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SEC Registration Number

ORIENTAL PENINSULA RESOURCES GROUP INC

(Company's Full Name)

81 SEN GIL PUYAT AVE BGY PALANAN MAKATI CITY PHILIPPINES

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

Connie A. Minoza

(Contact Person)

63 (2) 8891129

(Company Telephone Number)

12 (*Month*) **31** (*Day*)

(Fiscal Year)

17-Q

(Form Type)

Month *Day*

(Annual Meeting)

Permit to Sell Securities

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2014**

2. Commission identification number **CS200705606** 3. BIR Tax Identification No 006-710-868

4. Exact name of issuer as specified in its charter **ORIENTAL PENINSULA RESOURCES GROUP, INC.**

5. **Makati City, Philippines**
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **81 Sen. Gil Puyat Avenue, Palanan, Makati City** **1227**
Address of issuer's principal office Postal Code

8. **(632) 889-11-29**
Issuer's telephone number, including area code

9. **Not Applicable**
Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common shares at P 1.00 par value	**2,878,500,005**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange, Inc. **1,452,000,005**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [x] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [x] No [ ]

FINANCIAL INFORMATION
Third Quarter 2014

Item 1. Financial Statements

The Interim Consolidated Financial Statements of Oriental Peninsula Resources Group Inc. are filed as part of this Form 17-Q. The issuer's interim consolidated financial reports for the quarter ending September 30, 2014 with comparative figures for the quarter ending September 30, 2013, September 30, 2012, September 30, 2011 and December 31, 2013 (audited) is in compliance with generally accepted accounting principles. There were no changes in accounting policies and methods of computation in the preparation of interim financial statements as prepared with the most recent annual financial statements.

No disclosures or discussions were made in the interim report on the seasonality or cyclicality of interim operations as there were no identified seasonal aspects that have material effect on the financial condition or results of operation of the company.

No disclosures or discussions were made in the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual of their nature, size, or incidents as there are no unusual occurrences that are expected to happen.

The nature and amount of changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, if these changes have a material effect in the current interim period as the company has not changed its accounting policies and methods of computation in the preparation of interim financial statements as prepared with the most recent annual financial statements as there were no events or uncertainties that have not been reflected in the interim financial statements.

No issuances, repurchases and repayments of debt and equity securities were not disclosed as the same is not applicable.

Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period were not disclosed as there were no events or uncertainties that have not been reflected in the interim financial statements.

The following tables set forth the summary financial information for the third quarter of 2014, 2013, 2012, and 2011:

Summary of Consolidated Income Statement for the six-month period ending September 30, 2014, 2013, 2012, 2011 and December 31, 2013 (audited):

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.2013 (audited)
Sales – Nickel laterite ore	3,086,02,756	1,528,868,448	1,690,971,644	921,460,135	1,623,657,743
Production Cost	1,661,560,532	899,040,456	947,434,483	388,780,249	818,077,487
Gross Revenue From Mining	1,424,532,224	629,827,993	743,537,161	532,679,886	805,580,256
Other Cost and Expenses:					
Depreciation, depletion and amortization	173,861,902	169,662,180	72,433,276	2,450,647	171,693,976
Administrative expenses	118,896,766	70,970,978	87,271,020	35,998,775	93,115,535
Finance cost	54,290,284	-	-	-	79,550,133
Excise and other taxes	77,511,879	35,004,934	38,107,827	1,073,354	39,132,057
Foreign exchange loss	1,976,036	2,275,669	-	-	10,898,782
Total	426,536,867	277,913,762	197,812,122	39,522,776	394,390,483
Operating Profit/(Loss)	997,995,357	351,914,231	545,725,039	493,157,111	411,189,773
Other revenues/(loss)*	462,645	9,601,953	(3,314,415)	104,034	65,674,617
Net Profit/(Loss) before Income Tax	998,458,001	361,516,184	542,410,624	493,261,144	476,864,390
Income Tax Expense (Benefit)	-	-	-	-	18,774,159
Total Comprehensive Income	998,458,001	361,516,184	542,410,624	493,261,144	458,090,261
Net Profit/(Loss) attributable to:					
Equity holders of the company	957,528,561	346,698,802	520,178,993	464,030,854	437,667,245
Minority interests	40,929,440	14,817,382	22,231,631	29,230,290	20,423,016
	998,458,001	361,516,184	542,410,624	303,616,504	458,090,261

FINANCIAL INFORMATION
Third Quarter 2014

Summary of Consolidated Balance Sheet for the period nine-months period ending September 30, 2014, 2013, 2012, 2011 and December 31, 2013:

	January-September 2014	January-September 2013	January-September 2012	January-September 2011	Dec. 31, 2013 (audited)
Current Assets	2,519,855,343	1,094,786,237	1,177,921,048	790,621,821	1,161,713,373
Non-Current Assets	3,165,627,707	3,039,491,451	2,577,696,466	2,515,021,766	3,568,244,205
Total Assets	5,685,483,049	4,134,277,688	3,755,617,514	3,305,643,588	4,729,957,578
Current Liabilities	73,439,095	577,631,232	107,859,953	30,743,792	610,866,769
Non-Current Liabilities	19,526,190	514,346,623	914,288,541	1,114,562,524	953,615,664
Provision for site rehabilitation	48,409,462	19,723,608	5,982,188	-	46,324,844
Equity attributable to parent company	5,417,463,155	2,942,460,283	2,663,015,302	2,139,492,448	3,033,4285,726
Minority Interest	126,645,147	80,115,942	64,471,531	20,844,824	85,721,575
Total Liabilities & Equity	5,685,483,049	4,134,277,688	3,755,617,514	3,305,643,588	4,729,957,578

