional members of the reactivated Fisher Folks Association.

Cultural Affairs

- Construction or renovation of five chapels for the enhancement of the spiritual well being of the people in the local communities.
- Supporting programs that enhance socio–cultural affairs such as the traditional celebrations of patronal fiesta, sinulog festivals and foundation day.

Infrastructure

- Developing of an alternative water source and installation of a 4.8 km waterline with 23 distribution points serving 834 households.
- Improving basic social services, five multi–purpose buildings were either constructed or renovated to function as Health and Nutrition Centres, offices and a venue for meetings and training.
- Repairing and maintenance to 8.7km of community roads with the primary goal of reducing traffic incidents.
- Constructing 506m of concrete pathways to improve community safety in particular school children.
- Constructing roofing for the basketball court in the Panique community to provide a venue for community gatherings, meetings and cultural and sports activities.

ENVIRONMENTAL PROGRAMS AND ACHIEVEMENTS

CGA is committed to achieving a balance between economic development and protection of the environment, and managing environmental matters to achieve long term environmentally sustainable development through the following guidelines as set out in the Company's Environmental Policy:

- complying with all applicable environmental laws, regulations and requirements and where able, exceeding those applicable standards for environmental management;
- ensuring continuous improvement in its environmental performance including promoting its environmental progress through regular reporting to government and local communities;
- establishing, developing and maintaining management systems that are consistent with internationally recognised standards to identify, monitor and control all aspects of its environmental activities;
- promoting environmental awareness amongst our employees and contractors thus ensuring they are aware of their roles and relevant responsibilities for environmental management;
- developing our people and providing them with the necessary resources to ensure that sustainable environmental development is an integral part of how it does business;
- regularly monitoring environmental performance to ensure minimisation and where possible, prevention of negative impacts on the environment;
- working with local communities and governments to minimise environmental impacts and develop opportunities for community involvement in environmental programs; and
- integrating environmental processes into all aspects of our operations.

Tree Planting at the TSF

The MGP holds the required licences and permits, and abides by the Acts and Regulations issued by the relevant mining and environmental protection authorities – Department and Environment and Natural Resources, Environmental Management Bureau ("EMB") and Mines and Geosciences Bureau ("MGB"). These licences, permits, Acts and Regulations specify limits and regulate the management of discharges to the air, ground and surface waters associated with the mining and processing operations, as well as the storage and use of hazardous materials.

There have been no significant known breaches of the MGP's licence and permit conditions or of the relevant Acts and Regulations. The operations have had no prosecutions or fines from the regulatory authorities. No high or critical environmental incidents occurred that could have medium to long–term impacts.

Environmental Data Collection

Environmental Data Collection

Environmental performance highlights at the MGP during the year include the following matters:

- The EMB conducted an environmental compliance audit against the Environmental Compliance Certificate conditions. There were no non–compliances issued by the EMB.
- The Multipartite Monitoring Team ("MMT"), consisting of representatives from the MGB, EMB, Provincial Environment and Natural Resources Office, Provincial Government Unit of Masbate, Aroroy Local Government Unit, Municipal Health Unit, Bureau of Fisheries and Aquatic Resources, Municipal Agriculture Office, 8 local community leaders and the Parish Priest, conducted quarterly inspections.
- The final Mine Rehabilitation and Decommissioning Plan was presented to the eight community leaders as a final presentation and consultation prior to its endorsement to the MGB Central Office.
- The Mines Rehabilitation Fund Committee meeting was held to review the 2009 Annual Environmental Protection and Enhancement Program and the 2009 Annual Social Development and Management Program.
- The MGB conducted an inspection to observe the effectiveness of the newly installed cyanide detoxification facility.
- All requirements for environmental monitoring were completed and all Self–Monitoring Reports were submitted during the year.
- Two studies, the Coastal Marine and Limnological Monitoring Program and Mangrove Inventory and Conservation Study were completed.
- The MGP was the major sponsor of the Biodiversity Challenge organised by the DENR.
- The development of the CGA Safety, Health and Environment Management System Standards, Guidelines and Audit Protocols was completed.
- During the year, FRC acquired environmental permits from the EMB and MGB, was completed with the key permits including the:
  - Permit to Operate the Power Station.
  - Wastewater Discharge Permit for the Tailings Storage Facility.
  - Wastewater Discharge Permit for two Sewage Treatment Plants.
  - Several importation clearance permits for sodium cyanide.
  - Permit to Operate the laboratory furnaces and dust collectors.

Rehabilitation

Approximately 214,000 seedlings were planted over an area of 90 ha within the buffer zone and other open areas around the mine site. 10,600 seedlings were donated to the community (i.e. Aroroy Local Government Unit, Sto. Niño Parish and Provincial Government of Masbate).

Tree Planting at TSF

Tree Planting at TSF

Water Management

Surface water monitoring is undertaken at various frequencies in accordance to permit requirements (i.e. daily, weekly, monthly and quarterly).

Monitoring bores were installed at the TSF to augment the piezometers already installed at the TSF main embankment and freshwater division dam embankment. The groundwater monitoring bores are monitored quarterly and will assist in the understanding of the TSF's hydrogeology.

Water Sampling

Emissions

Results of ambient air quality monitoring undertaken by a consultant found that levels of sulphur oxides, nitrogen oxides, carbon monoxides and TSP were compliant with relevant regulations.

Tailings

The audit of the TSF undertaken by MA Bolaño and AMH Philippines Inc. in March 2010, indicated the facilities were being operated efficiently and there were no significant issues with structural stability or compliance with procedures.

Compliance

The DENR, EMB and MGB have not issued the MGP with any material non–compliance to any conditions contained within Acts, regulations, licences or permits.

Audits and Inspections

An external Safety, Health and Environment Management System audit were undertaken in July 2010. Findings from this audit will be used as a base for future implementation plans.

COMMITMENT TO OCCUPATIONAL HEALTH AND SAFETY

CGA is committed to ensuring that occupational health, safety and security are given the highest priority to ensure a safe and healthy environment for its workforce and the surrounding community. To achieve this commitment the Company has set out the following guidelines in its Occupational, Health and Safety Policy:

- complying with all relevant occupational health and safety laws, regulations and standards in the location in which it is working and where possible, exceeding those standards;
- implementing occupational health and safety systems based on internationally recognised standards in order to create an environment where people believe it is possible to work injury free;
- implementing risk management systems and conducting risk assessments to anticipate, minimise and control hazards in the work place;
- openly communicating with and consulting its workforce and the local community to ensure they have a clear understanding of their needs and interests in relation to any matters that may affect their health, safety and security;
- training its workforce and providing the resources necessary to ensure that they are competently equipped to carry out their duties and responsibilities;
- continuously improving its occupational health, safety and security practices through the use of evolving scientific knowledge, technology and management practices; and
- ensuring all stakeholders are involved in the improvement of occupational health, safety and security systems.

The MGP's attention has been on raising safety awareness and improving the safety culture on site through inductions, training and safety meetings. Safety awareness, hazard identification and risk management, and competency based training of the MGP employees and contractors continues to be the major site focus. MGP's aim is to be the industry leader in safety management and incident/accident prevention within the Philippines mining industry.

Office Staff

Safety Training

Safety Training

At year end, the 12 month moving average Lost Time Injury Frequency Rate ("LTIFR") was 1.00, (Western Australia surface metalliferous mining 2008–09 average LTIFR was 2.8). All incidents were thoroughly investigated and mitigating measure were introduced to ensure the incidents did not reoccur.

Health awareness programmes were conducted by the Clinic Doctors, which included free hepatitis vaccinations made available to all full–time employees and contractors. An external Health Survey of the community was undertaken in April 2010. An external Safety, Health and Environment Management System audit was undertaken at the MGP in July 2010. Findings from this audit have been entered into implementation plans and are being addressed to ensure that the Company's, Regulator's and industry standards are consistently met.

Puro Elementary School Children

DIRECTORS' REPORT

The Directors of CGA Mining Limited ("the Company" or "CGA") present their report on the consolidated entity consisting of CGA and the entities it controlled during the year ended 30 June 2010 (the "Consolidated Entity" or "the Group"). The Company's functional and presentation currency is USD ($).

A description of the Company's operations and its principal activities is included on page 23.

1. DIRECTORS AND COMPANY SECRETARY

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Current Directors

Mark S Savage
CHAIRMAN

Mr Savage was born and educated in the United States of America ("US") where he received a business degree from the University of Colorado and was a senior executive for a number of US banks. He then joined an Australian based merchant bank and completed the Securities Institute of Australia course.

Mr Savage has gained experience in the debt and equity markets as well as in the corporate advisory area. He currently holds directorship positions with Global Petroleum Limited (since 1999), Tower Resources Limited (since January 2006) and Ratel Gold Limited ("Ratel") (since January 2010). Mr Savage was appointed a director of the Company on 17 April 2000.

Mr Savage is a member of the Corporate Governance and Remuneration Committees.

Michael J Carrick
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Mr Michael Carrick is a Chartered Accountant with over 20 years experience in the resources sector. He was previously Executive Chairman of AGR Limited, the entity which owned and developed the Boroo Gold Project in Mongolia, and Chief Executive Officer of Resolute Limited, one of Australia's largest gold producers. Prior to joining Resolute, Mr Carrick was a senior partner of Arthur Andersen.

Mr Carrick holds degrees majoring in economics, law, business administration and accounting and has been responsible for the acquisition, development, and operation of a number of major gold projects, both in Australia and internationally. He was appointed a director of the Company on 6 January 2004, and is also a director of Ratel (since January 2010).

Mr Carrick resigned as a member of the Remuneration Committee on 13 November 2009.

Justine A Magee
EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

Ms Magee is a Chartered Accountant with extensive experience in the resource sector having headed the corporate and finance areas for Resolute Limited for 6 years. She was formerly with Arthur Andersen and a director of AGR Limited. Ms Magee's principal responsibilities are legal and finance, arranging of debt and equity issues and review and execution of new business opportunities in the resources sector. Ms Magee holds a Commerce Degree from the University of Western Australia. She was appointed a director of the Company on 23 November 2004 and does not hold directorships in any other listed company.

Ms Magee is a member of the Disclosure and Corporate Governance Committees and resigned as a member of the Audit Committee on 13 November 2009.

Robert N Scott
NON EXECUTIVE DIRECTOR

Mr Scott is a Fellow of the Institute of Chartered Accountants in Australia with over 35 years experience as a corporate advisor. Mr Scott is a former senior partner of the international accounting firms of KPMG and Arthur Andersen. Mr Scott currently holds directorships on Sandfire Resources NL, Australian Renewable Fuels Limited, bioMD Limited, Amadeus Energy Limited, Neptune Marine Services Limited and Homeloans Limited.

Mr Scott is the chair of the CGA Mining Limited Audit Committee and the Disclosure Committee. He was also appointed as chair of the Nomination and member of the Remuneration Committees on 13 November 2009.

Phil C Lockyer
NON EXECUTIVE DIRECTOR

Mr Lockyer is a Mining Engineer and Metallurgist with more than 40 years experience in the mining industry, with an emphasis on gold and nickel, in both underground and open pit mining operations.

Mr Lockyer was employed by WMC Resources for 20 years reaching the position of General Manager of Western Australia responsible for that company's gold and nickel divisions. Mr Lockyer holds directorships on Swick Mining Services Limited, St Barbara Limited, Focus Minerals Limited, and Perilya Limited.

Mr Lockyer is a member of the Audit and Disclosure Committees and was appointed as member of the Nomination Committee on 13 November 2009.

David A Cruse
NON EXECUTIVE DIRECTOR – appointed 13 November 2009

Mr Cruse has had a long career in commerce and finance. He was a stockbroker for over 20 years, where he held senior management positions and directorships in the stockbroking industry, with particular focus on capital markets. Recently, Mr Cruse has been involved in the identification and commercialization of a number of resource (including oil and gas) projects.

Mr Cruse was appointed director of CGA Mining Limited on 13 November 2009 and has held a directorship position on the board of Odyssey Energy Limited since 2008.

Mr Cruse was appointed as member of the Audit, Nomination and Remuneration Committees on 13 November 2009.

Hannah C Hudson
COMPANY SECRETARY

Ms Hudson holds a Bachelor of Commerce and a Bachelor of Arts Degree from the University of Western Australia and is a member of the Institute of Chartered Accountants in Australia. She was formerly with Ernst & Young.

2. DIRECTORS INTERESTS

The relevant interest of each Director in the shares and options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by Directors to the Australian Stock Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Interest in Securities at the Date of This Report	
	Ordinary Shares (1)	**Unlisted Options**
Current Directors		
Mark S Savage (3)	3,573,880	1,500,000 (2)
Michael J Carrick (3)	1,155,000	5,000,000 (2)
Justine A Magee (3)	1,113,333	1,500,000 (2)
Robert N Scott	–	–
Phil C Lockyer	–	–
David A Cruse	20,000	–

Notes

(1) "Ordinary shares" means fully paid ordinary shares in the capital of the Company.

(2) "Unlisted Options" means an option to subscribe for one Ordinary Share per option exercisable at A$0.65 on or before 30 June 2012 of which Mark S Savage has 1,500,000, Michael J Carrick has 2,000,000 and Justine A Magee has 1,500,000. Michael J Carrick has also been issued with 3,000,000 unlisted options which are an option to subscribe for one Ordinary Share per option exercisable at A$1.50 on or before 28 November 2013.

(3) Shares held were not issued as part of remuneration, but issued in the capacity as a shareholder in AGR, an investment acquired by the Company, and subsequently sold on 30 June 2004 (J Magee: 13,333, M Carrick: 55,000). These also relate to 1,100,000 shares held by a non–related entity, for which Mr Carrick, Ms Magee and Mr Savage are directors and have no beneficial interest.

3. MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the financial year ended 30 June 2010 and the number of meetings attended by each Director. There were four committees of directors in existence during the financial year, these being, the Audit Committee, Corporate Governance Committee, Compensation Committee and the Disclosure Committee. We refer you to our Corporate Governance section at the end of the director's report for more information.

		Committee Meetings				
	Directors Meetings	**Audit**	**Corporate Governance**	**Remuneration**	**Nomination 4**	**Disclosure**
Number of meetings held	3	3	1	1	–	–
Number of meetings attended						
Mark S Savage	3	–	1	1	–	–
Michael J Carrick 1	3	–	–	–	–	–
Justine A Magee 1	3	1	1	–	–	–
Robert N Scott 2	3	3	–	1	–	–
Phil C Lockyer 3	3	3	–	–	–	–
David A Cruse 1	3	2	–	1	–	–

1 David A Cruse was appointed a director on 13 November 2009, and replaced Justine Magee on the Audit Committee and Michael Carrick on the Remuneration Committee on 13 November 2009.

2 Mr Robert Scott was appointed a member of the Remuneration Committee and chair of the Nomination Committee on 13 November 2009.

3 Mr Phil Lockyer was appointed a member of the Nomination Committee on 13 November 2009.

4 There have been no meetings of the nomination committee during the year as there have been no changes to the board since its inception.

4. PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the year was mineral exploration and development. There have been no significant changes in the nature of the principal activities of the Consolidated Entity during the year other than as disclosed in the "Significant Changes in the State of Affairs" section of this report.

5. EMPLOYEES

	2010	2009
The number of full time equivalent people employed by the Consolidated Entity at 30 June 2010 (including consultants).	181	187.5

6. REVIEW OF OPERATIONS AND RESULTS

Net profit after tax for the year ended 30 June 2010 was $15,992,092 (2009: Net loss after tax of $10,209,557). During the 2010 financial year, the Group's activities were focused on the commissioning and commencement of commercial production at the Masbate Gold Project in the Philippines, additional drilling and the commencement of a feasibility study at the Segilola Gold Project.

The Masbate Gold Project commenced commercial production on 1 July 2009. For the year ended 30 June 2010 4.45M tonnes were milled producing 150,143 ounces of gold. Total proceeds at year end from gold and silver sales were approximately US$155.5m, with an average gold sale price of US$1,051.

During the year ended 30 June 2010, the Group completed two private placements, of 14,705,000 ordinary shares at C$1.70 per share in October 2009 and 39,100,000 ordinary shares at C$2.20 per share in February 2010, raising a total of C$111.018M. The net proceeds after costs from the October issue, have been used to fund further enhancements in the plant and exploration activities at the Masbate Gold Mine. The net proceeds from the February issue were used to repay the $25M promissory notes and $10M loan facility from Meridian Capital CIS Pty Ltd and Casten Holdings Limited and are being used to increase exploration activity at the Masbate Gold Project, including 55,000m of drilling and 15,000m of trenching, progress the planned expansion of the plant at the Masbate Gold Project and general corporate purposes.

CGA also entered into a strategic alliance announced 29 April 2010 with Sierra Mining Limited ("Sierra"), who hold prospective gold exploration interests in the Philippines. Projects include the property immediately adjacent to Medusa Mining Limited's (TSX: MLL) rich Co–O gold mine (March 2010 quarter–average grade 20.6g/t and cash costs of US$180/oz) and other properties to the south of the world class King–king gold and copper deposit. This will leverage CGA's exploration expenditure and further capitalize on the success to date in the Philippines. As at 30 June 2010 CGA held 15,733,333 shares in Sierra.

For the twelve months ended 30 June 2010, the Group repaid $13,674,480 on the $80,300,000 project finance facility with BNP Paribas, leaving an outstanding balance owing of $63,387,620.

On 1 June 2010, the Group announced a planned spin off of the Company's interests in the Segilola Gold Project in Nigeria and the Mkushi Copper Project in Zambia by way of the initial public offering of Ratel (the "Spin Off"). At that time Ratel was a wholly owned subsidiary of CGA. This was approved by Shareholders at a Special Meeting held 2 July 2010.

The Spin Off will provide shareholders with an opportunity to realise enhanced value for the African Projects, which are in the exploration stage, and provides an opportunity to better manage exposure and investment in the various assets and jurisdictions.

7. DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2010.

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the year were:

- During the 2010 financial year, the Company issued 150,000 options to employees, pursuant to the employee option plan.
- The Company completed a private placement of shares on 30 October 2009, raising gross proceeds of C$24,998,500 through the issue of 14,705,000 shares at C$1.70. A further private placement was closed on 5 February 2010, issuing 39,100,000 shares at C$2.20, raising gross proceeds of C$86,020,000. The proceeds, in combination with existing cash reserves, were utilised to supplement working capital during the initial months of production at the Masbate Gold Mine.
- On 5 February 2010, the Company closed an additional private placement, on a bought deal basis, of 39,100,000 ordinary shares in the capital of the Company. The shares were sold at C$2.20 per share raising C$81,659,000 (after costs). CGA entered into an agreement with a syndicate of underwriters led by BMO Capital Markets and including Haywood Securities Inc., under which the underwriters agreed to buy the shares on a private placement, bought deal basis. The proceeds were used to repay early the $10M loan facility with Meridian Capital CIS Fund and Casten Holdings Limited, and the $25M Senior Promissory Notes. The balance of the funds raised are being used to increase exploration activity at the Masbate Gold Project, including 55,000m of drilling and 15,000m of trenching over the following 12 months, progress the planned expansion of the plant at the Masbate Gold Project and general corporate purposes.
- CGA entered into a strategic alliance announced 29 April 2010 with Sierra Mining Limited ("Sierra"), who hold prospective gold exploration interests in the Philippines. Projects include the property immediately adjacent to Medusa Mining Limited's (TSX: MLL) rich Co–0 gold mine (March quarter – average grade 20.6g/t and cash costs of US$180/oz) and other properties to the south of the world class King–king gold and copper deposit. This will leverage CGA's exploration expenditure and further capitalize on the success to date in the Philippines. CGA subscribed for 11.8M shares and 5.9M free attaching options, then representing 10% of the issued capital of Sierra for a total investment of A$708,000.
- Following completion of the placement by Sierra to CGA, Sierra also undertook a non–renounceable entitlements issue whereby Shareholders were entitled to acquire one (1) new ordinary share for every three (3) existing shares held, at a cost of A$0.06 per Share, and one (1) option was also granted for every two (2) new shares subscribed for at no further cost. CGA subscribed for a further 3.9M shares at a total cost of A$235,999, and 1.9M free attaching options.
- The Company repaid a further $13,674,480 on the BNP Paribas loan leaving an outstanding balance owing of $63,387,620.
- On 1 June 2010, the Company announced a planned spin off of the Company's interests in the Segilola Gold Project in Nigeria and the Mkushi Copper Project in Zambia by way of the initial public offering of Ratel. At that time Ratel was a wholly owned subsidiary of CGA. This was approved by shareholders at a Special Meeting held 2 July 2010. The Spin Off was planned to provide shareholders with an opportunity to realise enhanced value for the African Projects, which are in the exploration stage, and provide an opportunity to better manage exposure and investment in the various assets and jurisdictions.

9. POST BALANCE DATE EVENTS

On 6 August 2010, the Company announced that the previously announced initial public offering of common shares (the "Offering") in Ratel had closed successfully. Pursuant to the Offering, Ratel issued 70,000,000 common shares at a price of C$0.20 per common share, for aggregate gross proceeds of C$14 million.

Additionally subsequent to year end, 1,739,500 options have been exercised.

10. LIKELY DEVELOPMENTS AND EXPECTED RESULT

The Company is committed to further developing its current asset base, and identifying new mineral exploration and development opportunities to enhance shareholder value.

11. SHARE OPTIONS

Unissued Shares

As at the date of this report, the Company had 10,162,500 options and nil outstanding warrants on issue. The total outstanding capital of the Company as at the date of this report was 333,034,476 fully paid ordinary shares. The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares Issued as a Result of the Exercise of Options

During the financial year 2,708,000 unlisted employee options were exercised. Subsequent to year end 1,739,500 options have been exercised. Details on movements in share options for the year are disclosed in Note 16 to the financial statements. No options have been granted since the end of the financial year.

During the year 5,575,000 shares were issued upon exercise of the warrants.

12. REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (executive or otherwise) of the parent entity and includes the five executives in the Company and the Group receiving the highest remuneration.

Details of Key Management Personnel (including the four executives of the Company)

(i) Directors	
Mark Savage	Director and Chairman
Michael Carrick	Director (Executive), President and Chief Executive Officer
Justine Magee	Director (Executive) and Chief Financial Officer
Robert Scott	Director (Non–Executive)
Phil Lockyer	Director (Non–Executive)
David Cruse	Director (Non–Executive) – appointed 13 November 2009
(ii) Executives	
Geoffrey Jones	General Manager – Technical
Mark Turner	Chief Operating Officer – Masbate
Tim Armstrong	Project Manager – Masbate – resigned 31 August 2009
Hannah Hudson	Company Secretary

Remuneration Policy

The remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. Given the present nature of CGA's business, early stage production, exploration and development, the compensation committee believes the best way to achieve this objective is to provide executive directors and executives with a remuneration package consisting of fixed and variable components that reflect the person's responsibilities, duties and personal performance.

One issue of options was made to eligible employees during the period. The Company has an Employee Option Scheme, however, directors are not entitled to participate and accordingly a separate issue to Directors had been approved by shareholders in the prior year. As with the Employee Option Scheme, options are used as part of compensation packages to strengthen the alignment of interest between management and shareholders in an effort to enhance shareholder value. The committee obtains independent advice on the appropriateness of remuneration packages given trends in comparative companies locally and internationally. Options granted as remuneration are determined as part of the overall review of performance and compensation. Criteria which are measured included relative share price performance over the period leading up to their grant and are not dependent on the satisfaction of future performance criteria.

Company Performance

The table below shows the Company's earnings per share over the last 5 years.

Earnings/(Loss) Per Share	2010	2009	2008	2007	2006
Basic	5.36	(4.22)	(6.68)	2.74	(8.56)
Diluted	5.30	(4.89)	(6.68)	2.66	(8.56)

Non–executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. Each director receives a fee for being a director of the Company. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non–executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between directors as agreed.

Executive Remuneration

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis), as well as employer contributions to superannuation funds.

Arrangements put in place by the Board to monitor the performance of the Consolidated Entity's executives include:

- a review by the Board of the Group's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

Remuneration levels are reviewed as required by the compensation committee on an individual contribution basis in the form of a performance appraisal meeting. This incorporates analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

Variable Remuneration – Short Term Incentive ("STI")

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total STI amount available is at the discretion of the board, however it is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Structure

Actual STI payments granted to each executive depend on the extent to which key Group objectives are met. The objectives typically consist of financial and non–financial, corporate and individual measures of performance. Typically included are measures such as contribution to financing and capital raising objectives, risk management and relationship management with key stakeholders. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

STI payments are made at the discretion of the Board and remuneration committee. Amounts are determined in line with the extent to which a key business objective has been met and the individuals responsibilities and contribution. The process occurs shortly after the key objective has been met and payments are delivered as a cash bonus upon approval, in order to closely align the achievement and reward.

STI Bonus for 2009 and 2010 Financial Years

For the 2010 financial year, 100% of the STI cash bonuses of US$65,083 was awarded and paid to Executives. US$22,266 was paid in December 2009 and US$42,817 in June 2010. All cash bonuses were paid during the 2010 financial year. For the 2009 financial year, 100% of the STI cash bonus of US$82,589 was awarded and paid to Directors in July 2008 and US$17,375 was awarded to Executives in December 2008.

There have been no alterations to the STI bonus plans since their grant date. No STI bonus amounts have been forfeited during the 2009 or 2010 financial years. STI payments are made at the discretion of the Board and remuneration committee. STI amounts of $102,380 relating to the June 2010 financial year were payable subsequent to year end.

Variable Remuneration – Long Term Incentive ("LTI")

Objective

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth.

Structure

LTI grants to executives are delivered in the form of share options under the Employees Share Option and Director Share Option plans. Share options are granted to executives based on their role and responsibilities. The options are granted on varying vesting terms designed to align the individuals' role and responsibilities with the vesting terms. The share options are granted over a period of five years before they lapse. Options granted as remuneration are determined as part of the overall review of performance and compensation. Criteria which are measured included relative share price performance over the period leading up to their grant. Details of LTI options granted and the value of options granted, exercised and lapsed during the year are set out in the tables following.

Service Agreements

Except as discussed below all executives and employees are employed under contracts of employment with standard commercial terms, such as having no fixed term of expiry, notice period of between one and three months, and termination payments only in lieu of notice. The Company has a service contract in place with Mr. Michael Carrick, Chief Executive Officer ("CEO"), which expires on 24 June 2013 and Ms Justine Magee, Chief Financial Officer ("CFO") which expires on 24 June 2013.

In relation to directors and executives, in the case of serious misconduct, employment may be terminated without notice, and with no entitlement to termination payment. Details of the nature and amount of each element of the emolument of each director of the Company and each of the executive officers of the Company and the Consolidated Entity receiving the highest emolument for the financial year are as follows:

2010	Short–term			Post–Employment Benefits	Long–term Benefits	Share Based Payments			
	Salary & Fees	Bonus	Non–monetary Benefits	Superannuation Benefits	Long Service Leave	Value of Options	Total	Total Performance Related	Total % of Remuneration as Options
	US$	US$	US$	US$	US$	US$	US$	%	%
Directors									
Mr Mark Savage	147,687	–	–	–	–	–	147,687	–	–
Mr Michael Carrick	439,631	–	–	52,756	89,581	–	581,968	–	–
Ms Justine Magee	310,850	–	–	27,977	59,819	–	398,646	–	–
Mr Robert Scott	48,832	–	–	4,395	–	–	53,227	–	–
Mr Phil Lockyer	48,832	–	–	4,395	–	–	53,227	–	–
Mr David Cruse[1]	31,424	–	–	2,828	–	–	34,252	–	–
Executives									
Mr Geoffrey Jones	284,099	–	–	–	–	–	284,099	–	–
Mr Mark Turner	328,613	42,817	25,871	33,427	–	–	430,728	10%	–
Mr Tim Armstrong[2]	102,011	–	–	–	–	114,545	216,556	–	53%
Ms Hannah Hudson	130,080	22,266	–	11,892	–	–	164,238	14%	–
Total Remuneration	**1,872,059**	**65,083**	**25,871**	**137,670**	**149,400**	**114,545**	**2,364,628**	**3%**	**5%**

1. Appointed 13 November 2009
2. Resigned 31 August 2009

2009	Short–term			Post–Employment Benefits	Share Based Payments			
	Salary & Fees	Bonus	Non–monetary Benefits	Superannuation Benefits	Value of Options	Total	Total Performance Related	Total % of Remuneration as Options
	US$	US$	US$	US$	US$	US$	%	%
Directors								
Mr Mark Savage	118,177	–	–	–	–	118,177	–	–
Mr Michael Carrick	366,975	–	–	44,037	1,110,000	1,521,012	–	73%
Ms Justine Magee	259,477	82,589	–	23,353	–	365,419	23%	–
Mr Paul Maxwell[1]	29,470	–	–	–	–	29,470	–	–
Mr Robert Scott[2]	22,433	–	–	–	–	22,433	–	–
Mr Phil Lockyer[3]	22,142	–	–	–	–	22,142	–	–
Executives								
Mr Geoffrey Jones	259,006	–	–	–	–	259,006	–	–
Mr Mark Turner[4]	183,186	–	15,440	16,487	179,899	395,012	–	46%
Mr Tim Armstrong	200,000	–	–	–	–	200,000	–	–
Ms Hannah Hudson	91,635	17,375	–	8,247	–	117,257	15%	–
Total Remuneration	**1,552,501**	**99,964**	**15,440**	**92,124**	**1,289,899**	**3,049,928**	**3%**	**44%**

1. Resigned 16 March 2009
2. Appointed 9 January 2009
3. Appointed 9 January 2009
4. Appointed 15 October 2008

Remuneration for each director and executive in the tables above does not include any amount for insurance premiums paid by the company on behalf of directors and officers. The amount paid in the current year of US$49,647 (2009: US$23,243) has not been allocated to each director and executive. Refer to Section 13 for further details on insurance premiums paid.

Options Granted to Directors and Executives

During the financial year, an aggregate of 150,000 options were granted to the following executives of the Company and the Consolidated entity as part of their remuneration. Throughout the financial year, 1,700,000 share options were exercised by executives of the Company. The value of options exercised during the year was $2,239,372.

	Granted		Terms & Conditions For Each Grant					Vested	
30 June 2010	**Number**	**Grant Date**	**Fair Value Per Option at Grant Date**	**Exercise Price Per Option**	**Expiry Date**	**First Exercise Date**	**Last Exercise Date**	**No.**	**%**
			US$	**A$**					
Directors									
Mr Mark Savage	–	–	–	–	–	–	–	–	–
Mr Michael Carrick	–	–	–	–	–	–	–	–	–
Ms Justine Magee	–	–	–	–	–	–	–	–	–
Mr Robert Scott	–	–	–	–	–	–	–	–	–
Mr Phil Lockyer	–	–	–	–	–	–	–	–	–
Mr David Cruse[1]	–	–	–	–	–	–	–	–	–
Executives									
Mr Geoffrey Jones	–	–	–	–	–	–	–	–	–
Mr Mark Turner	–	–	–	–	–	–	–	–	–
Mr Tim Armstrong[2]	150,000	25 Aug 2009	0.76	1.79	31 Aug 2014	7 Dec 2009	7 Dec 2009	150,000	100
Ms Hannah Hudson	–	–	–	–	–	–	–	–	–

1. Appointed 13 November 2009
2. Resigned 31 August 2009

	Granted		Terms & Conditions For Each Grant					Vested	
30 June 2009	**Number**	**Grant Date**	**Fair Value Per Option at Grant Date**	**Exercise Price Per Option**	**Expiry Date**	**First Exercise Date**	**Last Exercise Date**	**No.**	**%**
			US$	**A$**					
Directors									
Mr Mark Savage	–	–	–	–	–	–	–	–	–
Mr Michael Carrick	3,000,000	28 Nov 2008	0.37	1.50	28 Nov 2013	28 Nov 2013	28 Nov 2013	3,000,000	100
Ms Justine Magee	–	–	–	–	–	–	–	–	–
Mr Paul Maxwell[1]	–	–	–	–	–	–	–	–	–
Mr Robert Scott[2]	–	–	–	–	–	–	–	–	–
Mr Phil Lockyer[3]	–	–	–	–	–	–	–	–	–
Executives									
Mr Geoffrey Jones	–	–	–	–	–	–	–	–	–
Mr.Mark Turner[4]	400,000	15 Oct 2008	0.63	1.20	15 Oct 2013	15 Oct 2009	15 Oct 2013	400,000	100
Mr Tim Armstrong	–	–	–	–	–	–	–	–	–
Ms Hannah Hudson	–	–	–	–	–	–	–	–	–
	3,400,000							**3,400,000**	

1. Resigned 16 March 2009
2. Appointed 9 January 2009
3. Appointed 9 January 2009
4. Appointed 15 October 2008

Options granted as remuneration are determined as part of the overall review of performance and compensation. Criteria which are measured included relative share price performance over the period leading up to their grant and are not dependent on the satisfaction of future performance criteria.

There were no alterations to the terms and conditions of the options granted as remuneration since their start date. There were no forfeitures during the period.

There were no executives of the Company or the Consolidated Entity other than the executives listed in the table above.

The Company does not have a policy on the hedging of options granted under share option plans, however the Board discourages hedging practices over options as they consider these to be against the spirit of the share option plan and inconsistent with shareholder objectives.

Options Granted as Part of Remuneration

30 June 2010	Value of Options Granted During the Year	Value of Options Exercised During the Year	Value of Options Lapsed During the Year	Remuneration Consisting of Options for the Year
	US$	US$	US$	%
Directors	–	–	–	–
Executives				
Tim Armstrong	114,545	47,997	–	53%
Hannah Hudson	–	59,788	–	–
Geoffrey Jones	–	2,131,586	–	–

Shares Issued on Exercise of Compensation Options

30 June 2010	Number of Shares Issued	Paid per Share	Unpaid per Share
		A$	A$
Directors		–	–
Executives			
Tim Armstrong	150,000	1.79	–
Hannah Hudson	50,000	0.90	–
Geoffrey Jones	1,500,000	0.65	–

End of remuneration report.

13. INSURANCE OF DIRECTORS AND OFFICERS

Since the end of the previous financial year, the Company has paid insurance premiums of US$49,647 (2009: US$23,243) in respect of directors' and officers' liability contracts, for current and former directors and officers, including senior executives of the Company and directors, and senior executives and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by relevant officers in defending proceedings, whether civil or criminal, whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

14. ENVIRONMENTAL REGULATION

The Consolidated Entity has a policy of complying with its environmental performance obligations. No material environmental issues have occurred during the year ended 30 June 2010 or up to the date of this report.

15. AUDITORS INDEPENDENCE DECLARATION AND NON AUDIT SERVICES

Throughout the year, the auditors performed non audit services for the Company in addition to their statutory duties. A total of US$211,698 was paid for these services (refer to Note 19 for further details).

The directors are satisfied that the provision of non audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non–audit service provided means that auditor independence was not compromised. A copy of the auditors' independence declaration as required under section 307C of the Corporations Act is included at page 42 of the financial report and forms part of this report.

This report is made in accordance with a resolution of the directors.

MICHAEL CARRICK
Director
Perth

28 September 2010

CORPORATE GOVERNANCE STATEMENT

The board of directors of CGA Mining Limited is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The board guides and monitors the business and affairs of CGA Mining Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the CGC's recommendations.

