CGA Mining Limited

ABN 88 009 153 128

Financial Report
For the half year ended
31 December 2011

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DIRECTORS' REPORT

The Directors of CGA Mining Limited ("the Company" or "CGA") present their report and the financial statements of CGA and its wholly owned controlled entities (the "Consolidated Entity" or "the Group") for the half year ended 31 December 2011.

DIRECTORS

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

Mark S Savage
Michael J Carrick
Justine A Magee
Phillip C Lockyer
Robert N Scott
David A T Cruse

REVIEW AND RESULTS OF OPERATIONS

Operating Results

The Consolidated Entity recorded a gross profit of $1,464,759 (2010: $43,075,151) and a net loss of $9,007,881 (2010: net profit $39,019,142) for the half-year ended 31 December 2011. The Group's activities during the half year period focussed on completing the repairs to SAG Mill, which were finalised in December 2011. With the repair of the SAG Mill completed, the Groups production is expected to return to normal for the second half of the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3, which forms part of the director's report.

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

MICHAEL CARRICK
Director
Perth

14 February 2012

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

In relation to our review of the financial report of CGA Mining Limited for the half-year ended 31 December 2011, 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

Peter McIver
Partner
Perth
14 February 2012

PMMBCGA:037

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated Six months ended 31 December 2011 US$	Consolidated Six months ended 31 December 2010 US$
Revenue from continuing operations	3(a)	57,327,794	120,583,888
Cost of sales	3(b)	(55,863,035)	(77,508,737)
Gross Profit		**1,464,759**	**43,075,151**
Other Income		2,383,481	-
Administrative expenses	3(c)	(1,979,027)	(2,292,634)
Finance costs	3(e)	(1,587,721)	(2,182,174)
Gain on deconsolidation		-	2,929,067
Movement in fair value of derivative financial instruments	3(d)	(622,891)	174,660
Share of loss of associate		(2,155,573)	(613,172)
Other expenses	3(f)	(6,541,697)	(1,793,902)
(Loss)/profit from continuing operations before income tax expense		**(9,058,669)**	**39,296,996**
Income tax benefit/(expense)	4	50,788	-
Net (Loss)/profit for the period from continuing operations for the period		**(9,007,881)**	**39,296,996**
Discontinued Operations			
Loss from discontinued operations		-	(277,854)
Net (loss)/profit for the period		**(9,007,881)**	**39,019,142**
Other comprehensive income			
Movement in available for sale investments net of tax		(1,170,180)	4,122,610
Cashflow hedges:			
Transferred to the income statement net of tax		24,206,239	11,157,366
Gain/(loss) taken to equity net of tax		(11,434,417)	(27,676,234)
Other comprehensive income/(loss) for the period, net of tax		**11,601,642**	**(12,396,258)**
Total comprehensive income for the period		**2,593,761**	**26,622,884**
(Loss)/earnings per share for (loss)/profit from continuing operations attributable to the ordinary equity holders of the company			
Basic (loss)/earnings per share (cents)		(2.70)	11.84
Diluted (loss)/earnings per share (cents)		(2.67)	11.76
(Loss)/earnings per share for (loss)/profit attributable to the ordinary equity holders of the company			
Basic (loss)/earnings per share (cents)		(2.72)	11.76
Diluted (loss)/earnings per share (cents)		(2.66)	11.67

