7am on 30 September 2014

Copper Development Corporation
(The "Company")

Unaudited Consolidated Interim Financial Report For the six month period year ended 30 June 2014

The Company announces its unaudited interim accounts for the six months ended 30 June 2014 (the "Accounts"). These Accounts will shortly be available at the Company's website - www.copperdevelopmentcorp.com.

Copper Development Corporation Mitch Alland, Chairman Denham Eke, Chief Financial Officer	+44 (0) 1624 639396
Nominated Advisor and Broker Beaumont Cornish Limited Roland Cornish and Felicity Geidt	+44 (0)207 628 3396

Financial and operational highlights

- The carrying value of Hinoba-an project currently stood at US$15.1 million whilst the carrying value of Basay project remained fully impaired as at 30 June 2014. No further impairment was recognised during the period in respect of Hinoba-an project.
- Investment in Crazy Horse Resources Inc. is currently valued at US$0.5 million.
- There were no new options or warrants issued during the period and none of the vested warrants and options were exercised during the period.
- 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.
- Total number of shares in issue as at 30 June 2014 was 37,501,033. No new shares were issued during the period.
- Loss per share at 30 June 2014 is 0.87 cents (30 June 2013: 0.40 cents).

Chairman's statement

Dear Shareholders,

As I announced in June 2014, the Company is seeking a prospective buyers for its financially attractive Hinoba-an copper project on Negros Island in the Philippines. Despite a certain level of interest, no firm purchase offers have yet been received. Thus the outcome of any sale is still highly uncertain given the continuing distressed global financial market conditions for mining companies. Similarly, there have been no new developments on the Basay Copper Project, also on Negros Island.

The operating loss for the period was US$0.352 million (2013: loss of US$0.969 million). The total comprehensive loss for the period was US$0.330 million (2013: US$ 0.969 million). Basic and diluted earnings per share were negative 0.87 US cents (2013: negative 0.40 US cents).

The Board has reviewed the carrying value of the Company's assets and has taken the decision not to apply any further impairment at this point. As a result, total assets were US$18.054 million (2013: US$18.444 million), including cash of US$0.861 million (2013: US$1.243 million).

The Company continues to minimise costs, by keeping its assets on a care-and-maintenance basis, whilst seeking prospective buyers. Meanwhile, the Board is actively pursuing other potential acquisition, investment or merger opportunities.

Mitchell Alland
Executive Chairman

29 September 2014

Directors' report

The Directors present their interim report and the unaudited consolidated interim financial statements for Copper Development Corporation (the Company) for the six month period ended 30 June 2014.

Principal activity

The Group was formed primarily to engage in the exploration, development, mining and processing of minerals, petroleum and other mineral oils.

The Company, through its holding company subsidiaries, own 92.5% rights to the Hinoba-an copper mine development project and a 70% interest in the Basay copper mine development project, both within the jurisdiction of the Republic of the Philippines.

Results and transfers to reserves

The results and transfers to reserves for the year are set out below in the interim financial statements.

The Group made a total comprehensive loss attributable to equity shareholders for the year after taxation of US$314,280 (2013: US$961,435).

Dividend

The Directors do not propose the payment of a dividend for the period (2013: US$nil).

Directors

The Directors who served during the period and to date are:

	Resigned
Denham Eke	
Mitchell Alland	
Guy Elliott	
Clyde Heintzelman	06 December 2013

