For immediate release: 27 June 2014

Copper Development Corporation

("CDC" or "the Company")

Final Results for the Year ended 31 December 2013

Copper Development Corporation (AIM: CDC), the copper development and exploration company focused on the Philippines, today announces its audited results for the year ended 31 December 2013.

Financial and operational highlights

- The Company recognised a further impairment against the Hinoba-an Project cost amounting to US$3.6 million during the year. The carrying value of Hinoba-an project decreased from US$18.6 million to US$15.1 million whilst the carrying value of Basay project remained fully impaired as at 31 December 2013.
- The Company recognised an unrealised loss on investment in Crazy Horse Resources Inc. of US$0.5 million. The total market value of this investment therefore decreased from US$0.7 million to US$0.1 million.
- There were no new options or warrants issued during the year. None of the vested warrants and options were exercised and a total of 1.1 million share options expired during the year.
- Cash reserves decreased due to operational costs (which purely relate to care and maintenance cost of the two Philippine projects and corporate salary and administration costs, all of which have been cut down to bare minimum) as well as due to payments made to shareholders who participated in the Tender Offer (see below).
- Total number of shares in issue decreased from 230.4 million to 37.5 million and total share premium cost decreased from US$73.9 million to US$62.1 million. This was primarily due to the Tender Offer that was completed in November 2013 whereby the shareholders who wished to participate were given the possibility to sell their shares back to the Company for cash consideration at a price of 6.1 cent per share (or 3.79 pence per share). 83.72% of the Company's enlarged share capital participated in the Offer.
- Loss per share at 31 December 2013 is 2.43 cents (31 December 2012: 6.79 cents).

A copy of the full accounts will shortly be available on the Company's website www.copperdevelopmentcorp.com

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Chairman's statement

Dear Shareholders,

The Company has continued to seek prospective buyers for its financially attractive Hinoba-an copper project on Negros Island in the Philippines, though the outcome is highly uncertain given the distressed financial market conditions for mining companies.

On the Basay Copper Project, also on Negros Island, there have been no developments on the claim on the property by a government agency, which the Company and its legal counsel believe to be legally unsubstantiated; and no official statement has been received on the renewal of the exploration permit, which expired in December 2012.

Given the distressed capital markets for mining companies and the consequent difficulty in arranging a sale or joint venture of copper mining projects in the current environment, the Company has reduced expenditures to the minimum and is continuing to keep the Hinoba-an and Basay projects on a care-and-maintenance basis. Despite the very positive results of the CTR undertaken in 2012, this condition has led management to increase the impairment against the carrying value of Hinoba-an Project by additional $3.6 million during the year. Negotiations and transactions costs have been considered when considering any impairment. Basay Project remains fully impaired as at the year end.

As in 2013 the Company's shares continued consistently to trade at a significant discount to the per share value of the cash holding, the Company decided to offer shareholders the possibility of selling their shares back to the Company. The objectives were to achieve three key goals: (a) significantly reducing or eliminating the share price discount on the cash value; (b) providing a potential exit for shareholders who wanted a return of cash; and (c) retaining exposure to the Company's project holding in the Philippines, and pursuing alternative acquisition opportunities, for shareholders who did not wish to exit the Company.

Accordingly, in November 2013, the Company completed a buyback of shares under which shareholders had the possibility of tendering their shares at 3.79 pence per share, which represented a premium of approximately 63.3 per cent on the value of the Company's cash holding per share. Upon completion of the buyback, in which 16.28% of the shares were not tendered, the Company's issued share capital consisted of 37,501,033 share and the Company's cash balance was approximately US$1.55 million after transaction costs.

The tender achieved all of the stated aims of the Company. Shareholders who wanted an exit took the tender offer; and shareholders who did not wish to exit their investment saw the trading discount to the Company's cash per share significantly reduced and still retained potential upside interest in the Company's existing assets, including the Hinoba-an copper project in the Philippines. The Company now continues to minimise costs, by keeping its assets on a care-and-maintenance basis, and to seek prospective buyers for them, while pursuing actively other potential acquisition, investment or merger opportunities.

Mitchell Alland
Executive Chairman
27 June 2014

Consolidated statement of comprehensive income

for the year ended 31 December 2013

	Notes	**Year ended 31 December 2013 US$**	Year ended 31 December 2012 US$
Unrealised loss on investment	*16*	**(538,458)**	(1,891,174)
Impairment losses	*22*	**(3,647,205)**	(12,919,813)
Loss on sale of assets		**-**	(243,821)
Operating expenses			
Directors' fees	*4,18*	**(224,045)**	(665,314)
Consultants' fees		**(4,533)**	(636,677)
Salaries and wages		**(27,021)**	(634,711)
Other professional fees		**(424,432)**	(1,067,347)
Travel and entertainment		**(14,968)**	(162,979)
Administration expenses		**(510,540)**	(417,595)
Share option charge	*14*	**-**	654,980
Unrealised exchange (losses)/ gain		**(67,953)**	77,120
Deed payments	*6*	**(11,281)**	(1,512,636)

Loss before finance income	*4*	**(5,470,436)**	(19,419,967)
Finance income		**48,646**	131,271
Loss before income tax		**(5,421,790)**	(19,288,696)
Deferred tax expense	*5*	**-**	-
Loss after income tax		**(5,421,790)**	(19,288,696)
Other comprehensive income - foreign currency translation reserve		**1,231**	301,140
Total comprehensive loss for the year		**(5,420,559)**	(18,987,556)
Loss attributable to:			
Non-controlling interests		**(280,057)**	(3,803,348)
Equity shareholders		**(5,141,733)**	(15,485,348)
		(5,421,790)	(19,288,696)
Total comprehensive loss attributable to:			
Non-controlling interests		**(220,833)**	(3,794,844)
Equity shareholders		**(5,199,726)**	(15,192,712)
		(5,420,559)	(18,987,556)
Basic and diluted loss per share	*21*	**(0.0243)**	(0.0679)

