



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Company Reg. No. A199602982

CERTIFICATE OF INCREASE OF CAPITAL STOCK

KNOW ALL MEN BY THESE PRESENTS:


This is to certify that the certificate of increase of capital stock of the

AUSTRALASIAN PHILIPPINES MINING, INC.

copy annexed, from P105,500,000.00 divided into 1,055,000 shares with the par value of P100.00 each, to P228,000,000.00 divided into 2,280,000 shares with the par value of P100.00 each, approved by majority of the Board of Directors and the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on February 11, 2005 certified to by the Chairman and the Secretary of the stockholders' meeting and a majority of the Board of Directors of the corporation, was approved by the Commission on the date indicated hereunder in accordance with the provision of Section 38 of the Corporation Code of the Philippines (Batas Pambansa Blg. 68), approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 20th day of May, Two Thousand Five.




FERDINAND B. SALES
Officer-In-Charge

Company Registration and Monitoring Department

COVER SHEET

A19962982
S.E.C. Registration Number

AUSTRALASIAN PHILIPPINES
MINING INC

(Company's Full Name)

40 NO. 3 TOLENTINO ST. SAN LORAN
20 VILLAGE, 1223 MAKATI CITY

(Business Address: No. Street City / Town / Province)

Contact Person

Company Telephone Number

Month Day
Fiscal Year

AAI/ICS
FORM TYPE

Month Day
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

RECEIVED
LCU
4-20-05

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

CERTIFICATE OF INCREASE OF CAPITAL STOCK
OF
AUSTRALASIAN PHILIPPINES MINING, INC.



KNOW ALL MEN BY THESE PRESENTS:

That, We, the undersigned, the Chairman of the Board, the Corporate Secretary and the majority members of the Board of Directors of AUSTRALASIAN PHILIPPINES MINING, INC. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at No. 3, Tolentino St., San Lorenzo Village, Makati City, do hereby certify that:

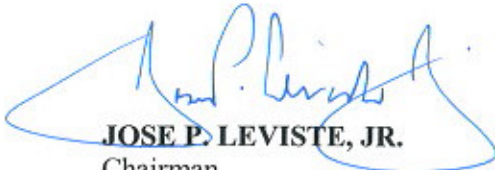
- 1) At the special meeting of the stockholders of the said Corporation held in accordance with Section 38 of the Corporation Code, B.P. Blg. 68, on February 11, 2005, at which meeting stockholders representing at least two-thirds (2/3) of the outstanding capital stock were present in person or by proxy, the stockholders present, by unanimous vote, approved the increase of the Corporation's authorized capital stock from one hundred ^{five} million five hundred thousand pesos (P105,500,000.00) divided into one million ^{Eighty five} thousand (1,055,000) shares of the par value of one hundred pesos (P100.00) per share, to two hundred twenty-eight million pesos (P228,000,000.00) divided into two million two hundred eighty thousand (2,280,000) shares of the par value of one hundred pesos (P100.00) per share;
- 2) That the increase was likewise approved by at least majority of the directors at a special meeting held on February 11, 2005;
- 3) That of the increase in capital stock of One Hundred Twenty-Two Million Five Hundred Thousand Pesos (P122,500,000.00), at least Twenty Five Percent (25%) of said increase or the amount of Thirty Million Six Hundred Twenty-Five Thousand Pesos (P30,625,000.00) worth of shares has been actually subscribed, and at least Twenty Five Percent (25%) of said subscription has been actually paid for by the following stockholder in cash:

| <u>Name of Stockholder and Nationality</u> | <u>No. of Shares</u> | <u>Subscribed Amount</u> | <u>Amount Paid on subscription</u> |
|--|--------------------------|------------------------------|--|
| Australasian Philippines Holdings, Inc. | 306,250 | P30,625,000 | P16,644,849.05 |
| TOTAL | 306,250 | P30,625,000 | P16,644,849.05 |

- 4) That the actual indebtedness of the Corporation as of date of stockholders meeting amounted to Php 2,241,933,384.90;
- 5) That no bonded indebtedness has been incurred, created or increased as of date of stockholders' meeting;
- 6) That the increase is for the purpose of complying with the requirement of the Department of Environment and Natural Resources, Mines and Geosciences Bureau.

MAR 15 2005

IN WITNESS WHEREOF, we have hereunto set our hands this ____ day of March 2005 at Makati City.



JOSE P. LEVISTE, JR.
Chairman
TIN 119-457-661



MARIANNE M. MANZANAS
Director
TIN 131-272-167



HECTOR M. DE LEON, JR.
Director
TIN 116-283-746



SIMEON KEN R. FERRER
Director
TIN 116-283-788



JOSE M. LAYUG, JR.
Corporate Secretary
TIN 198-821-659

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) SS.

Before me, a notary public in and for the city named above, personally appeared:

| <u>Name</u> | <u>CTC/Passport No.</u> | <u>Date/Place Issued</u> |
|------------------------|-------------------------|--------------------------|
| Jose P. Leviste, Jr. | 00158484 | Mar. 8, 2005/Pasig City |
| Marianne M. Manzanas | CTC 14635884 | January 11, 2005/Makati |
| Hector M. De Leon, Jr. | | |
| Simeon Ken R. Ferrer | 14687436 | Jan. 31, 2005/Makati |
| Jose M. Layug, Jr. | 09886782 | Jan. 6, 2005/Manila |

who are personally known to me to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

MAR 15 2005

Witness my hand and seal this _____ day of March 2005.