Summary of Consolidated Cash Flow Statement for the six-month period ending September 30, 2014, 2013, 2012, and 2011:

	January-September 2014	January-September 2013	January-September 2012	January-September 2011
Cash used from operating activities	(233,450,099)	811,237,119	477,619,757	(204,300,685)
Cash used from investing activities	227,767,291	(664,494,456)	(119,063,817)	(175,269,309)
Cash provided from financing activities	(62,705,751)	10,861,468	(294,332,022)	389,948,919
Net Increase/(Decrease) in Cash & Cash Equivalents	(68,388,559)	157,604,131	64,223,919	10,378,925
Cash & Cash Equivalents at beginning of the year	76,556,183	37,270,110	23,169,284	1,657,469
Cash & Cash Equivalents, end	8,167,624	194,874,241	87,393,203	12,036,394

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

<u>Plan of Operations</u>

The Company plans to continue on with its commercial operations for 2014 with a target of Fifty-Five (55) vessels of nickel ore this year. The Company is planning to put up an ore beneficiation plant within the year and target of completion, to add more value to ore by upgrading the ore grade. On the corporate side, the Company is expected to be more active in promoting good corporate governance and in pursuing its objective to be a Company with definite, concrete and effective corporate social responsibility with special advocacy for health, education and environment.

<u>Status Of Operation</u>

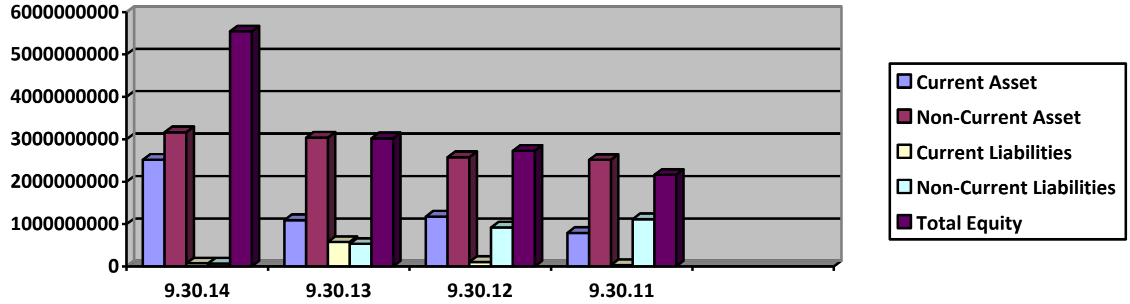
During the nine-months period ending September 30of 2014, the group was able to shipped a total of fifty-six (56) vessels of nickel laterite ore to China (fifty vessels) and Japan (five vessel), exceeding its target of fifty-five (55) vessels for the year. Despite the challenges, the volatility of price in the London Metal Exchange and increment weather conditions, the group laud its effort to meet it's goal, to sustained growth in operations and profit and significantly increase shareholder value over the next years. The group managed to minimize and/or maintain its total operating cost and expenses.

In relation to Citinickel's mine site expansion and on-going site development, it has appropriated P300,000,000 for the additional construction and development works, exploration and validation works, and purchase of crushing plant, during its Board of Directors meeting on December 22, 2012. During the first half of 2013, the company started the clearing and grubbing works, roadway excavation and embankment from roadway excavation. Development and construction, exploration and validation works are expected to be completed up to the second half of 2014.

In light of Citinickel's corporate social responsibility (CSR) projects, during the year the following projects were implemented to its host community: (1) education - scholarship programs, constructed and finished school classrooms, comfort room and covered court in Espanola, and and multi-purpose hall in Narra; (2) livelihood/sustainable agriculture programs – conducted livelihood training and seminar in Española, and vermi-composting facilities & training in Narra; (3) health and sanitation – provided health station in Española, and constructed birthing home facility & equipment in Narra, water system installation in

Narra which is now still on-going; (4) Infrastructure – covered gym/court for both Narra and Española, and solar dryer in Narra.

Financial Condition:



Below table is Horizontal and Vertical Analysis of Material Changes for the as of September 30, 2014, September 30, 2013, September 30, 2012, September 30, 2011 and December 31, 2013 (audited) Consolidated Balance Sheet (figures rounded into nearest Peso):

September 30, 2014 versus December 31, 2013 (audited):