Recommendation	Comply Yes/No	ASX Listing Rule/ Recommendation
Principle 1 – Lay solid foundations for management and oversight		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	ASX LR 1.1
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	ASX LR 1.2
1.3 Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes	ASX LR 1.3
Principle 2 – Structure the board to add value		
2.1 A majority of the board should be independent directors.	Yes	ASX LR 2.1
2.2 The chair should be an independent director.	Yes *under ASX Rules but not in Canada*	ASX LR 2.2
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	ASX LR 2.3
2.4 The board should establish a nomination committee.	Yes	ASX LR 2.4
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	ASX LR 2.5
2.6 Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes	ASX LR 2.6
Principle 3 – Promote ethical and responsible decision–making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the Company's integrity. • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	ASX LR 3.1
3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	ASX LR 3.2
3.3 Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes	ASX LR 3.3
Principle 4 – Safeguard integrity in financial reporting		
4.1 The board should establish an audit committee.	Yes	ASX LR 4.1
4.2 The audit committee should be structured so that it: • Consists only of non–executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members	Yes	ASX LR 4.2

Recommendation	Comply Yes/No	ASX Listing Rule/ Recommendation
4.3 The audit committee should have a formal charter.	Yes	ASX LR 4.3
4.4 Companies should provide the information indicated in the guide to reporting on Principle 4	Yes	ASX LR 4.4
Principle 5 – Make timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	ASX LR 5.1
5.2 Companies should provide the information indicated in the guide to reporting on Principle 5.		ASX LR 5.2
Principle 6 – Respect the rights of shareholders		
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	ASX LR 6.1
6.2 Companies should provide the information indicated in the guide to reporting on principle 6.	Yes	ASX LR 6.2
Principle 7 – Recognise and manage risk		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	ASX LR 7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes	ASX LR 7.2
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.	Yes	ASX LR 7.3
7.4 Companies should provide the information indicated in the guide to reporting on principle 7.	Yes	ASX LR 7.4
Principle 8 – Remunerate fairly and responsibly		
8.1 The board should establish a remuneration committee	Yes	ASX LR 8.1
8.2 The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	Yes	ASX LR 8.2
8.3 Companies should clearly distinguish the structure of non–executive directors' remuneration from that of executive directors and senior executives.	Yes	ASX LR 8.3
8.4 Companies should provide the information indicated in the guide to reporting on principle 8.	Yes	ASX LR 8.3

CGA Mining Limited's corporate governance practices were in place throughout the year ended June 30, 2010.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by CGA Mining Limited, refer to our website: **www.cgamining.com**

Board Functions

The board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and the operation of the board.

The responsibility for the operation and administration of the Group is delegated, by the board, to the CEO and the executive management team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.

Whilst at all times the board retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of sub–committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the board.

To this end the board has established the following committees:

- Audit
- Corporate Governance
- Remuneration
- Disclosure
- Nomination

The roles and responsibilities of these committees are discussed throughout this corporate governance statement.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the board. The board has a number of mechanisms in place to ensure this is achieved including:

- board approval of a strategic plan designed to meet stakeholders' needs and manage business risk.
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity.
- implementation of budgets by management and monitoring progress against budget via the establishment and reporting of both financial and non financial key performance indicators.

Other functions reserved to the board include:

- Approval of the annual and half–yearly financial reports.
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
- Reporting to shareholders.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report. Directors of CGA Mining Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

In the context of director independence, "materiality" is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual and or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of CGA Mining Limited are considered to be independent:

Name	Position
Robert N Scott	Non–Executive Director
Phil C Lockyer	Non–Executive Director
David A Cruse	Non–Executive Director

The board recognises the Corporate Governance Council's recommendation that the Chair should be an independent director. Mr Savage is considered an independent director under the ASX Listing Rules however the Canadian rules are more restrictive and Mr Savage is not considered independent under those rules.

There are procedures in place and agreed by the board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Mark S Savage	Appointed 17 April 2000
Michael J Carrick	Appointed 6 January 2004
Justine A Magee	Appointed 23 November 2004
Robert N Scott	Appointed 9 January 2009
Phil C Lockyer	Appointed 9 January 2009
David A Cruse	Appointed 13 November 2009

For additional details regarding board appointments, please refer to our website.

Performance

The performance of the board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the Company conducted performance evaluations that involved an assessment of each board member's and key executive's performance against specific and measurable qualitative and quantitative performance criteria.

The performance criteria against which directors and executives are assessed are aligned with the financial and non–financial objectives of CGA Mining Limited.

Directors whose performance is consistently unsatisfactory may be asked to retire.

Trading Policy

Under the Company's Securities Trading Policy, an executive or director must not trade in any securities of the Company at any time when they are in possession of unpublished, price–sensitive information in relation to those securities.

Before commencing to trade, an executive must first obtain the approval of the company secretary to do so and a director must first obtain approval of the chairman.

Only in exceptional circumstances will approval be forthcoming outside of the period which is four weeks after:

- one day following the announcement of the half yearly and full year results as the case may be;
- one day following the holding of the Annual General Meeting; and
- one day after any other form of earnings forecast update is given to the market.

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

Nomination Committee

The board has established a nomination committee, which will meet at least annually, to ensure that the board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of director. The nomination committee comprises:

Robert Scott
Philip Lockyer
David Cruse.

A charter for the nomination committee is in place.

Audit Committee

The board has established an audit committee, which operates under a charter approved by the board. It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non–financial considerations such as the benchmarking of operational key performance indicators. The board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the audit committee.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The majority of members of the audit committee are non–executive directors.

The members of the audit committee during the year were:

Robert N Scott	Chartered Accountant
Philip C Lockyer	Mining Engineer & Metallurgist
David A Cruse[2]	Company Director
Justine A Magee[1]	Chartered Accountant

1 Resigned 13 November 2009
2 Appointed 13 November 2009

For details on the number of meetings of the audit committee held during the year and the attendees at those meetings, refer to the directors' report.

For additional details regarding the audit committee, including a copy of its charter, please refer to our website.

Risk

The board acknowledges the *Revised Supplementary Guidance to Principle 7* issued by the ASX in June 2008 and has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk–taking is viewed as an essential part of the Company's approach to creating long–term shareholder value.

In recognition of this, the board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. In doing so the board has taken the view that it is crucial for all board members to be a part of this process and as such, has not established a separate risk management committee.

The board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the Chief Executive, including responsibility for the day to day design and implementation of the Company's risk management and internal control system. Management reports to the board on the Company's key risks and the extent to which it believes these risks are being adequately managed. The reporting on risk by management is an agenda items at quarterly board meetings.

Management is required by the board to carry out risk specific management activities in five core areas; strategic risk, operational risk, reporting risk, compliance risk and environmental and sustainability risk. It is then required to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of these efforts by benchmarking performance in accordance with Australian / New Zealand Standard for Risk Management (AS / NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the Treadway Commission (COSO) risk framework.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses the company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non–financial nature.

For the purposes of assisting investors to understand better the nature of risks faced by CGA Mining Limited, the board has prepared a list of operational risks as part of these Principle 7 disclosures. However, the board notes that this does not necessarily represent an exhaustive list and that it may be subject to change based on underlying market events.

- Fluctuations in commodity prices, exchange rates and demand volumes.
- Political instability/sovereignty risk in some operating sites.
- The occurrence of force majeure events.
- Increasing costs of operations, including labour costs.
- Tightening of the credit market and availability of debt and equity finance.
- The uncertain and subjective nature of identifying, estimating and mining reserves and resources.

We refer readers to our Annual Information Form lodged on sedar.com for further details of risks facing the Company.

CEO and CFO Certification

In accordance with section 295A of the Corporations Act, the chief executive officer and chief financial officer have provided a written statement to the board that:

- their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

The board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgment, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the remuneration committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company;
- performance incentives that allow executives to share in the success of CGA Mining Limited.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the directors' report.

There is no scheme to provide retirement benefits to non–executive directors.

The board is responsible for determining and reviewing compensation arrangements for the directors themselves, the chief executive officer and executive team. The board has established a remuneration committee, comprising three directors. Members of the remuneration committee throughout the year were:

Mark S Savage
Michael J Carrick[1]
Robert Scott[2]
David Cruse[2]

1 Resigned 13 November 2009
2 Appointed 13 November 2009

For details on the number of meetings of the remuneration committee held during the year and the attendees at those meetings, refer to the directors' report.

Shareholder Communication Policy

Pursuant to Principle 6, CGA's objective is to promote effective communication with its shareholders at all times.

CGA Mining Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about CGA's activities in a balanced and understandable way.
- Complying with continuous disclosure obligations contained in applicable the ASX listing rules and the *Corporations Act* in Australia.
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with CGA Mining Limited.

To promote effective communication with share holders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and Notices of Annual General Meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on CGA's website **www.cgamining.com**

The Company's website **www.cgamining.com** has a dedicated Investor Relations section and for the purpose of publishing all important company information and relevant announcements made to the market. Furthermore, the board has established a disclosure committee. The Disclosure Committee comprises the following members, Robert Scott, Phil Lockyer and Justine Magee. The Company has a substantial and ongoing interest in, and is firmly committed to, disseminating accurate, consistent and timely information. The Company is also subject to, and is committed to complying fully with, laws and stock exchange requirements governing the nature, extent and timeliness of its disclosures and other disclosure–related matters.

The external auditors are required to attend the Annual General Meeting and are available to answer any shareholder questions about the conduction of the audit and preparation of the audit report.

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Auditor's Independence Declaration to the Directors of CGA Mining Limited

In relation to our audit of the financial report of CGA Mining Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

P McIver

P McIver
Partner
Perth
28 September 2010

Liability limited by a scheme approved under Professional Standards Legislation

PM:MB:CGA:013

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	
	Note	2010	2009
Continuing Operations		US$	US$
Revenue	3(a)	158,023,712	2,257,080
Cost of sales	3(b)	(110,656,913)	–
Gross profit		47,366,799	2,257,080
Administrative expenses	3(c)	(1,044,763)	(4,834,294)
Finance costs	4	(14,466,318)	(110,715)
Exploration expenses		–	(13,829)
Movement in fair value of derivative financial instruments	3(g)	(3,507,148)	394,428
Movement in fair value of warrants	3(e)	(3,583,494)	1,733,354
Share of loss of associate	3(f)	(184,322)	(1,252,735)
Other expenses		(5,726,162)	(3,291,260)
Profit/(Loss) from continuing operations before income tax expense		**18,854,592**	**(5,117,971)**
Income tax (expense)/benefit	5	93,476	270,314
Net profit/(loss) from continuing operations for the period		**18,948,068**	**(4,847,657)**
Discontinued Operations			
Loss from discontinued operations after tax	30	(2,955,976)	(5,361,900)
Net profit for the period		**15,992,092**	**(10,209,557)**
Other comprehensive income			
Movement in available for sale investments		447,394	–
Cashflow hedges:			
Loss taken to equity net of tax		(54,050,127)	(20,100,964)
Loss transferred to profit/(loss) for the period, net of tax		1,599,753	–
Other comprehensive income/(loss) for the period, net of tax		**(52,002,980)**	**(20,100,964)**
Total comprehensive income/(loss) for the period		**(36,010,888)**	**(30,310,521)**
Earnings per share for profit/(loss)from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings/(loss) per share (cents)	17	6.35	(1.62)
Diluted earnings/(loss) per share (cents)	17	6.28	(1.61)
Earnings per share for profit/(loss) from attributable to the ordinary equity holders of the company			
Basic earnings/(loss) per share (cents)	17	5.36	(4.22)
Diluted earnings/(loss) per share (cents)	17	5.30	(4.89)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 30 JUNE 2010

		Consolidated	
	Note	2010	2009
ASSETS		US$	US$
Current Assets			
Cash and cash equivalents	6	87,645,140	22,587,049
Trade and other receivables	7	138,409	1,238,087
Prepayments	8	2,982,076	75,771
Inventories	9	11,196,898	9,681,743
Derivative financial assets	28	752,575	2,676,084
Current Assets		**102,715,098**	**36,258,734**
Assets of disposal group classified as held for sale	30	546,268	–
Total Current Assets		**103,261,366**	**36,258,734**
Non–Current Assets			
Available for sale financial assets	10	1,480,431	–
Other assets		3,306,820	–
Investment in associate	25	43,582,833	46,752,296
Plant and equipment	11	182,923,495	177,452,267
Intangible assets	12	41,013,214	43,173,940
Derivative financial assets	28	628,864	1,260,431
Tax assets	29	18,079,968	14,343,170
Total Non–current Assets		**291,015,625**	**282,982,104**
TOTAL ASSETS		**394,276,991**	**319,240,838**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	6,714,990	15,575,116
Interest bearing loans and borrowings	14	23,932,588	32,481,193
Derivative liability–warrants	27	–	2,716,567
Derivative financial liabilities	28	21,878,560	1,599,753
Provisions	15	123,904	62,603
Total Current Liabilities		**52,650,042**	**52,435,232**
Non–Current Liabilities			
Interest bearing loans and borrowings	14	56,867,738	91,472,624
Provisions	15	775,272	442,208
Derivative financial liabilities	28	55,362,080	21,953,945
Deferred Tax Liability	5	5,525,068	5,703,555
Total Non–Current Liabilities		**118,530,158**	**119,572,332**
TOTAL LIABILITIES		**171,180,200**	**172,007,564**
NET ASSETS		**223,096,791**	**147,233,274**
Equity			
Contributed equity	16(a)	299,576,520	187,816,660
Reserves	16(b)	(61,347,434)	(9,458,999)
Accumulated losses	16(c)	(15,132,295)	(31,124,387)
TOTAL EQUITY		**223,096,791**	**147,233,274**

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 US$	Consolidated 2009 US$
Cash flows from operating activities			
Receipts from customers		155,832,058	–
Payments to suppliers and employees		(104,806,730)	(5,841,275)
Interest received		59,707	347,458
Net cash inflow/(outflow) from operating activities		**51,085,035**	**(5,493,817)**
Cash flows from investing activities			
Payments for property, plant and equipment		(12,402,583)	(104,288,564)
Exploration and evaluation expenditure		(2,955,976)	(5,446,458)
Proceeds from gold sales capitalised to property, plant and equipment		–	6,788,591
Loans to associate		(12,325,921)	(25,495,464)
Investments in avaliable for sale financial assets		(843,527)	–
Net cash inflow/(outflow) from investing activities		**(28,528,007)**	**(128,441,895)**
Cash flows from financing activities			
Proceeds from the issue of shares and exercise of Warrants and options to acquire shares		111,282,814	38,642,114
Proceeds from borrowings		–	87,606,581
Interest paid		(7,934,411)	(4,203,936)
Capital raising costs		(5,689,369)	(2,128,829)
Repayment of borrowings		(52,716,496)	(7,433,113)
Financing costs		(2,746,614)	(271,956)
Net cash inflow from financing activities		**42,195,924**	**112,210,861**
Net (decrease)/increase in cash and cash equivalents		**64,752,952**	**(21,724,851)**
Cash and cash equivalents at beginning of financial year		**22,587,049**	**44,780,957**
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		447,356	(469,057)
Cash and cash equivalents at end of the financial year	6	**87,787,357**	**22,587,049**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED	Contributed Equity	Retained Profit /(Accumulated Losses)	Foreign Currency Translation Reserve	Share Based Payments Reserve	Cash Flow Hedge Reserve	Available For Sale Reserve	Total
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
At 1 July 2009	**187,816,660**	**(31,124,387)**	**5,815,359**	**4,826,606**	**(20,100,964)**	**–**	**147,233,274**
Net gain/(loss) on cash flow hedges	–	–	–	–	(52,450,374)	–	(52,450,374)
Foreign currency translation	–	–	–	–	–	–	–
Available for sale reserve	–	–	–	–	–	447,394	447,394
Profit/(loss) for the period	–	15,992,092	–	–	–	–	15,992,092
Total comprehensive income for the period	**–**	**15,992,092**	**–**	**–**	**(52,450,374)**	**447,394**	**(36,010,888)**
Equity Transactions:							
Issue of share capital	103,837,052	–	–	–	–	–	103,837,052
Transaction costs	(5,763,622)	–	–	–	–	–	(5,763,622)
Share–based payment	–	–	–	114,545	–	–	114,545
Exercise of options and warrants	13,686,430	–	–		–	–	13,686,430
At 30 June 2010	**299,576,520**	**(15,132,295)**	**5,815,359**	**4,941,151**	**(72,551,338)**	**447,394**	**223,096,791**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

CONSOLIDATED	Contributed Equity	Retained Profit /(Accumulated Losses)	Foreign Currency Translation Reserve	Share Based Payments Reserve	Cash Flow Hedge Reserve	Available For Sale Reserve	Total
	US$	US$	US$	US$	US$	US$	US$
At 1 July 2008	**151,303,375**	**(20,914,830)**	**5,815,359**	**2,700,610**	**–**	**–**	**138,904,514**
Net gain/(loss) on cash flow hedges	–	–	–	–	(20,100,964)	–	(20,100,964)
Foreign currency translation	–	–	–	–	–	–	–
Available for sale reserve	–	–	–	–	–	–	–
Profit/(loss) for the period	–	(10,209,557)	–	–	–	–	(10,209,557)
Total comprehensive income for the period		**(10,209,557)**			**(20,100,964)**	**–**	**(30,310,521)**
Equity Transactions:							
Issue of share capital	38,247,448	–	–	–	–	–	38,247,448
Transaction costs	(2,128,829)	–	–	–	–	–	(2,128,829)
Share–based payment	–	–	–	2,125,996	–	–	2,125,996
Exercise of options and warrants	394,666	–	–	–	–	–	394,666
At 30 June 2009	**187,816,660**	**(31,124,387)**	**5,815,359**	**4,826,606**	**(20,100,964)**	**–**	**147,233,274**

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of the Company for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of directors on 28 September 2010.

CGA is a company limited by shares incorporated in Australia whose shares are publicly traded on both the Australian and Toronto Stock Exchanges.

The principal activity of the Consolidated Entity during the course of the year was mineral exploration, development and production. There have been no significant changes in the nature of the principal activities of the Consolidated Entity during the year other than as disclosed in the "Significant Changes in the State of Affairs" section in the Directors Report.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared as a general purpose financial report which complies with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have also been prepared on a historical cost basis, except for derivative financial instruments and available for sale financials assets which have been measured at fair value.

The financial report is presented in United States Dollars (US$).

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Changes in Accounting Policy

The Group has adopted all Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2009, including:

- AASB 8 Operating Segments
  This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments. Adoption of this Standard did not have any effect on the financial position or performance of the Group.
- AASB 101 Presentation of Financial Statements (Revised)
  The revised Standard introduces the requirement to produce a statement of comprehensive income that presents all items of recognised income and expense.
- AASB 2009–2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments
  The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs. Adoption of this Standard did not have any effect on the financial position or performance of the Group.