Doc. No. 175;
Page No. 36;
Book No. 138;
Series of 2005.



Emmanuel C. Paras
EMMANUEL C. PARAS
Appointment No. 236 until Dec. 31, 2006
Roll of Atty. No. 27192
PTR No. 9442945C 01/08/2005 Makati City
IBP No. 630362 01/04/2005 Makati Chapter
SSHG Law Centre, 105 Paseo de Roxas
Makati City, 1226 Metro Manila
Philippines



TREASURER'S AFFIDAVIT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) SS.

I, **MARIANNE M. MANZANAS**, after first being sworn, depose and say:

1) That I have been elected by the directors of **AUSTRALASIAN PHILIPPINES MINING, INC.** (the "Corporation") as Treasurer thereof, to act as such until my successor has been duly elected and qualified in accordance with the by-laws of the Corporation, and that as such Treasurer, I have been authorized to receive for the corporation all subscription paid in by the subscribers/stockholders for the capital stock;

2) That out of One Hundred Twenty-Two Million Five Hundred Thousand Pesos (₱122,500,000.00) representing the increase in the authorized capital stock, Three Hundred Six Thousand Two Hundred Fifty (306,250) shares worth Thirty Million Six Hundred Twenty-Five Thousand Pesos (₱30,625,000.00) have been actually subscribed, and of that subscription, Sixteen Million Six Hundred Forty Four Thousand Eight Hundred Forty Nine Pesos and 5/100 (₱16,644,849.05) in cash has been fully paid to me for the benefit and to the credit of the Corporation; and

3) That at least twenty-five per centum (25%) of the increase in authorized capital has been subscribed and that at least twenty-five per centum (25%) of such subscription has been actually paid for the benefit and to the credit of the Corporation and that said payment represents fresh and additional paid in capital of the Corporation.

IN WITNESS WHEREOF, I have signed this affidavit this 13th day of April 2005 at Makati City.

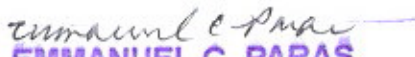

MARIANNE M. MANZANAS
Treasurer

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) SS.

Before me, a notary public in and for the city named above, personally appeared Marianne M. Manzanas with Community Tax Certificate No. 14635884 issued at Makati City on January 11, 2005 who is personally known to me to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this 13th day of April 2005.

Doc. No. 51 ;
Page No. 12 ;
Book No. 140 ;
Series of 2005.


EMMANUEL C. PARAS
Appointment No. 236 until Dec. 31, 2006
Roll of Atty. No. 27192
PTR No. 9442945C 01/08/2005 Makati City
IBP No. 630362 01/04/2005 Makati Chapter
SSHG Law Centre, 105 Paseo de Roxas
Makati City, 1226 Metro Manila
Philippines

**The Securities and Exchange Commission
EDSA, Mandaluyong, Metro Manila**

Greetings:

This is to certify that Citibank Manila, received on **December 9, 2004** an inward remittance from Citibank New York by order of **CLIMAX MINING LTD** via telegraphic transfer under **Reference No. 3544344051** the amount of **USD ONE HUNDRED FORTY NINE THOUSAND NINE HUNDRED SEVENTY FIVE (USD149,975.00)** in favor of **AUSTRALASIAN PHILIPPINES MINING INC** The same amount has been credited to **Savings Account No. 5/601763/004** under the account of **AUTRALASIAN PHILS. MINING, INC.** on the same day.

The indicative exchange rate on that day was **PHP56.038/USD1.00.**

Issued upon request of client this **9th** day of **December 2004** at **Makati City.**


of **Catherine T. Paz**
Assistant Vice President

SUBSCRIBED AND SWORN to before me this 9 day of December 2004, affiant exhibited to me his/her **Residence Certificate No. 17435911** issued in **Marikina City** on **April 14, 2004.**


NOTARY PUBLIC

Doc. 161 ;
Page no. 34 ;
Book No. XVII
Series of 2004

* This certification is not valid for BSRD purposes in accordance with BSP Circular # 224

CITIBANK I 49,975 USD 00 ₱

**The Securities and Exchange Commission
EDSA, Mandaluyong, Metro Manila**

Greetings:

This is to certify that **Citibank Manila**, received on **February 2, 2005** an inward remittance from **Citibank New York** by order of **CLIMAX MINING LTD** via telegraphic transfer under **Reference No. 3545033029** the amount of **USD ONE HUNDRED FIFTY THOUSAND (USD150,000.00)** in favor of **AUSTRALASIAN PHILS. MINING, INC.** The amount of **USD ONE HUNDRED FIFTY THOUSAND (USD150,000.00)**, net of charges, has been credited to **USD Savings Account No. 5/601673/004** under the account of **AUSTRALASIAN PHILS. MINING, INC** on the same day.