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	Consolidated 31-Dec 2011 US$	Consolidated 30-Jun 2011 US$
ASSETS			
Current Assets			
Cash and cash equivalents	10	72,995,659	107,336,345
Trade and other receivables	13	5,101,831	704,291
Inventory	11	20,722,330	17,063,423
Prepayments		11,920,262	7,849,902
Derivative financial assets	8	781,285	1,759,748
Total Current Assets		**111,521,367**	**134,713,709**
Non-Current Assets			
Available for sale financial assets	15	3,011,496	4,181,703
Investment in associate	12	81,785,514	71,574,437
Property plant and equipment		190,457,029	191,355,070
Intangible assets		37,633,094	38,278,394
Tax assets		20,452,031	19,532,657
Total Non-current Assets		**333,369,164**	**324,922,261**
TOTAL ASSETS		**444,890,531**	**459,635,970**
LIABILITIES			
Current Liabilities			
Trade and other payables		10,840,916	12,697,346
Interest bearing loans and borrowings	7	30,030,748	22,077,574
Derivative financial liabilities	9	40,504,259	37,770,654
Provisions		583,375	527,119
Total Current Liabilities		**81,959,298**	**73,072,693**
Non-Current Liabilities			
Interest bearing loans and borrowings	7	36,160,899	46,953,180
Provisions		1,084,481	911,306
Derivative financial liabilities	9	33,621,367	49,482,368
Deferred Tax Liability		5,817,260	6,116,880
Total Non-current Liabilities		**76,684,007**	**103,463,734**
TOTAL LIABILITIES		**158,643,305**	**176,536,427**
NET ASSETS		**286,247,226**	**283,099,543**
EQUITY			
Contributed equity	**6**	302,110,028	302,016,570
Reserves		(56,804,890)	(68,866,996)
Retained Profits		40,942,088	49,949,969
TOTAL EQUITY		**286,247,226**	**283,099,543**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	Six months ended 31 December 2011 US$	**Six months ended 31 December 2010 US$**
Cash flows from operating activities		
Receipts from customers	55,834,322	118,889,399
Payments to suppliers and employees	(60,706,205)	(71,747,323)
Interest received	37,839	87,965
Exploration and evaluation expenditure	-	(277,854)
Taxes and VAT paid	(2,347,854)	-
Net cash inflow/(outflow) from operating activities	**(7,181,898)**	**46,952,187**
Cash flows from investing activities		
Payments for property, plant and equipment	(4,578,911)	(2,227,357)
Loans to associate	(6,011,018)	(24,384,807)
Loan to non- related parties	-	(14,458,626)
Disposal of controlled entity	-	135,636
Investment in associates	(4,900,000)	-
Investment in available for sale financial assets	-	(1,011,941)
Net cash inflow/(outflow) from investing activities	**(15,489,929)**	**(41,947,095)**
Cash flows from financing activities		
Proceeds from issue of shares, warrants and options	93,459	2,053,397
Repayment of borrowings	(10,069,402)	(14,166,955)
Interest paid	(1,458,587)	(2,013,514)
Capital raising costs	-	(2,338)
Financing costs	(179,215)	(138,241)
Net cash inflow from financing activities	**(11,613,745)**	**(14,267,651)**
Net increase/ (decrease) in cash and cash equivalents	(34,285,572)	(9,262,560)
Cash and cash equivalents at beginning of financial period	107,336,346	87,787,358
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	(55,115)	(201,772)
Cash and cash equivalents at the end of the financial period	**72,995,659**	**78,323,026**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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 2011	**302,016,570**	**49,949,969**	**5,815,359**	**5,862,078**	**(82,678,901)**	**2,134,468**	**283,099,543**
Other comprehensive income	-	-	-	-	12,771,822	(1,170,180)	11,601,642
(Loss) for the period	-	(9,007,881)	-	-	-	-	(9,007,881)
Total comprehensive income for the period	**-**	**(9,007,881)**	**-**	**-**	**12,771,822**	**(1,170,180)**	**2,593,761**
Equity Transactions:							
Share-based payment	-	-	-	460,464	-	-	460,464
Exercise of options	93,458	-	-	-	-	-	93,458
At 31 December 2011	**302,110,028**	**40,942,088**	**5,815,359**	**6,322,542**	**(69,907,079)**	**964,288**	**286,247,226**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 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 2010	**299,576,520**	**(15,132,295)**	**5,815,359**	**4,941,151**	**(72,551,338)**	**447,394**	**223,096,791**
Other comprehensive income	-	-	-	-	(16,518,868)	4,122,611	(12,396,257)
Profit for the period	-	39,019,142	-	-	-	-	39,019,142
Total comprehensive income for the period	**-**	**39,019,142**	**-**	**-**	**(16,518,868)**	**4,122,611**	**26,262,884**
Equity Transactions:							
Issue of share capital		-	-	-	-	-	-
Transaction costs	(9,352)	-	-	-	-	-	(9,352)
Exercise of options	2,254,693	-	-	-	-	-	2,254,693
At 31 December 2010	**301,821,861**	**23,886,847**	**5,815,359**	**4,941,151**	**(89,070,206)**	**4,570,005**	**251,965,017**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

1. CORPORATE INFORMATION

The financial report of CGA Mining Limited ("the Company") for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 14 February 2012. CGA Mining Limited is a company incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Securities Exchange and the Toronto Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of CGA Mining Limited as at 30 June 2011.

