For immediate release: 20 June 2013

Copper Development Corporation

("CDC" or "the Company")

Final Results for the Year ended 31 December 2012

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 2012.

Financial and operational highlights

- Total costs capitalised in respect of Hinoba-an project increased from US$16.9 million to US$19.6 million.

- Total costs capitalised in respect of Basay project increased from US$7.8 million to US$12.5 million. A full impairment has been recognised against the total carrying value of this asset in light of the uncertainty of the viability of the project and on-going issues with renewal of permit which the Company is currently working to resolve.

- The Company recognised an unrealised loss on investment in Crazy Horse Resources Inc. of US$1.9 million.

- Selenga Mining Corporation (SMC), a 92.5% owned subsidiary, paid US$1.5 million to Colet Mining and Development Corporation (Colet) to extinguish and buy-out 0.5% of the net benefit payment due to Colet. The payment was made in accordance with the Second Amendatory Royalty Agreement entered into by both companies. Colet is entitled to 7.5% interest in the capital of SMC.

- The Company did not raise additional capital during the year other than on account of warrants and options exercise.

- There were no new options or warrants issued during the year.

- Cash reserves decreased due to operational costs and activity in mining operation which took place during the first three quarters of the year.

- Loss per share at 31 December 2012 is 6.79 pence (2011: 4.58 pence).

A copy of the full Report and Accounts is available at wwww.copperdevelopmentcorp.com.

- Ends –

Contact details

Copper Development Corporation	Beaumont Cornish Limited
The Company	***Nomad and Broker***
Mitch Alland	**Roland Cornish**
+44 (0)1624 639396	**+44 (0)20 7628 3396**

Chairman's statement

Dear Shareholders,

In the second half of 2012, quoted junior mining companies hit new lows and this slide has continued unabated. Share prices of the majority of junior to mid-sized mining companies have been decimated, and many now many stand at one-tenth or less of their previous value. Copper Development Corporation has not been spared.

As a consequence, and following a review by the Directors of the carrying value of certain assets and the reclassification of the Deferred mining costs as Assets held for sale, Copper Development Corporation (the Company) reported a Total comprehensive loss for the year ending 31 December 2012 of US$19.0 million (2011: loss of US$10.8 million). In addition, Costs of Operation were reduced to US$4.4 million (2011: US$7.4 million) and further reductions have been implemented from 1 January 2013. As a result, the Directors anticipate that the Operating costs will not exceed US$750,000 for 2013.

Hinoba-an Copper Project

The Company's technical consultants, AMEC Minproc Limited, completed a Comprehensive Technical Report (CTR) in April 2012. The CTR detailed the technical information necessary for prospective buyers or joint venture partners to evaluate the Hinoba-an Project, including mining, metallurgical, environmental, social and infrastructure studies, the majority of which have been prepared to a pre-feasibility study level of accuracy. The CTR shows that the Project has a large Australasian Joint Ore Reserves Committee Code (JORC) compliant resource with 1,130,000 tonnes of contained copper, with a planned annual production of 47,665 tonnes of copper for over 15 years in the form of a clean 25% Cu concentrate. The Project is located on Negros Island in the Philippines, in a traditional mining area where there is strong support for mining and a skilled labour force that formerly worked at nearby mines that closed in 2002. The site is 25 km from the coast where there is an excellent natural harbour that can be easily developed for shipping concentrate to nearby Far East markets, including China and South Korea. At a US$3.00 per lb copper price, the project is financially attractive, as shown by the Company's financial analysis, which estimates initial capital at US$480 million and forecasts average operating costs at US$1.57 per lb of payable copper over the life of the mine and to average only US$1.39 per lb during the first five years, and results in a before tax NPV (at 10%) of US$440 million and the IRR on post-tax, post-financing cash flow of 36%.

On the basis of the CTR, the Company embarked on an aggressive marketing campaign for a potential sale or joint venture of the project, contacting several Chinese mining companies and some ninety Canadian and Australian junior and mid-sized mining companies, as well as several Philippine mining companies. Despite the attractiveness of the Hinoba-an Project and the continuing strength of the prospects for long term copper prices, interest of Chinese mining companies in a trade sale or a joint venture has been tempered by the territorial dispute in the South China Sea between China and the Philippines. Other strategic partners or buyers for Hinoba-an are restricted due to limited cash resources and the inability to raise additional funds in current financial markets. The Company continues to actively seek prospective buyers or joint venture partners though the outcome is highly uncertain given the current distressed market conditions.