The indicative exchange rate on that day was **PHP54.937/ USD1.00.**

Issued upon request of client this **2nd** day of **February 2005** at **Makati City.**

Catherine T. Paz
Catherine T. Paz
Assistant Vice President

FEB 2005

SUBSCRIBED AND SWORN to before me this ___ day of ___ 20__ affiant exhibited to me his/her **Residence Certificate No. 17-435911** issued in **Marikina City** on **April 14, 2004.**

[Signature]

NOTARY PUBLIC

[Faint notary stamp text]

Doc. 40 :
Page no. 2 :
Book No: IV :
Series of 20 07 :

* This certification is not valid for BSRD purposes in accordance with BSP Circular # 224-04-01 City of Makati City

USD 150,000.00

CLIMAX MINING LTD

ACN 000 250 500

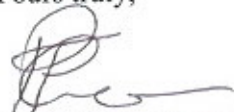
9 May 2005

To Whom It May Concern:

This is to inform you that on the 1st February 2005, CLIMAX MINING LTD remitted on behalf of AUSTRALASIAN PHILIPPINES HOLDINGS, INC. (APHI) the amount of US\$150,000 to AUSTRALASIAN PHILIPPINES MINING, INC. (APMI) through APMI's Citibank USD Savings Account Number 5/601763/004. Said remittance is for second partial payment of the additional capital stock subscription of APHI in APMI.

This Certification is issued for whatever legal purpose it may serve.


Yours truly,



ROBERT P. THOMSON
Chief Operating Officer

SUBSCRIBED AND SWORN TO before me this 9 day of May 2005 at Makati City, affiant exhibiting before me his Passport No. AA815869 issued on September 5, 2003 at Sydney, Australia.

Doc. No. 167;
Page No. 35;
Book No. 57;
Series of 2001



ATTY. LOPE M. VELASCO
NOTARY PUBLIC
UNTIL DEC. 31, 2005
PTR NO. 3598840 01/03/05 MI A.
IBP NO. 628318 12/14/04 PAGIG
TIN NO. 210-965-989
ATTY'S ROLL NO. 28757

CLIMAX MINING LTD

ACN 000 250 500

9 May 2005

To Whom It May Concern:

This is to inform you that on the 8th December 2004, CLIMAX MINING LTD remitted on behalf of AUSTRALASIAN PHILIPPINES HOLDINGS, INC. (APHI) the amount of US\$149,975 to AUSTRALASIAN PHILIPPINES MINING, INC. (APMI) through APMI's Citibank USD Savings Account Number 5/601763/004. Said remittance is for first partial payment of the additional capital stock subscription of APHI in APMI.

This Certification is issued for whatever legal purpose it may serve.


Yours truly,



ROBERT P. THOMSON
Chief Operating Officer

SUBSCRIBED AND SWORN TO before me this 9 day of May 2005 at Makati City, affiant exhibiting before me his Passport No. AA815869 issued on September 5, 2003 at Sydney, Australia.

Doc. No. 108
Page No. 35
Book No. 57
Series of 2005



ATTY. LOPE M. VELASCO
NOTARY PUBLIC
UNTIL DEC. 31, 2005
PTR NO. 359 200 01/03/05 MLA.
IBP NO. 628 548 02/04/04 PASIG
TIN NO. 000-885-989
ATTY'S ROLL NO. 28757

CLIMAX MINING LTD
ACN 000 250 500

6 April 2005

To Whom It May Concern:

This is to confirm that on the 1st February 2005, CLIMAX MINING LTD remitted on behalf of AUSTRALASIAN PHILIPPINES HOLDINGS, INC. (APHI) the amount of US\$150,000 to AUSTRALASIAN PHILIPPINES MINING, INC. (APMI) through APMI's Citibank USD Savings Account Number 5/601763/004. Said remittance is for second partial payment of the additional capital stock subscription of APHI in APMI.

This certification is issued for whatever legal purpose it may serve.

Yours truly,



BARRY E. WELLS
Chief Financial Officer

Suite 2, Level 14, BT Tower
1 Market Street, Sydney NSW 2000, Australia
Telephone (61 2) 9262 7061 Facsimile (61 2) 9264 5620
Company information is available on: www.climaxmining.com.au

CLIMAX MINING LTD

ACN 000 250 500

6 April 2005

To Whom It May Concern:

This is to confirm that on the 8th December 2004, CLIMAX MINING LTD remitted on behalf of AUSTRALASIAN PHILIPPINES HOLDINGS INC. (APHI) the amount of US\$149,975 to AUSTRALASIAN PHILIPPINES MINING INC. (APMI) through APMI's Citibank USD Savings Account Number 5/601763/004. Said remittance is for the initial partial payment of the capital stock subscription of APHI in APMI.

This certification is issued for whatever legal purpose it may serve.

Yours truly,



BARRY E. WELLS
Chief Financial Officer

Suite 2, Level 14, BT Tower
1 Market Street, Sydney NSW 2000, Australia
Telephone (61 2) 9262 7061 Facsimile (61 2) 9264 5620
Company information is available on: www.climaxmining.com.au

07/04 '05 08:28 TX/RX NO. 5679

P02

CLIMAX MINING LTD

(A.C.N. 000 250 500)

FACSIMILE TRANSMISSION: "001"

TO: Maya
Climax - Arimco Mining Corporation

FROM: Cecilia

DATE: 7 April 2005

SUBJECT: APMI Letter

Number of pages including this page (3)
If all pages are not received, please telephone (61) (2) 9252 1066

Suite 2, Level 14, BT Tower
1 Market Street, Sydney NSW 2000 Australia
Telephone (02) 9262 7061 Facsimile (02) 9264 5600
Company information is available on: www.climaxmining.com.au