New and amended accounting standards and interpretations not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2010. These are outlined in the table below.

Reference	Title	Summary	Application Date of Standard	Application Date for Group
AASB 2009–5 (Annual Improvement project)	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: • has primary responsibility for providing the goods or service; • has inventory risk; • has discretion in establishing prices; • bears the credit risk.	1 January 2010	1 July 2010
AASB 2009–5 (cont.)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.		

Reference	Title	Summary	Application Date of Standard	Application Date for Group
AASB 2009–8	Amendments to Australian Accounting Standards – Group Cash–settled Share–based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 *Share–based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 AASB 2 – *Group and Treasury Share Transactions*. The amendments clarify the accounting for group cash–settled share–based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share–based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share–based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	1 July 2010
AASB 2009–10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	1 July 2010
AASB 2009–11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: • two categories for financial assets being amortised cost or fair value • removal of the requirement to separate embedded derivatives in financial assets • strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	1 July 2013

Reference	Title	Summary	Application Date of Standard	Application Date for Group
AASB 2009–12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government–related entities (as defined in the amended standard) to disclose details of all transactions with other government–related entities (as well as with the government itself).	1 January 2011	1 July 2011
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	1 July 2010
AASB 2010–3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	Limits the scope of the measurement choices of non–controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share–based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	1 July 2010	1 July 2010

Reference	Title	Summary	Application Date of Standard	Application Date for Group
AASB 2010–4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	1 July 2011
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	1 July 2013

The Group is currently assessing the impact of these new accounting standards and interpretations.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its controlled entities, referred to collectively throughout these financial statements as the "Consolidated Entity", as at 30 June each year. Transactions between companies within the Consolidated Entity have been eliminated on consolidation.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non–controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

(d) Significant accounting estimates and assumptions

(i) Significant accounting judgements

Mineral reserve estimates

The valuation of certain assets held by the Group is dependant upon the estimation of mineral resources and ore reserves. There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid of the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated. Such change in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning and restoration.

Commercial production is considered to commence when the asset is first available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Group measures the costs of equity–settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Group measures the cost of cash–settled share based payments at fair value at grant date using the binomial formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 24.

Impairment of intangibles

Intangible assets with finite lives are reviewed for impairment when there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:

- Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

Carrying value of exploration and evaluation

Refer to note (i) for details.

Deferred tax assets and liabilities

The group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining deferred tax assets and liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Impairment of plant and equipment

The Company determines whether plant and equipment is impaired at least on a quarterly basis. This requires an assessment on whether there have been any impairment triggers, and where there have been triggers for impairment, an estimation of the recoverable amount of cash generating units to which the plant and equipment are allocated.

Estimating costs of environment rehabilitation

The cost of environmental rehabilitation is based on the estimated costs of rehabilitating fully mined–out areas of the mine site. These costs are adjusted for inflation based on the average annual inflation rate as of adoption date or re–evaluation of the asset dismantlement, removal or restoration costs. Such adjusted costs are then measured at present value using the market interest rate for a comparable instrument adjusted for the Company's credit standing. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Company's provision for mine rehabilitation.

Loan to associate

The Company has recognised a receivable on its loan to its associate, Filminera Resources Corporation ("Filminera").The receivable is non–interest bearing and is repayable from the free cash flow of Filminera. This receivable has arisen as a result of the business combination and ongoing loan of funds and was initially measured as the fair value of future cash payments to be received from Filminera from its interest in the Masbate Gold Project. A notional interest value is accreted on the loan and recognised as revenue in the Group's accounts.

Capitalised borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised as part of the asset during the period of time that is required to complete and prepare the asset for its intended use or sale. These costs are amortised over the estimated life of the mine when production commences.

Finance leases

The Group is party to a mining services agreement between Leighton Contractors (Philippines) Incorporated ("Leighton") and its associate Filminera and has determined that mining equipment to be provided by Leighton pursuant to this agreement represents a lease.

Further, the Group has determined that the lease represents a finance lease and that the risks and benefits under this lease arrangement reside with Phil. Gold Processing and Refining Corp., a 100% owned company.

Derivative financial instruments

Refer to Note (aa) for a discussion on the Group's accounting policy.

(e) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight–line basis over the estimated useful life of the asset as follows:

Office, plant and equipment – over 1 to 10 years

Processing plant and equipment – units of production over the probable resource base.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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.

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. Any impairment losses are recognized in the profit and loss.

De–recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the period the item is derecognised.

(f) Revenue recognition

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue

Revenue is recognised as the interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Gold sales

Revenue is recognised when the risk and reward of ownership has passed from the Group to an external party and the selling price can be determined with reasonable accuracy.

(g) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry–forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry–forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are recognised at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and the same taxation authority.

(h) Other taxes

Revenues, expenses and assets are recognized net of the amount of goods and services tax (“GST” or “VAT”), except where the amount of GST or VAT incurred is not recoverable from the relevant taxation authorities, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the relevant taxation authorities is included as a receivable or payable in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST or VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to, the taxation authority.

(i) Exploration and evaluation

Exploration and evaluation expenditure is written off as incurred, except for acquisition costs and where an area of interest is established.

Exploration assets acquired from a third party are carried forward provided that either i) the carrying value is expected to be recouped through the successful development and exploitation or sale of an area of interest or ii) exploitation and/or evaluation activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, active and significant operations in relation to the area are continuing and the rights of the tenure are current. If capitalised exploration and evaluation costs do not meet either of these tests, they are expensed to the profit and loss.

An area of interest is established where a discovery of economically recoverable resource is made. The area of interest will be established as a mineral project. All activity relating to the area of interest is then subsequently capitalised. Where development is anticipated, costs will be carried forward until the decision to develop is made.

Each area of interest is reviewed at least bi–annually to determine whether it is appropriate to continue to carry forward the capitalised costs.

Upon approval for the development of an area of interest, accumulated expenditure for the area of interest is transferred to capitalised development expenditure.

(j) Foreign currency translation

Both the functional currency and presentation currency of the Company is United States dollars (US$) (2009: United States dollars US$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The functional currency of the foreign operations, Philippine Gold Limited, Philippine Gold Processing and Refining Corporation, Zambian Mining Limited, Seringa Mining Limited, Mkushi Copper Joint Venture Co Limited, Segilola Gold Limited and Central Asia Mining Company Limited is United States dollars (US$).

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(k) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to reporting date. Employee entitlements due to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. Liabilities for non–accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds, which have terms to maturity approximating the estimated future cash outflows.

(l) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Cash and cash equivalents

Cash and short term deposits in the balance sheet include cash at bank and short term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash and cash equivalents defined above, net of outstanding bank overdrafts.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. It requires consideration as to whether the fulfillment of the arrangement is dependant on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

(c) There is a change in the determination of whether fulfillment is dependant on a specified asset; or

(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of the renewal or extension period for scenario (b).

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

A lease is classified as an operating lease if it does not transfer substantially all of the risks and rewards incidental to ownership.

Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight line basis over the lease term.

(p) Earnings per share

Basic earnings per share (“EPS”) is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non–discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Impairment of assets other than financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependant of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash–generating unit to which it belongs. When the carrying amount of an asset or cash–generating unit exceeds its recoverable amount, the asset or cash–generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the 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. Impairment losses are recognised in the profit and loss.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is represented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre–tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(s) Share based payment transactions

The Company provides benefits to employees of the Group in the form of share–based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity–settled transactions'). There is currently an employee options scheme ("EOS"), which provides benefits to employees of the Company. Directors are not eligible to participate in the EOS, however options may be issued to directors at the discretion of the Company.

The costs of equity–settled transactions with directors and employees is measured by reference to fair value at the date at which they are granted. The fair value is determined using a binomial model further details of which are given in Note 24.

In valuing equity–settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of CGA if applicable.

The cost of equity–settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity–settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except awards where vesting is conditional upon a market performance condition.

Where the terms of an equity–settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity–settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(t) Investments and other financial assets

Financial assets in the scope of AASB139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable to transaction costs.

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cashflows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available–for–sale financial assets

Available–for–sale financial assets are those non–derivative financial assets, principally equity securities, that are designated as available–for–sale or are not classified as Loans and Receivables, Held to Maturity Investments or Financial Assets at Fair Value through the Profit and Loss. After initial recognition available–for–sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date.

(u) Trade and other receivables

Trade receivables, which generally have 30 day terms are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(v) Business combinations

Subsequent to 1 July 2009

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer. Acquisition–related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognised in accordance with AASB 139 whether in the profit and loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Prior to 1 July 2009

The purchase method of accounting was used to account for all business combinations regardless of whether equity instruments or other assets were acquired. Cost was measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments were issued in a business combination, the fair value of the instruments was their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments were recognised directly in equity.

Except for non–current assets or disposal groups classified as held for sale (which were measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination were measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired was recognised as goodwill. If the cost of acquisition was less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference was recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration was deferred, the amounts payable in the future were discounted to their present value as at the date of exchange. The discount rate used was the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(w) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(x) Investments in associates

The Group's investments in its associates are accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost plus post–acquisition changes in the Groups share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate.

The Group's share of its associates' post–acquisition profits or losses is recognised in the income statement, and its share of post–acquisition movements in reserves is recognised in reserves. The cumulative post–acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long–term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(y) Interest in joint ventures

The group's interest in joint ventures is accounted for by proportionate consolidation, which involves recognising a proportionate share of the joint venture's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line–by–line basis.

(z) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each financial year–end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in the accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit and loss in the expense category consistent with the function of the intangible asset.

The intangible assets held by the Group are contractual rights. Contractual rights have been acquired through business combinations and are carried at cost less accumulated amortisation and accumulated impairment losses. They represent the contractual right of Philippine Gold Processing and Refining Corporation ("PGPRC"), a wholly owned subsidiary of CGA, to purchase mineral ore from the Masbate Gold Project owned by Filminera Resources Corporation ("Filminera"), an associate of CGA, at a specified price.

The intangible asset has been assessed as having a finite life and is amortised using the units of production method over the reserve base of the Masbate Gold Project in the Philippines.

(aa) Derivative financial instruments

The Group has derivative financial instruments in the form of warrants issued in Canadian dollars. Such derivative financial instruments are initially recognised at fair value at the date at which the derivatives are issued and are subsequently re–measured at fair value. These derivatives do not qualify for hedge accounting and changes in fair value are recognised immediately in profit and loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group also uses derivative financial instruments (including gold forward sales contracts and gold options, fuel swaps and interest rate swaps) to hedge its risks associated with the commodity prices and interest rate fluctuations. Such derivative financial instruments are initially recorded at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken to the profit and loss.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability (the Group does not currently have fair value hedges); or
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment other than foreign exchange rate risk, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured to fair value and gains and losses from both are taken to the profit and loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the profit and loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

(ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the profit and loss.

Amounts taken to equity are transferred to the statement of comprehensive income when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a committed and future sale or the asset is consumed. When the hedged item is the cost of a non–financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non–financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the statement of comprehensive income for the period.

(ab) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(ac) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

(ad) Inventories

Inventories are valued at the lower of cost or net realizable value (NRV).

Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation, incurred in converting materials into finished goods for gold bullion, gold–in–circuit and ore stockpiles. Net realisable value of ore inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

For stores and consumables, cost is determined using the weighted average method and composed of purchase price, transport, handling and other costs directly attributable to their acquisition. Net realisable value of stores and consumables is the current replacement cost.

(ae) Interest in a jointly controlled asset

The Group recognizes its share of the asset, classified as plant and equipment. In addition the Group recognizes its share of liabilities, expenses and income from the use and output of the jointly controlled asset.

3. REVENUES AND EXPENSES	Consolidated	
	2010	2009
	US$	US$
(a) Revenue		
Revenue from metals sales	155,595,255	–
Interest – non related parties	86,433	213,754
Interest – accretion on loan to associate	2,342,024	2,043,326
	158,023,712	**2,257,080**
(b) Cost of sales		
Ore purchases	49,373,438	–
Salaries and employee benefits	917,004	–
Contractors and professional fees	8,202,724	–
Consumables and supplies	27,221,640	–
Leases and rentals	2,015,455	–
Travel and accommodation	410,601	–
Utilities	19,091	–
Taxes and government charges	3,513,304	–
Other production overheads	4,861,038	–
Depreciation and amortisation	14,122,618	–
	110,656,913	**–**
(c) Administrative expenses		
Salaries and wages	2,403,961	1,943,398
Defined contribution/superannuation expense	199,376	148,678
Employee share option expense	114,545	2,125,996
Foreign exchange (gains)/losses	(1,923,966)	487,864
Depreciation	250,847	128,358
	1,044,763	**4,834,294**
(d) Lease payments		
Minimum lease payments – operating lease	**350,055**	**329,946**
(e) Movement in fair value of warrants	**(3,583,494)**	**1,733,354**

These amounts represent the movement in fair value of the warrants issued on 22 November 2007 for the period ended 30 June 2010 and 2009, respectively. These amounts do not represent a current or future cash flow to the Company, however accounting standards require that a fair value be placed on the warrants and that they be revalued at each balance date with the movement to be recognised in the Company's Statement of Comprehensive Income. Refer to Note 27 for further details.

	Consolidated	
	2010	2009
	US$	US$
(f) Share of loss of associate		
Share of loss of Filminera Resources Corp.	**184,322**	**1,252,735**

The Group is required to equity account for its share of the loss of its associate, Filminera Resources Corp.

(g) Movement in fair value of derivative financial instruments – gain/(loss)		
Decrease in time value of put options	(84,277)	(2,900,959)
Ineffectiveness in gold forward sales contract	(4,480,231)	(704,994)
Mark to market movement in fuel hedges not qualifying for hedge accounting	1,057,360	4,000,381
	(3,507,148)	**394,428**

4. FINANCE COSTS

	Consolidated	
	2010	2009
	US$	US$
Borrowing costs expensed	9,983,468	110,715
Loss on settlement	4,482,850	–
Borrowing costs capitalised (refer note 11)	–	7,235,045
Total	**14,466,318**	**7,345,760**

5. INCOME TAX EXPENSE

The major components of income tax expense are:

Income Statement	Consolidated	
	2010	2009
Current income tax	US$	US$
Current income tax charge	–	–
Adjustments in respect of current income tax of previous years	–	–
Deferred income tax		
Relating to origination and reversal of temporary differences	(93,476)	(270,314)
Income tax expense/(benefit) reported in the income statement	**(93,476)**	**(270,314)**

Statement Of Changes In Equity	Consolidated	
	2010	2009
	US$	US$
Deferred income tax related to items charged or credited directly to equity	–	–
Income tax expense reported in equity	**–**	**–**

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

	Consolidated	
	2010	**2009**
	US$	**US$**
Accounting profit/ (loss) before income tax	15,898,616	(10,479,872)
At the Company's statutory income tax rate of 30% (2009: 30%)	4,769,584	(3,143,962)
Share of associates loss	55,297	375,821
Foreign exploration and evaluation expenditure	886,793	1,612,719
Unrealised foreign exchange (gains)/losses	(577,190)	129,100
Non–assessable fair value adjustments–Warrants	1,075,048	(520,006)
Non–assessable fair value adjustments–share based payments	34,364	638,666
Deferred tax balance on derivatives not recognised	1,052,661	(118,328)
Foreign tax rate adjustments	(10,811,256)	–
Expenditure not deductible for income tax purposes	1,908,285	504,004
Unrecognised tax losses	1,512,938	251,672
Income tax expense/(benefit) reported in the consolidated income statement	**(93,476)**	**(270,314)**

Deferred Income Tax	Balance Sheet		Income Statement	
	2010	**2009**	**2010**	**2009**
	US$	**US$**	**US$**	**US$**
CONSOLIDATED				
Deferred tax liabilities				
Future (assessable)/deductible foreign exchange gains	–	(456,881)	–	(1,493,466)
Intangible asset	(5,525,068)	(5,703,555)	178,487	270,314
Gross deferred income tax liabilities	(5,525,068)	(6,160,436)		–
Offset against deferred tax asset	–	456,881	–	–
Net deferred tax liabilities	**(5,525,068)**	**(5,703,555)**		
CONSOLIDATED				
Deferred tax assets				
Payables	–	–	–	–
Provisions	273,305	195,265	78,040	30,851
Capital raising costs	855,900	1,217,072	–	265,932
Other	–	50,278	(50,278)	50,278
Carry forward revenue losses	4,976,135	3,463,197	1,512,938	1,839,370
Deferred tax assets not recognised	(6,105,340)	(4,468,931)	(1,625,711)	(692,965)
Gross deferred income tax assets	**–**	**456,881**		
Deferred tax income/(expense)			**93,476**	**270,314**

In addition to the deferred tax assets not recognised in the table above, the consolidated entity has the following deferred tax assets that have not been recognised as their realization is not probable:

- Unrecognised deferred tax asset relating to foreign exploration and evaluation expenditure of approximately $15,628,335 at a tax rate of 30% (2009:$12,672,359 at a tax rate of 30%).

In addition to the deferred tax assets not recognised in the table above, the Company has the following deferred tax assets that have not been recognised as their realisation is not probable:

- Unrecognised deferred tax asset relating to carry forward capital tax losses of $1,182,067.

Tax consolidation

Effective 1 January 2004, for the purposes of income taxation, CGA and its 100% owned Australian subsidiaries formed a tax consolidated group. Members of the group will participate in a tax sharing arrangement in order to allocate income tax expense to the wholly–owned subsidiaries on a pro–rata basis. The agreement will provide for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. Under the terms of the tax funding arrangement CGA Mining Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity based on the current tax liability or tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The head entity of the tax consolidated group is CGA. CGA formally notified the Australian Taxation Office of its adoption of the tax consolidation regime when lodging its 30 June 2004 tax return.