The Notes form part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2013

	Notes	**At 31 December 2013 US$**	At 31 December 2012 US$
Assets			
Property, plant and equipment	*8*	**-**	-
Deferred mine exploration costs	*7*	**-**	-
Investment in Crazy Horse Resources	*16*	**140,812**	679,270
Total non-current assets		**140,812**	679,270
Current assets			
Cash and cash equivalents		**1,243,432**	14,433,861
Loan receivable	*15*	**825,945**	797,538
Trade and other receivables	*9*	**161,341**	234,578
Assets held for sale	*6*	**16,072,099**	19,572,099
Total current assets		**18,302,817**	35,038,076
Total assets		**18,443,629**	35,717,346
Equity			
Share premium	*12*	**62,147,849**	73,915,306
Share option reserves	*14*	**1,290,905**	1,831,364
Warrants	*13*	**1,195,694**	1,195,694
Foreign currency translation reserve		**(98,477)**	(40,484)
Retained deficit		**(42,009,092)**	(37,407,818)

	Notes		
Shareholders' equity		**22,526,879**	39,494,062
Non-controlling interest		**(4,180,921)**	(3,969,787)
Total equity		**18,345,958**	35,524,275
Non-current liabilities			
Deferred tax liability	*5*	**44**	44
Total non-current liabilities		**44**	44
Current liabilities			
Trade and other payables	*10*	**97,627**	193,027
Total liabilities		**97,671**	193,071
Total equity and liabilities		**18,443,629**	35,717,346

The Notes form part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 27 June 2014 and were signed on their behalf by:

Mitchell Alland
Director

Denham Eke
Director

Consolidated statement of changes in equity

for the year ended 31 December 2013

	Notes	Share premium US$	Warrants US$	Share options US$	Foreign currency exchange reserves US$	Retained deficit US$	Total attributable to shareholders US$	Non - controlling interest US$	Total US$
Balance at 1 January 2013		73,915,306	1,195,694	1,831,364	(40,484)	(37,407,818)	39,494,062	(3,969,787)	35,524,275
Total comprehensive loss for the year									
Loss for the year		-	-	-	-	(5,141,733)	(5,141,733)	(280,057)	(5,421,790)
Other comprehensive loss for the year		-	-	-	(57,993)	-	(57,993)	59,224	1,231
Transactions with owners of the Company									
Buy back of shares	*12*	(11,767,457)	-	-	-	-	(11,767,457)	-	(11,767,457)
Share options expired	*14*	-	-	(540,459)	-	540,459	-	-	
Increase in subsidiary share capital		-	-	-	-	-	-	9,699	9,699
Balance at 31 December 2013		**62,147,849**	**1,195,694**	**1,290,905**	**(98,477)**	**(42,009,092)**	**22,526,879**	**(4,180,921)**	**18,345,958**
Balance at 1 January 2012		73,737,654	1,940,280	2,486,344	(333,120)	(22,667,056)	55,164,102	(174,943)	54,989,159
Total comprehensive loss for the year									
Loss for the year		-	-	-	-	(15,485,348)	(15,485,348)	(3,803,348)	(19,288,696)
Other comprehensive loss for the year		-	-	-	292,636	-	292,636	8,504	301,140
Transactions with owners of the Company									
Warrants exercised	*12,13*	177,652	-	-	-	-	177,652	-	177,652
Warrants expired	*13*	-	(744,586)	-	-	744,586	-	-	-
Share options expired	*14*	-	-	(654,980)	-	-	(654,980)	-	(654,980)
Balance at 31 December 2012		**73,915,306**	**1,195,694**	**1,831,364**	**(40,484)**	**(37,407,818)**	**39,494,062**	**(3,969,787)**	**35,524,275**

The Notes form part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2013

	Notes	**Year ended 31 December 2013 US$**	Year ended 31 December 2012 US$
Cash flows from operating activities			
Loss before income tax		**(5,421,790)**	(19,288,696)
Adjusted for non-cash and non-operating items:			
Share option charge	*14*	**-**	(654,980)
Unrealised loss on investment	*16*	**538,458**	1,891,174
Impairment losses	*22*	**3,647,205**	12,919,813
Loss on sale of assets	*8*	**-**	243,821
Finance income		**(48,646)**	(131,271)
		(1,284,773)	(5,020,139)
Change in trade and other receivables		**57,072**	6,777
Change in trade and other payables		**(95,400)**	(1,250,932)
Net cash used in operating activities		**(1,323,101)**	(6,264,294)
Cash flows from investing activities			
Purchase of property, plant and equipment	*8*	**-**	(97,054)
Proceeds from sale of property, plant and equipment	*8*	**-**	157,570
Amounts paid in cash for deferred mine exploration costs	*7*	**(131,040)**	(5,964,342)
Loan receivable	*15*	**-**	(797,538)
Net cash used in investing activities		**(131,040)**	(6,701,364)
Cash flows from financing activities			
Interest received		**48,646**	131,271
Buy back of shares	*12*	**(11,767,457)**	-
Increase in subsidiary share capital		**9,699**	-
Warrants exercised	*12, 13*	**-**	177,652
Unrealised foreign exchange loss		**(27,176)**	301,140
Net cash (used in)/generated from financing activities		**(11,736,288)**	610,063
Decrease in cash and cash equivalents		**(13,190,429)**	(12,355,595)
Cash and cash equivalents at beginning of year		**14,433,861**	26,789,456
Cash and cash equivalents at end of year		**1,243,432**	14,433,861

The Notes form part of these consolidated financial statements.

Notes

forming part of the financial statements for the year ended 31 December 2013

1 Reporting Entity

Copper Development Corporation is a company domiciled in the British Virgin Islands. The address of the Company's registered office is Craigmuir Chambers, Road Town, Tortola, British Virgin Islands. The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group primarily is engaged in the exploration, development, mining and processing of minerals, petroleum and other mineral oils.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU. The consolidated financial statements were authorised for issue by the Board of Directors on 27 June 2014.

(b) Basis of measurement

Functional and Presentation Currency

The consolidated financial statements of the Group are presented in US Dollars (US$), which is the Group's functional currency. All financial information presented in US Dollars has been rounded to the nearest dollar.

Estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant estimates and assumptions include those related to recoverability of mineral properties and determination as to whether costs are expensed or deferred.