07/04 '05 08:26 TX/RX NO. 5878

P01



CLIMAX MINING LTD
WPACAU2S

DETAILS OF PAYMENT
APHI 2ND PAYMENT FOR ADDITIONAL
SUBSTOCK IN APMI

BENEFICIARY

5601673004
AUSTRALASIAN PHILS. MINING, INC.
#3 TOLENTINO STREET
SAN LORENZO VILLAGE
MAKATI CITY

INCOMING FOREIGN PAYMENT 12
REF-NO: 3545033029/1 DATE: 02.02.05

WE RECEIVED BY CABLE
USD*150,000.00* VALUE 02.02.05

BENEFICIARY
5601673004
AUSTRALASIAN PHILS. MINING, INC.
#3 TOLENTINO STREET
SAN LORENZO VILLAGE
MAKATI CITY

ACCOUNT: 5601673004

REMITTING BK. NO. 9552800031JX

CREDIT ADVICE

USD 150,000.00

USD 150,000.00 VALUE: 02.02.05
WE CREDIT YOUR ACCOUNT NO. 5/601673/004

BRANCH: 850 FED FUNDS: C FTU *OVR-* N MIS BASE: 601673
THIS IS AN OFFICIAL COMPUTER GENERATED ADVICE, MANUAL SIGNATURE NOT REQUIRED

Customer's Advice



CLIMAX MINING LTD
WPACAU2S

DETAILS OF PAYMENT
FOR INCREASE IN CAPITAL SUB: CRIPTIO
/ACC/CITIPHMX CITIBANK N.A. 8741 PA
//SEO DE ROXAS MAKATI CITY

BENEFICIARY

5601673004
AUSTRALASIAN PHILS. MINING, INC.
#3 TOLENTINO STREET
SAN LORENZO VILLAGE
MAKATI CITY

INCOMING FOREIGN PAYMENT 12
REF-NO: 3544344051/1 DATE: 12.09.04

WE RECEIVED BY CABLE
USD*149,975.00* VALUE 12.09.04

BENEFICIARY
5601673004
AUSTRALASIAN PHILS. MINING, INC.
#3 TOLENTINO STREET
SAN LORENZO VILLAGE
MAKATI CITY

ACCOUNT: 5601673004

REMITTING BK. NO. 7539100342JX

CREDIT ADVICE

USD 149,975.00

USD 149,975.00 VALUE: 12.09.04
WE CREDIT YOUR ACCOUNT NO. 5/601673/004

BRANCH: 850 FED FUNDS: C FTO *OVR=* N MIS BASE: 601673
THIS IS AN OFFICIAL COMPUTER GENERATED ADVICE, MANUAL SIGNATURE NOT REQUIRED

Customer's Advice

Australasian Philippines Mining, Inc
Trial Balance
From July 1, 2004 - February 28, 2005

| | | |
|-----------------------------------|-------------------------|-------------------------|
| Cash in Bank | 16,768,731.74 | |
| Accounts Receivable Interco | 58,501,254.38 | |
| Exploration & Development Cost | 1,468,015,615.00 | |
| Subscription Receivable | 13,980,151.00 | |
| CAMC Loans | | 2,245,665,686.79 |
| Capital Stock | | 57,750,000.00 |
| Retained Earnings | | 18,061,253.46 |
| Interest Income | | 1,809.19 |
| Foreign Exchange loss- Unrealised | 764,132,645.58 | |
| Professional fees | 79,901.25 | |
| Bank Charges | 450.49 | |
| | <u>2,321,478,749.44</u> | <u>2,321,478,749.44</u> |

Certified True Copy


Josefina C. Mallari
Accounting Supervisor


Ma. Luisa Evarita
Admin & Accounting Assistant

LIST OF STOCKHOLDERS AS OF FEBRUARY 11, 2005
(date of meeting approving the increase of capital)

CORPORATE NAME:

AUSTRALASIAN PHILIPPINES MINING, INC.

| <i>Stockholder</i> | <i>Nationality</i> | <i>Amount Subscribed</i> | <i>Amount Paid</i> |
|---------------------------------------|--------------------|------------------------------|--------------------|
| Australian Philippines Holdings, Inc. | Australian | P27,124,500.00 | P27,124,500.00 |
| Jose P. Leviste, Jr. | Filipino | P100.00 | P100.00 |
| Robert P. Thompson | Australian | P100.00 | P100.00 |
| Marianne M. Manzanas | Filipino | P100.00 | P100.00 |
| Simeon Ken R. Ferrer | Filipino | P100.00 | P100.00 |
| Hector M. De Leon, Jr. | Filipino | P100.00 | P100.00 |

Certified Correct:


JOSE M. LAYUG, JR.
Corporate Secretary

JOVITA ANDRADE-GARCIA

Certified Public Accountant

5 Dagohoy Street, Project 4, Quezon City

The Board of Directors

Australasian Philippines Mining, Inc.

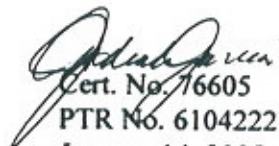
(A wholly – owned subsidiary of Australasian Philippines Holdings, Inc.) and a Company in the pre-operating stage

TO THE SECURITIES AND EXCHANGE COMMISSION

In connection with my examination of the Financial Statements of Australasian Philippines Mining, Inc. as of February 28, 2005 which are to be submitted to the Commission, I hereby represent the following:

- 1.) That said Financial Statements are presented in conformity with the generally accepted accounting principles in all cases where I shall express an unqualified opinion; except that in the case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with such principles would result in misleading statement, if such is a fact;
- 2.) That I shall fully meet the requirements of independence as provided in Section 14 of the Code of Professional Ethics for CPAs;
- 3.) That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards of limitation, the reason therefor and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion; and
- 4.) That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided on Section 23, of the Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity.