Basay Copper Project

At the Basay Project, also on Negros Island, the Company completed drilling 34,002 metres across 71 holes. An initial resource estimate concluded in October 2012 deemed that the Basay resource tonnage and grade were likely insufficient to support a mining operation. The Company has continued its vigorous defence of its rights to the property at high levels of the Philippine government based on the legal opinions of two leading Philippine law firms, while the Privatization Management Office's (PMO) has maintained what the Company and its legal counsel believe to be a legally unsubstantiated claim to the property. Whilst an application for renewal of the Basay exploration permit has been made, the Company has not received any official statement on the renewal of the permit, which expired on 1 December 2012.

Outlook

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 by putting both the Hinoba-an and Basay projects on a care-and-maintenance basis. With these measures in place, we are in the best position to preserve our significant cash balance, currently at US$14.4 million, while continuing to review possibilities for a trade sale or joint venture.

Mitchell Alland
Executive Chairman - 20 June 2013

Directors' report

The Directors present their annual report and the financial statements for Copper Development Corporation (the Company) for the year ended 31 December 2012.

Principal activity

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

The Group, through its holding company subsidiaries, own 92.5% rights to the Hinoba-an copper mine development project and a 70% interest to 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 on pages 10 to 13 of the financial statements.

The Group made a total comprehensive loss attributable to equity shareholders for the year after taxation of US$15,192,712 (2011: US$10,672,963).

Dividend

The Directors do not propose the payment of a dividend for the period (2011: US$nil).

Directors

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

	Appointed	Resigned
Denham Eke		
Mitchell Alland		
Brian Lueck		14 June 2012
Guy Elliott		
Clyde Heintzelman		

By order of the Board

Denham Eke
Secretary

Craigmuir Chambers
Road Town
Tortola
British Virgin Islands

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards, as adopted by the EU.

The financial statements are required to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable International Financial Reporting Standards, as adopted by the EU, have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and to allow for the preparation of financial statements. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Report of Independent Auditors, KPMG Audit LLC, to the members of Copper Development Corporation

We have audited the financial statements of Copper Development Corporation (the Company) for the year ended 31 December 2012 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the EU.

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

Respective responsibilities of Directors and Auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs, as adopted by the EU.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

Consolidated statement of comprehensive income

for the year ended 31 December 2012

	Notes	**For the year ended 31 December 2012 US$**	For the year ended 31 December 2011 US$
Unrealised loss on investment	*16*	**(1,891,174)**	(3,290,965)
Impairment losses	*22*	**(12,919,813)**	-
Loss on sale of assets		**(243,821)**	-
Operating expenses			
Directors' fees	*4,18*	**(665,314)**	(658,047)
Consultants' fees		**(636,677)**	(485,500)
Salaries and wages		**(634,711)**	(513,158)
Other professional fees		**(1,067,347)**	(2,352,725)
Travel and entertainment		**(162,979)**	(201,858)
Administration expenses		**(417,595)**	(827,027)
Share option charge	*14*	**654,980**	(1,132,147)
Warrants charge	*13*	**-**	-
Unrealised exchange gain/(losses)		**77,120**	(9,642)
Deed payments	*6*	**(1,512,636)**	(1,261,525)
Loss before finance income	*4*	**(19,419,967)**	(10,732,594)
Finance income		**131,271**	279,045
Loss before income tax		**(19,288,696)**	(10,453,549)
Deferred tax expense	*5*	**-**	-
Loss after income tax		**(19,288,696)**	(10,453,549)
Other comprehensive income/(loss) - foreign currency translation reserve		**301,140**	(329,864)
Total comprehensive loss for the year		**(18,987,556)**	(10,783,413)
Loss attributable to:			
Non-controlling interests		**(3,803,348)**	(111,784)
Equity shareholders		**(15,485,348)**	(10,341,765)
		(19,288,696)	(10,453,549)
Total comprehensive loss attributable to:			
Non-controlling interests		**(3,794,844)**	(110,450)
Equity shareholders		**(15,192,712)**	(10,672,963)
		(18,987,556)	(10,783,413)
Basic and diluted loss per share	*21*	**(0.0679)**	(0.0458)