It is also recommended that the half-year financial report be considered together with any public announcements made by CGA Mining Limited and its controlled entities during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under ASX Listing Rules.

(a) Basis of Accounting

The half-year financial report is a general purpose condensed financial report prepared in accordance with the requirements of the Corporations Act 2001, and AASB 134 "Interim Financial Reporting".

The half-year financial report has been prepared on a historic cost basis, except for the derivative financial instruments including put options, forward sales contracts and Available for Sale Investments which are carried at fair value. The financial report is presented in United States Dollars ("US$").

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2011 except for the adoption of new and amending standards mandatory for annual periods beginning on or after 1 July 2011 as described in Note 2(c).

(c) New and Revised Accounting Standards and Interpretations

Since 1 July 2011, the Group has adopted all the amending Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2011 including:

- AASB 124 Related Party Disclosures

The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition

- AASB 2009-12 Amendments to Australian Accounting Standards Arising from the Annual improvements Project
  This amendment affected the following standards:
  AASB 5, AASB 8, AASB 108, AASB 110, AASB 112, AASB 119, AASB 133, AASB 137, AASB 139, AASB 1023, AASB 1031, Interpretations 2, 4, 16, 1039 & 1052
  The amendments had no impact.
- AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement
  The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made. The amendment had no impact.
- AASB 1054 Australian Additional Disclosures
  This standard relocates all Australian specific disclosures from other standards to one place. The amendment had no impact.
- AASB 2010-4 Further amendments to Australian Accounting Standards arising from the annual improvements project.
  This amendment affected the following standards:
  AASB 1, AASB 7, AASB 101, AASB 134 & Interpretation 13
  The amendment has no impact.
- AASB 2010-5 Amendments to Australian Accounting Standards
  The standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements. The amendments affect the following standards:
  AASB 1, AASB 3, AASB 4, AASB 5, AASB 101, AASB 107, AASB 112, AASB 118, AASB 119, AASB 121, AASB 132, AASB 133, AASB 134, AASB 137, AASB 139, AASB 140, AASB 1023, AASB 1038, Interpretations 112, 115, 127, 132 & 1042
  The amendment has no impact.
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures or Transfers of Financial Assets
  The amendments increase the disclosure requirements for transactions involving transfers of financial assets. The amendment had no impact
- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project
  AASB 1, AASB 5, & AASB 107, AASB 108, AASB 121, AASB 132, AASB 134, Interpretations 2, 112 & 113. The amendment had no impact

Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the Group.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

3. REVENUES AND EXPENSES	Consolidated Six months ended 31 December 2011 US$	 Six months ended 31 December 2010 US$
(a) Revenue		
Revenue from metal sales	55,633,790	118,889,399
Management fee	200,532	-
Interest – non related parties	37,839	391,326
Interest – accretion on loan to an associate	1,455,633	1,303,163
	57,327,794	**120,583,888**
(b) Cost of sales		
Ore purchases net of inventory movements	20,120,717	35,203,014
Salaries and employee benefits	779,878	776,509
Contractors and professional fees	6,634,244	7,692,339
Consumables and supplies	16,511,147	18,832,843
Leases and rentals	673,572	921,109
Travel and accommodation	238,093	169,258
Utilities	13,248	12,152
Taxes and government charges	867,909	1,194,800
Other production overheads	4,132,220	4,236,606
Depreciation and amortisation	5,892,007	8,470,107
	55,863,035	**77,508,737**
(c) Administrative expenses		
Salaries and wages	1,249,742	1,822,242
Defined contributions/superannuation expense	142,599	204,670
Employee share option expense	460,463	-
Foreign exchange (gains)/losses	55,111	161,724
Depreciation	71,112	103,998
	1,979,027	**2,292,634**
(d) Movement in fair value of derivative financial instruments - gain/(loss)		
Ineffectiveness in interest rate swap contracts	(355,571)	-
Mark to market movement in fuel swaps not qualifying for hedge accounting	978,462	174,660
	622,891	**174,660**
(e) Finance costs		
Borrowing costs expensed	1,587,721	2,149,536
Lending fees and charges	-	32,638
	1,587,721	**2,182,174**

(f) Other expenses

Included within other expenses for the current period are costs of $2,863,481 which were incurred to repair the SAG Mill.