By order of the Board

Denham Eke
Secretary

Craigmuir Chambers
Road Town
Tortola
British Virgin Islands

Unaudited consolidated statement of comprehensive income

for the six month period ended 30 June 2014

	Notes	**Period ended 30 June 2014 (unaudited) US$**	Period ended 30 June 2013 (unaudited) US$	Year ended 31 December 2013 (audited) US$
Unrealised loss on investment	*12*	**-**	(323,465)	(538,458)
Impairment losses	*21*	**-**	(131,040)	(3,647,205)
Loss on sale of assets		**-**	-	-
Operating expenses				
Directors' fees	*4,17*	**(90,098)**	(100,377)	(224,045)
Consultants' fees		**(7,816)**	-	(4,533)
Salaries and wages		**(22,714)**	(2,843)	(27,021)
Other professional fees		**(119,415)**	(120,154)	(424,432)
Travel and entertainment		**(12)**	(9,994)	(14,968)
Administration expenses		**(112,863)**	(104,034)	(510,540)
Share option charge	*15*	**(3,918)**	-	-
Share warrants charge	*14*	**-**	-	-
Foreign exchange gain/(losses)		**4,417**	(176,626)	(67,953)
Deed payments	*6*	**-**	(73)	(11,281)
Loss before finance income	*4*	**(352,419)**	(968,606)	(5,470,436)
Finance income		**21,887**	26,601	48,646
Loss before income tax		**(330,532)**	(942,005)	(5,421,790)
Deferred tax expense	*5*	**-**	-	-
Loss after income tax		**(330,532)**	(942,005)	(5,421,790)
Other comprehensive income/(loss) - foreign currency translation reserve		**256**	(86)	1,231
Total comprehensive loss for the period		**(330,276)**	(942,091)	(5,420,559)
Loss attributable to:				
Non-controlling interests		**(2,988)**	(19,261)	(280,057)
Equity shareholders		**(327,544)**	(922,744)	(5,141,733)
		(330,532)	(942,005)	(5,421,790)
Total comprehensive (loss)/gain attributable to:				
Non-controlling interests		**(15,996)**	19,344	(220,833)
Equity shareholders		**(314,280)**	(961,435)	(5,199,726)
		(330,276)	(942,091)	(5,420,559)
Basic and diluted loss per share	*20*	**(0.0087)**	(0.0040)	(0.0243)

Unaudited consolidated statement of financial position

as at 30 June 2014

	Notes	**At 30 June 2014 (unaudited) US$**	At 31 December 2013 (audited) US$
Assets			
Property, plant and equipment	*8*	**-**	-
Investment in Crazy Horse Resources	*12*	**140,812**	140,812
Total non-current assets		**140,812**	140,812
Current assets			
Cash and cash equivalents		**861,028**	1,243,432
Loan receivable	*11*	**825,945**	825,945
Trade and other receivables	*9*	**154,168**	161,341
Assets held for sale	*6*	**16,072,099**	16,072,099
Total current assets		**17,913,240**	18,302,817
Total assets		**18,054,052**	18,443,629
Equity			
Share premium	*13*	**62,147,849**	62,147,849
Share option reserves	*15*	**1,294,823**	1,290,905
Warrants	*14*	**1,195,694**	1,195,694
Foreign currency translation reserve		**(85,213)**	(98,477)
Retained deficit		**(42,336,636)**	(42,009,092)
Shareholders' equity		**22,216,517**	22,526,879
Non-controlling interest		**(4,196,917)**	(4,180,921)
Total equity		**18,019,600**	18,345,958
Non-current liabilities			
Deferred tax liability	*5*	**44**	44
Total non-current liabilities		**44**	44
Current liabilities			
Trade and other payables	*10*	**34,408**	97,627
Total liabilities		**34,452**	97,671
Total equity and liabilities		**18,054,052**	18,443,629

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 September 2014 and were signed on their behalf by:

Mitchell Alland
Director

Denham Eke
Director

Unaudited consolidated statement of changes in equity

for the six month period ended 30 June 2014

	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 2014 (audited)		62,147,849	1,195,694	1,290,905	(98,477)	(42,009,092)	22,526,879	(4,180,921)	18,345,958
Total comprehensive loss for the period									
Loss for the period		-	-	-	-	(327,544)	(327,544)	(2,988)	(330,532)
Other comprehensive income/(loss) for the period		-	-	-	13,264	-	13,264	(13,008)	256
Transactions with owners of the Company									
Share options charge	*15*	-	-	3,918	-	-	3,918	-	3,918
Balance at 30 June 2014 (unaudited)		**62,147,849**	**1,195,694**	**1,294,823**	**(85,213)**	**(42,336,636)**	**22,216,517**	**(4,196,917)**	**18,019,600**