			Horizontal Analysis		Vertical Analysis	
BALANCE SHEET	9.30.14	12.31.13 (audited)	9.30.14 vs 12.31.13	%	9.30.14 (%)	12.31.13 (%)
ASSETS:						
Current Assets:						
Cash & cash equivalents	8,167,624	76,556,183	(68,388,559)	-89.33	0.14	1.62
Receivables	2,199,341,162	734,435,875	1,464,905,287	199.46	38.68	15.53
Inventories	312,346,556	350,721,315	(38,374,760)	-10.94	5.49	7.41
Total Current Assets	2,519,855,343	1,161,713,373	1,358,141,969	116.91	44.32	24.56
Non-Current Assets:						
Property, Plant & equipment	2,237,544,114	2,212,782,391	24,761,723	1.12	39.36	46.78
Explored mineral resources	614,011,559	650,675,908	(36,664,349)	-5.63	10.8	13.76
Advances to related party	147,556,454	571,970,057	(424,413,603)	-74.20	2.60	12.09
Other non-current asset	166,515,580	132,815,849	33,699,731	25.37	2.93	2.81
Total Non-Current Assets	3,165,627,707	3,568,244,205	(402,616,498)	-11.28	55.68	75.44
TOTAL ASSETS	5,685,483,049	4,729,957,578	955,525,471	20.20	100.00	100.00
LIABILITIES AND EQUITY:						
Current Liabilities:						
Accounts payable & other liabilities	73,310,759	109,822,399	(36,511,640)	-33.25	1.29	2.32
Finance lease liability	83,875	999,909	(916,034)	-91.61	0.00	0.02
Deposit for future capital subscription	-	500,000,000	(500,000,000)	-100.00	0.00	10.57
Income tax payable	44,461	44,461	-	0.00	0.00	0.00
Total Current Liabilities	73,439,095	610,866,769	(537,427,674)	-87.98	1.30	12.91
Non-Current Liabilities:						
Advances from related parties	-	934,089,474	(934,089,474)	-100.00	0.00	19.75
Deferred tax liability	19,526,190	19,526,190	-	0.00	0.34	0.41
Provision for site rehabilitation cost	48,409,462	46,324,844	2,084,618	4.50	0.85	0.98
Total Non-Current Liabilities	67,935,653	999,940,508	(932,004,855)	-93.21	1.20	21.14
Total Liabilities	141,374,748	1,610,807,277	(1,469,432,529)	-91.22	2.49	34.06
Equity Holders of the Parent Company						
Share capital	2,878,500,005	1,452,000,005	1,426,500,000	98.24	50.63	30.70
Share premiums	429,309,301	429,309,301	-	0.00	7.55	9.08
Retained earnings	2,109,653,849	1,152,119,420	957,534,428	83.11	37.11	24.36
Sub-total	5,417,463,155	3,033,428,726	2,384,034,428	78.59	95.29	64.13

Non-controlling interest	126,645,147	85,721,575	40,923,571	47.74	2.23	1.81
Total Equity	5,544,108,301	3,119,150,304	2,424,958,001	77.74	97.51	65.94
TOTAL LIABILITIES & EQUITY	5,685,483,049	4,729,957,578	955,525,471	20.20	100.00	100.00

Current assets as of the third quarter of 2014 is 116.91% higher compared to the December 31, 2013 year-end balance. Increase was due to increase of receivables by 199.46%. Cash and Inventories for the third quarter decrease by 89.33% & 10.94% respectively. The increase in receivables is due to increase in sales during the third quarter.

Non-current assets as of the third quarter of 2014 is 11.28% lower versus December 31, 2013. Property plant and equipment increased by 1.12% due to acquisition of machinery & equipment. Explored mineral resources decreased by 5.63% due to depletion recognized, and advances to related party by 74.20% due to payments. Other non-current asset increase by 25.37% due to establishment of trust funds for the provision of site rehabilitation required by DENR-MGB made during the third quarter.

Total asset as of the third quarter of 2014 is 20.20% higher compared to December 31, 2013 balance.

Total liabilities during the third quarter of 2014 is 91.22% lower versus December 31, 2013. Current Liabilities as of the third quarter of 2014 is 87.98% lower against the year-end balance of 2013. Current liabilities consist of (1) accounts payable & other liabilities, (2) finance lease liability, (3) deposit for future capital subscription, and (4) income tax payable. Accounts payable & other liabilities decrease by 33.25% , finance lease liability decreased by 91.61%, deposit for future capital subscription decreased by 100%, and Income tax payable decreased by 0% compared to December 31, 2013. Non-current liabilities is also 93.21% higher against December 31, 2013. It is composed of the advances from related parties, deferred tax liability and the provision for site rehabilitation. Advances to related parties decreased by 100% and provision for site rehabilitation increased by 4.50% versus December 31, 2013.

Total equity for the third quarter of 2014 is 77.74% higher compared to December 31, 2013. Share capital increased by 98.24% due to additional investments, no movement in share premium, retained earnings recognized is 83.11% higher compared to December 31, 2013 due to revenue recognized.

Total liabilities and equity for the third quarter of 2014 is 20.20% higher compared to December 31, 2013.

September 30, 2014 versus September 30, 2013:

			Horizontal Analysis		Vertical Analysis	
BALANCE SHEET	9.30.14	9.30.2013	9.30.14 vs 9.30.13	%	9.30.14 (%)	9.30.13 (%)
ASSETS:						
Current Assets:						
Cash & cash equivalents	8,167,624	194,874,241	(186,706,617)	-95.81	0.14	4.71
Receivables	2,199,341,162	752,941,268	1,446,399,895	192.10	38.68	18.21
Inventories	312,346,556	146,970,728	165,375,828	112.52	5.49	3.55
Total Current Assets	2,519,855,343	1,094,786,237	1,425,069,105	130.17	44.32	26.48
Non-Current Assets:						
Property, Plant & equipment	2,237,544,114	1,959,384,986	278,159,128	14.20	39.36	47.39
Explored mineral resources	614,011,559	651,578,238	(37,566,680)	-5.77	10.8	15.76
Advances to related party	147,556,454	-	147,556,454	NIL	2.60	0.00
Other non-current asset	166,515,580	428,528,226	(262,012,646)	-61.14	2.93	10.37
Total Non-Current Assets	3,165,627,707	3,039,491,451	126,136,256	4.15	55.68	73.52
TOTAL ASSETS	5,685,483,049	4,134,277,688	1,551,205,362	37.52	100.00	100.00
LIABILITIES AND EQUITY:						
Current Liabilities:						
Accounts payable & other liabilities	73,310,759	63,709,812	9,600,947	15.07	1.29	1.54
Finance lease liability	83,875	-	83,875	NIL	0.00	0.00