Going concern

The Company's ability to continue as a going concern is dependent upon conducting successful exploration and the recovery of mineral resources and obtaining financing to fund its exploration efforts in the future. Although as at the period end, there is sufficient cash balances to meet current obligations, there can be no assurance the Company will be able to raise sufficient funds as and when funds are required in order to complete its current available projects in entirety. If such funding is not available, the Company may cease operations.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and liabilities that might be necessary, should the Company be unable to complete its currently on-going projects. Such adjustments could be material.

It is currently the intention of the Directors to realize its investment in the Hinoba-an project through a disposal. The Groups investment in the Basay project has been fully impaired at the yearend as a result of issues with permits.

The Group may continue to identify further mineral exploration opportunities as they arise.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Basis of consolidation

The consolidated financial statements incorporate the financial information of the Company and entities controlled by the Company (its subsidiaries). The results of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Business combination

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, the impact of potential voting rights that currently are exercisable should be considered. All potential voting rights are taken into account, whether held by Group or by other parties. Such potential voting rights may take many forms, including call options, warrants, convertible shares and contractual arrangements to acquire shares. Only those rights that either would give the entity voting power or which would reduce another party's voting rights are considered.

Loss of control
On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

Non-controlling interest
Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets which are generally at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is adjusted for the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill as the excess of the sum of fair value of the consideration transferred, the recognised amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the consolidated statement of comprehensive income.

Subsequent to initial recognition, goodwill and intangible assets with indefinite useful lives are measured at cost, or in some cases at revalued amount less accumulated impairment charges. Goodwill and intangible assets with indefinite useful lives are not amortised, but instead are subject to impairment testing at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Foreign currency transactions
Transactions in foreign currencies are translated into functional currency based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into functional currency at the exchange rate prevailing at the reporting date. Gains or losses arising from foreign currency transactions are recognized in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined or if measured at historical cost are translated using the exchange rate at the date of transaction.

The assets and liabilities of foreign operations are translated to US Dollars at exchange rates at the reporting date while income and expenses are translated at exchange rates at date of transactions although if not practically available, the average rate for the period is used.

Assets held for sale
Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale or held-for-distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than continuing use.

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal Group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value les cost to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held-for-sale or held-for-distribution, assets are no longer depreciated or amortised.

Deferred mine exploration costs
Exploration assets are initially recognised at cost and are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has not expired during the period or will expire in the near future, and is expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is either budgeted or planned;
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Estimating Mineral Reserves and Resources
Mineral reserves and resources estimates for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven reserve estimates are attributed to future development projects only where there is a significant commitment to project funding and execution for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors, including product prices, contracts terms or development plans.

Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions.

Recoverability of Deferred Mine Exploration Costs
Mineral property acquisition costs are capitalised until the viability of the mineral interest is determined. Expenditures for mine exploration work prior to and subsequent to drilling are deferred as incurred. These shall be written-off if the results of the exploration work are determined to be negative. If the results are positive, the deferred expenditures and the subsequent development cost shall be capitalized, to the extent that they do not exceed economically recoverable amount from mineral interests and amortized from the start of commercial operations. The Group reviews the carrying values of its deferred mine exploration costs whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts.

An impairment loss is recognised when the carrying value of those assets is not recoverable and exceeds their fair value.

Mineral property expenses
Mineral property expenses are costs incurred that do not qualify for capitalization and therefore expensed as incurred. These include payments for property rights and leases such as royalties and deed payments and exploration, evaluation and project investigation expenditures incurred prior to determination that a property has economically recoverable resources

Impairment of tangible and intangible assets excluding goodwill
At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments
Measurement
Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Trade and other receivables
Trade and other receivables are stated at amortised costs using effective interest method less impairment losses.

Cash and cash equivalents
Cash and cash equivalents are measured at amortised costs and are due on demand.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised costs using the effective interest method.

Finance income and finance costs
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Share premium
Ordinary shares are classified as equity. The ordinary shares of the Company have a nil par value. As such all proceeds received for the issue of shares has been credited to share premium. Proceeds from the exercise of stock options or conversion of share purchase warrants are recorded in share premium at the amount received on

exercise or conversion. Commissions paid to underwriters or agents and other related share issue costs, such as legal, accounting and printing, are charged to share premium.

Share based payments
The Company determines the fair value of warrants and options issued and recognise the amount as an expense in the statement of comprehensive income with a corresponding increase in equity.

New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year, and have not been applied in preparing these consolidated historical financial statements:

New/Revised International Accounting Standards / International Financial Reporting Standards (IAS/IFRS)	Effective date (accounting periods commencing on or after)
Transition guidance: Amendments to IFRS 10, IFRS 11 and IFRS 12	1 January 2014
IFRS 10 Consolidated Financial Statements	1 January 2014
IFRS 11 Joint Arrangements	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	1 January 2014
IAS 27 Separate Financial Statements (2011)	1 January 2014
IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32	1 January 2014
IFRS 9 Financial Instruments 2013	IASB effective date to be confirmed
Recoverable amount disclosures for non-financial assets – Amendments to IAS 36	1 January 2014
IFRIC 21 Levies	1 January 2014
Continuing hedge accounting after derivative novations – Amendments to IAS 39	1 January 2014
Defined Benefit Plans: Employee Contributions – Amendments to IAS 19	1 July 2014
Annual Improvements to IFRSs – 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs – 2011-2013 Cycle	1 July 2014
IFRS 9 Financial Instruments	1 January 2015
IFRS 14 Regulatory Deferral Accounts	1 January 2016

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

Operating segments
Segment information is presented in respect of the Group's management and internal reporting structure. As currently the Group is not producing or exploring directly, there is no revenue being generated, and the main business segment is that of an investment group and corporate administrative entity.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All of the Group's results, assets and liabilities are derived in The Republic of the Philippines under the main and only business segment of an investment group and corporate administrative entity. Refer to note 20 for further information.