	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 (audited)	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 period								
Loss for the period	-	-	-	-	(922,744)	(922,744)	(19,261)	(942,005)
Other comprehensive loss for the period	-	-	-	(38,691)	-	(38,691)	38,605	(86)
Transactions with owners of the Company								
Share options expired	-	-	(451,924)	-	(451,924)	-	-	-
Balance at 30 June 2013 (unaudited)	**73,915,306**	**1,195,694**	**1,379,440**	**(79,175)**	**(37,878,638)**	**38,532,627**	**(3,950,443)**	**34,582,184**

Unaudited consolidated statement of cash flows

for the six month period ended 30 June 2014

	Notes	**Period ended 30 June 2014 (unaudited) US$**	Period ended 30 June 2013 (unaudited) US$	Year ended 31 December 2013 (audited) US$
Cash flows from operating activities				
Loss before income tax		**(330,532)**	(942,005)	(5,421,790)
Adjusted for non-cash and non-operating items:				
Share option charge	*15*	**3,918**	-	-
Share warrants charge	*14*	**-**	-	-
Unrealised loss on investment	*12*	**-**	323,465	538,458
Impairment losses	*21*	**-**	131,040	3,647,205
Finance income		**(21,887)**	(26,601)	(48,646)

		(348,501)	(514,101)	(1,284,773)
Change in trade and other receivables		**7,173**	8,382	57,072
Change in trade and other payables		**(63,219)**	(192,157)	(95,400)
Net cash used in operating activities		**(404,547)**	(697,876)	(1,323,101)
Cash flows from investing activities				
Payment of deferred mine exploration costs	*6*	**-**	(131,040)	(131,040)
Net cash used in investing activities		**-**	(131,040)	(131,040)
Cash flows from financing activities				
Interest received		**21,887**	26,601	48,646
Buy back of shares	*13*	**-**	-	(11,767,457)
Increase in subsidiary share capital		**-**	-	9,699
Warrants exercised	*13, 14*	**-**	-	-
Unrealised foreign exchange gain/(loss)		**256**	(86)	(27,176)
Net cash generated from/(used in) financing activities		**22,143**	26,515	(11,736,288)
Decrease in cash and cash equivalents		**(382,404)**	(802,401)	(13,190,429)
Cash and cash equivalents at beginning of period/year		**1,243,432**	14,433,861	14,433,861
Cash and cash equivalents at end of period/year		**861,028**	13,631,460	1,243,432

Notes

forming part of the condensed consolidated interim financial statements for the six month period ended 30 June 2014

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 condensed consolidated interim financial statements of the Company as at and for the six month period ended 30 June 2014 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 condensed consolidated interim financial statements have been prepared in accordance with IAS34 Interim Financial Reporting and do not include all of the information required for full annual financial statements.

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 29 September 2014.

(b) Basis of measurement

Functional and Presentation Currency

The condensed consolidated interim 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 condensed consolidated interim 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.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

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 as at the 31 December 2012 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 condensed consolidated interim financial statements of the Company for the period ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The accounting policies adopted by the Group in the preparation of these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013. There were no new accounting policies adopted during the period.

The audited consolidated financial statements of the Group as at and for the year ended 31 December 2013 are available at the Group's website: http://www.copperdevelopmentcorp.com/investors/financialreports.html

4 Loss before finance income

Loss before finance income is stated after charging:

Company and Group	**Period ended 30 June 2014 (unaudited)**	Period ended 30 June 2013 (unaudited)	Year ended 31 December 2013 (audited)
	US$	US$	US$
Auditors' Fees	**2,158**	3,235	69,729
Directors' Fees (note 17)	**90,098**	100,377	224,045

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

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. These costs include the following:

Deferred mine exploration cost

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.

Advances
Refers to the monthly advanced royalty payments to Colet, the total of which shall be deductible from any future carried net benefit payment owed by SMC to Colet under the IMOA (see *Significant contracts*).