Consolidated statement of financial position

as at 31 December 2012

	Notes	At **31 December 2012** **US$**	At 31 December 2011 US$
Assets			
Property, plant and equipment	*8*	**-**	1,054,748
Deferred mine exploration costs	*7*	**-**	24,778,844
Investment in Crazy Horse Resources	*16*	**679,270**	2,570,444
Total non-current assets		**679,270**	28,404,036
Current assets			
Cash and cash equivalents		**14,433,861**	26,789,456
Loan receivable	*15*	**797,538**	-
Trade and other receivables	*9*	**234,578**	1,239,670
Assets held for sale	*6*	**19,572,099**	-
Total current assets		**35,038,076**	28,029,126
Total assets		**35,717,346**	56,433,162
Equity			
Share premium	*12*	**73,915,306**	73,737,654
Share option reserves	*14*	**1,831,364**	2,486,344
Warrants	*13*	**1,195,694**	1,940,280
Foreign currency translation reserve		**(40,484)**	(333,120)
Retained deficit		**(37,407,818)**	(22,667,056)
Shareholders' equity		**39,494,062**	55,164,102
Non-controlling interest		**(3,969,787)**	(174,943)
Total equity		**35,524,275**	54,989,159
Non-current Liabilities			
Deferred tax liability	*5*	**44**	44
Total non-current liabilities		**44**	44
Current Liabilities			
Trade and other payables	*10*	**193,027**	1,443,959
Total liabilities		**193,071**	1,444,003
Total equity and liabilities		**35,717,346**	56,433,162

These financial statements were approved by the Board of Directors on 17 June 2013 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 2012

	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 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 charge	*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**

		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 2011		73,324,027	1,940,280	1,354,197	(1,923)	(12,325,291)	64,291,290	(9,088)	64,282,202
Total comprehensive loss for the year									
Loss for the year		-	-	-	-	(10,341,765)	(10,341,765)	(111,784)	(10,453,549)
Other comprehensive loss for the year		-	-	-	(331,197)	-	(331,197)	1,333	(329,864)
Transactions with owners of the Company									
Shares issued	*12*	297,500	-	-	-	-	297,500	-	297,500
Warrants exercised	*12,13*	57,794	-	-	-	-	57,794	-	57,794
Options exercised	*12,14*	58,333	-	-	-	-	58,333	-	58,333
Share options charge	*14*	-	-	1,132,147	-	-	1,132,147	-	1,132,147
Changes in ownership interests in subsidiaries									
Non-controlling interest on acquisition		-	-	-	-	-	-	(55,404)	(55,404)
Balance at 31 December 2011		**73,737,654**	**1,940,280**	**2,486,344**	**(333,120)**	**(22,667,056)**	**55,164,102**	**(174,943)**	**54,989,159**

Consolidated statement of cash flows

for the year ended 31 December 2012

	Notes	**For the year ended 31 December 2012 US$**	For the year ended 31 December 2011 US$
Cash flows from operating activities			
Loss before income tax		**(19,288,696)**	(10,453,549)
Adjusted for non-cash and non-operating items:			
Share option charge	*14*	**(654,980)**	1,132,147
Warrants charge	*13*	**-**	-
Unrealised loss on investment	*16*	**1,891,174**	3,290,965
Impairment losses	*22*	**12,919,813**	-
Loss on sale of assets	*8*	**243,821**	-
Finance income		**(131,271)**	(279,045)
		(5,020,139)	(6,309,482)
Change in trade and other receivables		**6,777**	(666,263)
Change in trade and other payables		**(1,250,932)**	604,750
Net cash used in operating activities		**(6,264,294)**	(6,370,995)
Cash flows from investing activities			
Purchase of property, plant and equipment	*8*	**(97,054)**	(483,067)
Proceeds from sale of property, plant and equipment	*8*	**157,570**	-
Amounts paid in cash for deferred mine exploration costs	*7*	**(5,964,342)**	(20,372,409)
Loan receivable	*15*	**(797,538)**	-
Investment in Crazy Horse Resources	*16*	**-**	(5,861,409)
Loan and advances to subsidiary prior to acquisition		**-**	(1,400,000)
Cash acquired on acquisition of subsidiary		**-**	9,023
Net cash used in investing activities		**(6,701,364)**	(28,107,862)
Cash flows from financing activities			
Interest received		**131,271**	279,045
Issue of shares	*12*	**-**	297,500
Warrants exercised	*12, 13*	**177,652**	57,794
Options exercised	*12, 14*	**-**	58,333
Unrealised foreign exchange loss		**301,140**	(329,864)
Net cash generated from financing activities		**610,063**	362,808
Decrease in cash and cash equivalents		**(12,355,595**	(34,116,049)
Cash and cash equivalents at beginning of year		**26,789,456**	60,905,505
Cash and cash equivalents at end of year		**14,433,861**	26,789,456
Significant non-cash transaction			
Conversion of debenture loan into 70% equity interest in Basay Copper Limited		**-**	1,900,000