Deposit for future capital subscription	-	513,921,420	(513,921,420)	-100.00	0.00	12.43
Income tax payable	44,461	-	44,461	NIL	0.00	0.00
Total Current Liabilities	73,439,095	577,631,232	(504,192,136)	-87.29	1.30	13.97
Non-Current Liabilities:						
Advances from related parties	-	514,346,623	(514,346,623)	-100.00	0.00	12.44
Deferred tax liability	19,526,190	-	19,526,190	NIL	0.34	0.00
Provision for site rehabilitation cost	48,409,462	19,723,608	28,685,854	145.44	0.85	0.48
Total Non-Current Liabilities	67,935,653	534,070,231	(466,134,579)	-87.28	1.20	12.92
Total Liabilities	141,374,748	1,111,701,463	(970,326,715)	-87.28	2.49	26.89
Equity Holders of the Parent Company						
Share capital	2,878,500,005	1,452,000,005	1,426,500,000	98.24	50.63	35.12
Share premiums	429,309,301	429,309,301	-	0.00	7.55	10.38
Retained earnings	2,109,653,849	1,061,150,977	1,048,502,872	98.81	37.11	25.67
Sub-total	5,417,463,155	2,942,460,283	2,475,002,872	84.11	95.29	71.17
Non-controlling interest	126,645,147	80,115,942	46,529,205	58.08	2.23	1.94
Total Equity	5,544,108,301	3,022,576,225	2,521,532,076	83.42	97.51	73.11
TOTAL LIABILITIES & EQUITY	5,685,483,049	4,134,277,688	1,551,205,362	37.52	100.00	100.00

Current assets as of the third quarter of 2014 is 130.17% higher compared to the third quarter of 2013. Increase was due to increase of receivables by 192.10% and inventories by 112.52%. Increase in receivables is due to increase in sales, and inventories due to increase in production. Cash decrease by 95.81% due to payments of payables.

Non-current assets as of the third quarter of 2014 is 4.15% higher compared to the third quarter of 2013. Increased in property, plant and equipment by 14.20% is due to acquisition of additional equipment. Increased in Advances to related party by 100% is due to advances made to related parties. Decreased of explored mineral resources by 5.77% is due to depletion, and decreased of other asset by 61.14% versus the third quarter of 2013 is due to reclassification made during the 2013 year-end balances (audited).

Total asset as of the third quarter of 2014 is 37.52% higher compared to the third quarter of 2013.

Total liabilities during the third quarter of 2014 is 87.28% lower versus the third quarter of 2013. Current Liabilities as of the third quarter of 2014 is 87.29% lower against the third quarter of 2013. Accounts payable & other liabilities increase by 15.07%. No comparative figure for the third quarter of 2014 for finance lease liability versus the third quarter of 2013 since there was no recorded or recognized during the third quarter of 2013. Deposit for future capital subscription both decreased by 100% since it is converted to share capital as of the third quarter of 2014, and no comparative figure for income tax payable since this is recognized during year-end of 2013. Non-current liabilities is also 87.28% lower against the third quarter of 2013. Advances to related parties decreased by 100%, no comparative figure for deferred tax liability against third quarter of 2013. Provision for site rehabilitation increased by 145.44% during the third quarter of 2014 versus third quarter of 2013 due to setting-up of additional provision made during the year-end of 2013 as mandated by DENR.

Total equity for the third quarter of 2014 is 83.42% higher compared to third quarter of 2013. Capital stock increased by 98.24% due to additional investments but no movement in share premium. Retained earnings recognized during the third quarter of 2014 is 98.81% higher compared to third quarter of 2013.

Total liabilities and equity for the third quarter of 2014 is 37.52% higher compared to the third quarter of 2013.

September 30, 2014 versus September 30, 2012:

			Horizontal Analysis		Vertical Analysis	
BALANCE SHEET	9.30.14	9.30.2012	9.30.14 vs 9.30.12	%	9.30.14 (%)	9.30.12 (%)
ASSETS:						
Current Assets:						
Cash & cash equivalents	8,167,624	87,393,203	(79,225,579)	-90.65	0.14	2.33

FINANCIAL INFORMATION
Third Quarter 2014

Receivables	2,199,341,162	934,356,526	1,264,984,636	135.39	38.68	24.88
Inventories	312,346,556	156,171,319	156,175,237	100.00	5.49	4.16
Total Current Assets	2,519,855,343	1,177,921,048	1,341,934,295	113.92	44.32	31.36
Non-Current Assets:						
Property, Plant & equipment	2,237,544,114	1,744,298,348	493,245,766	28.28	39.36	46.45
Explored mineral resources	614,011,559	719,832,485	(105,820,926)	-14.70	10.8	19.17
Advances to related party	147,556,454	-	147,556,454	NIL	2.60	0.00
Other non-current asset	166,515,580	113,565,633	52,949,947	46.62	2.93	10.37
Total Non-Current Assets	3,165,627,707	2,577,696,466	587,931,241	22.81	55.68	73.52
TOTAL ASSETS	5,685,483,049	3,755,617,514	1,929,865,535	51.39	100.00	100.00
LIABILITIES AND EQUITY:						
Current Liabilities:						
Accounts payable & other liabilities	73,310,759	107,859,953	(34,549,194)	-32.03	1.29	2.87
Finance lease liability	83,875	-	83,875	NIL	0.00	0.00
Deposit for future capital subscription	-	-	-	NIL	0.00	0.00
Income tax payable	44,461	-	44,461	NIL	0.00	0.00
Total Current Liabilities	73,439,095	107,859,953	(34,420,858)	-31.91	1.30	2.87
Non-Current Liabilities:						
Advances from related parties	-	914,288,541	(914,288,541)	-100.00	0.00	24.34
Deferred tax liability	19,526,190	-	19,526,190	NIL	0.34	0.00
Provision for site rehabilitation cost	48,409,462	5,982,188	42,427,275	709.23	0.85	0.16
Total Non-Current Liabilities	67,935,653	920,270,728	(852,335,075)	-92.62	1.20	24.50
Total Liabilities	141,374,748	1,028,130,681	(886,755,933)	-86.25	2.49	27.38
Equity Holders of the Parent Company						
Share capital	2,878,500,005	1,452,000,005	1,426,500,000	98.24	50.63	38.66
Share premiums	429,309,301	429,309,301	-	0.00	7.55	11.43
Retained earnings	2,109,653,849	781,705,996	1,327,947,853	169.88	37.11	20.81
Sub-total	5,417,463,155	2,663,015,302	2,754,447,853	103.43	95.29	70.91
Non-controlling interest	126,645,147	64,471,531	62,173,615	96.44	2.23	1.72
Total Equity	5,544,108,301	2,727,486,833	2,816,621,468	103.27	97.51	72.62
TOTAL LIABILITIES & EQUITY	5,685,483,049	3,755,617,514	1,929,865,535	51.39	100.00	100.00