Assets reclassified from:	**Deferred mine exploration costs (note 7)**		**Advances - Royalties**	
	Hinoba-an (Selenga)	**Basay (Adanacex)**	**Hinoba-an (Selenga)**	**Total**
COST	**US$**	**US$**	**US$**	**US$**
At 01 January 2013 (audited)	33,362,865	12,461,646	990,000	46,814,511
Additions during the year	131,040	-	-	131,040
At 31 December 2013 (audited)	**33,493,905**	**12,461,646**	**990,000**	**46,945,551**
Additions during the period	-	-	-	-
At 30 June 2014 (unaudited)	**33,493,905**	**12,461,646**	**990,000**	**46,945,551**
IMPAIRMENT				
At 01 January 2013 (audited)	14,780,766	12,461,646	-	27,242,412
Charge during the year (note 21)	3,631,040	-	-	3,631,040
At 31 December 2013 (audited)	**18,411,806**	**12,461,646**	**-**	**30,873,452**
Charge during the period (note 21)	-	-	-	-
At 30 June 2014 (unaudited)	**18,411,806**	**12,461,646**	**-**	**30,873,452**
Net carrying value at 30 June 2014	**15,082,099**	**-**	**990,000**	**16,072,099**
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 ended 31 December 2013. 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. No further impairment is considered necessary for the current period.

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:

	At 30 June 2014 (unaudited)	At 31 December 2013 (audited)
Advance royalty payments under item c) above	**US$**	US$
Total Royalty payments at 01 January	**990,000**	990,000
Total Royalty payments made during the period/year	**-**	-
Total Advances - Royalty at 31 December (Assets held for sale)	**990,000**	990,000

	Period ended 30 June 2014 (unaudited)	Period ended 30 June 2013 (unaudited)	Year ended 31 December 2013 (audited)
Royalty payments recognised as expense during the period/year			**US$**
Payment in respect of item e) above	**-**	-	**-**
Option payments to Class B shareholders of HSHI (note 7)	**-**	-	**11,281**
	-	-	**11,281**

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 Investments in subsidiary undertakings

Cost	**US$**
CDC Philippines Holdings Limited	**1,500,000**
Basay Copper Limited	**1,900,000**
At 30 June 2014 / 31 December 2013	**3,400,000**

All subsidiary companies are included in the consolidated financial statements of Copper Development Corporation. At 30 June 2014, 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)
CDC Philippines Holdings Limited*	British Virgin Islands	100%	Holding company of Hinoba Holdings (Philippines), Inc.
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
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.*

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.

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 originally expired on 08 September 2014, but were renewed upon mutual agreement by both parties for a period of two years, 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) during the five year option period until the option is exercised.

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.

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 fully impaired or written off.

There has been no fixed assets additions during year ended 31 December 2013 and during the six month period ended 30 June 2014 and as such fixed assets are nil at 31 December 2013 and 30 June 2014.

9 Trade and other receivables

	At 30 June 2014 (unaudited) US$	At 31 December 2013 (audited) US$
Advances and deposits - others	**10,281**	11,901
Prepayments and other debtors	**143,887**	149,440
	154,168	161,341

10 Trade and other payables

	At 30 June 2014 (unaudited) US$	At 31 December 2013 (audited) US$
Withholding tax payable		-
Accounts payable	**32,548**	33,111
Accrued expenses and other payables	**1,860**	64,516
	34,408	97,627

11 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 period was £8,679 (US$14,618).

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 period was £3,719 (US$6,265).

12 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 2,496,880 (post 3:1 share consolidation) 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.

	At 30 June 2014 (unaudited)	At 31 December 2013 (audited)
Total number of shares held	**2,496,880**	2,496,880

	US$	US$
Market value of investment at closing bid price	**140,812**	140,812
Total cost	**(5,861,409)**	(5,861,409)
Unrealised loss on investment	**(5,720,597)**	(5,720,597)

13 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 2013 (audited)			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 (audited)			**37,501,033**	**-**	**62,147,849**
At 30 June 2014 (unaudited)			**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.

14 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	At 01 January 2014 (audited)	Exercised during the period	Expired during the period	At 30 June 2014 (unaudited)	Fair value at 30 June 2014
Brant Investments Limited	23/12/10	5 years	£0.35 (US$0.55)	2,000,000	-	-	2,000,000	1,195,694
				2,000,000	**-**	**-**	**2,000,000**	**1,195,694**

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

15 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**	**At 01 January 2014 (audited)**	**Exercised during the period**	**Expired during the period**	**At 30 June 2014 (unaudited)**
Directors and certain key employees	01/06/10	3 years / 5 years	US$0.35	2,250,000	-	-	2,250,000
Key employees and consultants	09/05/11	3 years / 5 years	£0.35	300,000	-		300,000
				2,550,000	**-**	**-**	**2,550,000**

Total number of options that has vested and available for exercise as at the year-end was 2,550,000 (31 December 2013: 2,450,000).