6. CASH AND CASH EQUIVALENTS	Consolidated	
	2010	**2009**
	US$	**US$**
Cash at bank and on hand	31,584,982	22,436,912
Deposits at call	56,060,158	150,137
	87,645,140	**22,587,049**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the Company's immediate cash requirements, and earn interest at short term deposit rates. The fair value of cash and cash equivalents is $87,645,140 (2009:$ 22,587,049).

Restricted cash

Included in cash and cash equivalents is an amount of $9,000,000 held with BNP Paribas in line with the requirements of the project financing facility agreement which requires two quarters of principal and interest payments due on the facility to be held on deposit.

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

	Consolidated	
	2010	**2009**
	US$	**US$**
Cash at bank and on hand	31,584,982	22,436,912
Deposits at call	56,060,158	150,137
Cash held by disposal group	142,217	–
	87,787,357	**22,587,049**

	Consolidated	
	2010	2009
	US$	US$
Reconciliation of net loss after tax to net cash flows from operations		
Net profit/(loss)after related income tax	15,992,092	(10,209,558)
Adjustment for non–cash income and expense items:		
Depreciation and amortisation	14,373,465	128,358
Exploration and evaluation expenditure	2,955,976	5,375,731
Unrealised foreign exchange (gain)/loss	136,488	1,545,323
Share–based payments	114,545	2,125,996
Movement in fair value of Warrants	3,583,494	(1,733,354)
Share of loss of associate	184,322	1,252,735
Interest income on receivable from associate	(2,342,024)	(2,043,326)
Borrowing costs	14,466,318	110,715
Movement in fair value of derivatives	3,507,148	(394,428)
Other	(176,015)	–
Changes in assets and liabilities:		
(Increase)/decrease in assets:		
Trade and other receivables	897,395	(103,629)
Prepayments	(2,906,305)	(75,771)
Inventories	(1,515,155)	–
Tax assets	(3,736,798)	–
Other assets	(3,306,820)	–
Increase/(decrease) in liabilities:		
Trade and other payables	8,792,960	(1,429,376)
Deferred tax liabilities	(178,487)	–
Provisions	242,436	(43,234)
Net cash inflow/(outflow) from operating activities	**51,085,035**	**(5,493,817)**

Non cash financing activities

During the year leased asset additions were $5,398,865.

Amount owing to associates of $3,299,106 were offset against receivables owing.

7. TRADE AND OTHER RECEIVABLES	Consolidated	
	2010	2009
(Current)	US$	US$
Trade debtors	–	132,245
VAT and GST	65,888	300,664
Other debtors	72,521	805,178
	138,409	**1,238,087**

Trade and other receivables are non–interest bearing and are generally on 30–90 day terms. There are no receivables past due or impaired. It is expected that these receivables will be received when due.

8. PREPAYMENTS	Consolidated	
	2010	2009
	US$	US$
Other	2,982,076	75,771
	2,982,076	**75,771**

9. INVENTORIES	Consolidated	
	2010	2009
	US$	US$
Gold on hand	2,423,359	3,277,782
Gold in circuit	2,607,524	–
Consumables	4,228,664	4,738,654
Ore stockpiles	1,937,351	1,665,307
	11,196,898	**9,681,743**

10. OTHER FINANCIAL ASSETS	Consolidated	
	2010	2009
	US$	US$
Investments		
Available for sale financial assets	843,526	–
Revaluation of investment at fair value	636,905	–
	1,480,431	**–**

The fair value of the available for sale investments has been determined directly by reference to published price quotations in an active market.

11. PLANT AND EQUIPMENT	Consolidated	
	2010	2009
(Non–current)	**US$**	**US$**
Office, plant and equipment – at cost	938,525	961,342
Accumulated depreciation	(489,097)	(336,305)
Net carrying amount	**449,428**	**625,037**
Processing plant and equipment	178,002,593	160,815,507
Accumulated depreciation	(13,280,612)	(181,022)
Net carrying amount	**164,721,981**	**160,634,485**
Leased assets	23,037,143	17,638,278
Accumulated depreciation	(5,285,057)	(1,445,533)
Net carrying amount	**17,752,086**	**16,192,745**
Total	**182,923,495**	**177,452,267**
(a) Reconciliations		
Office, plant and equipment		
At 1 July, net of accumulated depreciation	625,037	340,409
Additions	178,950	412,986
Disposals	–	–
Assets held for sale	(201,768)	–
Depreciation expense	(152,791)	(128,358)
At 30 June, net of accumulated depreciation	**449,428**	**625,037**
Processing plant and equipment		
At 1 July, net of accumulated depreciation	160,634,485	66,389,664
Additions	12,486,615	92,352,834
Addition – borrowing costs capitalised	–	7,235,045
Addition – capitalised pre–production expenditure	–	1,626,555
Less – pre–production gold sales revenues	–	(6,788,591)
Depreciation expense	(8,399,119)	(181,022)
At 30 June, net of accumulated depreciation	**164,721,981**	**160,634,485**
Leased assets		
At 1 July, net of accumulated depreciation	16,192,745	–
Additions	5,398,865	17,638,278
Disposals	–	–
Depreciation expense	(3,839,524)	(1,445,533)
At 30 June, net of accumulated depreciation	**17,752,086**	**16,192,745**
Total office, plant and equipment		
At 1 July, net of accumulated depreciation	177,452,267	66,730,073
Additions	18,064,430	112,296,085
Assets held for sale	(201,768)	–
Depreciation expense	(12,391,434)	(1,573,891)
At 30 June, net of accumulated depreciation	**182,923,495**	**177,452,267**

Property, plant and equipment pledged as security

Property, plant and equipment has been pledged as security as outlined in Note 14 (g).

12. INTANGIBLE ASSETS

(a) Reconciliation of carrying amounts at the beginning and end of the period

(Non–current)	Consolidated	
	2010	**2009**
Contractual Rights	**US$**	**US$**
Cost	43,173,940	43,173,940
Accumulated amortisation	(2,160,726)	–
Net carrying value	**41,013,214**	**43,173,940**
Balance at beginning of year	43,173,940	43,173,940
Amortisation	(2,160,726)	–
Balance at end of year	**41,013,214**	**43,173,940**

(b) Description of the Group's intangible assets

Contractual rights

Contractual rights have been acquired through business combinations and are carried at cost less accumulated amortisation and accumulated impairment losses. They represent the contractual right of PGPRC, a wholly owned subsidiary of CGA, to purchase mineral ore from the Masbate Gold Project owned by Filminera, an associate of CGA, at a specified price.

The intangible asset has been assessed as having a finite life and is amortised using the units of production method over the reserve base of the Masbate Gold Project in the Philippines.

13. TRADE AND OTHER PAYABLES

	Consolidated	
	2010	**2009**
(Current)	**US$**	**US$**
Trade payables – third parties	3,564,879	5,778,101
Trade payables to an associate	3,150,111	9,797,015
	6,714,990	**15,575,116**

Trade payables to third parties are non–interest bearing and are normally settled on 30 to 60 day terms.

Trade payables to an associate relate to payables for ore purchases, are non–interest bearing and are normally settled on 30 to 60 day terms.

14. INTEREST BEARING LIABILITIES

	Consolidated	
	2010	**2009**
(Current)	**US$**	**US$**
Loans (i)	19,909,400	28,674,480
Lease liabilities (ii)	4,023,188	3,806,713
	23,932,588	**32,481,193**

(i) The Group commenced repayment of the BNP Paribas project financing facility during the prior period and has made further repayments of $13,674,480 of principal during the current period. The drawn down portion of the facility accrues interest at 3.65% plus LIBOR. The remaining loan is repayable over a 3.5 year period, on or before 31 December 2014. Throughout the period, the Company has also repaid the $10,000,000 cost overrun debt facility with Meridian Capital CIS Fund and Casten Holdings Limited plus interest. The current portion of the loan liability is $19,909,400 and the non–current portion is $43,478,220.

(ii) During the prior year the Company entered into a finance lease for certain equipment to be used in the mining process for the Masbate Gold Project. The lease details are specified in the Masbate Technical Contract with Leighton Contractors (Philippines) Incorporated and Leighton Holdings Limited. The term of the lease is for 72 months and is secured over the underlying assets.

INTEREST BEARING LIABILITIES	Consolidated	
	2010	**2009**
(Non–current)	**US$**	**US$**
Promissory note liability(i)	–	20,531,150
Loans(ii)	43,478,220	58,692,407
Lease liabilities	13,389,518	12,249,143
	56,867,738	**91,472,624**

(i) The Notes have a face value of US$25,000,000 before the transaction costs, including the fair value placed on the Warrants at their issue date, associated with raising the Notes. The Notes pay a 12% coupon per annum (paid semi–annually) and they were fully repaid in March 2010.

(ii) The Group commenced repayment of the BNP Paribas project financing facility during the prior period and has made further repayments of $13,674,480 of principal during the current period. The drawn down portion of the facility accrues interest at 3.65% plus LIBOR. The remaining loan is repayable over a 3.5 year period, on or before 31 December 2014. The current portion of the loan liability is $19,909,400 and the non–current portion is $43,478,220.

Summary of material terms of the Masbate project finance documentation repayments

(a) Repayment schedule

The schedule of reduction dates and reduction amounts proposed for the Tranche A Facility (US$75.3m).

I Reduction Rate	II Reduction Rate
30 June 2010	4.69%
29 September 2010	4.79%
29 December 2010	4.90%
30 March 2011	5.00%
29 June 2011	5.11%
29 September 2011	5.23%
31 December 2011	5.34%
31 March 2012	5.46%
30 June 2012	5.58%
29 September 2012	5.70%
30 December 2012	5.83%
31 March 2013	5.95%
30 June 2013	6.09%
29 September 2013	6.22%
29 December 2013	6.34%
Maturity Date	Balance

The Tranche B Facility (US$5m cost overrun facility) is to be repaid prior to any withdrawal of dividend or intercompany loan repayments to CGA Mining Limited.

(b) Representations and warranties

The Facility Agreement contains standard representations and warranties of a facility of its nature. The representations and warranties in the Facility Agreement are taken to be made on:

- each drawdown date;
- each interest payment date; and
- on the last day of every month after the date of the Facility Agreement.

(c) Undertakings

The Facility Agreement includes undertakings standard for a facility of its nature including providing monthly financial and operational information (including environmental, social and safety matters).

(d) Project ratios

The project operating companies, PGPRC and Filminera must satisfy the project ratios and attest to their satisfaction at the end of each quarter and each withdrawal of funds date. The project ratios are:

- project life ratio of 2.5;
- loan life ratio of 1.75;
- forward debt service cover ratio of 1.5;
- historic debt service ratio of 1.10; and
- ore reserve tail of 35%

(e) Project undertakings

PGPRC and Filminera undertake amongst other things:

(i) to ensure that it maintains the Project authorisations necessary for it to develop and operate the Project in good standing and it does whatever may be reasonably required to keep those Project authorisations in full force and effect at all times;

(ii) to ensure that the Project and the Project assets are diligently developed, operated, managed and maintained in accordance with the life of mine plan and the project documents, and in accordance with best practice and all applicable legislation; and

(iii) without the prior written consent of the agent to the facility, to cause or permit all or part of the project to be abandoned or placed on a "care and maintenance" basis or to cause or permit operations at the Project to be suspended for a period of more than three days or periods in aggregate of more than 10 days in any 30 day period, except to the extent resulting from:

- requirements for scheduled or unscheduled maintenance or repair; or
- health or safety requirements including security concerns; or
- events or circumstances beyond its control, such as order of any Government Authority or inclement weather,

and it agrees to take all reasonable steps available to it to procure that the period of any such suspension of work is minimised;

(iv) to ensure that:

- it does not have a contaminant on any project area or cause or permit any discharge of any contamination to the environment from any project area or, in either case, otherwise in connection with the Project except in accordance with the Environmental Management Plan, the Environmental and Social Guidelines and any environmental approval for the project and otherwise not in violation of any environmental law; and
- all environmental approvals necessary for any such discharge are obtained and are valid and correct at the time of discharge and there is no breach of any of those environmental approvals;.

(f) Events of default

The Facility Agreement contains standard events of default of a facility of its nature. The following are events of default specific to the Facility Agreement.

(i) If on any calculation date or any of the following financial ratios occurs:

- the loan life ratio is less than 1.20;
- the project life ratio is less than 1.40;
- the historic debt service cover ratio is less than 1.10;
- the forward debt service cover ratio is less than 1.15; or
- the ore reserve tail is less than 15%.

(ii) Project Completion, which includes satisfactory completion of the 90 day performance tests, establishing the debt service reserve account for 6 months of principal and interest and meeting all project ratios does not occur on or before 7 May 2011.

(g) Security

Security documents

The following security has been granted to secure the moneys payable and the obligations under the Facility Agreement:

(i) guarantee and indemnity granted by CGA, (“Completion Guarantee”) which is extinguished once Project Completion as described in f(i) above is satisfied;

(ii) pledge of receivables of the CGA Financing Company BV (“CGA Financing”), being the receivables CGA Financing has or may have vis–à–vis:

- PGPRC pursuant to the subordinated loan between CGA Financing and PGPRC;
- bank accounts held with ING Bank; and
- any other person in relation to any hedge transaction, to the extent that such receivables are governed by the laws of the Netherlands;

(iii) pledge of receivables of CGA Financing Holding Company BV ("CGA Holdings"), being the receivables CGA Holdings has or may have vis–à–vis:

- Filminera or PGPRC pursuant to the subordinated loans between CGA Holdings and Filminera or PGPRC;
- bank accounts held with ING Bank; and
- any other person in relation to any hedge transaction, to the extent that such receivables are governed by the laws of the Netherlands;

(iv) pledge of shares by CGA Holdings of its shares in the CGA Financing;

(v) pledge of shares by CGX Holdings Pty Ltd of its shares in CGA Holdings;

(vi) mortgage over real property and chattels by Philippine Gold Limited ("Phil Gold"), PGPRC and Filminera ("Mortgage");

(vii) assignment of rights in project documents and project accounts by Central Asia Gold Limited ("CAG"), CGA, PhilGold, PGPRC and Filminera;

(viii) equitable mortgage of shares in PhilGold by CAG;

(ix) pledge of shares in PGPRC by the CGA Financing and PhilGold;

(x) pledge of shares in Filminera by Zoom;

(xi) pledge of shares in Zoom by CAG;

(xii) a mortgage by PGPRC and Filminera over their right, title and interest in and to the project accounts; and

(xiii) a fixed and floating charge by PhilGold over all of its rights, property and undertakings.

Release of security documents

With the exception of the Completion Guarantee, all of the securities will be released when:

(i) there is no secured money to be repaid;

(ii) all secured obligations have been performed; and

(iii) the commitments of the lenders under the Facility Agreement have been cancelled or terminated.

The Completion Guarantee will be released once Project Completion (see f(ii) above) has been achieved. During the period waivers were granted waiving the requirement to meet the historic debt service cover ratio at 31 December 2009 and extending the required Project Completion date to 7 May 2011.

15. PROVISIONS	Consolidated	
	2010	2009
(Current)	US$	US$
Employee entitlements	123,904	62,603
	123,904	**62,603**
(Non–current)		
Employee entitlements	212,340	31,205
Provision for rehabilitation	562,932	411,003
	775,272	**442,208**

The provision for rehabilitation in relation to the Masbate Gold Project is largely recognised in the accounts of Filminera who holds the mining licenses and tenements over the project

(a) Movements In Provisions	Provision For Rehabilitation	Employee Entitlements	Total
CONSOLIDATED	US$	US$	US$
At 1 July 2009	411,003	93,808	504,811
Re–estimate of provision	151,929	–	151,929
Annual leave	–	30,096	30,096
Long service leave	–	149,101	149,101
Pension liability	–	63,239	63,239
At 30 June 2010	**562,932**	**336,244**	**899,176**
Current 2010	–	123,904	123,904
Non–current 2010	562,932	212,340	775,272
	562,932	**336,244**	**899,176**
Current 2009	–	62,603	62,603
Non–current 2009	411,003	31,205	442,208
	411,003	**93,808**	**504,811**

(b) Nature and timing of provisions

(i) Employee entitlements

Refer to Note 2(k) for the relevant accounting policy applied in the measurement of this provision.

(ii) Rehabilitation provision

Refer to Note 2(r) for the relevant accounting policy and Note 2d(ii) for a discussion of the significant estimations and assumptions applied in the measurement of this provision.

16. CONTRIBUTED EQUITY AND RESERVES	2010	2009	2010	2009
	Number	Number	US$	US$
(a) Issued and paid up capital:	331,294,976	269,206,976	299,576,520	187,816,660
Add: shares to be issued	–	–	–	–
Total fully paid capital, including shares to be issued	**331,294,976**	**269,206,976**	**299,576,520**	**187,816,660**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary shares on issue	2010	2009	2010	2009
	Number	Number	US$	US$
(i) Ordinary Shares				
Opening balance	269,206,976	233,826,976	187,816,660	151,303,375
Add: Shares issued on exercise of options and warrants	8,283,000	565,000	13,686,430	394,666
Add: Ordinary shares issued through private placements	53,805,000	34,815,000	103,837,052	38,247,449
Less: share issue costs	–	–	(5,763,622)	(2,128,830)
Issued and fully paid	331,294,976	269,206,976	299,576,520	187,816,660
Shares to be issued	–	–	–	–
Total fully paid capital, including shares to be issued	**331,294,976**	**269,206,976**	**299,576,520**	**187,816,660**

	Consolidated	
	2010	2009
	Number	Number
(ii) Options		
Unlisted options:		
Opening balance	14,460,000	9,535,000
Issued during the year	150,000	5,440,000
Exercised during the year	(2,708,000)	(515,000)
Cancelled during the year	–	–
Closing Balance	**11,902,000**	**14,460,000**
Exercisable at A$0.65 on or before 30 June 2012	5,050,000	6,745,000
Exercisable at A$0.90 on or before 30 September 2012	462,000	1,325,000
Exercisable at A$1.80 on or before 31 March 2013	950,000	950,000
Exercisable at A$1.20 on or before 15 October 2013	400,000	400,000
Exercisable at A$1.15 on or before 17 November 2013	200,000	200,000
Exercisable at A$1.50 on or before 28 November 2013	3,000,000	3,000,000
Exercisable at A$1.70 on or before 2 April 2014	1,690,000	1,690,000
Exercisable at A$1.50 on or before 30 June 2014	150,000	150,000
	11,902,000	**14,460,000**

Share options

The Company has a share based payment option scheme under which options to subscribe for the Company's shares have been granted to certain employees and consultants (refer Note 24).