Current assets as of the third quarter of 2014 is 113.92% higher compared to the third quarter of 2012. Increase was due to increase of receivables by 135.39% and inventories by 100.00, though cash decreased by 90.65% due to payments of payables.

Non-current assets as of the third quarter of 2014 is 22.81% higher compared to the third quarter of 2012. Property, plant and equipment increased by 28.28% due to acquisition of additional equipments and other non-current asset by 46.62% due to establishment of trust fund accounts for provision for site rehabilitation as required by DENR-MGB. The decreased of explored mineral resources by 14.70% is due to depletion. No comparative figure for advances from related party due to no recognized amount during the third quarter of 2012.

Total asset as of the third quarter of 2014 is 51.39% higher compared to the third quarter of 2012.

Total liabilities during the third quarter of 2014 is 86.25% lower versus the third quarter of 2012. Current Liabilities as of the third quarter of 2014 is 31.91% lower against the third quarter of 2012. Accounts payable & other liabilities decrease by 32.03%, no comparative figures for the account of finance lease liability, deposit for future capital subscription and income tax payable. Non-current liabilities is also 92.62% lower against the third quarter of 2012. Advances to related parties decreased by 100%, no comparative figure for deferred tax liability, and Provision for site rehabilitation increased by 709.23% during the third quarter of 2014 against the third quarter of 2012. Increase is due to additional provision for mine rehabilitation required by DENR-MGB, particularly the Final Mine Rehabilitation and Decommissioning Plan.

Total equity for the third quarter of 2014 is 103.27% higher compared to the third quarter of 2012. The capital stock increased by 98.24% due to additional subscription and investments, no movement in the share premium. Retained earnings recognized during the third quarter of 2014 is 169.88% higher compared to the third quarter of 2012.

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Total liabilities and equity for the third quarter of 2014 is 51.39% higher compared to third quarter of 2012.

September 30, 2014 versus September 30, 2011:

BALANCE SHEET	9.30.14	9.30.2011	Horizontal Analysis 9.30.14 vs 9.30.11	%	Vertical Analysis 9.30.14 (%)	9.30.11 (%)
ASSETS:						
Current Assets:						
Cash & cash equivalents	8,167,624	12,036,394	(3,868,769)	-32.14	0.14	0.36
Receivables	2,199,341,162	683,661,636	1,515,679,527	221.70	38.68	20.68
Inventories	312,346,556	93,628,225	218,718,331	233.60	5.49	2.83
Unused supplies	-	1,295,568	(1,295,568)	-100.00	0.00	0.04
Total Current Assets	2,519,855,343	790,621,821	1,729,233,521	218.72	44.32	23.92
Non-Current Assets:						
Property, Plant & equipment	2,237,544,114	1,572,692,677	664,851,437	42.27	39.36	47.58
Explored mineral resources	614,011,559	745,747,946	(131,736,388)	-17.67	10.8	22.56
Advances to related party	147,556,454	-	147,556,454	NIL	2.60	0.00
Other non-current asset	166,515,580	196,581,143	(30,065,563)	-15.29	2.93	5.95
Total Non-Current Assets	3,165,627,707	2,515,021,766	650,605,941	25.87	55.68	76.08
TOTAL ASSETS	5,685,483,049	3,305,643,588	2,379,839,462	71.99	100.00	100.00
LIABILITIES AND EQUITY:						
Current Liabilities:						
Accounts payable & other liabilities	73,310,759	30,743,792	42,566,967	138.46	1.29	0.93
Finance lease liability	83,875	-	83,875	NIL	0.00	0.00
Deposit for future capital subscription	-	-	-	NIL	0.00	0.00
Income tax payable	44,461	-	44,461	NIL	0.00	0.00
Total Current Liabilities	73,439,095	30,743,792	42,695,303	138.87	1.30	0.93
Non-Current Liabilities:						
Advances from related parties	-	1,114,562,524	(1,114,562,524)	-100.00	0.00	33.72
Deferred tax liability	19,526,190	-	19,526,190	NIL	0.34	0.00
Provision for site rehabilitation cost	48,409,462	-	48,409,462	NIL	0.85	0.00
Total Non-Current Liabilities	67,935,653	1,114,562,524	(1,046,626,871)	-93.90	1.20	33.72
Total Liabilities	141,374,748	1,145,306,316	(1,003,931,568)	-87.66	2.49	34.65
Equity Holders of the Parent Company						
Share capital	2,878,500,005	1,452,000,005	1,426,500,000	98.24	50.63	43.92
Share premiums	429,309,301	429,309,301	-	0.00	7.55	12.99
Retained earnings	2,109,653,849	258,183,143	1,851,470,706	717.12	37.11	7.81
Sub-total	5,417,463,155	2,139,492,448	3,277,970,706	153.21	95.29	64.72
Non-controlling interest	126,645,147	20,844,824	105,800,323	507.56	2.23	0.63
Total Equity	5,544,108,301	2,160,337,272	3,383,771,029	156.63	97.51	65.35
TOTAL LIABILITIES & EQUITY	5,685,483,049	3,305,643,588	2,379,839,462	71.99	100.00	100.00

Current assets as of the third quarter of 2014 is 32.14% lower compared to the third quarter of 2011. Cash decreased by 32.14% & unused supplies by 100%. Receivables increased by 221.70% and inventories by 233.60%.