Notes

forming part of the financial statements for the year ended 31 December 2012

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 2012 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 17 June 2013.

(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.

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings and improvements 10 years
- Transportation equipment 5 years
- Office furniture and fittings 3 years
- Tools and equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Reclassification
Items of Property, Plant and Equipment which are no longer used and are earmarked for sale have been reclassified to Assets-held-for-sale. See note 6 and 8.

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

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.

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.

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.

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.

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 the 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.

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)**
IAS 1 Presentation of Financial Statements- amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 19 Employee Benefits - Amendment resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IFRS 13 Fair Value Measurement*	1 January 2013
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)	1 January 2014
IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	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

** Original issue May 2011*

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	**For the year ended 31 December US$**	For the year ended 31 December US$
Auditors’ Fees	**128,166**	115,288
Auditors’ Fees – non audit services	**-**	19,734
Directors’ Fees (note 18)	**665,314**	658,047

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

The following have been reclassified to Assets held for sale during the year:

Assets reclassified from:	**Deferred mine exploration costs (note 7)**		**Property, plant and equipment (note 8)**	**Advances - Royalties (note 9)**	**Total**
	Hinoba-an (Selenga)	**Basay (Adanacex)**			
	US$	**US$**	**US$**	**US$**	**US$**
Carrying value of assets reclassified to Assets held for Sale	18,582,099	12,461,646	440,103	990,000	32,473,848
Impairment during the year	-	(12,461,646)	(440,103)	-	(12,901,749)
Net carrying value at 31 December 2012	**18,582,099**	**-**	**-**	**990,000**	**19,572,099**

Hinoba-an Project

During the year, 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 as at 31 December 2012. Following completion of CTR, drilling activities have been focused to the Basay project and management commenced an aggressive marketing campaign for Hinoba-an to pursue a trade sale or a joint venture. Whilst under care and maintenance status, significant costs reductions have been implemented to the minimum necessary to maintain the site in order to conserve cash while the Company is continuing with its marketing efforts.

The Company assessed the carrying value of costs capitalised in respect of the Hinoba-an project for impairment and, based on the positive result of technical feasibility study and analysis performed as explained above, considered that the recoverable amount of these assets exceeded the carrying amount and as such, no impairment was recognized.

The carrying value of Hinoba-an Project previously capitalised to Deferred Mine Exploration cost (note 7) has been reclassified to Assets held for sale due to the Company's intention to recover such value through sale or joint venture.

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 par value 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).

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).

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

	2012	2011
Advance royalty payments under item c) above	**US$**	**US$**
Total Royalty payments at 01 Jan	900,000	360,000
Total Royalty payments made during the year	90,000	540,000
Total Advances - Royalty at 31 December (reclassified as Assets held for sale)	990,000	900,000

	2012	2011
Royalty payments recognised as expense in the year	**US$**	**US$**
Paid during the year in respect of item d) above	-	1,250,000
Paid during the year in respect of item e) above	1,500,000	-
Option payments to Class B shareholders of HSHI (note 11)	12,636	11,525
	1,512,636	1,261,525

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.

Basay Project

During the year, 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.