(b) Reserves

Consolidated	Foreign Currency Translation	Share–Based Payments	Cash Flow Hedge Reserve	Asset Revaluation Reserve	Total
	US$	US$	US$	US$	US$
At 1 July 2008	5,815,359	2,700,610	–		8,515,969
Currency translation differences	–	–	–	–	–
Share–based payment	–	2,125,996	–	–	2,125,996
Net gain/(loss) on cash flow hedges	–	–	(20,100,964)	–	(20,100,964)
At 30 June 2009	**5,815,359**	**4,826,606**	**(20,100,964)**	**–**	**(9,458,999)**
At 1 July 2009	5,815,359	4,826,606	(20,100,964)	–	(9,458,999)
Currency translation differences	–	–	–	–	–
Share–based payment	–	114,545	–	–	114,545
Net gain/(loss) on cash flow hedges	–	–	(52,450,374)	–	(52,450,374)
Revaluation of listed investments	–	–	–	447,394	447,394
At 30 June 2010	**5,815,359**	**4,941,151**	**(72,551,338)**	**447,394**	**(61,347,434)**

Nature and purpose of reserves

Share based payment reserve

The share based payment reserve is used to record the value of share based payments provided to employees, including key management personnel and directors, as part of remuneration. Refer to Note 24 for further details of these plans.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. A functional currency translation reserve has arisen in the parent entity upon the change in functional currency from AUD to USD on 1 December 2007.

Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Asset revaluation reserve

This reserve records the increase or decrease in the value of listed investments.

(c) Accumulated Losses

	Consolidated	
	2010	2009
	US$	US$
Balance at 1 July	(31,124,387)	(20,914,830)
Net profit/(loss) for the year	15,992,092	(10,209,557)
Balance at 30 June	**(15,132,295)**	**(31,124,387)**

Franking credits

In respect to the payment of dividends by CGA in subsequent reporting periods (if any), the Company currently has franking credits available to the value of $5,645.

Dividends

No dividends were paid or proposed during or since the end of the financial year.

17. EARNINGS PER SHARE

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non–discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The following reflects the income and share data used in the basic and diluted earnings per share calculation:

(a) Earnings Used in Calculating Earnings Per Share	**2010**	**2009**
	US$	**US$**
For basic earnings per share		
Net loss attributable to ordinary equity holders of the parent	18,948,068	(10,209,557)
For diluted earnings per share		
Net loss attributable to ordinary equity holders of the parent	15,992,092	(11,942,911)

b) Weighted Average Number of Shares	**Number of shares**	**Number of shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	298,438,358	242,029,154
Effect of dilutive options	3,434,399	2,133,210
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**301,872,757**	**244,162,364**

(c) Information on the Classification of Securities

Options

Options granted to employees and directors are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share. The number of these potential ordinary shares not included in calculation of dilutive earnings per share is nil (2009: 14,460,000).

18. KEY MANAGEMENT PERSONNEL

Compensation of key management by category	Consolidated	
	2010	2009
	US$	US$
Short–term	1,963,013	1,667,905
Post–employment	137,670	92,124
Share–based payment	114,545	1,289,899
Long–term	149,400	–
	2,364,628	**3,049,928**

Option holdings of key management personnel

30 June 2010	Beginning of Reporting Period	Granted as Compensation	Exercised	Other Changes	End of Reporting Period	Vested and Exercisable at 30 June 2010
Directors						
Mr Mark Savage	1,500,000	–	–	–	1,500,000	1,500,000
Mr Michael Carrick	5,000,000	–	–	–	5,000,000	5,000,000
Ms Justine Magee	1,500,000	–	–	–	1,500,000	1,500,000
Mr Robert Scott	–	–	–	–	–	–
Mr Phil Lockyer	–	–	–	–	–	–
Mr David Cruse[1]	–	–	–	–	–	–
Executives						
Mr Geoffrey Jones	1,500,000	–	1,500,000	–	–	–
Mr Mark Turner	400,000	–	–	–	400,000	–
Mr Tim Armstrong[2]	–	150,000	150,000	–	–	–
Ms Hannah Hudson	100,000	–	50,000	–	50,000	50,000
Total	**10,000,000**	**150,000**	**1,700,000**	**–**	**8,450,000**	**8,050,000**

1. Appointed 13 November 2009 2. Resigned 31 August 2009

30 June 2009	Beginning of Reporting Period	Granted as Compensation	Exercised	Other Changes	End of Reporting Period	Vested and Exercisable at 30 June 2010
Directors						
Mr Mark Savage	1,500,000	–	–	–	1,500,000	1,500,000
Mr Michael Carrick	2,000,000	3,000,000	–	–	5,000,000	5,000,000
Ms Justine Magee	1,500,000	–	–	–	1,500,000	1,500,000
Mr Paul Maxwell[1]	–	–		–	–	–
Mr Robert Scott[2]	–	–	–	–	–	–
Mr Phil Lockyer[3]	–	–	–	–	–	–
Executives						
Mr Geoffrey Jones	1,500,000	–	–	–	1,500,000	1,500,000
Mr Mark Turner[4]	–	400,000	–	–	400,000	–
Mr Tim Armstrong	200,000	–	200,000	–	–	–
Ms Hannah Hudson	100,000	–	–	–	100,000	100,000
Total	**6,800,000**	**3,400,000**	**200,000**	**–**	**10,000,000**	**9,600,000**

1. Resigned 16 March 2009 2. Appointed 9 January 2009 3. Appointed 9 January 2009 4. Appointed 15 October 2008

Shareholdings of key management personnel

30 June 2010	Beginning of Reporting Period	Purchases/ Other	Received on Exercise of Options	Sales	End of Reporting Period
Directors					
Mr Mark Savage	^3,573,880	–	–	–	^3,573,880
Mr Michael Carrick	^1,155,000	–	–	–	^1,155,000
Ms Justine Magee	^1,113,333	–	–	–	^1,113,333
Mr Robert Scott	–	–	–	–	–
Mr Phil Lockyer	–	–	–	–	–
Mr David Cruse[1]	–	20,000	–	–	20,000
Executives					
Mr Geoffrey Jones	–	–	1,500,000	(1,500,000)	–
Mr Mark Turner	–	–	–	–	–
Mr Tim Armstrong[2]	–	–	150,000	(150,000)	–
Ms Hannah Hudson	–	–	50,000	(50,000)	–
Total	**#3,653,713**	**20,000**	**1,700,000**	**(1,700,000)**	**3,673,713**

1. Appointed 13 November 2009 2. Resigned 31 August 2009

30 June 2009	Beginning of Reporting Period	Purchases/ Other	Received on Exercise of Options	Sales	End of Reporting Period
Directors					
Mr Mark Savage	^3,573,880	–	–	–	^3,573,880
Mr Michael Carrick	^1,155,000	–	–	–	^1,155,000
Ms Justine Magee	^1,113,333	–	–	–	^1,113,333
Mr Paul Maxwell[1]	–	–	–	–	–
Mr Robert Scott[2]	–	–	–	–	–
Mr Phil Lockyer[3]	–	–	–	–	–
Executives					
Mr Geoffrey Jones	–	–	–	–	–
Mr Mark Turner[4]	–	–	–	–	–
Mr Tim Armstrong	–	–	200,000	(200,000)	–
Ms Hannah Hudson	–	–	–	–	–
Total	**#3,653,713**	**–**	**200,000**	**(200,000)**	**3,653,713**

1. Resigned 16 March 2009 2. Appointed 9 January 2009 3. Appointed 9 January 2009 4. Appointed 15 October 2008

^ Indirect interest relating to shares and options held by a non related entity for which all are directors, but have no beneficial interest. In total 1,100,000 shares held.

The above column totals do not add mathematically due to an indirect interest held by each of the directors for the same 1,100,000 shares.

Other transactions with key management personnel

Refer to Note 21 – Related Party Disclosure

19. AUDITORS REMUNERATION

The auditor of the Company is Ernst & Young.

	Consolidated	
	2010	**2009**
	US$	**US$**
Amounts received or due and receivable by Ernst & Young (Australia) for:		
• An audit or review of the financial report of the entity and any other entity in the consolidated group	280,984	128,393
• Other services in relation to the entity and any other entity in the consolidated group		
– Tax compliance	127,985	57,154
– Other assurance services	4,532	2,796
	413,501	188,343
Amounts received or due and receivable by Ernst & Young (Philippines) for:		
• An audit or review of the financial report of the entity and any other entity in the consolidated group	91,511	45,710
• Other services in relation to the entity and any other entity in the consolidated group		
– Tax compliance	35,546	–
– Other assurance services	9,072	–
	136,129	45,710
Amounts received or due and receivable by Ernst & Young (UK) for:		
• An audit or review of the financial report of the entity and any other entity in the consolidated group	54,630	28,497
	54,630	28,497
Amounts received or due and receivable by Ernst & Young (Netherlands) for:		
– Tax compliance	34,563	–
– Other assurance services	–	101,256
	34,563	101,256
Amounts received or due and receivable by Ernst & Young (Nigeria) for:		
• An audit or review of the financial report of the entity and any other entity in the consolidated group	–	13,840
	–	13,840
Amounts received or due and receivable by Ernst & Young (Zambia) for:		
• An audit or review of the financial report of the entity and any other entity in the consolidated group	–	1,843
	–	1,843

20. COMMITMENTS AND CONTINGENCIES	Consolidated	
	2010	2009
	US$	US$
Operating lease commitments – Group as lessee		
Due within one year	334,210	235,244
After one year but no more than five years	121,574	346,150
Aggregate lease expenditure contracted for at balance date	**455,784**	**581,394**
Finance lease commitments – Group as lessee		
Due within one year	5,128,000	3,840,000
After one year but no more than five years	19,316,000	18,240,000
Aggregate lease expenditure contracted for at balance date	**24,444,000**	**22,080,000**
Other commitments		
(a) Mining services commitments	19,424,294	18,400,000
(b) Power services contract commitments	370,553	300,000
(c) Camp Management commitments	86,301	–
(d) Laboratory services commitments	180,330	–
(e) Other capital commitments	1,373,361	–

The Company is also party to a mining services contract between Leighton Contractors (Philippines) Limited and Filminera Resources Corporation which has been determined to contain a finance lease. Refer to Note 2(d)(ii) for further details. Under the Ore Purchase Agreement, PGPRC is contracted to purchasing ore from Filminera at cost plus a profit margin. The Company is also party to a contract for the operation of the power station at the Masbate Gold Project. The contract has a 3 month termination notice period. The camp management commitments relate to capital commitments for camp improvements. Laboratory services agreements relate to a 3 month termination notice period on the laboratory services contract.

(f) Software license support – license fees		
Due within one year	–	54,563
After one year but no more than five years	–	14,325
(g) Cost overrun debt facility		
– Loan repayment Due within one year	–	10,000,000
– Interest Due within one year	–	1,400,000
(h) Senior debt facility – loan repayment		
Due within one year	19,909,400	18,949,961
After one year but no more than five years	43,478,220	58,416,926
	84,822,459	**107,535,775**

The cost overrun debt facility with Meridian Capital CIS Fund and Casten Holdings Limited and the promissory notes were fully repaid by the Group during the year.

21. RELATED PARTY DISCLOSURE

The consolidated entity consists of CGA and its controlled subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Interest (%)		Investment (US$)	
		2010	2009	2010	2009
Controlled Entities					
Conex Oil Exploration Pty Ltd	Australia	100	100	2	2
Swanview Investments Pty Ltd	Australia	100	100	4,197,948	4,197,948
Central Asia Gold Limited	Bahamas	100	100	–	–
Philippine Gold Ltd	United Kingdom	100	100	–	–
Phil. Gold Processing & Refining Corp.	Philippines	100	100	–	–
CAGL(Taldy Bulak) Pty Ltd	Australia	100	100	885	885
Golden Moose LLC	Russia	100	100	394	394
China Gold Pty Ltd	Australia	100	100	–	–
Altyn Gold Pty Ltd	Australia	100	100	–	–
Altyn Gold Ltd	British Virgin Islands	100	100	960	960
Zambian Holdings Pty Ltd	Australia	100	100	–	–
Zambian Mining Ltd	British Virgin Islands	100	100	–	–
Seringa Mining Ltd	Zambia	100	100	–	–
Mkushi Copper Joint Venture Co Ltd	Zambia	51	51	–	–
CGX Holdings Ltd	Australia	100	100	–	–
Ratel Gold Limited	British Virgin Islands	100	100	–	–
CGX Ltd	British Virgin Islands	100	100	–	–
Segilola Gold Ltd	Nigeria	100	100	–	–
CGA Financing Holding Company B.V.	The Netherlands	100	100	–	–
CGA Financing Company B.V.	The Netherlands	100	100	–	–
Total Investments				**4,200,189**	**4,200,189**
Allowance for impairment in the value of investments				(4,197,948)	(4,197,948)
				2,241	**2,241**

(a) Controlling entity

The ultimate controlling entity in the wholly owned group is CGA Mining Limited.

(b) Other transactions with related parties

During the twelve months ended 30 June 2010, the Company entered into transactions with related parties in the wholly–owned group:

– loans were advanced on short term inter–company accounts; and
– loans were received from controlled entities on short term inter–company accounts.

These transactions were undertaken on the following terms and conditions:

– loans are repayable at call; and
– no interest is payable on the loans at present.

The Group has entered into an Ore Sales and Purchase agreement with its associate, Filminera, which requires it to purchase ore mined from the associate's facility on a cost plus basis. The Group has purchased ore from its associate, pursuant to the agreement during the period amounting to $49,373,438.

22. SEGMENT INFORMATION

Identification of reportable segments

For management purposes the group is organized into two business segments which are the Masbate Gold Project in the Philippines and the exploration activities in Africa. The Masbate Gold Projects primary activity is the extraction and processing of ore for gold sales. The primary activity of the exploration segment is the search for viable resource properties. The Board is the chief operating decision maker for each of the segments and monitors the performance of the business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 2 to the financial statements and in the prior period. Unallocated items include borrowing costs, administration expenses and mark to market movements on warrants

The following table presents the revenue and result information regarding operating segments for the years ended 30 June 2010 and 30 June 2009.

	Masbate Gold Project (Philippines)		Exploration Activities (Africa)		Total	
	2010	2009	2010	2009	2010	2009
	US$	US$	US$	US$	US$	US$
Revenue						
Segment revenue from external customers[2]	155,612,137	–	–	–	155,612,137	–
Interest revenue	2,342,024	1,838,585	16,329	765	2,358,353	1,839,350
Other interest revenue	–	–	–	–	53,222	417,730
Total revenue per income statement	157,954,161	1,838,585	16,329	765	**158,023,712**	**2,257,080**
Results						
Segment Profit/(Loss) before tax	36,311,249	614,896	(3,072,187)	(5,361,900)	33,239,062	(4,747,004)
Interest revenue					53,222	417,730
Administrative expenses					(140,962)	(4,388,804)
Borrowing costs					(8,990,536)	(110,715)
Depreciation expense (unallocated)					(216,870)	(128,358)
Mark to market of warrants					(3,583,494)	1,733,354
Other expenses					(4,368,330)	(2,985,760)
Net profit/(loss) before tax as per the income statement					**15,992,092**	**(10,209,557)**
Share of associate loss	184,322	1,252,785	–	–	**184,322**	**1,252,785**
Depreciation expense	14,122,618	–	10,121	–		

1. Corporate liabilities are made up of trade creditors, provisions and the loan payable to BNP. The segment liabilities include intercompany payables which eliminate upon consolidation.
2. Two major customers make up 58% and 32% of the Groups total revenues.

The following table presents the total asset information regarding operating segments for the balance dates 30 June 2010 and 30 June 2009.

	Masbate Gold Project (Philippines)		Exploration Activities (Africa)		Total	
	2010	2009	2010	2009	2010	2009
	US$	US$	US$	US$	US$	US$
Segment Assets	280,304,944	248,193,689	529,576	639,836	280,834,520	248,833,525
Corporate assets					69,859,638	23,655,017
Investment in associate	43,582,833	46,752,296	–	–	43,582,833	46,752,296
Total assets as per the balance sheet					**394,276,991**	**319,240,838**
Segment Liabilities	220,077,315	30,506,112	19,715,911	17,651,542	239,793,226	48,157,654
Corporate liabilities[1]					(68,613,026)	123,849,910
Total liabilities as per the balance sheet					**171,180,200**	**172,007,564**
Other segment information						
Capital expenditure	23,723,921	111,883,099	57,000	–	23,780,921	112,296,085
Non–Current assets	234,182,300	229,694,272	201,768	179,747		

1. Corporate liabilities are made up of trade creditors, provisions and the loan payable to BNP. The segment liabilities include intercompany payables which eliminate upon consolidation.
2. Two major customers make up 58% and 32% of the Groups total revenues.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short–term deposits, receivables, payables, derivative instruments, borrowings and liabilities related to the finance leases. The Company currently has in place an active program of financial forecasting and budgeting both at a corporate and project level to manage both the application of funds and planning for future financial needs to ensure that any shortfall in revenue funds is adequately covered by cash reserves or planned new sources being either debt or equity based on the then most cost effective weighted average cost of capital.

Risk Management is carried out by the Board and management under policies approved by the Board. The Board also provide regular guidance for overall risk management, including guidance on specific areas, such as mitigating commodity price, foreign exchange, interest rate and credit risk, by using derivative financial instruments.

The Company does not enter into financial instruments, including derivative financial instruments, for trade or speculative purposes.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, credit limits and future cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2, excluding the receivable from associate and the loans and borrowings which are held at amortised cost. The group has derivative financial instruments in the form of warrants issued in Canadian dollars, gold forward sales contracts, gold put options, diesel and heavy fuel oil swap contracts and interest rate swap contracts. Hedges that meet the strict criteria for hedge accounting are accounted as follows:

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the hedged transaction affects profit or loss.