4. INCOME TAX EXPENSE

The Company has recognised an income tax benefit of $50,788 for the 31 December 2011 period (nil: 31 December 2010) and a deferred tax liability of $5,817,260 at the balance date (30 June 2011: $6,116,880). The Company considers it probable that any taxable income that may have arisen during the period will be reasonably offset against the Company's carry forward losses and the current tax holiday granted to its subsidiary, Phil. Gold Processing and Refining Corporation.

5. DIVIDENDS PAID OR PROVIDED FOR

No dividends have been paid or provided for during the half-year.

6. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2011 Number	**31 December 2010 Number**
(a) Issued and paid up capital:		
Issued and fully paid shares	333,475,726	333,265,726
Weighted average number of shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	333,447,507	331,820,248
Effect of dilutive options	5,220,606	2,432,872
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**338,668,113**	**334,253,120**

Movements in contributed equity during the past six months were as follows:

Ordinary Shares	**Number**	**US$**
Opening balance at 1 July 2011	333,425,726	302,016,570
Shares issued on exercise of options	50,000	93,458
Total shares on issue at 31 December 2011	**333,475,726**	**302,110,028**

Ordinary Shares	**Number**	**US$**
Opening balance at 1 July 2010	331,294,976	299,576,520
Shares issued on exercise of options	1,970,750	2,254,693
Share issue costs	-	(9,352)
Total shares on issue at 31 December 2010	**333,265,726**	**301,821,861**

7. INTEREST BEARING LIABILITIES

	Consolidated	
	31 December 2011 US$	30 June 2011 US$
Current		
Loans [(i)]	24,225,504	16,272,330
Lease liabilities [(ii)]	5,805,244	5,805,244
	30,030,748	**22,077,574**
Non-Current		
Loans [(i)]	18,523,800	27,205,890
Lease liabilities [(ii)]	17,637,099	19,747,290
	36,160,899	**46,953,180**

(i) The Group began repaying the BNP Paribas arranged $80,300,000 project finance facility in June 2009. The balance of the facility accrues interest at 3.15% plus LIBOR. The loan is repayable quarterly, from June 2009 to 31 December 2013. During December 2011, the Group entered into a premium funding arrangement for the renewal of ISR Insurance. The term of the funding is for 10 months at an interest rate of 3.98%.

(ii) In December 2008 the Company entered into a finance lease for certain equipment to be used in the mining process at Masbate. 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. The Company has also acquired an additional fleet during the 30 June 2011 year which is for a term of 60 months and both are secured over the underlying assets. There are no changes in the terms & conditions of the lease for the additional fleet.

8. DERIVATIVE FINANCIAL ASSETS

	Consolidated	
	31 December 2011 US$	30 June 2011 US$
Fuel swaps	781,285	1,759,748
	781,285	**1,759,748**

9. DERIVATIVE FINANCIAL LIABILITIES

	Consolidated	
	31 December 2011 US$	30 June 2011 US$
Current		
Gold forward sales contracts (i)	40,352,004	37,770,654
Interest rate swaps	152,255	-
	40,504,259	**37,770,654**
Non-current		
Gold forward sales contracts (i)	33,490,990	48,979,948
Interest rate swaps	130,377	502,420
	33,621,367	**49,482,368**

(i) The US$80 million senior debt facility arranged by BNP Paribas requires limited hedging which has been executed. A hedging program of puts covering 46,079 ounces and forward sales covering 214,337 ounces (now only 108,371 ounces remain) was successfully executed during the September 2008 quarter. The derivative financial liabilities represent the fair values placed on the forward sales as at 31 December 2011.

10. CASH AND CASH EQUIVALENTS

For the purposes of the half year cash flow statement, cash and cash equivalents are comprised of the following:

	Consolidated	
	31 December 2011 US$	**30 June 2011 US$**
Cash at bank and on hand	48,924,184	75,228,173
Deposits at call	24,071,475	32,108,172
	72,995,659	**107,336,345**

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 payments due on the facility to be held in deposit.