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 (31 December 2013: US$1,290,905) all of which have been recognized as expense as at 30 June 2014.

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

16 Financial instruments

Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

Financial instruments classification

Financial instruments comprise cash and trade and other receivables (classified as loans and receivables) and accounts payables 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 their short term nature.

17 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:

	Period ended 30 June 2014 (unaudited) US$	Period ended 30 June 2013 (unaudited) US$	Year ended 31 December 2013 (audited) US$
Mitch Alland	**45,000**	45,000	107,500
Denham Eke	**25,000**	27,000	52,335
Guy Elliott	**6,000**	6,000	12,000
Clyde Heintzelman (resigned 06 December 2013)	**-**	6,000	12,000
	76,000	84,000	183,835
Directors of subsidiaries	**14,098**	16,377	40,210
	90,098	100,377	224,045

The Directors hold the following number of shares in the Company as the period 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 30 June 2014 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 30 June 2014:

Name	**01 January 2014**	**Granted**	**Expired**	**Exercised**	**30 June 2014**
Options					
Denham Eke	1,000,000	-	-	-	1,000,000
Mitch Alland	1,000,000	-	-	-	1,000,000
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 period ended 30 June 2014 the Company incurred costs of US$25,834 (2013: US$30,722) under this agreement of which US$Nil were outstanding as at the period end (2013: US$Nil).

Manx Financial Group plc (MFG)

The Company entered into loan agreements with MFG, terms of the agreement are disclosed in Note 11. Denham Eke is a director of both the Company and MFG.

18 Significant shareholdings

As of 30 June 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%

Eli Management LLC	1,787,428	4.77%
TD Direct Investing Nominees (Europe) Limited	1,761,833	4.70%
Winterflood Securities Limited	1,576,757	4.20%
Wang Strategic Capital Partners (II) Limited	1,428,571	3.81%
HSBC Client Holdings Nominee (UK) Limited	1,220,449	3.25%
Barclayshare Nominees Limited	1,194,835	3.19%
Vidacos Nominees Limited	1,133, 686	3.02%

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.

19 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	9,657	60,243	1,771,241	1,841,141
Total liabilities	(318)	-	(34,134)	(34,452)
Finance income	-	-	21,887	21,887
Expenses	(27,916)	(3,062)	(321,441)	(352,419)
Net loss	(27,916)	(3,062)	(299,554)	(330,532)
Other comprehensive income/(loss)	58,154	(57,898)	-	256

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

20 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 period of US$327,544 (period ended 30 June 2013: US$922,744) (year ended 31 December 2013: US$5,141,733) and the weighted average number of shares outstanding of 37,501,033 (period ended 30 June 2013: 230,410,169) (year ended 31 December 2013: 211,912,033).

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 30 June 2014 and 2013 and 31 December 2013, 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	**At 30 June 2014 (unaudited)**	At 30 June 2013 (unaudited)	At 31 December 2013 (audited)
Issued ordinary shares at 01 January	**37,501,033**	230,410,169	230,410,169
Effect of share warrants exercised	**-**	-	-
Effect of buy back of shares	**-**	-	(18,498,136)
	37,501,033	230,410,169	211,912,033

21 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:

	Period ended 30 June 2014 (unaudited) US$	Period ended 30 June 2013 (unaudited) US$	Year ended 31 December 2013 (audited) US$
Assets held for sale (note 6)	**-**	131,040	3,631,040
Other debtors	**-**	-	16,165
	-	131,040	3,647,205

22 Company loss

The loss made by the Company during the period was US$299,554 (period ended 30 June 2013: US$742,527) (year ended 31 December 2013: US$1,714,526).

23 Subsequent events

There were no significant events after the reporting period.