Management is currently marketing the project for possible joint venture or trade sale. In accordance with the Group's accounting policy, the carrying value previously capitalised to Deferred Mine Exploration cost (note 7) for this project has been reclassified to Assets held for sale due to the Company's intention to recover such value through sale or joint venture. Immediately following reclassification, the Company assessed the asset's carrying value for impairment and based in the interim internal report completed which indicated uncertainty on the viability of the mineral property and in light of on-going issues with the transfer of permits to a subsidiary of the Group, that the Company is currently working to resolve, management concluded that a full impairment is appropriate at this time.

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.

Property, plant and equipment

The book value of remaining unsold fixed assets (note 8) has been reclassified as Assets held for sale. Immediately after the reclassification, the Group has recognised a full impairment against the book value as these assets were considered to have Nil scrap value either due to the nature of the asset and/or their present condition.

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)	Basay (Adanacex)	Total
	US$	US$	US$
Capitalised cost 01 January 2012	31,726,778	7,832,832	39,559,610
Impairment allowance 01 January 2012	(14,780,766)	-	(14,780,766)
Net carrying value at 01 January 2012	**16,946,012**	**7,832,832**	**24,778,844**
Costs capitalised during the year	1,387,382	4,576,960	5,964,342
Depreciation charges capitalised during the year (note 8)	248,705	51,854	300,559
Reclassification to Assets held for sale (note 6)	(18,582,099)	(12,461,646)	(31,043,745)
Net carrying value at 31 December 2012	**-**	**-**	**-**

The Group has 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 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 during the year 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 (note 6) and fully impaired.

Group	**Buildings & improvements**	**Construction in progress**	**Office furniture & equipment**	**Transportation equipment**	**Tools and equipment**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Cost						
At 1 January 2011	405,995	95,081	200,322	107,694	94,219	903,311
Additions	202,714	51,642	88,839	79,425	60,447	483,067
Acquired on acquisition of subsidiary	39,107	-	26,853	125,896	16,715	208,571
Reclassification	146,723	(146,723)	-	-	-	-
Disposal	-	-	(1,287)	-	-	(1,287)
As at 31 December 2011	**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 (note 6)	(751,771)	-	(174,892)	(28,217)	(11,214)	(966,094)

As at 31 December 2012	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation						
At 1 January 2011	171,278	-	53,841	49,301	26,375	300,795
Charge for the year	76,128	-	84,698	46,247	28,084	235,157
Acquired on acquisition of subsidiary	178	-	615	2,098	464	3,355
Disposal	-	-	(393)	-	-	(393)
As at 31 December 2011	**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 (note 6)	(352,887)	-	(133,673)	(28,217)	(11,214)	(525,991)
As at 31 December 2012	**-**	**-**	**-**	**-**	**-**	**-**
Net book value						
As at 31 December 2012	**-**	**-**	**-**	**-**	**-**	**-**
As at 31 December 2011	**546,955**	**-**	**175,966**	**215,369**	**116,458**	**1,054,748**

9 Trade and other receivables

	31 December 2012 US$	31 December 2011 US$
Related party advances (note 18)	**-**	72,001
Advances - Royalties (note 6)	**-**	900,000
Advances and deposits - others	**74,868**	196,179
Prepayments and other debtors	**149,962**	71,490
Other assets	**9,748**	-
	234,578	1,239,670

Advances to Colet amounting to US$990,000 (which can be applied against future royalties) have been reclassified to Assets held for sale (note 6) as these payments are directly attributable to the Group's projects now held for sale.

10 Trade and other payables

	31 December 2012 US$	31 December 2011 US$
Withholding tax payable	**291**	15,449
Accounts payable	**13,307**	472,484
Accrued expenses and other payables	**179,429**	956,026
	193,027	1,443,959

11 Investments in subsidiary undertakings

Cost	**US$**
CDC Philippines Holdings Limited	**1,500,000**
Basay Copper Limited	**1,900,000**
At 31 December 2012 and 2011	**3,400,000**

All subsidiary companies are included in the consolidated financial statements of Copper Development Corporation. At 31 December 2012, 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$12,636) during the five year option period until the option is exercised.