Cert. No. 76605
PTR No. 6104222
January 14, 2005
Quezon City

Quezon City, Philippines
April 8, 2005

JOVITA ANDRADE-GARCIA

Certified Public Accountant
5 Dagohoy Street, Project 4, Quezon City

The Board of Directors

Australasian Philippines Mining, Inc.

(A wholly – owned subsidiary of Australasian Philippines Holdings, Inc.) and a Company in the pre-operating stage

Gentlemen:

I have audited the accompanying balance sheet of Australasian Philippines Mining, Inc. as of February 28, 2005 and the related statements of income for the eight months then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used, significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

I have examined the cash in bank and on hand of the company. In my examination, I include verification of receipts and disbursements during the period under review. I made reconciliation of accounts and found the same to be entered in the books under the account title "Cash in Bank", as follows:

| Date | Subscriber Name | Amount(USD) | Amount (Php) |
|-----------|--|--------------|--------------|
| Dec. 2004 | Australasian Philippines Holdings, Inc | US\$ 149,975 | P8,404,299 |
| Feb. 2005 | Australasian Philippines Holdings, Inc | US\$ 150,000 | P8,240,550 |

The aforesaid cash payments represent fresh and additional capital.

I have also examined the bank records as to amount and date the corresponding additional capital was remitted and found the same to be in order, detailed as follows:


| Date of Remittance | Bank Name/Branch | Amount(USD) | Amount (Php) | USD SA # |
|--------------------|------------------|--------------|--------------|--------------|
| Dec. 2004 | Citibank Manila | US\$ 149,975 | P8,404,299 | 5-601673-004 |
| Feb. 2005 | Citibank Manila | US\$ 150,000 | P8,240,550 | 5-601673-004 |

It was also verified that the capital invested was received from Australasian Philippines Holdings Inc. and was not subsequently disbursed/returned in the form of loan and/or advances::

| Date Remitted | Subscriber Name | Amount (USD) | Amount (Php) |
|----------------------|-----------------------------------|---------------------|---------------------|
| Dec. 2004 | Australasian Phils. Holdings, Inc | US\$ 149,975 | P8,404,299 |
| Feb. 2005 | Australasian Phils. Holdings, Inc | US\$ 150,000 | P8,240,550 |

I have examined the stockholders' equity account and determined that in view of the payment of the additional subscription, the corresponding capital/ equity will be increased to **P57,750,000.00** (Less Subscription Receivable of P13,980,151.00)

In my opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Australasian Philippines Mining, Inc. as of February 28, 2005 and the results of its operations for the eight months then ended in conformity with generally accepted accounting principles.


Cert. No. 76605
PTR No. 6104222
January 14, 2005
Quezon City

Quezon City, Philippines
April 8, 2005

COVER SHEET

A 1 9 9 6 0 2 9 8 2
S.E.C. Registration Number

A U S T R A L I A S I A N P H I L I P P I N E S
M I N I N G I N C .

(Company's Full Name)

C / O S Y C I P L A W O F F I C E A L L A S I A
C E N T E R 1 0 5 P A S E O D E R O X A S
M A K A T I C I T Y
(Business Address: No. Street City / Town / Province)

M A R I A N N E M . M A N Z A N A S
Contact Person

8 9 2 - 6 6 4 3
Company Telephone Number

0 6 3 0 2 0 0 4
Month Day Year
Fiscal Year

F S
FORM TYPE

Month Day Year
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total no. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS



Remarks = please use black ink for scanning purposes

Joaquin Cunanan & Co.

A member firm of

PRICEWATERHOUSECOOPERS 

Joaquin Cunanan & Co.
29th Floor Philamlife Tower
8767 Paseo de Roxas
1226 Makati City, Philippines
Telephone + 63 (2) 845 2728
Facsimile + 63 (2) 845 2806
www.pwc.com

Report of Independent Auditors

To the Board of Directors and Stockholder of
Australasian Philippines Mining, Inc.
(A wholly-owned subsidiary of Australasian Philippines
Holdings, Inc. and a Company in the pre-operating stage)
c/o Sycip Law-All Asia Center
105 Paseo de Roxas
Makati City

We have audited the accompanying balance sheet of Australasian Philippines Mining, Inc. as of June 30, 2004 and the related statements of income, changes in stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Australasian Philippines Mining, Inc. as of and for the year ended June 30, 2003, prior to the restatement described in Note 8 and prior to the inclusion of the statements of income and changes in stockholder's equity, were audited by other independent auditors, whose report dated July 18, 2003 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



Joaquin Cunanan & Co.

Report of Independent Auditors
To the Board of Directors and Stockholder of
Australasian Philippines Mining, Inc.
(A wholly-owned subsidiary of Australasian Philippines
Holdings, Inc. and a Company in the pre-operating stage)

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Australasian Philippines Mining, Inc. as of June 30, 2004 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in the Philippines.

Joaquin Cunanan & Co.