Warrants

Warrant derivative financial instruments are initially recognised at fair value at the date at which the derivatives are issued and are subsequently remeasured at fair value. The changes in fair value of the Warrants are recognised immediately in the profit and loss.

Put options, forward sales and fuel and interest rate swap contracts

Put options, forward sales and fuel and interest rate swap derivative financial instruments are initially recognised at fair value at the date at which the derivatives are issued and are subsequently remeasured at fair value. The effective portion of changes in the fair value of these derivatives that have been designated and qualify as cash flow hedges are recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion or portion that does not qualify for hedge accounting is immediately recognised in the profit and loss. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the income statement.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposures to credit risk at the reporting date in relation to each class of financial asset is the carrying amounts of those assets as indicated in the Balance Sheet.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group has a significant concentration of credit risk in relation to the receivable from Filminera. At 30 June 2010, the receivable due from Filminera accounted for 99% of the Group's total receivables (2009: 97% of total receivables). The initial fair value of this receivable which has arisen as a result of the business combination is non–interest bearing and is repayable from the free cash flow of Filminera. It was initially measured as the fair value of future cash payments to be received from Filminera from its interest in the Masbate Gold Project. The balance of the receivable has arisen as a result of the ongoing loan of funds, is interest bearing and is repayable from the free cash flow of Filminera. The Group has also recognised a tax asset in relation to its VAT incurred in the Philippines. This tax asset has been valued at its expected recoverable amount.

The Group monitors credit risk through reviewing the inputs to the valuation model used to determine the future cash flows of Filminera to determine if any impairment exists. To date there have been no indicators which would cause the Group to impair the investment in Filminera.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group monitors this credit risk through holding its cash through banks with a Standard and Poors credit rating of 'A' or greater. The credit risk associated with cash and cash equivalents is considered negligible by the Group. The Group does not hold collateral as security. The Group does not have any receivables past due or impaired.

Commodity price risk

Gold price risk

The Group is exposed to movements in the gold price. As part of the risk management policy of the Group and in compliance with the conditions required by the Group's financiers, a variety of financial instruments (such as gold forward sales contracts and gold put options) are used from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams. Within this context, the hedging programs undertaken are structured with the objective of retaining as much upside to the gold price as possible, but any event, by limiting hedging commitments to no more than 50% of the group gold reserves. The value of these financial instruments at any given point in time, will in times of volatile market conditions, show substantial variation over the short term. The Group hedge account for these instruments as at balance date.

Details of gold hedging contracts at 30 June 2010 are shown in Note 28.

Diesel and heavy fuel oil price risk

The Group is exposed to movements in the diesel and heavy fuel oil price. The costs incurred purchasing diesel and heavy fuel oil for use by the Group's operations is significant. The Group entered into swaps agreements to hedge its exposure to diesel and heavy fuel oil price movements. The details of the hedging contracts at 30 June 2010 are shown in Note 28.

Interest rate risk

At balance date, the Company had the following financial assets and liabilities exposed to interest rate risk that are not designated as cash flow hedges:

Financial Assets	Consolidated	
	2010	2009
	US$	US$
Cash and cash equivalents	87,787,358	22,587,049
A$ balances held	822,813	608,769
PHP Balances held	1,035,896	–
US$ balances held	85,928,649	21,978,280
Interest bearing loans and borrowings	22,487,620	26,916,889

The Group constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The Group's policy is to manage its exposure to interest rate risk by holding cash in short term fixed rate deposits and variable rate deposits. The Group's exposure to interest rate risk on post–tax profit or loss arises from higher or lower interest income from cash and cash equivalents. During the 2008 year, the Group changed its functional currency to USD and has held its cash deposits largely in USD and thus been primarily exposed to movements in USD interest rates. The interest bearing liabilities associated with the BNP loan are exposed to movements in the LIBOR rate. The Group has managed its exposure to this risk through hedging a portion of the debt through an interest rate swap contract. The balance in the table above indicates the portion of the debt as at 30 June 2010 not covered under the interest rates swap (refer Note 28).

Price risk

Price risk arose from the Group's Warrants (derivative liabilities), as the fair value reported in the balance sheet was impacted by the Group's share price. As at 30 June 2010, the Warrants have been fully redeemed and no further price risk exists.

The Group holds an investment in Sierra Mining Limited carried at fair value. The value is impacted by movements in the share price.

Foreign currency risk

The Group's policy is to manage its foreign currency exposure through holding its cash largely in USD, being the same currency as the majority of its costs. As a result the Group does not have a material exposure to foreign currency risk.

At balance date, the Group had the following exposure to foreign currencies on financial instruments that are not designated as cash flow hedges:

	Consolidated	
	2010	**2009**
Financial assets	**US$**	**US$**
Cash and cash equivalents	1,858,708	608,769
Trade and other receivables	287,236	1,242,087
	2,145,944	**1,850,856**
Financial liabilities		
Trade and other payables	2,871,913	67,989
Derivative liability	–	2,716,567
	2,871,913	**2,784,556**
Net exposure	**(725,969)**	**(933,700)**

Liquidity risk

The responsibility for liquidity risk rests with the Board of Directors. The Company manages liquidity risk through maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term cash deposits. The Company's liquidity needs can likely be met through cash on hand and short and long–term borrowings, subject to the current forecast operating parameters being met.

The contractual maturities of the Group's financial liabilities are as follows:

	Consolidated	
	2010	**2009**
Within one month	**US$**	**US$**
Trade creditors	6,714,990	15,575,116
One month or later and no later than one year		
Derivative liability net settled	21,878,560	1,599,753
Coupon interest on promissory notes	–	3,000,000
External loans	19,909,400	28,949,961
Interest on external loans*	2,936,808	5,247,806
Finance lease liability	4,023,188	3,806,713
One year or later and no later than five years		
Derivative liability – Warrants	–	2,716,567
Derivative liability net settled	55,362,080	22,501,753
Promissory notes	–	25,000,000
Coupon interest on promissory notes	–	7,179,453
External loans	43,478,220	58,416,926
Interest on external loans*	5,942,591	6,303,674
Finance lease liability	13,389,517	12,249,067
Later than five years	–	–

Future capital needs can be met through our cash position, future operating cash flow and the issue of equity instruments. We expect that, in the absence of a material adverse change in a combination of our sources of liquidity and/or a significant decline in gold prices, present levels of liquidity be sufficient to meet our necessary capital requirements, subject to the current forecast operating parameters being met.

*Forecasted interest on external loans subject to variable interest rates is subjected to estimated projections on the variable rate.

Refer to Note 14 for further detail of promissory notes.

Capital risk management

The Group's total capital is defined as equity attributable to equity holders of the parent, cash and cash equivalents and borrowings net of cash which amounted to $247,354,311 at 30 June 2010 (2009: $ 248,600,477).

The Group's capital management objectives are to safeguard the business as a going concern, to maintain a debt to equity balance to reduce the cost of capital and to maximise returns for shareholders. Management may issue more shares or repay debts in order to maintain the optimal capital structure.

The Group does not have a target debt/equity ratio, but maintains a flexible financing structure so as to be able to take advantage of new investment opportunities that may arise. The Group monitors its capital risk management through annual cash flow projections and monthly reporting against budget.

Phil. Gold Processing and Refining Corp. ("PGPRC"), a wholly owned subsidiary of the Group, monitors capital using the thin cap ratio, which is the ratio of infused capital to total financing. The Company's policy is to keep the thin cap ratio at not greater than 3:1 in favor of the debt, in line with the limit indicated in the Philippine Bureau of Internal Revenue's Thin Cap Rule.

Financial instruments measured at fair value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted Market Price (Level 1)	Valuation Technique – Market Observable Inputs (Level 2)	Valuation Technique – Non Market Observable Inputs (Level 3)
	US$	US$	US$
Available for sale financial assets	1,480,431	–	–
Derivative assets	–	1,381,439	–
Financial liabilities			
Derivative liabilities	–	77,240,640	–

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants.

Sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk, foreign exchange rate risk, credit risk and commodity price risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax profit and equity would have been affected as shown.

Consolidated			Interest Rate Risk				Foreign Exchange Risk				Equity and Commodity Price Risk			
30 June 2010			**Negative Movement**		**Positive Movement**		**Negative Movement**		**Positive Movement**		**Negative Movement**		**Positive Movement**	
Financial Assets	**Note**	**Carrying Amount $**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents														
USD	2	85,928,649	(859,286)	–	859,286	–	–	–	–	–	–	–	–	–
AUD	1,2	822,813	(8,228)	–	8,228	–	(82,281)	–	82,281	–	–	–	–	–
Derivative financial instruments – fuel	5	1,381,439	–	–	–	–	–	–	–	–	(638,411)	–	638,411	–
Financial liabilities														
Derivative Financial instruments – gold forward sales	3	76,462,166	–	–	–	–	–	–	–	–	(23,902,640)	–	23,902,640	–
Derivative financial instruments – interest rate swap	4	778,474	(671,972)	–	659,020	–	–	–	–	–	–	–	–	–
Interest bearing liabilities – loans	4	63,387,620	(633,876)	–	633,876	–	–	–	–	–	–	–	–	–

1. The sensitivities show the net effect of a 10% movement in the USD against the AUD. Sensitivity rates have been based on 12 month averages.
2. The sensitivities show the net effect of a 1% movement in AUD and USD interest rates, respectively. Sensitivity rates have been based on 12 month averages.
3. The sensitivities show the net effect of a 10% movement in the projected gold price.
4. The sensitivities show the net effect of a 1% movement in the projected LIBOR interest rate.
5. The sensitivities show the net effect of a 10% movement in the projected diesel and heavy fuel oil price.

Consolidated			Interest Rate Risk				Foreign Exchange Risk				Equity and Commodity Price Risk			
30 June 2009			Negative Movement		Positive Movement		Negative Movement		Positive Movement		Negative Movement		Positive Movement	
Financial Assets	**Note**	**Carrying Amount $**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents														
USD	2	21,978,280	(219,783)	–	219,783	–	–	–	–	–	–	–	–	–
AUD	1,2	608,769	(6,088)	–	6,088	–	(60,877)	–	60,877	–	–	–	–	–
Derivative Financial instruments – gold put options	4	85,238	–	–	–	–	–	–	–	–	–	332,023	(69,039)	(69,039)
Derivative financial instruments – fuel	6	3,851,277	–	–	–	–	–	–	–	–	(1,401,597)	(1,401,597)	1,401,597	1,401,597
Financial liabilities														
Derivative financial instruments – warrants	3	2,716,567	–	–	–	–	(271,657)	(271,657)	271,657	271,657	(1,928,763)	(1,928,763)	1,928,763	1,928,763
Derivative Financial instruments – gold forward sales	4	23,534,260	–	–	–	–	–	–	–	–	–	19,587,289	–	(19,587,289)
Derivative financial instruments – interest rate swap	5	566,576	(1,186,063)	–	1,157,007	–	–	–	–	–	–	–	–	–
Interest bearing liabilities – loans	5	26,916,889	(269,168)	–	269,168	–	–	–	–	–	–	–	–	–

1. The sensitivities show the net effect of a 10% movement in the USD against the AUD. Sensitivity rates have been based on 12 month averages.
2. The sensitivities show the net effect of a 1% movement in AUD and USD interest rates, respectively. Sensitivity rates have been based on 12 month averages.
3. Warrant derivative sensitivities have been based on the 71% volatility rate applied to the Warrants. Foreign exchange risk sensitivity shows the net effect of a 10% movement in the CAD–USD exchange rate.
4. The sensitivities show the net effect of a 10% movement in the projected gold price.
5. The sensitivities show the net effect of a 1% movement in the projected LIBOR interest rate.
6. The sensitivities show the net effect of a 10% movement in the projected diesel and heavy fuel oil price.

24. SHARE BASED PAYMENT PLANS

(a) Employee Option Scheme (''EOS'')

An Employee Option Scheme has been established where CGA, at the discretion of the directors, may grant options over the ordinary shares of CGA to eligible employees and consultants of the Company. Directors are ineligible to participate. The Company has adopted this incentive plan to enable eligible employees and consultants to acquire an ownership interest in CGA.

The options issued under the CGA EOS are not quoted on the ASX or TSX.

The Company issued the following options to its eligible employees and consultants in prior financial years:

- 1,950,000 options issued September 2004 and expiring 30 June 2009 at an exercise price of A$0.60.
- 1,950,000 options issued March 2007 and expiring 30 June 2012 at an exercise price A$0.65.
- 2,025,000 options issued September 2007 and expiring 30 September 2012 at an exercise price of A$0.90.
- 950,000 options issued May 2008 and expiring 31 March 2013 at an exercise price of A$1.80.
- 400,000 options issued October 2008 and expiring 15 October 2013 at an exercise price of A$1.20.
- 200,000 options issued November 2008 and expiring 17 November 2013 at an exercise price of A$1.15.
- 1,690,000 options issued April 2009 and expiring 2 April 2014 at an exercise price of A$1.70
- 150,000 options issued 30 June 2009 and expiring 30 June 2014 at an exercise price of A$1.50.

During the 2010 financial year, the Company issued a further 150,000 options, issued 31 August 2009 and expiring 31 August 2014 at an exercise price of A$1.79 to its eligible employees and consultants.

The options are issued for nil consideration, and are only exercisable if the Company's shares have been quoted on the ASX throughout the 12 month period immediately preceding the exercise of the options, without suspension during that period exceeding in total 2 trading days. Once exercised, the shares rank equally with the existing shares of the Company.

During the 2010 financial year, 2,708,000 employee options were exercised comprising of 1,695,000 options at A$0.65, 863,000 options at A$0.90, and 150,000 options at A$1.79. As at 30 June 2010 there were 50,000 options with an exercise price of A$0.65 and an expiry date of 30 June 2012, 462,000 options with an exercise price of A$0.90 and an expiry date of 30 September 2012, 950,000 options with an exercise price of A$1.80 and an expiry date of 31 March 2013, 400,000 options with an exercise price of A$1.20 and an expiry date of 15 October 2013, 200,000 options with an exercise price of A$1.15 and an expiry date of 17 November 2013, 1,690,000 options with an exercise price of A$1.70 and an expiry date of 2 April 2014 and 150,000 options with an exercise price of A$1.50 and an expiry date of 30 June 2014 on issue under the Employee Option Scheme.

(b) Information with respect to the number of options granted to employees:

Grant and Vesting Date	Expiry Date	Exercise Price	Number of Options at the Beginning of the Year	Options Granted	Options Exercised	Number of Options at End of Year: On Issue	Number of Options at End of Year: Vested	Proceeds Received	Number of Shares Issued	Fair Value of Options at Grant Date	Fair Value Aggregate
		(A$)						(US$)		(US$)	(US$)
2010											
31 August 2009	31 August 2014	1.79	–	150,000	150,000	–	–	249,211	150,000	0.764	114,545
30 June 2009	30 June 2014	1.50	150,000	–	–	150,000	150,000	–	–	0.753	112,950
02 April 2009	02 April 2014	1.70	1,690,000	–	–	1,690,000	1,690,000	–	–	0.853	1,357,070
17 November 2008	17 November 2013	1.15	200,000	–	–	200,000	200,000	–	–	0.495	99,000
15 October 2008	15 October 2013	1.20	400,000	–	–	400,000	400,000	–	–	0.633	253,200
07 May 2008	31 March 2013	1.80	950,000	–	–	950,000	950,000	–	–	0.809	768,550
30 September 2007	30 September 2012	0.90	1,325,000	–	863,000	462,000	462,000	654,248	863,000	0.408	540,600
19 March 2007	30 June 2012	0.65	1,745,000	–	1,695,000	50,000	50,000	993,980	1,695,000	0.238	415,310
			6,460,000	**150,000**	**2,708,000**	**3,902,000**	**3,902,000**	**1,897,439**	**2,708,000**		

						Number of Options at End of Year					
Grant and Vesting Date	Expiry Date	Exercise Price	Number of Options at the Beginning of the Year	Options Granted	Options Exercised	On Issue	Vested	Proceeds Received	Number of Shares Issued	Fair Value of Options at Grant Date	Fair Value Aggregate
		(A$)						(US$)		(US$)	(US$)
2009											
30 June 2009	30 June 2014	1.50	–	150,000	–	150,000	–	–	–	0.753	112,950
02 April 2009	02 April 2014	1.70	–	1,690,000	–	1,690,000	–	–	–	0.853	1,357,070
17 November 2008	17 November 2013	1.15	–	200,000	–	200,000	–	–	–	0.495	99,000
15.October 2008	15 October 2013	1.20	–	400,000	–	400,000	–	–	–	0.633	253,200
07 May 2008	31 March 2013	1.80	950,000	–	–	950,000	950,000	–	–	0.809	768,550
30 September 2007	30 September 2012	0.90	1,815,000	–	490,000	1,325,000	1,325,000	295,767	490,000	0.408	540,600
19 March 2007	30 June 2012	0.65	1,770,000	–	25,000	1,745,000	1,745,000	12,686	25,000	0.238	415,310
			4,535,000	**2,440,000**	**515,000**	**6,460,000**	**4,020,000**	**308,453**	**515,000**		

(c) Summaries of options granted under EOS arrangements

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2010	2010	2009	2009
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the beginning of the year	6,460,000	1.21	4,535,000	0.88
Granted during the year	150,000	1.79	2,440,000	1.26
Forfeited during the year	–		–	–
Exercised during the year	(2,708,000)	0.79	(515,000)	0.71
Expired during the year	–		–	–
Outstanding at the end of the year	**3,902,000**	**1.31**	**6,460,000**	**1.21**
Exercisable at the end of the year	**3,902,000**	**1.31**	**4,020,000**	**0.96**

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 2.9 years (2009: 3.8 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was A$0.65–A$1.80 (2009: A$0.65–A$1.80).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was US$0.78 (2009: US$1.26).