11 Investments in subsidiary undertakings (continued)

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	Issue price	Shares	US$
Issued ordinary shares of US$0.00 each				-
Share premium				
At 01 January 2011			224,963,502	73,324,027
Warrants exercise	19/05/2011	£0.0284	580,000	26,140
Warrants exercise	21/06/2011	£0.0284	400,000	18,028
Options exercise	22/07/2011	US$0.35	166,667	58,333
Warrants exercise	24/11/2011	£0.0284	300,000	13,626
Private placement *(i)*				297,500
At 31 December 2011			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

(i) Included in the 06 January 2010 and 17 February 2010 private placements were 750,000 and 100,000 shares in issue, respectively, where funds equivalent to US$297,500 were not received until the following year. In accordance with the Company's accounting policies, these shares were not recognised until receipt from an accounting perspective. Funds received from these shares were used to settle the initial royalty payments to Colet in respect of the Hinoba-an Copper project.

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 2012**	**Exercised during the year**	**Expired during the year**	**As at 31 December 2012**
Holders of existing warrants In Solfotara	01/11/09	2 years	£0.0284 (US$0.05)	9,770,000	4,000,000	5,770,000	-
Holders of existing warrants In Solfotara	01/11/09	2 years	£0.284 (US$0.55)	5,380,071	-	5,380,071	-
Brant Investments Limited	23/12/10	5 years	£0.35 (US$0.55)	2,000,000	-	-	2,000,000
Beaumont Cornish	01/12/10	2 years	£0.35 (US$0.55)	562,408	-	562,408	-
Fox Davies	01/12/10	2 years	£0.35 (US$0.55)	1,724,236	-	1,724,236	-
				19,436,715	**4,000,000**	**13,436,715**	**2,000,000**

Warrants issued on 1 November 2009 were deemed to have no value on issue due to the Company's position at that time, the uncertain future outlook, conditions attaching to exercise and the exercise price of the warrants.

Warrants issued on 01 and 23 December 2010 were valued at US$1,940,280. 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	**1 December 2010**
Dividend yield (%)	-	-
Expected volatility (%)	100.00%	100.00%
Risk-free interest rate (%)	1.24%	1.07%
Share price at grant date	US$0.67	US$0.60
Share price (market value)	US$0.60	US$0.33
Exercise price	US$0.35	US$0.55
Expected exercise period	4 years	1 year

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 and Exercise period from Issue date**	**Exercise Price**	**As at 01 January 2012**	**Exercised during the year**	**Expired during the year**	**As at 31 December 2012**
Directors and certain key employees	01/06/10	3 years / 5 years	US$0.35	3,550,000	-	500,000	3,050,000
Key employees and consultants	09/05/11	3 years / 5 years	£0.35	1,620,000	-	1,055,000	565,000
				5,170,000	**-**	**1,555,000**	**3,615,000**

Total number of options that have vested and available for exercise as at the year-end was 2,665,000 (2011: 1,366,667).

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. A net credit of US$654,980 was recognised in the profit and loss during the year due to a reduction in the number of options expected to vest from 6,100,000 to 3,856,667. Based on the revised number of options expected to vest, the total fair value of share options is US$1,907,959 (2011: US$2,871,858) of which US$1,831,364 (2011: US$2,486,344) has been recognised as at 31 December 2012.

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$555,940) 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 £5,562 (US$8,984).

ii. On 3 October 2012, the Company placed £150,000 (US$241,598) 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 £1,829 (US$2,954).

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.

	At 31 December 2012	At 31 December 2011
Total number of shares held	7,490,642	7,490,642
	US$	**US$**
Market value of investment at closing bid price	679,270	2,570,444
Total cost	(5,861,409)	(5,861,409)
Unrealised loss on investment	(5,182,139)	(3,290,965)

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 2012, the fair value of equity security exposed to price risk was US$679,270 (2011: US$2,570,444). 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$33,964 (2011: US$128,522).

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 2012	Cash	2,387,747	-	-	-
	Accounts receivable	-	860,061	-	-
	Investment	-	-	-	676,974
	Accounts payable	(38,438)	-	(85,512)	-
31 December 2011	Cash	3,280,220	13,901,836	-	-
	Accounts receivable	-	44,744,098	-	-

Investment	-	-	-	2,621,725
Accounts payable	(58,712)	(15,739,145)	(405,433)	-

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.

