

Company Registration No. 3818292 (England and Wales)

CELTIC RESOURCES (CENTRAL ASIA) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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CELTIC RESOURCES (CENTRAL ASIA) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is to act as an intermediate holding company and maintain the group representative office in Almaty, Kazakhstan

The result for the year is set out in the Profit and Loss account

No dividend has been paid or is proposed for the year nor was any paid or proposed in the previous year

Directors

The following directors have held office since 1 January 2006

K A Foo

M J Palmer

There have been no changes in the directors or the secretary during the period

Neither director has any interest in the share capital of the company

The directors are also directors of Celtic Resources Holdings Plc, the holding company, and their interests in the shares of group companies are disclosed in its accounts

Auditors

Deloitte & Touche were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

CELTIC RESOURCES (CENTRAL ASIA) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

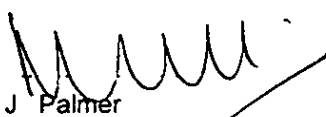
Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board


M J Palmer
Director
18/6/7

CELTIC RESOURCES (CENTRAL ASIA) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CELTIC RESOURCES (CENTRAL ASIA) LIMITED

We have audited the financial statements of Celtic Resources (Central Asia) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet and related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

CELTIC RESOURCES (CENTRAL ASIA) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF CELTIC RESOURCES (CENTRAL ASIA) LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended ,
- the information given in the directors' report is consistent with the financial statements
- the financial statements have been properly prepared in accordance with the Companies Act 1985

Deloitte & Touche
Deloitte & Touche

18 June 2007

Chartered Accountants
Registered Auditor

Dublin

CELTIC RESOURCES (CENTRAL ASIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 \$	2005 \$
Administrative expenses		(677,157)	(539,660)
Loss on ordinary activities before taxation		<u>(677,157)</u>	<u>(539,660)</u>
Tax on loss on ordinary activities	2	-	-
Loss on ordinary activities after taxation	7	<u>(677,157)</u>	<u>(539,660)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains or losses in either year other than those passing through the profit and loss account

CELTIC RESOURCES (CENTRAL ASIA) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 \$	\$	2005 \$	\$
Fixed assets					
Investments	3	7,678,346		7,562,445	
Current assets					
Debtors	4	85,058		28,600	
Cash at bank and in hand		55,463		-	
		<u>140,521</u>		<u>28,600</u>	
Creditors amounts falling due within one year	5	<u>(7,233,482)</u>		<u>(6,328,503)</u>	
Net current liabilities			(7,092,961)		(6,299,903)
Total assets less current liabilities			<u>585,385</u>		<u>1,262,542</u>
Capital and reserves					
Called up share capital	6	2,146,000		2,146,000	
Profit and loss account - deficit	7	(1,560,615)		(883,458)	
Shareholders' funds - equity interests	8	<u>585,385</u>		<u>1,262,542</u>	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the Board on

19 June 2007

M J Palmer
Director

CELTIC RESOURCES (CENTRAL ASIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.3 Deferred taxation

In accordance with FRS 19 deferred taxation is provided on all timing differences, arising from the different treatment of items of income and expenditure for accounts and taxation purposes, which are expected to reverse in future, calculated at rates which have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only when, based on available information it is considered more likely than not that such assets are recoverable

1.4 Group accounts

Consolidated financial statements are not prepared because the company is exempt as its parent prepares consolidated financial statements. These financial statements deal only with the results of the company itself

2 Taxation

The company has estimated losses of £ 1,562,290 (2005 £ 885,133) available for carry forward against future trading profits

No tax is due for the current year, nor was any due in the previous year, because the company incurred losses in both years

CELTIC RESOURCES (CENTRAL ASIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

3 Fixed asset investments

	Shares in group undertakings and participating interests \$
Cost	
At 1 January 2006	7,562,445
Additions	115,901
	<hr/>
At 31 December 2006	7,678,346
	<hr/>

The company has the following subsidiaries

FIC Alel JSC which is incorporated in Kazakhstan and is wholly owned

Celtic Asian Gold LLP which is incorporated in Kazakhstan and is wholly owned

Dabney Holdings Limited which is incorporated in the British Virgin Islands and is wholly owned

Mack Logistics Limited which is incorporated in England and Wales and is wholly owned

Celtic Technical Services Limited which is incorporated in England and Wales and is wholly owned

KenKasGan LLP which is incorporated in Kazakhstan and is wholly owned

Zherek LLP which is incorporated in Kazakhstan and is 75% owned

The additions are the \$820 subscribed as capital to KenGasKan LLP plus additional consideration payable following the collection of the remainder of a debt recorded in Kazakhstan Tenge which had been written off by FIC Alel JSC

4 Debtors	2006 \$	2005 \$
Amounts owed by group undertakings and undertakings in which the company has a participating interest	<hr/> 85,058	<hr/> 28,600

CELTIC RESOURCES (CENTRAL ASIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

5	Creditors amounts falling due within one year	2006	2005
		\$	\$
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	6,677,502	5,997,513
	Other creditors	555,980	330,990
		<u>7,233,482</u>	<u>6,328,503</u>
6	Share capital	2006	2005
		£	£
	Authorised		
	100,000,000 Ordinary shares of £1 each	100,000,000	100,000,000
		<u>100,000,000</u>	<u>100,000,000</u>
		\$	\$
	Allotted, called up and fully paid		
	1,295,923 Ordinary shares of £1 each	2,146,000	2,146,000
		<u>2,146,000</u>	<u>2,146,000</u>
7	Profit and loss account		Profit and loss account
			\$
	Balance at 1 January 2006		(883,458)
	Loss for the year		(677,157)
	Balance at 31 December 2006		<u>(1,560,615)</u>
8	Reconciliation of movements in equity shareholders' funds	2006	2005
		\$	\$
	Loss for the financial year	(677,157)	(539,660)
	Opening equity shareholders' funds	1,262,542	1,802,202
	Closing equity shareholders' funds	<u>585,385</u>	<u>1,262,542</u>

CELTIC RESOURCES (CENTRAL ASIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2006**

9 Control

The parent company is Celtic Resources Holdings Plc, a company registered in the Republic of Ireland

Celtic Resources Holdings Plc Limited prepares group consolidated financial statements and copies can be obtained from its U K office at 52/54, Stamford Street, London, SE19LX

10 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company