Makati City
September 29, 2004



ADOR C. MEJIA
CPA Cert. No. 29620
P.T.R. No. 7051151
Issued on January 12, 2004 at Makati City
SEC A.N. 0048-A
Issued on September 4, 2003
SEC A.N. 0009-F
Issued April 3, 2003
T.I.N. 112-071-634
BIR A.N. 08-000745-13-2001
Issued on July 12, 2001
Effective until July 12, 2004
BOA/PRC Registration No. 0142
Issued on Feb. 27, 2002
Effective until Feb. 26, 2005



SEC HR 10

APR 18 2005

RECORDS DIV

AUSTRALASIAN PHILIPPINES MINING, INC.
(A wholly-owned subsidiary of Australasian Philippines Holdings, Inc. and a Company in the pre-operating stage)

BALANCE SHEET
JUNE 30, 2004
(With comparative figures as of June 30, 2003)

| | Notes | 2004 | 2003 |
|--------------------------|-------|-------------|---------------|
| | | | (As restated) |
| <u>ASSETS</u> | | | |
| CASH IN BANK | | P 8,795,555 | P 8,051,980 |
| DUE FROM RELATED PARTIES | 2,3 | 50,112,691 | 45,891,777 |
| Total assets | | P58,908,246 | P53,943,757 |

LIABILITIES AND STOCKHOLDER'S EQUITY

| | | | |
|--|-----|-------------|-------------|
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 2 | P - | P 35,000 |
| <u>NON-CURRENT LIABILITY</u> | | | |
| Due to a related party | 2,3 | 521,066 | 354,807 |
| Deferred credits | 4 | 13,200,927 | 26,401,853 |
| Total non-current liabilities | | 13,721,993 | 26,756,660 |
| Total liabilities | | 13,721,993 | 26,791,660 |
| STOCKHOLDER'S EQUITY | | 45,186,253 | 27,152,097 |
| Total liabilities and stockholder's equity | | P58,908,246 | P53,943,757 |

(See accompanying notes to financial statements)

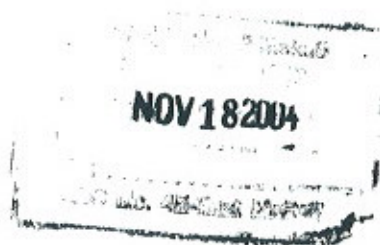
NOV 18 2004

AUSTRALASIAN PHILIPPINES MINING, INC.
 (A wholly-owned subsidiary of Australasian Philippines
 Holdings, Inc. and a Company in the pre-operating stage)

STATEMENT OF INCOME
FOR THE YEAR ENDED JUNE 30, 2004
 (With comparative figures for the year ended June 30, 2003)

| | Notes | 2004 | 2003 |
|---------------------------------------|-------|--------------------|------------------|
| | | | (As restated) |
| INCOME | | | |
| Interest income | 2 | P 2,850 | P 10,946 |
| Foreign exchange gain | 2,4,7 | 18,162,565 | - |
| Total income | | 18,165,415 | 10,946 |
| ADMINISTRATIVE EXPENSES | | | |
| Professional fees | 2 | 123,349 | 55,881 |
| Taxes and licenses | | 7,910 | 7,590 |
| Total administrative expenses | | 131,259 | 63,471 |
| NET INCOME (LOSS) FOR THE YEAR | | P18,034,156 | P(52,525) |

(See accompanying notes to financial statements)

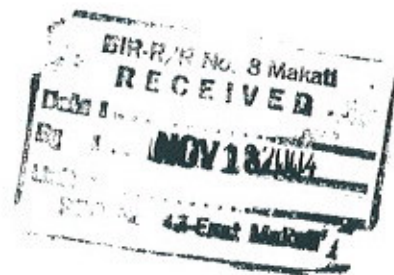


AUSTRALASIAN PHILIPPINES MINING, INC.
 (A wholly-owned subsidiary of Australasian Philippines Holdings, Inc. and a Company in the pre-operating stage)

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
 FOR THE YEAR ENDED JUNE 30, 2004**
 (With comparative figures for the year ended June 30, 2003)

| | 2004 | 2003 |
|---|---------------------|---------------|
| | | (As restated) |
| CAPITAL STOCK - P100 par value | | |
| Authorized - 1,055,000 shares | <u>P105,500,000</u> | |
| Issued and outstanding - 271,250 shares | P27,125,000 | P27,125,000 |
| RETAINED EARNINGS | | |
| July 1 | 27,097 | 79,622 |
| Net income (loss) for the year | 18,034,156 | (52,525) |
| June 30 | 18,061,253 | 27,097 |
| | P45,186,253 | P27,152,097 |

(See accompanying notes to financial statements)



AUSTRALASIAN PHILIPPINES MINING, INC.
 (A wholly-owned subsidiary of Australasian Philippines
 Holdings, Inc. and a Company in the pre-operating stage)

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With comparative figures for the year ended June 30, 2003)

| | 2004 | 2003 (As restated) |
|--|----------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) for the year | P18,034,156 | P (52,525) |
| Adjustments for: | | |
| Foreign exchange gain | (18,162,565) | - |
| Interest income | (2,850) | (10,946) |
| Decrease in accounts payable and accrued expenses | (35,000) | - |
| Interest received | 2,850 | 10,946 |
| Net cash used in operating activities | (163,409) | (52,525) |
| CASH FLOWS FROM FINANCING ACTIVITY | | |
| Increase in due to a related party | 166,259 | 63,471 |
| EFFECT OF EXCHANGE RATE CHANGES IN CASH IN BANK | | |
| | 740,725 | 194,884 |
| NET INCREASE IN CASH IN BANK | 743,575 | 205,830 |
| CASH IN BANK | | |
| July 1 | 8,051,980 | 7,846,150 |
| June 30 | P 8,795,555 | P8,051,980 |