The terms and conditions of the unlisted employee options are as follows:

1. The expiry date for options granted is:

   30 June 2012 for options granted 19 March 2007;
   30 September 2012 for options granted 30 September 2007;
   31 March 2013 for options granted 7 May 2008;
   15 October 2013 for options granted 15 October 2008;
   17 November 2013 for options granted 17 November 2008;
   2 April 2014 for options granted 2 April 2009; and
   30 June 2014 for options granted 30 June 2009.

2. The exercise price of each option granted 19 March 2007 is A$0.65, granted 30 September 2007 is A$0.90, granted 7 May 2008 is A$1.80, granted 15 October 2008 is A$1.20, granted 17 November 2008 is A$1.15, granted 2 April 2009 is A$1.70 and granted 30 June 2009 is A$1.50.

3. Each option exercised will entitle the holder to one share in the capital of the Company.

4. The options are not exercisable unless the shares have been quoted on the ASX throughout the 12 month period immediately preceding the exercise of the options, without suspension during that period exceeding in total 2 trading days and upon payment of the exercise price.

5. Exercise of the options is affected by completing the notice of exercise of options form and forwarding it to the Company, together with payment of the relevant exercise price.

6. All shares issued upon exercise of the options will rank pari passu in all respects with the Company's then existing shares.

7. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of securities offered to shareholders of the Company during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

8. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, on or prior to the expiry date, the options will be reorganised in accordance with the Listing Rules of ASX.

An option may not be transferred or assigned except that a legal personal representative of a holder of an option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.

The binomial approach to options valuation was adopted in estimating their fair value at grant date. The following factors and assumptions were used in determining the fair value of options granted during the year.

Grant Date	Expiry Date	Fair Value per Option	Exercise Price	Price of Shares on Grant Date	Estimated Volatility	Risk Free Interest Rate
		US$	A$	A$		
31 August 2009	31 August 2014	0.764	1.79	1.85	55%	3.5%

g) Directors options

In November 2008, the Company issued 3,000,000 options to Michael Carrick.

In March 2007, the Company issued 5,500,000 options to directors. The granting of the 2007 options was only made after specific performance criteria were met, and were determined as part of the overall review of performance and compensation. Criteria which were measured included relative share price performance over the period leading up to their grant. As the performance criteria were met before the granting, the options vested immediately and are not dependent on the satisfaction of future performance criteria. The issue was approved by shareholders. Further details of these options are included below.

Information with respect to the number of options granted to directors:

Number of Options at End of Year												
Grant and Vesting Date	Expiry Date	Exercise Price	Number of Options at the Beginning of the Year	Options Granted	Options Exercised	On Issue	Vested	Proceeds Received	Date of Issue	Number of Shares Issued	Fair Value of Options at Grant Date	Fair Value Aggregate
		A$									US$	
28 November 2008	28 November 2013	1.50	3,000,000	–	–	3,000,000	3,000,000	–	–	–	0.37	1,110,000
19 March 2007	30 June 2012	0.65	5,000,000	–	–	5,000,000	5,000,000	–	–	–	n/a	n/a
			8,000,000	**–**	–	**8,000,000**	**8,000,000**	–	–	–		

The binomial approach to options valuation was adopted in estimating their fair value at grant date. The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Expiry Date	Fair Value per Option	Exercise Price	Price of Shares on Grant Date	Estimated Volatility	Risk Free Interest Rate
		US$	**A$**	**A$**		
28 November 2008	29 November 2013	0.37	1.50	0.92	55%	5.51%
19 March 2007	30 June 2012	0.238	0.65	0.65	52%	5.40%

The terms and conditions of the unlisted Directors options are as follows:

1. The expiry date for the options issued in 2007 is 30 June 2012, and 28 November 2013 for those issued in 2008.

2. The exercise price of each option expiring on 30 June 2012 is A$0.65,and A$1.50 for the options issued in November 2008.

3. Each option exercised will entitle the holder to one share in the capital of the Company.

4. The options are not exercisable unless the shares have been quoted on the ASX throughout the 12 month period immediately preceding the exercise of the options, without suspension during that period exceeding in total 2 trading days and upon payment of the exercise price.

5. Exercise of the options is affected by completing the notice of exercise of options form and forwarding it to the Company, together with payment of the relevant exercise price.

6. All shares issued upon exercise of the options will rank pari passu in all respects with the Company's then existing shares.

7. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of securities offered to shareholders of the Company during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

8. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, on or prior to the expiry date, the options will be reorganised in accordance with the Listing Rules of ASX.

An option may not be transferred or assigned except that a legal personal representative of a holder of an option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.

25. INVESTMENT IN ASSOCIATE

	Consolidated	
	2010	2009
	US$	US$
Loan to Filminera Resources Corporation	46,289,800	49,274,941
Loan to Zoom Minerals Holdings, Inc	–	–
Cumulative losses of associates	(2,342,024)	(2,522,645)
	43,947,776	46,752,296
Reconciliation of movements		
At 1 July	46,752,296	20,466,241
Net loans during period	(5,327,165)	25,495,464
Share of associates net loss	(184,322)	(1,252,735)
Notional interest accretion on loan	2,342,024	2,043,326
At 30 June	43,582,833	46,752,296

The Group has a 40% direct ownership interest in Filminera, which holds minerals tenements in the Philippines including the Masbate Gold Project.

The Group also has a 40% direct ownership interest in Zoom Minerals Holdings, Inc, who owns the remaining 60% interest in Filminera. The remaining 60% interest in Zoom is held by an unrelated Philippine individual. The Group's proportion of voting power held in each associate is the same as its ownership interest. The Group's investments in the associates are accounted for in accordance with the accounting policy described in Note 2(x). Filminera and Zoom are both companies incorporated in the Philippines and have 30 June reporting dates.

(b) Summarised financial information

The following table illustrates summarised financial information relating to the Group's associates

Extract from the Associate's Balance Sheet		
	2010	2009
	US$	US$
Current assets	13,389,322	17,882,852
Non–current assets	38,393,103	37,757,699
	51,782,425	**55,640,551**
Current liabilities	67,630,332	74,030,068
Non–current liabilities	12,079,728	11,649,922
	79,710,060	**85,679,990**
Net assets/(liabilities)[1]	**(27,927,635)**	**(30,039,439)**
Share of associates net loss	(184,322)	(1,252,739)
Extract from the Associates Income Statements		
Revenue	62,855,483	57,734
Net Profit/(Loss) (before notional interest accretion on loan)	2,110,497	(237,646)

1. The net liability position is inclusive of the loans owing to the Company.

There are no contingent liabilities of the associate at 30 June 2010.

26. PARENT ENTITY INFORMATION

Information Relating to CGA Mining Limited:		
	2010	**2009**
	US$	**US$**
Current assets	264,592,093	14,661,901
Total assets	**266,852,996**	**178,753,115**
Current liabilities	420,738	12,918,292
Total liabilities	**761,880**	**12,918,292**
Issued Capital	299,576,520	187,816,660
Retained earnings	(52,295,341)	(40,229,835)
Foreign currency translation reserve	13,421,392	13,421,392
Share based payments reserve	5,388,545	4,826,606
Total shareholders equity	**266,091,116**	**165,834,823**
Loss of the parent entity	(12,065,502)	(11,708,974)
Total comprehensive loss of the parent entity	(12,065,502)	(11,708,974)
Commitments and Contingencies		
Operating lease commitments – Parent as lessee		
Due within 1 year	110,906	235,244
Due after 1 year but no more than 5 years	–	346,150
Total	**110,906**	**581,394**

27. DERIVATIVE LIABILITY – HELD FOR TRADING

	Consolidated	
	2010	**2009**
	US$	**US$**
Fair value of Warrants	–	2,716,567

In accordance with accounting standards the Company was required to recognise the fair value of the Warrants as a current liability. The Warrants were required to be revalued at each balance date, with the movement recognised as either a gain or loss in the profit and loss. The Company does not have any current or future cash payment liabilities in relation to the Warrants, however, accounting standards require that a theoretical fair value be placed on them and that this be recognised as a current liability in the Company's Financial Statements. The Warrant component of the units has been valued using a binomial option pricing model taking into account such factors as exercise price, underlying share price and volatility.

The Company issued a notice to Warrant holders dated 22nd December 2009 accelerating their expiry date to 5 February 2010. All Warrants were exercised and as at 30 June 2010, the Company had nil Warrants outstanding (30 June 2009: 5,575,000 Warrants outstanding).

28. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2010	2009
	US$	US$
Derivative financial assets – current		
Gold put options	–	85,238
Fuel swaps	752,575	2,590,846
	752,575	**2,676,084**
Derivative financial assets – non current		
Fuel swaps	628,864	1,260,431
Derivative financial liabilities – current		
Gold forward sales contracts	21,469,231	1,590,034
Interest rate swaps	409,329	9,719
	21,878,560	**1,599,753**
Derivative financial liabilities – non current		
Gold forward sales contracts	54,992,935	21,994,226
Interest rate swaps	369,145	556,857
	55,362,080	**22,501,083**

The US$80,300,000 senior debt facility arranged by BNP Paribas required limited hedging which has been executed. A hedging program of puts covering 46,079 ounces and forward sales covering 214,337 ounces was successfully executed during the September 2008 quarter. In March 2009, the Company subsequently executed further hedging comprising fuel hedges and interest rate swaps. The derivative financial assets and liabilities represent the fair value placed on the derivatives as at 30 June 2010. The effective portion of changes in the fair value of these derivatives that have been designated and qualify as cash flow hedges are recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion or portion that does not qualify for hedge accounting is immediately recognised in the profit and loss. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the profit and loss.

Summary of gold forward sales contracts

Expiry Date	Settlement Date	Total Ounces	Average Price (US$)
27 July 2010 – 29 Dec 2010	29 July 2010 – 31 Dec 2010	26,000	810.74
27 Jan 2011 – 28 Dec 2011	31 Jan 2011 – 31 Dec 2011	57,461	832.82
27 Jan 2012 – 31 Dec 2012	27 Jan 2012 – 31 Dec 2012	58,146	870.02
29 Jan 2013 – 27 Dec 2013	31 Jan 2013 – 31 Dec 2013	50,225	907.22

Summary of interest rate swap contract

Start Date	End Date	Total Loan Amount (US$)	Fixed Interest Rate
30 Jun 2010	30 Sep 2010	40,900,000	2.41%
30 Sep 2010	31 Dec 2010	27,400,000	2.41%
31 Dec 2010	31 Mar 2011	25,550,000	2.41%
31 Mar 2011	30 Jun 2011	23,700,000	2.41%
30 Jun 2011	30 Sep 2011	21,750,000	2.41%
30 Sep 2011	31 Dec 2011	19,800,000	2.41%
31 Dec 2011	31 Mar 2012	17,800,000	2.41%
31 Mar 2012	30 Jun 2012	15,700,000	2.41%
30 Jun 2012	30 Sep 2012	13,600,000	2.41%
30 Sep 2012	31 Dec 2012	5,710,000	2.41%
31 Dec 2012	31 Mar 2013	4,600,000	2.41%
31 Mar 2013	30 Jun 2013	3,500,000	2.41%
30 Jun 2013	30 Sep 2013	2,350,000	2.41%
30 Sep 2013	31 Dec 2013	1,200,000	2.41%

Summary of HFO fuel swap contracts

Expiry Date	Settlement Date	Total Barrels	Average Price (US$)
1 May 2010 – 30 April 2011	1 May 2010 – 30 April 2011	34,176	50.21
1 May 2011 – 30 April 2012	1 May 2011 – 30 April 2012	34,176	56.29

Summary of Diesel swap contracts

Expiry Date	Settlement Date	Total Barrels	Average Price (US$)
1 May 2010 – 30 April 2011	1 May 2010 – 30 April 2011	11,340	71.68
1 May 2011 – 30 April 2012	1 May 2011 – 30 April 2012	11,340	77.56

29. TAX ASSET	2010	2009
	US$	US$
Value Added Tax (VAT)	18,079,968	14,343,170

The tax asset represents a future tax credit on the VAT incurred on the development of the Masbate Gold Project in the Philippines. This tax credit is recoverable against future VAT payments or via sale to a party who can utilise this amount against future VAT payments.

30. DISCONTINUED OPERATIONS

On 1 June 2010, the Company announced a planned spin off of the Company's interests in the Segilola Gold Project in Nigeria and the Mkushi Copper Project in Zambia by way of the initial public offering of Ratel. At that time Ratel was a wholly owned subsidiary of CGA. This was approved by shareholders at a Special Meeting held 2 July 2010.

The Spin Off will provide shareholders with an opportunity to realise enhanced value for the African Projects, which are in the exploration stage, and provides an opportunity to better manage exposure and investment in the various assets and jurisdictions.

On 6 August 2010, the Company announced that the Offering of common shares in Ratel had closed successfully. Pursuant to the Offering, Ratel issued 70,000,000 common shares at a price of C$0.20 per common share, for aggregate gross proceeds of C$14 million. Upon completion of the Offering, the Company held 20% of Ratel's issued shares. On listing, the Groups remaining interest at C$0.20 will be worth C$3,500,000 resulting in a gain on deconsolidation of $2,791,997.

Financial performance of the operations held for sale

	2010	2009
	US$	US$
Revenue	16,329	765
Expenses	(2,972,305)	(5,362,665)
Loss for the year from discontinued operations	**(2,955,976)**	**(5,361,900)**

Assets and liabilities – held for sale operations

The major classes of assets and liabilities held for sale at 30 June 2010 are as follows:

	2010
	US$
Assets	
Cash	142,217
Receivables	202,283
Fixed assets	201,768
	546,268
Liabilities	–

Cash flow information

The net cash flows of entity held for sale are as follows:

	2010
	US$
Operating activities	3,183,525
Net cash flow	**3,183,525**

31. EVENTS AFTER BALANCE SHEET DATE

On 6 August 2010, the Company announced that the Offering of common shares in Ratel had closed successfully. Pursuant to the Offering, Ratel issued 70,000,000 common shares at a price of C$0.20 per common share, for aggregate gross proceeds of C$14 million.

Additionally subsequent to year end, 1,739,500 employee options have been exercised.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of CGA Mining Limited, I state that:

In the opinion of the Directors:

(a) the financial statements, notes and additional disclosures included in the directors report designated as audited of the Consolidated Entity are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the financial statements and notes also comply with International Financial Reporting Standards.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

On behalf of the Board.

MICHAEL CARRICK

Director

Perth, 28 September 2010

ERNST & YOUNG

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Independent auditor's report to the members of CGA Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of CGA Mining Limited, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

PM:MB:CGA:014

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of CGA Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 17 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of CGA Mining Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

P McIver

P McIver
Partner
Perth
28 September 2010

PM:MB:CGA:014

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 August 2010.

1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Rank	Name	Units Held	% of Issued Capital
1	CDS & Co	263,820,701	79.59
2	Jayvee & Co TR Franklin Gold and Precious Metals Fund	8,850,000	2.67
3	HSBC Custody Nominees (Australia) Limited – GSCO ECA	6,705,342	2.02
4	ANZ Nominees Limited (Cash Income Account)	5,136,955	1.55
5	Citicorp Nominees Pty Limited	4,723,429	1.42
6	National Nominees Limited	4,205,046	1.27
7	Jayvee & Co TR Franklin Gold and Precious Metals Fund	2,450,000	0.74
8	Mark Stuart Savage	2,473,880	0.75
9	Royter & Co for Equinox Partners	2,450,000	0.74
10	Royter & Co TR Jim Chase GT1 8042	2,379,741	0.72
11	Royter & Co for Equinox Partners LP	2,359,000	0.71
12	Royter & Co State Street	1,747,685	0.53
13	Lusman Partners LP	1,737,000	0.52
14	HSBC Custody Nominees (Australia) Limited	1,571,621	0.47
15	Bershaw & Co	1,232,000	0.37
16	Mountainside Investments Pty Limited (the Oasis Super Fund A/C)	1,100,000	0.33
17	First Eagle Gold Fund	1,000,000	0.30
18	Jayvee & Co TR Franklin Natural Resource Fund	1,000,000	0.30
19	Bershaw & Co	772,650	0.23
20	Bershaw & Co	640,400	0.19
		316,355,450	**95.43**
		15,139,526	4.57
		331,494,976	**100.00**

2. DISTRIBUTION OF EQUITY SECURITIES

(a) Analysis of security by size of holding – number of security holders

	Number of Holders
1–1,000	873
1,001–5,000	388
5,001–10,000	100
10,001–100,000	95
100,001 and over	19
	1,475

(b) Analysis of security by size of holding – number of securities held

	Ordinary Shares
1–1,000	380,438
1,001–5,000	1,152,909
5,001–10,000	827,388
10,001–100,000	2,675,720
100,001 and over	326,458,521
	331,494,976

(c) Number of holders of unmarketable parcels

Number of Holders	Ordinary Shares
343	50,829

3. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders are

Name	Number of Shares
Sprott Asset Management Inc	29,010,000.00
Deans Knight Capital Management Ltd	25,916,125.00
Franklin Resources Inc, and its affiliates	22,504,000.00
Portland House Investments Limited	15,848,889.00
Passport Master Global Fund SPC Ltd	14,752,064.00
Royal Bank of Canada, RBC Asset Management Inc, and associates	13,489,584.00

4. ON–MARKET BUY BACK

There is currently no on–market buy back program for any of CGA's listed securities.

CORPORATE DIRECTORY

DIRECTORS:

Mark S Savage (Chairman)
Michael J Carrick
Justine A Magee
Robert N Scott
Phil C Lockyer
David A Cruse
(appointed 13 November 2009)

SECRETARY:

Hannah C Hudson

REGISTERED AND PRINCIPAL OFFICE:

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Perth WA 6000

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BANKERS:

Australia and New Zealand Banking Group Limited
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Perth WA 6000

BNP Paribas
20 Collyer Quay Tung Centre
Singapore 049319

AUDITORS:

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

STOCK EXCHANGE:

Australian Stock Exchange Limited
Exchange Code:
CGX – Fully paid ordinary shares

Toronto Stock Exchange Inc
Exchange Code:
CGA – Fully paid ordinary shares

SHARE REGISTER:

Australian Register
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