Non-current assets as of the third quarter of 2014 is 71.99% higher compared to the third quarter of 2011. Property, plant and equipment increased by 42.27% due to acquisition of additional equipments. The decreased of explored mineral resources by 17.67% is due to depletion and non-current asset by 15.29% due to re-classification of accounts made during year-end (audited). No comparative figure for advances from related party due to no recognized amount during the third quarter of 2011.

Total asset as of the third quarter of 2014 is 71.99% higher compared to the third quarter of 2011.

Total liabilities during the third quarter of 2014 is 87.66% lower versus the third quarter of 2011. Current Liabilities as of the third quarter of 2014 is 138.87% higher against the third quarter of 2011. Accounts payable &

other liabilities increase by 138.46%, no comparative figures for the account of finance lease liability, deposit for future capital subscription and income tax payable. Non-current liabilities is also 93.90% lower against the third quarter of 2011. Advances to related parties decreased by 100%, no comparative figure for deferred tax liability, and Provision for site rehabilitation.

Total equity for the third quarter of 2014 is 156.63% higher compared to the third quarter of 2011. The capital stock increased by 98.24% due to additional subscription and investments, no movement in the share premium. Retained earnings recognized during the third quarter of 2014 is 717.12% higher compared to the third quarter of 2011.

Total liabilities and equity for the third quarter of 2014 is 71.99% higher compared to third quarter of 2011.

Income Statement:

September 30, 2014 versus December 31, 2013 (audited):

			Horizontal Analysis		Vertical Analysis	
INCOME STATEMENT	9.30.14	12.31.13 (audited)	9.30.14 vs 12.31.13	%	9.30.14 (%)	12.31.13 (%)
Revenues:						
Sale of ore	3,086,092,756	1,623,657,743	1,462,435,013	90.07	309.09	354.44
Others	462,645	65,674,617	(65,211,972)	-99.30	0.05	14.34
Total	3,086,555,401	1,689,332,360	1,397,223,041	82.71	309.13	368.78
Cost and expenses:						
Production costs	1,661,560,532	818,077,487	843,483,045	103.11	166.41	178.58
Depreciation, depletion & amortization	173,861,902	171,693,976	2,167,926	1.26	17.41	37.48
Administrative expenses	118,896,766	93,115,535	107,997,984	990.92	11.91	2.38
Finance cost	54,290,284	79,550,133	15,158,227	38.74	5.44	8.54
Excise and other taxes	77,511,879	39,132,057	(15,603,656)	-16.76	7.76	20.33
Foreign exchange loss	1,976,036	10,898,782	(77,574,097)	97.52	0.20	17.37
Total	2,088,097,400	1,212,467,969	875,629,430	72.22	209.13	268.68
Income/(Loss) before Income Tax	998,458,001	476,864,390	521,593,612	109.38	100.00	104.10
Income Tax Expense (Benefit):						
Current	-	77,735	(77,735)	-100.00	0.00	0.02
Deferred	-	18,696,394	(18,696,394)	-100.00	0.00	4.08
Income (Loss) for the period	998,458,001	458,090,261	540,367,741	117.96	100.00	100.00
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	998,458,001	458,090,261	540,367,741	117.96	100.00	100.00
Net Income (Loss) attributable to:						
Equity holders of the parent company	957,528,561	437,667,245	519,861,316	118.78	95.90	95.54
Non-controlling interest	40,929,440	20,423,016	20,506,424	100.41	4.10	4.46
Total	998,458,001	458,090,261	540,367,741	117.96	100.00	100.00

Total revenue as of the third quarter of 2014 is 82.71% higher compared to year-end balance of 2013. Revenue from sale of nickel ore increased by 90.07% and other revenue is lower by 99.30%. Total cost and expenses is higher by 72.22% during the third quarter of 2014. Production cost for the third quarter of 2014 is 103.11%, depreciation, depletion and amortization by 1.26%, administrative expenses by 990.92%, and Finance cost by 38.74% compared to the year-end balance of 2013. However, excise and other taxes decrease by 16.76%.

September 30, 2014 versus September 30, 2013:

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INCOME STATEMENT	9.30.14	9.30.13	Horizontal Analysis 9.30.14 vs 9.30.13	%	Vertical Analysis 9.30.14 (%)	9.30.13 (%)
Revenues:						
Sale of ore	3,086,092,756	1528,868,449	1,557,224,307	101.85	309.09	422.90
Others	462,645	9,601,953	(9,139,308)	-95.18	0.05	2.66
Total	3,086,555,401	1,538,470,402	1,548,084,999	100.62	309.13	425.56
Cost and expenses:						
Production costs	1,661,560,532	899,040,456	762,520,076	84.81	166.41	248.69
Depreciation, depletion & amortization	173,861,902	169,662,180	4,199,721	2.48	17.41	46.93
Administrative expenses	118,896,766	70,970,978	47,925,788	67.53	11.91	19.63
Finance cost	54,290,284	1,170,536	53,119,748	4538.07	5.44	0.32
Excise and other taxes	77,511,879	35,004,934	42,506,945	121.43	7.76	9.68
Foreign exchange loss	1,976,036	1,105,133	870,903	78.81	0.20	0.31
Total	2,088,097,400	1,176,954,218	911,143,182	77.42	209.13	325.56
Income/(Loss) before Income Tax	998,458,001	361,516,184	636,941,817	176.19	100.00	100.00
Income Tax Expense (Benefit):						
Current	-	-	-	NIL	0.00	0.00
Deferred	-	-	-	NIL	0.00	0.00
Income (Loss) for the period	998,458,001	361,516,184	636,941,817	176.19	100.00	100.00
Other comprehensive income	-				-	-
Total comprehensive income	998,458,001	361,516,184	636,941,817	176.19	100.00	100.00
Net Income (Loss) attributable to:						
Equity holders of the parent company	957,528,561	346,698,802	610,829,760	176.18	95.90	95.90
Non-controlling interest	40,929,440	14,817,382	26,112,058	176.23	4.10	4.10
Total	998,458,001	361,516,184	636,941,817	176.19	100.00	100.00

Total revenue as of the third quarter of 2014 is 100.62% higher compared to the third quarter of 2013. Revenue from sale of nickel ore increased by 101.85% though other revenue is lower by 95.18%. Total cost and expenses is higher by 77.42% during the third quarter of 2014. Production cost for the third quarter of 2014 is 84.81%, depreciation, depletion and amortization by 2.48%, administrative expenses by 11.912%, Finance cost by 5.44%, excise tax & other taxes by 7.76% and FOREX loss at 0.20% higher compared to the third quarter of 2013.

September 30, 2014 versus September 30, 2012:

INCOME STATEMENT	9.30.14	9.30.12	Horizontal Analysis 9.30.14 vs 9.30.12	%	Vertical Analysis 9.30.14 (%)	9.30.12 (%)
Revenues:						
Sale of ore	3,086,092,756	1,690,971,644	1,395,121,112	82.50	309.09	311.75
Others	462,645	(3,314,415)	3,777,060	-113.96	0.05	-0.61
Total	3,086,555,401	1,687,657,229	1,398,898,172	82.89	309.13	311.14
Cost and expenses:						
Production costs	1,661,560,532	947.434.483	714,126,049	75.37	166.41	174.67
Depreciation, depletion & amortization	173,861,902	72.433.276	101,428,626	140.03	17.41	13.35
Administrative expenses	118,896,766	87,271,020	31,625,747	36.24	11.91	16.09
Finance cost	54,290,284	-	54,290,284	NIL	5.44	0.00
Excise and other taxes	77,511,879	38,107,827	39,404,052	103.40	7.76	7.03
Foreign exchange loss	1,976,036	-	1,976,036	NIL	0.20	0.00
Total	2,088,097,400	1,145,246,605	942,850,795	82.33	209.13	211.14
Income/(Loss) before Income Tax	998,458,001	542,410,624	456,047,377	84.08	100.00	100.00

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Income Tax Expense (Benefit): Current Deferred	 - -	 - -	 - -	 NIL NIL	 0.00 0.00	 0.00 0.00
Income (Loss) for the period Other comprehensive income	998,458,001 -	542,410,624 -	456,047,377 -	84.08	100.00 -	100.00 -
Total comprehensive income	998,458,001	542,410,624	456,047,377	84.08	100.00	100.00
Net Income (Loss) attributable to: Equity holders of the parent company Non-controlling interest Total	 957,528,561 40,929,440 998,458,001	 520,178,993 22,231,631 542,410,624	 437,349,568 18,697,809 456,047,377	 84.08 84.10 84.08	 95.90 4.10 100.00	 95.90 4.10 100.00

Total revenue as of the third quarter of 2014 is 82.89% higher compared to the third quarter of 2012. Revenue from sale of nickel ore increased by 82.50% though other revenue is lower by 113.96%. Total cost and expenses is higher by 82.33% during the third quarter of 2014. Production cost for the third quarter of 2014 is 75.37%, depreciation, depletion and amortization by 140.03%, administrative expenses by 36.24%, and excise tax & other taxes by 103.4% higher compared to the third quarter of 2013. No comparative figures for Finance cost and FOREX loss.

September 30, 2014 versus September 30, 2011:

			Horizontal Analysis		Vertical Analysis	
INCOME STATEMENT	9.30.14	9.30.11	9.30.14 vs 9.30.11	%	9.30.14 (%)	9.30.11 (%)
Revenues: Sale of ore Others Total	 3,086,092,756 462,645 3,086,555,401	 921,460,135 104,034 921,564,169	 2,164,632,621 358,611 2,164,991,232	 234.91 344.71 234.93	 309.09 0.05 309.13	 186.81 0.02 186.83
Cost and expenses: Production costs Depreciation, depletion & amortization Administrative expenses Finance cost Excise and other taxes Foreign exchange loss Total	 1,661,560,532 173,861,902 118,896,766 54,290,284 77,511,879 1,976,036 2,088,097,400	 388,780,249 2,450,647 35,998,775 - 1,073,354 - 428,303,025	 1,272,780,283 171,411,255 82,897,991 54,290,284 76,438,525 1,976,036 1,659,794,375	 327.38 6994.53 230.28 NIL 7121.47 NIL 387.53	 166.41 17.41 11.91 5.44 7.76 0.20 209.13	 78.82 0.50 7.30 0.00 0.22 0.00 86.83
Income/(Loss) before Income Tax	998,458,001	493,261,144	505,196,857	102.42	100.00	100.00
Income Tax Expense (Benefit): Current Deferred	 - -	 - -	 - -	 NIL NIL	 0.00 0.00	 0.00 0.00
Income (Loss) for the period Other comprehensive income	998,458,001 -	493,261,144 -	505,196,857 -	102.42	100.00 -	100.00 -
Total comprehensive income	998,458,001	493,261,144	505,196,857	102.42	100.00	100.00
Net Income (Loss) attributable to: Equity holders of the parent company Non-controlling interest Total	 957,528,561 40,929,440 998,458,001	 464,030,854 29,230,290 493,261,144	 493,497,707 11,699,150 505,196,857	 106.35 40.02 102.42	 95.90 4.10 100.00	 95.90 4.10 100.00