4 Loss before finance income

Loss before finance income is stated after charging:

Company and Group	**31 December 2013 US$**	31 December 2012 US$
Auditors' Fees	**69,729**	128,166
Directors' Fees (note 18)	**224,045**	665,314

5 Taxation

Income tax
The British Virgin Islands under the International Business Companies Act 2004 imposes no corporate taxes or capital gains taxes. However, the Group may be liable for taxes in the jurisdictions where it is operating, however such operations are currently loss making.

Deferred tax assets and liabilities
Deferred tax assets have not been recognised because there is insufficient evidence of the timing of suitable future profits against which they can be recovered. The Group's deferred tax liability amounting to US$44 pertains to interest income at a subsidiary level of US$30,869 recognised during the year ended 31 December 2010.

6 Assets held for sale

All costs capitalized associated with Hinoba-an and Basay Projects were reclassified to Assets Held for Sale during 2012. These assets relate to the following:

Assets reclassified from:	**Deferred mine exploration costs (note 7)**			
	Hinoba-an (Selenga) US$	**Basay (Adanacex) US$**	**Advances - Royalties US$**	**Total US$**
Cost at 01 January 2013	33,362,865	12,461,646	990,000	46,814,511
Additions during the year	131,040	-	-	131,040
Cost at 31 December 2013	33,493,905	12,461,646	990,000	46,945,551
Impairment at 01 January 2013	14,780,766	12,461,646	-	27,242,412
Charge during the year (note 22)	3,631,040	-	-	3,631,040
Impairment at 31 December 2013	18,411,806	12,461,646	-	30,873,452
Net carrying value at 31 December 2012	**18,582,099**	**-**	**990,000**	**19,572,099**
Net carrying value at 31 December 2013	**15,082,099**	**-**	**990,000**	**16,072,099**

Hinoba-an Project

In 2012, the Company completed a Comprehensive Technical Report (CTR) prepared by independent consultants to evaluate the viability of Hinoba-an Project. The CTR showed that the Project has a large and attractive JORC compliant mineral resource. The Company has also undertaken a financial analysis based on its view of the most likely configuration of the Hinoba-an Project and concluded that its fair value is considerably above its carrying value. No further impairment was recognized during that period.

In the previous year, due to the Company's decision to place the project under care and maintenance to pursue a trade sale or a joint venture, the carrying value of Hinoba-an Project previously capitalised to Deferred Mine Exploration cost (note 7) was reclassified to Assets held for sale in accordance with the Group's accounting policy.

The Directors continue to be actively engaged in the realisation of the project with a number of well placed counter parties. As a result of the unique nature of the project as well as the current distressed financial market conditions for mining companies, execution of a sale has taken longer than anticipated. However, management remain committed to a sales process.

Despite the very positive results of the CTR undertaken in 2012, management has resolved to increase the impairment by additional $3.6 million during the year. Negotiations and transactions costs have been considered when considering any impairment to the assets classified as held for sale, however, by nature the current carrying/realisation value is an estimation.

Significant contracts governing Hinoba-an Project

Operating Agreement (OA) between Selenga Mining Corporation (SMC) and Colet Mining and Development Corporation (Colet)

On 07 December 1991, SMC entered into an OA with Colet, a claim owner which has granted SMC the right to operate its mining claims on certain areas subject to certain terms and conditions. The OA is effective for a period of 25 years from 07 December 1991 and shall be renewable for another period of 25 years, under the same terms and conditions at the option of SMC.

Integrated Mining and Operating Agreement (IMOA) between SMC and Colet

On 17 December 2004, SMC entered into an IMOA with Colet in order to rationalize and govern their relationship with respect to mineral properties and consolidate the terms of OA dated 07 December 1991 and Royalty

Reduction Agreement dated 08 December 2003. Under the terms of the IMOA, SMC is committed to pay a 3% net benefits royalty to Colet in relation to the Hinoba-an Copper Project (the Project).

On or before the date of filing a bankable feasibility study, SMC has the option to reduce the 3% net benefits royalty due to Colet to 2% for US$2.0 million consideration. Of the US$2.0 million, up to US$600,000 can be satisfied by issue of shares of any listed company at the option of SMC. This 2% net benefits royalty may be bought out by SMC for US$6.0 million to be satisfied with cash of US$4.0 million and issue of shares of any listed company worth US$2.0 million. In the event the SMC buys out the remaining 2% net benefits royalty, Colet shall be liable to repay SMC US$1.0 million. Colet is also entitled to 7.5% of the outstanding capital stock of SMC.

Both OA and IMOA were entered into prior to the Company's acquisition of interest in SMC on 25 November 2009.

Second Amendatory Royalty Agreement (SARA)
In December 2009, SMC and Colet entered into SARA, to renegotiate the IMOA and further outline the rights and responsibilities of each of the parties relative to the Project and agreement previously executed. The following has been agreed to in the SARA:

a) SMC will pay Colet US$450,000 for the latter to issue a letter to Mines and Geosciences Bureau (MGB) reinstating the provision of the OA and IMOA (paid).
b) SMC shall pay Colet US$300,000 upon approval/acceptance of MGB of the Deed of Assignment where Colet assigned its rights and interest over the MPSA to SMC on 16 January 2006 (paid).
c) SMC shall pay Colet US$30,000 for 12 months and shall increase to US$45,000 thereafter, the total of which shall be deductible from any future carried net benefit payment owed by SMC to Colet under the IMOA. The monthly payment shall cease upon full payment of d) and e) below.
d) SMC shall pay US$1,250,000 to Colet to extinguish and buy-out the 1% of the net benefit royalty described in IMOA (paid during 2011).
e) SMC shall pay US$1,500,000 upon securing a financing to commence construction and development of the Project after bankable feasibility study to extinguish 0.5% of the net benefit payment which must happen within 9 months from May 2011 (paid during 2012).

As such the Group's obligation to Colet in respect of net benefit royalties is now reduced to 1.5%. Colet also retains their 7.5% stake in SMC.