11. INVENTORIES

	Consolidated	
	31 December 2011 US$	**30 June 2011 US$**
Gold on hand and in circuit	3,256,151	2,986,430
Gold in circuit	1,800,829	3,311,213
Consumables	9,300,872	7,625,071
Ore stockpile	6,364,478	3,140,709
	20,722,330	**17,063,423**

12. INVESTMENTS IN ASSOCIATES

On 7 November 2011, the Group acquired a further direct 19.5% interest in each of Aroroy Resources Inc and Masminero Resources Corporation, companies which are incorporated in the Philippines and own interests in the highly prospective Pajo MPSA. Exploration activities have already commenced on the MPSA. The consideration for the acquisition was $4,900,000. After the acquisition, the Group holds a 40% direct interest in Aroroy Resources Inc (30 June 2011: 20.5%) and 64% indirect interest in Masminero Resources Corporation (30 June 2011: 32.8%)

During the period, the Group provided advances totaling $5,755,774 to Filminera Corporation to fund exploration activities.

13. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2011 US$	**30 June 2011 US$**
(Current)		
VAT and GST	49,164	43,710
Other debtors	5,052,667	660,581
	5,101,831	**704,291**

Trade and other receivables are non-interest bearing and generally on 30-90 day terms. Included in Other Debtors is an amount of $2,363,481 as a receivable from the Company's insurer to compensate for the costs incurred to repair the SAG Mill. There are no receivables past due or impaired. It is expected that these receivables will be received when due.

14. COMMITMENTS

	Consolidated	
	31 December 2011 US$	**30 June 2011 US$**
Operating lease commitments – Group as lessee		
Due within 1 year	369,014	167,184
After one year but no more than five years	707,277	-
Aggregate lease expenditure contracted for at balance date but not provided for	**1,076,291**	**167,184**

The operating lease relates to the rental of office premises.

Finance lease commitments – Group as lessee		
Due within 1 year	7,329,752	7,336,668
After one year but no more than five years	21,738,018	24,226,509
Total commitment for finance leases	**29,067,770**	**31,563,177**
Less: Future interest expense	5,625,428	6,040,643
Net Lease Liabilities	**23,442,342**	**25,552,534**

Other commitments		
(a) Mining services commitments	10,974,000	21,948,000
(b) Power services contract commitments	419,995	425,424
(c) Camp Management commitments	86,301	86,301
(d) Laboratory services commitments	205,431	205,431
(e) Other capital commitments	1,526,790	2,434,635
	13,212,517	**25,099,791**

The Company is party to a mining services contract between Leighton Contractors (Philippines) Limited and Filminera Resources Corporation which has been determined to contain a finance lease. 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 service agreements relate to a month termination notice period on the laboratory services contract.

Under the Ore Purchase Agreement, Philippine Gold Processing & Refining Corporation is contracted to purchase ore from Filminera at cost plus a profit margin.

15. AVAILABLE FOR SALE FINANCIAL ASSETS

	Consolidated	
	31 December 2011 US$	**30 June 2011 US$**
Investments		
Available for sale financial assets	1,855,468	1,855,494
Revaluation of investment at fair value	1,156,028	2,326,209
	3,011,496	**4,181,703**

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

16. RELATED PARTY TRANSACTIONS

During the six months ended 31 December 2011, 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 Purchases agreement with its associate, Filminera Resources Corporation, 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 $22,077,623.

The Group has a management services agreement with its associate Ratel Group for the services provided to Ratel Group by the Group. The total services received by the Group during the period were $200,532.

17. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to 31 December 2011, 1,250,000 options have been exercised for gross proceeds of A$812,500. The SAG Mill was brought back online on 25 December 2011 and has resulted in an 82% increase in throughput for the month of January 2012, with throughput now returned to a steady state 6.5mtpa production rate.

18. SEGMENT REPORTING

Identification of reportable segments

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

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

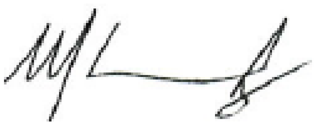
(a) the financial statements and notes of the Consolidated Entity for the period ended 31 December 2011 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the Consolidated Entity; and

(ii) Complying with the Accounting Standards AASB134 "Interim Financial Reporting" 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.

On behalf of the Board



MICHAEL CARRICK
Director and Chief Executive Officer
Perth, 14 February 2012

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To the members of CGA Mining Limited

Report on the 31 December 2011 Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CGA Mining Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year].

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of [name of entity] and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report .

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CGA Mining Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Peter McIver

Peter McIver
Partner
Perth
14 February 2012

PMMBCGA:036