(See accompanying notes to financial statements)



AUSTRALASIAN PHILIPPINES MINING, INC.
(A wholly-owned subsidiary of Australasian Philippines Holdings, Inc. and a Company in the pre-operating stage)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004
(With comparative figures as of and for the year ended June 30, 2003)

Note 1 - Corporate information

Australasian Philippines Mining, Inc. (the "Company") was registered with the Securities and Exchange Commission (SEC) on July 24, 1996 primarily to render exploration and other related services, as well as, all aspects of technical and management services to individuals, partnerships, associations and corporations engaged in mining or, in any manner, in the acquisition, conveyance, storage, marketing, processing, refining and distribution of minerals. On August 7, 1998, the Company amended its articles of incorporation changing its primary purpose to include, among others, activities involving large-scale exploration, development and utilization of mineral resources. The amended articles of incorporation were approved by the SEC on October 15, 1998.

The Company is a wholly-owned subsidiary of Australasian Philippines Holdings, Inc. (APHI). The Company has no regular employee as of June 30, 2004. Its administrative functions are being handled by the employees of a related party.

Note 2 - Significant accounting policies

The principal accounting policies and practices of the Company are set forth to facilitate the understanding of data presented in the financial statements.

Basis of preparation

The financial statements of the Company are prepared under the historical cost convention in accordance with generally accepted accounting principles in the Philippines. The preparation of financial statements in conformity with generally accepted accounting principles in the Philippines requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although

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these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

New accounting standards effective in 2004

As applicable, the Company adopted the following Statements of Financial Accounting Standards/ International Accounting Standards (SFAS/IAS) as of and for the year ended June 30, 2004. These new standards have been approved by the Accounting Standards Council (ASC) of the Philippines.

- SFAS 8A, "Deferred Foreign Exchange Differences, which amends ASC SFAS No. 8, Accounting for the Effects of Changes in Foreign Exchange Rates. The standard requires that by December 31, 2004, all deferred foreign exchange differences existing as of July 1, 2003 should be fully amortized.
- SFAS 10/IAS 10, "Events after the Balance Sheet Date", which requires the disclosure of the date of authorization for issue of the financial statements, and prescribes the accounting and disclosure related to adjusting and non-adjusting subsequent events.
- SFAS 12/IAS 12, "Income Taxes", which prescribes the accounting treatment of income taxes and requires the recognition of deferred tax liability for taxable temporary differences and deferred tax asset for deductible temporary differences if it is probable that a tax benefit will be realized.
- SFAS 37/IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", which provides the criteria for the recognition and bases for measurement of provisions, contingent liabilities and contingent assets. It also specifies the disclosures that should be included with respect to these items.
- SFAS 38/IAS 38, "Intangible Assets", which establishes the criteria for the recognition and measurement of intangible assets. Intangible assets that are recognized should be amortized generally over 20 years. The new standard also requires that expenditures on research, start-up, training, advertising and relocation be expensed as incurred.

There were no significant adjustments brought about by the adoption of the above standards, except for those disclosed in Note 4.

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New accounting standards effective subsequent to 2004

The ASC has likewise approved SFAS 21/IAS 21, The Effects of Changes in Foreign Exchange Rates, which prohibits capitalization and deferral of foreign exchange losses. SFAS 21/IAS 21 will be effective in 2005.

Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or their stockholders. Transactions between related parties are generally accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market except as discussed in Note 3.

Impairment of assets

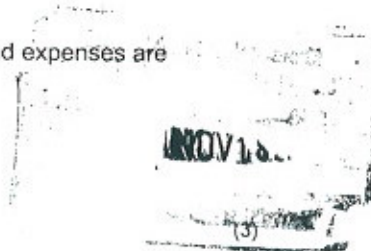
Long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Income and expense recognition

Interest and other income are recognized when earned. Cost and expenses are recorded when incurred.



Transactions in foreign currencies

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements are presented in Philippine Peso, which is the functional currency of the Company.

Foreign currency transactions are translated into the Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies were deferred up to June 2003 (Note 4). Foreign exchange gains or losses incurred in subsequent periods are credited or charged to operations.

Income taxes

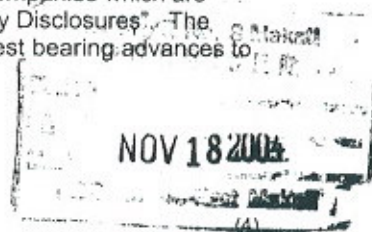
Deferred income tax assets and liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured using the currently enacted income tax rate. A valuation allowance is provided for the portion of deferred income tax assets that is not expected to be realized or applied in the immediate future. Deferred income tax expense or benefit is recognized for the changes during the year in the deferred income tax assets and liabilities and related valuation allowance.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Note 3 - Related party transactions

In the normal course of business, the Company transacts with companies which are considered related parties under SFAS 24/IAS 24, "Related Party Disclosures". The transactions with related parties consist principally of non-interest bearing advances to finance various working capital requirements.