The Group paid the following fees during the year in accordance with the terms of the contracts:

	2013	2012
Advance royalty payments under item c) above	**US$**	US$
Total Royalty payments at 01 January	**990,000**	900,000
Total Royalty payments made during the year	**-**	90,000
Total Advances - Royalty at 31 December (reclassified as Assets held for sale)	**990,000**	990,000

	2013	2012
Royalty payments recognised as expense during the year	**US$**	US$
Payment in respect of item e) above	**-**	1,500,000
Option payments to Class B shareholders of HSHI (note 11)	**11,281**	12,636
	11,281	1,512,636

Basay Project
In 2012, the Company has completed an internal interim report for Basay project which provided a non-AIM compliant estimate of resource and grade that the Board has concluded is insufficient to support a mining operation. Additional drilling, which the report recommended to determine the extent of the deposits, has not been conducted in light of the costs as well as the other aspects of the Project which the Company is currently resolving. As with Hinoba-an, significant cost reductions have been implemented to the minimum necessary to meet the regulatory requirements of the Philippine government for mining companies.

The total carrying value of cost capitalised in respect of this project has been reclassified to Assets held for sale in 2012. Immediately following reclassification, management resolved to recognize a full impairment against the

carrying value due to uncertainty on the viability of the mineral property and in light of on-going issues with the project permits which remains unresolved.

Significant contracts governing Basay Project

The Group entered into a Deed of Assignment with Euzkadi Holdings Corporation (Euzkadi) whereby the Euzkadi transfers all the rights, title and interest over the Amended Exploration Permit No. 000013VII dated 01 December 2010 covering an area of 1,808.4466 hectares situated at barangay Maglinao, Municipality of Basay, Province of Negros oriental. The Company agreed to pay US$100,000 within ten days of signing the agreement and US$1,900,000 upon approval and issuance of the related exploration permit. The Group continues to work towards resolving the transfer and re-issuance of this permit.

7 Deferred mine exploration costs

Deferred mine exploration costs represent intangible assets and comprises costs directly attributable to exploration activities. Equipment and other assets used in exploratory activities are capitalised in Property, Plant and Equipment. Depreciation charges in respect of these assets are capitalised in deferred mine exploration costs.

The schedule below details the current projects of the Group and the related acquisition cost capitalised:

	Hinoba-an (Selenga) US$	Basay (Adanacex) US$	Total US$
Net carrying value at 01 January 2012	**16,946,012**	**7,832,831**	**24,778,843**
Costs capitalised during the year	1,387,382	4,576,960	5,964,342
Depreciation charges capitalised during the year (note 8)	248,705	51,855	300,560
Reclassification to Assets held for sale (note 6)	(18,582,099)	(12,461,646)	(31,043,745)
Net carrying value at 31 December 2012	-	-	-
Net carrying value at 31 December 2013	-	-	-

In 2012, the Group had taken a strategic decision to suspend all the drilling activities in both Hinoba-an and Basay projects to pursue a trade sale or a joint venture. In accordance with the Group's accounting policy, all costs attributable to these projects have been reclassified to Assets held for sale (see note 6).

8 Property, plant and equipment

Following a decision made during 2012 to place both Hinoba-an and Basay projects under care and maintenance whilst pursuing trade sale or joint venture, the Group has resolved to sell off all its fixed assets held in the Philippines to defray the retrenchment and legal costs. Total proceeds from sale and book value of assets sold in 2012 were US$157,570 and US$401,391, respectively, realizing a total loss of US$243,821. The book value of remaining assets not sold has been reclassified to Assets held for sale and fully impaired.

There has been no fixed assets additions during 2013 and as such fixed assets are nil at 31 December 2013.

Group	Buildings & improvements US$	Office furniture & equipment US$	Transportation equipment US$	Tools and equipment US$	Total US$
Cost					
At 1 January 2012	794,539	314,727	313,015	171,381	1,593,662
Additions	25,973	12,797	-	48,536	87,306
Disposal	(68,741)	(152,632)	(284,798)	(208,703)	(714,874)
Reclassification - assets held for sale	(751,771)	(174,892)	(28,217)	(11,214)	(966,094)
As at 31 December 2012	-	-	-	-	-
Depreciation					
At 1 January 2012	247,584	138,761	97,646	54,923	538,914
Charge for the year (capitalised)	115,616	96,885	45,129	42,930	300,560
Disposal	(10,313)	(101,973)	(114,558)	(86,639)	(313,483)
Reclassification - assets held for sale	(352,887)	(133,673)	(28,217)	(11,214)	(525,991)

As at 31 December 2012	-	-	-	-	-
Net book value					
As at 31 December 2012	-	-	-	-	-

9 Trade and other receivables

	31 December 2013	31 December 2012
	US$	US$
Advances and deposits - others	**11,901**	74,868
Prepayments and other debtors	**149,440**	149,962
Other assets	**-**	9,748
	161,341	234,578

10 Trade and other payables

	31 December 2013	31 December 2012
	US$	US$
Withholding tax payable	**-**	291
Accounts payable	**33,111**	13,307
Accrued expenses and other payables	**64,516**	179,429
	97,627	193,027

11 Investments in subsidiary undertakings

Cost	**US$**
CDC Philippines Holdings Limited	**1,500,000**
Basay Copper Limited	**1,900,000**
At 31 December 2012 / 2013	**3,400,000**

All subsidiary companies are included in the consolidated financial statements of Copper Development Corporation. At 31 December 2013, the Group had the following subsidiaries:

Name of company	**Place of incorporation**	**Ownership interest**	**Principal activity**
Hinoba Holdings (Australia) Pty Limited	Australia	100%	Administration Offices (Dormant)
Hinoba Holdings (Philippines), Inc.	Philippines	100%	Holding company of Hinoba-an & Sipalay Holdings
Hinoba-an & Sipalay Holdings,Inc.	Philippines	100%	Holding company of Selenga Mining Corporation
Selenga Mining Corporation	Philippines	92.5%	Mining exploration
CDC Philippines Holdings Limited*	British Virgin Islands	100%	Holding company of Hinoba Holdings (Philippines), Inc.
Basay Copper Limited *	British Virgin Islands	70%	Holding company of Adanacex Resources Inc.
Adanacex Resources Inc.	Philippines	70%	Mining exploration

* *Held directly by Copper Development Corporation. All other holdings are indirect.*