US Dollars against:	**31 December 2012**	**31 December 2011**
	US$	**US$**
GBP	189,746	248,911
PHP	1,046	48,936
AUD	4,434	20,625
CAD	33,964	128,522

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 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 2012 and 2011.

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:

	US$
Mitch Alland	300,000
Denham Eke	180,000
Brian Lueck (resigned 14 June 2012)	60,000
Guy Elliott	38,000
Clyde Heintzelman	38,000
	616,000
Directors of subsidiaries	**49,314**
	665,315

Key management personnel (continued)

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

	No	**% of issued share capital**
Guy Elliott	3,608,308	1.57%
Brian Lueck (resigned 14 June 2012)	2,591,600	1.12%
Mitch Alland	450,002	0.20%
Denham Eke **1**	286,000	0.12%
	6,935,910	**3.01%**

Notes to Directors' Interests:

1 Denham Eke is a director of Galloway Limited. At 31 December 2011 Galloway Limited held 286,000 shares representing 0.12% of the issued share premium at the period end.

The following table summarises a reconciliation of warrants and options in issue to key personnel as at 31 December 2012:

Name	**Holding at 01 January 2012**	**Granted**	**Expired**	**Exercised**	**Holding at 31 December 2012**
Share warrants					
Brian Lueck (resigned 14 June 2012)	4,900,000	-	4,900,000	-	-
Options					

Denham Eke	1,000,000	-		-	1,000,000
Mitch Alland	1,000,000	-		-	1,000,000
Brian Lueck (resigned 14 June 2012)	1,000,000	-	333,333	-	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$142,801 (2011: US$133,420) under this agreement of which US$Nil were outstanding as at 31 December 2012 (2011: US$Nil).

Crazy Horse Resources (CHR)

The Company made a strategic investment in CRH, a publicly listed mining company. Mitch Alland is the Chairman of both the Company and CHR. Details of investment made are disclosed in Note 16.

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 2012 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**
Senator Sidecar Master Fund LP	45,319,998	19.67%
Luxor Capital Group LP *(1)*	38,321,567	16.63%
MSDC Management, L.P.	21,400,000	9.29%
Tocqueville Gold *(2)*	17,874,284	7.76%
Haywood Securities Inc.	10,392,840	4.51%
Regent Mercantile Holdings Limited	9,725,000	4.22%
Libra Advisors LLC *(3)*	7,124,714	3.09%

Notes:

(1) Includes holdings through entities with respect to which Luxor Capital Group LP acts as investment manager.

(2) Tocqueville Gold includes the holdings of four funds: Tocqueville Gold Fund, Tocqueville Gold Partners, L.P., Tocqueville Gold Offshore Fund Ltd and Tocqueville Gold Private Equity Master Fund Ltd.

(3) Libra Advisors LLC includes the holdings of two funds: Libra Fund LP and Libra Offshore Master Fund LP.

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	**Basay**	**Corporate**	**Total**
	US$	**US$**	**US$**	**US$**
Deferred mine exploration costs	-	-	-	-
Other non-current assets	-	-	679,270	679,270
Assets held for sale	18,582,099	-	-	18,582,099
Other current assets	1,020,710	74,604	15,360,663	16,455,977
Total liabilities	(20,072)	(11,648)	(161,351)	(193,071)
Finance income	1,175	49	130,047	131,271
Expenses	(2,240,629)	(12,116,454)	(5,062,884)	(19,419,967)
Net loss	(2,239,454)	(12,116,405)	(4,932,837)	(19,288,696)
Other comprehensive income	363,723	(62,583)	-	301,140

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$15,485,348 (2011: net loss of US$10,341,765) and the weighted average number of shares outstanding of 228,054,005 (2011: 225,638,516).

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 2012 and 2011, 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 2012	**31 December 2011**
Issued ordinary shares at 01 January	226,410,169	224,963,502
Effect of share warrants exercised	1,643,836	601,041
Effect of share options exercised	-	73,973
	228,054,005	225,638,516

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 2012
Assets held for sale (note 6)	12,901,749
Other debtors	18,064
	12,919,813

23 Company loss

The loss made by the Company during the year was US$4,932,837 (2011: US$7,985,038).

24 Subsequent events

There were no significant events after the reporting period.