The significant related party transactions of the Company not separately shown elsewhere in the financial statements as of and for the years ended June 30 follow:

| Name of the company | Nature of transactions | Amounts | |
|----------------------------------|------------------------|-------------|-------------|
| | | 2004 | 2003 |
| Due from related parties | | | |
| Climax Mining Ltd. (CML) | Advances | P49,946,800 | P45,739,859 |
| APHI | Advances | 165,891 | 151,918 |
| | | 50,112,691 | 45,891,777 |
| Due to a related party | | | |
| Climax-Arimco Mining Corporation | Advances | 521,066 | 354,807 |
| | | P49,591,625 | P45,536,970 |

During the year, a foreign exchange gain amounting to P nil (2003 - P1,055,629) was deferred (Note 4).

Note 4 - Deferred credits

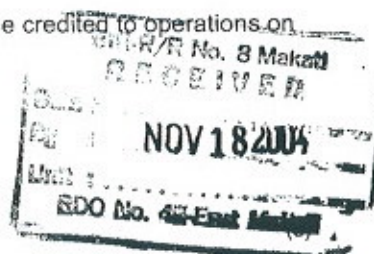
The account as of June 30, 2004 and 2003 pertains to deferred foreign exchange gain arising from translation of the Company's receivable from CML.

In 2004, the Company adopted SFAS 8A, "Deferred Foreign Exchange Differences". Under the allowed alternative treatment, the deferred foreign exchange differences existing as of July 1, 2003 may be amortized over a period until December 31, 2004.

As required by the transitional provisions of the standard, the Company has made adjustments in the following account balances as of and for the year ended June 30, 2004:

| | Debit (credit) |
|-----------------------|----------------|
| Foreign exchange gain | P(13,200,927) |
| Deferred credits | 13,200,927 |

The remaining deferred foreign exchange differences will be credited to operations on December 31, 2004.



Note 5 - Provision for income tax/deferred income tax

The reconciliation of the provision for income tax computed at the statutory income tax rate of 32% to actual income tax provision shown in the statement of income for the years ended June 30 is shown below:

| | 2004 | 2003 |
|--|-------------|-----------|
| Statutory tax at 32% | P 5,770,930 | P(16,808) |
| Reduction in income taxes resulting from tax effects of: | | |
| Interest income subjected to final tax | (912) | (3,503) |
| Valuation allowance for unrealized foreign exchange gain | (5,812,021) | - |
| Valuation allowance for net operating loss carryover (NOLCO) | 42,003 | 20,311 |
| Actual tax provision | P - | P - |

The details of NOLCO as of June 30 are as follows:

| Taxable year | Expiration year | Amount | |
|-----------------|-----------------|-----------|----------|
| 2004 | 2007 | P 131,259 | P - |
| 2003 | 2006 | 63,471 | 63,471 |
| | | 194,730 | 63,471 |
| Income tax rate | | 32% | 32% |
| | | P 62,314 | P 20,311 |

The Company's deferred income tax as of June 30 consists of:

| | 2004 | 2003 |
|----------------------------------|-------------|----------|
| NOLCO | P 62,314 | P 20,311 |
| Unrealized foreign exchange gain | 5,812,021 | - |
| | 5,874,335 | 20,311 |
| Valuation allowance | (5,874,335) | (20,311) |
| | P - | P - |

Realization of tax assets is dependent on many factors, including the ability of the Company to generate taxable income from its operation during the period in which those temporary differences are expected to be recovered. Management has considered these factors in reaching a conclusion to provide full valuation allowance on DIT assets for financial reporting purposes.

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Note 6 - Contract/agreement

On December 23, 1996, the Company, as assignee, entered into an Assignment, Accession and Assumption Agreement with another company (the assignor) relating to a Financial or Technical Assistance Agreement (FTAA) with the Philippine government.

The Assignment, Accession and Assumption Agreement has been registered with the Philippine government on January 30, 2004. Accordingly, the assignee may now be recognized as the registered holder of the FTAA as at June 30, 2004. However, the transfer could not be effected yet as of June 30, 2004 pending completion of certain documentation required by the regulatory authority.

Note 7 - Foreign currency denominated assets, liabilities and equivalents

The Company's foreign currency denominated assets as of June 30 are as follows:

| | 2004 | 2003 |
|-------------------|--------------|--------------|
| Current assets | \$ 156,727 | \$ 156,674 |
| Non-current asset | 892,956 | 892,956 |
| Total | \$ 1,049,683 | \$ 1,049,630 |
| Peso equivalents | P58,908,246 | P53,943,757 |

At June 30, 2004, the exchange rate was P56.12 (2003 - P51.39) per US\$1.00.
Net foreign exchange gain recorded in 2004 amounted to P18,162,565 (2003 - Pnil).



Note 8 - Restatement

Certain administrative expenses in prior years were erroneously capitalized as part of Exploration and development costs account. The financial statements as of and for the year ended June 30, 2003 have been restated to correct the error.

The Company has made the following adjustments to correct certain errors in the following account balances:

| | 2003 |
|---|-----------|
| Deferred credits | P836,299 |
| Administrative expenses | 63,471 |
| Interest income | (10,946) |
| Retained earnings | (79,622) |
| Organizational & pre-operating expenses | (809,202) |

These adjustments have no income tax effect since there is no taxable income against which these could be deducted from/applied to.

Note 9 - Approval of financial statements

The financial statements were approved and authorized for issuance by the Board of Directors on September 29, 2004.