Hinoba-an & Sipalay Holdings Inc (HSHI) has two different classes of shares, being class A ordinary shares and class B preferred shares. Hinoba Holdings (Philippines), Inc (HHPI) owns 100% of the class A shares and three Directors of Hinoba-an & Sipalay Holdings Inc. own 100% of the class B shares. The class A shares entitle the holder to 100% of the economic benefits of the Company after the class B shares preference dividend. Holders of class B shares are entitled to a fixed cumulative annual preference dividend equal to 10% of the par value of the Class B shares (which cannot exceed US$32/PHP 1,500 per annum). The voting rights of the class A and B shares are 40% and 60% respectively. The Group has executed Assignable Option Agreements with each of the Class B shareholders which

granted the Group a call option to acquire the Class B shares at a total purchase price of PHP 2,996,000 (US$73,100) at any time during a five year term, which expires on 08 September 2014, renewable upon mutual agreement by both parties, and a right of first refusal should a Class B shareholder wish to dispose of his Class B shares. The Group shall also pay the Class B shareholders an annual fee of PHP 500,000 (US$11,281 (2012: US$12,636)) during the five year option period until the option is exercised.

HHPI is a wholly owned subsidiary of CDC Philippines Holdings Limited which is a wholly owned subsidiary of Copper Development Corporation. Hence, the Group has a 100% economic equity interest in the Company and it is consolidated accordingly.

On signing of the joint venture agreement in April 2011, the Company completed the acquisition of a 70% interest in Basay Copper Limited (BCL) from Solfotara Mining Corp., a private Canadian company. The acquisition was completed through conversion of an existing US$1.9 million convertible loan. BCL is a company incorporated in the British Virgin Islands which legally and/or beneficially owns 100% of the Basay Project through its wholly owned subsidiary Adanacex Resources, Inc. (Adanacex). Full details of acquisition are disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2011.

12 Share premium

Authorised

The Company is authorised to issue an unlimited number of nil par value shares of a single class.

	Date	Price	Shares	Share capital	Share premium
Issued ordinary shares of US$0.00 each				US$	US$
At 01 January 2012			226,410,169	-	73,737,654
Warrants exercise	19/07/2012	£0.0284	4,000,000	-	177,652
At 31 December 2012			230,410,169	-	73,915,306
Buy back of shares	26/11/2014	$0.061	(192,909,136)	-	(11,767,457)
At 31 December 2013			**37,501,033**	**-**	**62,147,849**

The Board resolved to offer shareholders the opportunity to sell back some or all of their ordinary shares to the Company by way of a tender offer at a proposed price of US$0.061 per ordinary share. On 29 October 2013, the Company released a circular to all shareholders setting out the terms and conditions of a tender offer. The offer closed on 22 November 2013 which resulted in the tender of approximately 83.72% of the Company's enlarged share capital based on valid acceptances received from Shareholders.

13 Warrants

A reconciliation of total number of share warrants in issue as at the year-end is set out below. None of these warrants were subject to any vesting period and therefore can be exercised anytime. Accordingly, the value of these warrants has been expensed immediately.

Holder	Issue Date	Expiry date (years from admission)	Exercise Price	As at 01 January 2013	Exercised during the year	Expired during the year	As at 31 December 2013
Brant Investments Limited	23/12/10	5 years	£0.35 (US$0.55)	2,000,000	-	-	2,000,000
				2,000,000	**-**	**-**	**2,000,000**

Warrants issued on 23 December 2010 were valued at US$519,672. The Company has utilised the Black Scholes Model for the purposes of estimating fair value of the warrants upon issue. In accordance with accounting guidance the Company used share price data of a similar actively listed company as the Company did not have its own appropriate share trading data at the point of issue of such warrants.

The following table lists the inputs to the models used for warrants issued at:

	23 December 2010
Dividend yield (%)	-
Expected volatility (%)	100.00%
Risk-free interest rate (%)	1.24%
Share price at grant date	US$0.67
Share price (market value)	US$0.60
Exercise price	US$0.35
Expected exercise period	4 years

14 Share options

Share Option Scheme

In accordance with, and subject to the terms of the Company's Share Option Scheme, options issued during the year shall vest in equal instalments annually over a period of three years from the date of grant or over a period stated in the relevant option certificate. Vested options are exercisable at the Exercise Price and may not be exercised later than the tenth anniversary of the Date of Grant or such earlier time as determined by the grantor. The Directors shall have an absolute discretion as to the selection of persons to whom an Option is granted by the Company. An option shall not be granted to any person unless he is a person/company who has provided or is providing services to the Group as a consultant or otherwise (Approved Grantee) or an employee or any person nominated by such Approved Grantee or employee. The exercise price shall be determined by the Directors and shall be the market value of a Share on the date of the grant of the option to the option holder or shall be such greater or lesser price as the Directors shall determine in their discretion provided always that in the case of a subscription option, the price shall not be less than the nominal value of a Share. Exercise of the option may be conditional upon satisfaction of performance-related conditions as shall be determined by the Directors and notified to the option holder on the date of the grant. They are not transferable and may not be exercised when to do so would contravene the provisions of the Company's code governing share dealings by directors and employees. In the event that a director/consultant resigns and ceases to be engaged by the Company in any role, pursuant to the Share Option Scheme rules, he or she may only exercise options which have vested and for a period of no later than six months from resignation.

A reconciliation of total number of share warrants in issue as at the year-end is set out below.

Holder	Issue Date	Vesting period / Exercise period from Issue date	Exercise Price	As at 01 January 2013	Exercised during the year	Expired during the year	As at 31 December 2013
Directors and certain key employees	01/06/10	3 years / 5 years	US$0.35	3,050,000	-	800,000	2,250,000
Key employees and consultants	09/05/11	3 years / 5 years	£0.35	565,000	-	265,000	300,000
				3,615,000	**-**	**1,065,000**	**2,550,000**

Total number of options that have vested and available for exercise as at the year-end was 2,450,000 (2012: 2,665,000).

The Group calculates the costs of share based payment based on its fair value and the estimate of number of options expected to vest. The cost is spread evenly over the vesting period. Based on the estimated number of options expected to vest, the total fair value of share options is US$1,294,823 of which US$1,290,905 has been recognised as at 31 December 2013.

The Company has utilised the Black Scholes Model for the purposes of estimating fair value of the share options upon issue. In accordance with accounting guidance the Company has used share price data of a similar actively listed company where the Company did not have its own appropriate share trading data.

The following table lists the inputs to the models used for options issued at:

	9 May 2011	1 June 2010
Dividend yield (%)	-	-
Expected volatility (%)	100.00%	100.00%
Risk-free interest rate (%)	1.85%	1.24%
Share price at grant date	US$0.57	US$0.67

Share price (market value)	US$0.35	US$0.60
Exercise price	US$0.58	US$0.35
Expected exercise period	3 years	4 years

15 Loan receivable

The Company entered into the following loan arrangements:

i. On 5 September 2012, the Company placed £350,000 (US$578,162) with Manx Financial Group plc (MFG) as a bond. The bond bears a fixed rate interest of 5% per annum payable quarterly in arrears. The principal together with any unpaid interest is repayable after 5 years. Total interest earned during the year was £17,500 (US$27,475).

ii. On 3 October 2012, the Company placed £150,000 (US$247,783) with Manx Financial Group plc (MFG) as a bond. The bond bears a fixed rate interest of 5% per annum payable quarterly in arrears. The principal together with any unpaid interest is repayable after 5 years. Total interest earned during the year was £7,500 (US$11,775).

16 Investment in Crazy Horse Resources

On 1 July 2011, the Company acquired, by way of private placement, a strategic investment in Crazy Horse Resources Inc. (CHR), a copper and gold company traded on the TSX Venture Exchange and owns the Taysan Project, an advanced copper gold porphyry deposit located 100 km south of Manila in the Philippines. At the time of the acquisition Brian Lueck was a Director of both the Company and CHR. The total number of shares acquired was 7,490,642 at a total cost of US$5,861,409.

This investment is classified as financial asset at fair value through profit or loss. For valuation purposes, it was revalued using the closing bid price as at the reporting period.

	31 December 2013	31 December 2012
Total number of shares held *	**2,496,880**	7,490,642
	US$	US$
Market value of investment at closing bid price	**140,812**	679,270
Total cost	**(5,861,409)**	(5,861,409)
Unrealised loss on investment	**(5,720,597)**	(5,182,139)

** decreased as a result of 3:1 share consolidation*

17 Financial instruments

Financial risk management

The Group has risk management policies that systematically view the risks that could prevent the Group from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Group's objectives are achieved. The Group's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Group's established business objectives.

The Group's principal financial instruments consist of cash, receivables and payables arising from its operations and activities. The main risks arising from the Group's financial instruments and the policies for managing each of these risks are summarised below.

Interest rate exposure

Interest rate risk is the risk that the Group will sustain losses through adverse movements in interest bearing assets or liabilities; however it is the Directors' opinion that the Group is not significantly exposed to interest rate risk.

Market price risk

Equity price risk arises from financial assets at fair value through profit or loss due to uncertainties about future values of the instrument. Investment held at year end represents interest held in the share capital of Crazy Horse

Resources, a copper and gold company traded on the TSX Venture Exchange. The performance of this investment is monitored and reviewed by management on a regular basis. As at 31 December 2013, the fair value of equity security exposed to price risk was US$140,812 (2012: US$679,270). A 5% increase or decrease in the fair value of this listed investment with all other variables constant would have increased/decreased the profit or loss and equity by US$7,041 (2012: US$33,964).

Foreign exchange risk
The Group is exposed to foreign currency risk on fluctuations related to financial assets and liabilities that are denominated in Pounds (GBP), Philippine Peso (PHP), Australian Dollars (AUD) and Canadian Dollars (CAD). The amounts exposed to foreign currency risk are as follows (in currency balance):

		GBP	**PHP**	**AUD**	**CAD**
31 December 2013	Cash	511,878	-	-	-
	Accounts receivable	-	-	-	-
	Investment	-	-	-	140,812
	Accounts payable	(5,847)	(1,131,999)	-	-
31 December 2012	Cash	2,387,747	-	-	-
	Accounts receivable	-	860,061	-	-
	Investment	-	-	-	676,974
	Accounts payable	(38,438)	-	(85,512)	-

The impact of 5% strengthening of the following major currencies against US Dollars to total comprehensive income/loss is set-out below. A 5% weakening in these currencies would have had the equal but opposite effect, on the basis that all other variables remain constant.

	31 December 2013	31 December 2012
US Dollars against:	**US$**	US$
GBP	**41,795**	189,746
PHP	**1,272**	1,046
AUD	**-**	4,434
CAD	**6,616**	33,964

There is no other impact on the Group's equity other than those already affecting the consolidated statement of comprehensive income (loss).

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. The Group's credit risk is primarily attributable to receivables and cash balances with the maximum exposure being the reported balance in the statement of financial position. A large portion of total debtors balance is due from Colet Mining and Development Company, a company contracted to do the geological drillings for both Hinoba-an and Basay projects. The company assessed that the balance is not at risk of non-collection due to the presence of material contract. The Company has nominal level of debtors balance due from officers and employees and as such the Company believes that the credit risk concentration is minimal. The Company holds available cash with licensed banks which have strong history. The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The bank accounts are held under a fiduciary agreement and funds are available on demand.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by the Company by means of cash flow planning to ensure that future cash requirements are anticipated. All liabilities are due within one month and all cash maintained in call accounts. To date the Group has relied upon equity funding to finance operations. The carrying amount of financial assets and liabilities reported in the consolidated statement of financial position represents the maximum exposure to liquidity risk. During the prior year, the Group has taken a decision to place the Hinoba-an and Basay projects under care and maintenance to pursue a trade sale or a joint venture. Significant costs reductions have been implemented across the Group to the minimum level that is required to maintain the sites and meet regulatory requirements for mining companies in the Philippines. Based on the 12 month budget approved by the Board, the average monthly

burn rate to maintain the projects and meet the corporate costs of the group stands at US$55,324. Management is confident that adequate resources are available to meet current obligations whilst efforts are focused on marketing the projects.

Political risks
The Group's operations are subject to laws and regulations governing exploration activities. While the Group believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in laws and regulations could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Group or its properties which could have a material adverse impact on the Group's current operations or planned exploration and development projects.

The Group’s exploration projects are located in the Philippines. The Group's activities may be affected in varying degrees by political stability and governmental regulations. Any changes in regulations or shifts in political attitudes in these countries or any other countries in which the Group may operate are beyond the control of the Group and may adversely affect its operations.

Financial risk management classification
Financial instruments comprise cash and trade and other receivables (classified as loans and receivables) and accounts payable and accrued expenses (classified as other financial liabilities). The carrying amounts of these financial instruments reported in the statement of financial position approximate their fair values due to the short-term nature of these accounts.

Capital Management
The Group manages its capital to maximize the return to the shareholders through the optimization of equity. The capital structure of the Group at 30 September 2012 consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed.

The Group manages its capital structure and makes adjustments to it, in light of economic conditions and the strategy approved by shareholders. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and release the Company’s share premium account. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 2012.

18 Related party transactions

All related party transactions occurred in the normal course of operations, and are measured at the fair value, which is the amount of consideration established and agreed to by the related parties.

Key management personnel
The Directors of the Company received the following remuneration during the year:

	31 December 2013	31 December 2012
	US$	US$
Mitch Alland	**107,500**	300,000
Denham Eke	**52,335**	180,000
Brian Lueck (resigned 14 June 2012)	**-**	60,000
Guy Elliott	**12,000**	38,000
Clyde Heintzelman (resigned 06 December 2013)	**12,000**	38,000
	183,835	616,000
Directors of subsidiaries	**40,210**	49,314
	224,045	665,315

The Directors hold the following number of shares in the Company as the year end:

	Number	**% of issued share capital**
Mitch Alland	450,002	1.20%
Denham Eke **1**	286,000	0.76%
	736,002	**1.96%**

Notes to Directors' Interests:

1 Denham Eke is a director of Galloway Limited. At 31 December 2013 Galloway Limited held 286,000 shares representing 0.12% of the issued share premium at the period end.

There were no warrants currently in issue to key personnel of the Company. The following table summarises a reconciliation of options in issue to key personnel as at 31 December 2013:

Name	**01 January 2013**	**Granted**	**Expired**	**Exercised**	**31 December 2013**
Options					
Denham Eke	1,000,000	-		-	1,000,000
Mitch Alland	1,000,000	-		-	1,000,000
Brian Lueck (resigned 14 June 2012)	666,667	-	666,667	-	-
Guy Elliott	250,000	-		-	250,000

Burnbrae Limited

The Company has entered into a service agreement with Burnbrae Limited for the provision of administrative and general office services. Mr Denham Eke is a director of both Burnbrae Limited and the Company. During the year the Company incurred costs of US$50,547 (2012: US$142,801) under this agreement of which US$Nil were outstanding at the end of the year (2012: US$Nil).

Manx Financial Group plc (MFG)

The Company entered into loan agreements with MFG, terms of the agreement are disclosed in Note 15. Denham Eke is a director of both the Company and MFG.

19 Significant shareholdings

As of 31 December 2013 the Company is aware of the following persons who hold, directly or indirectly, voting rights representing 3% or more of the issued share capital of the Company to which voting rights are attached:

	Number of ordinary shares held	**Percentage of total issued capital**
Michael Bayback *(1)*	7,207,428	19.22%
Front St Investment Management Inc	2,388,571	6.37%
TD Direct Investing Nominees (Europe) Limited	2,154,697	5.75%
Eli Management LLC	1,787,428	4.77%
Wang Strategic Capital Partners (II) Limited	1,428,571	3.81%
Barclayshare Nominees Limited	1,322,954	3.53%

Notes:

(1) Michael Bayback shareholdings consist of 836,000 shares held in his own name and 6,371,428 shares held by Anglo Mongolian Gold Corporation, a company whose sole shareholder is Michael Bayback.

20 Segment reporting

The Group operates in one industry segment: mineral exploration and development in two exploration projects in the Philippines, Hinoba-an and Basay. The activities of these projects alongside those of the corporate entities within the Group are regularly monitored by management to make decisions about resources and assess its performance and discrete financial information is maintained for each. Below is the analysis of Group's exposures in these segments:

	Hinoba-an US$	**Basay US$**	**Corporate US$**	**Total US$**
Deferred mine exploration costs	-	-	-	-
Other non-current assets	-	-	140,812	140,812
Assets held for sale	16,072,099	-	-	16,072,099
Other current assets	9,480	60,332	2,160,906	2,230,718
Total liabilities	(25,480)	-	(72,191)	(97,671)
Finance income	-	-	48,646	48,646
Expenses	(3,695,691)	(11,573)	(1,763,172)	(5,470,436)
Net loss	(3,695,691)	(11,573)	(1,714,526)	(5,421,790)
Other comprehensive income	(261,576)	262,807	-	1,231

Total expenses are as disclosed in the consolidated statement of comprehensive income.

21 Basic and diluted earnings per share

The calculation of basic earnings per share of the Group is based on the net loss attributable to shareholders for the year of US$5,141,733 (2012: US$15,485,348) and the weighted average number of shares outstanding of 211,912,033 (2012: 228,054,005).

Diluted earnings per share are calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2013 and 2012, there is no dilutive effect, because the Group incurred net losses. Therefore, basic and diluted earnings per share are equal.

Weighted average number of ordinary shares

	31 December 2013	31 December 2012
Issued ordinary shares at 01 January	**230,410,169**	226,410,169
Effect of share warrants exercised	**-**	1,643,836
Effect of buy back of shares	**(18,498,136)**	-
	211,912,033	228,054,005

22 Impairment loss

Certain assets of the group have been assessed for impairment during the year. The following impairment losses have been recognised as a result of assessment made:

	31 December 2013	31 December 2012
	US$	US$
Assets held for sale (note 6)	**3,631,040**	12,901,749
Other debtors	**16,165**	18,064
	3,647,205	12,919,813

23 Company loss

The loss made by the Company during the year was US$1,714,526 (2012: US$4,932,827).

24 Subsequent events

There were no significant events after the reporting period.