Total revenue as of the third quarter of 2014 is 234.93% higher compared to the third quarter of 2011. Revenue from sale of nickel ore increased by 234.91% and other revenue by 344.71%. Total cost and expenses is higher by 387.53% during the third quarter of 2014. Production cost for the third quarter of 2014 is 327.38%, depreciation, depletion and amortization by

6994.53%, administrative expenses by 230.282%, and excise tax & other taxes by 7121.47% higher compared to the third quarter of 2013. No comparative figures for Finance cost and FOREX loss.

CASH

This account represents cash deposits with banks which generally earn interest based on prevailing bank interest rates.

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.2013
Cash on hand and in bank	8,167,624	194,874,241	87,393,203	12,036,394	76,556,183
Short-term placements	-	-	-	-	-
	8,167,624	**194,874,241**	**87,393,203**	**12,036,394**	**76,556,183**

RECEIVABLES

This account consists of the following as of:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.2013
Trade receivables	2,197,708,231	740,894,853	933,416,886	682,721,996	733,352,235
Advances from related parties	1,632,931	12,046,415	939,640	939,640	1,083,640
Total	2,199,341,162	752,941,268	934,356,526	683,661,636	734,435,875

Age analysis:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Current	513,486,011	36,432,996	281,097,084	406,126,574	351,366,944
Over 30days but less than 60days	619,102,558	228,575,998	415,688,520	194,590,575	127,883,088
Over 60days	1,066,752,593	487,932,374	237,570,922	82,944,487	223,483,856
	2,199,341,162	752,941,268	934,356,526	683,661,636	734,435,875

Management believes that the carrying value of receivables is a reasonable approximation of its fair value and that no allowance for impairment losses is necessary.

INVENTORY

The breakdown of this account as follows:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Nickel ore laterite	312,346,556	146,970,728	156,171,319	93,628,225	350,721,315

PROPERTY, PLANT AND EQUIPMENT:

The breakdown of this account as follows:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Pier, road networks & other surface structures	1,130,769,065	1,509,550,918	1,310,821,612	578,570,382	1,211,513,962
Machinery & equipment	515,009,013	422,672,145	410,662,256	290,000,796	407,260,469
Transportation equipment	19,467,481	26,479,753	20,745,029	20,959,402	21,484,688
Office furniture, fixture & equipment	1,658,555	2,129,420	2,039,451	1,287,579	1,883,272
Construction in progress	570,640,000	-	-	681,874,518	570,640,000
Total	2,237,544,114	1,959,384,986	1,744,298,348	1,572,692,677	2,212,782,391

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EXPLORED MINERAL RESOURCES

The explored mineral resources reported in the statements of financial position amounting to P686 million in 2012 and P731 million in 2011, represent the excess of shares issued by the Parent Company to acquire 94% ownership in Citinickel which meets the definition of an intangible asset that is controlled and provide economic benefits, separable and arises from its mineral property rights and claims for which fair value was measured reasonably.

The intangible asset arising from the business combination was arrived at using the Discounted Cash Flow (DCF) method covering an aggregate area of 2,176 hectares of mining claims in Narra and Española, Palawan. DCF analysis works on the principles of anticipation of investor benefits expressed in cash flow generation potential of an entity that owns the mineral property. The intangible asset was valued at an investment hurdle rate of 25% for a 17-year production period at current market price of nickel.

Movement of this account is shown below:
Year-end balances:

	2013	2012	2011
Explored mineral resources	P746,401,594	P746,401,594	P746,401,594
Accumulated amortization			
At January 1	60,773,240	15,373,085	653,648
Amortization	34,952,446	45,400,155	14,719,437
At December 31	95,725,686	60,773,240	15,373,085
Balance	650,675,908	P685,628,354	P731,028,509

	9.30.14	9.30.13	9.30.12	9.30.11
Explored mineral resources	P746,401,594	P746,401,594	P746,401,594	P746,401,594
Accumulated amortization				
At January 1	95,725,687	60,773,240	15,373,085	653,648
Amortization	36,664,348	34,050,116	11,196,024	-
At September 30	132,390,035	94,823,356	26,569,109	653,648
Balance	614,011,559	651,578,238	719,832,485	745,747,946

OTHER NON-CURRENT ASSETS

This account consists of:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13 (audited)
Deferred mine exploration cost	-	-	-	92,186,455	-
Input tax	115,184,787	151,949,597	107,199,097	98,632,528	113,007,152
Deferred tax asset	1,362,853	533,057	-	-	1,362,853
Software – net of amortization P105,000 in 2012	1,660,650	591,250	-	-	1,315,000
Monitoring trust fund	41,811,317	-	-	-	11,129,317
Others	6,495,973	275,454,322	6,366,536	3,491,016	3,146,509
	166,515,580	428,528,226	113,565,633	194,309,999	132,815,849
Allowance for amortization of deferred mine exploration costs	-	-	-	-	-
	166,515,580	428,528,226	113,565,633	194,230,623	132,815,849

Input tax represents 12% value added tax paid on purchase of goods and services, which can be applied against available output tax.

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Deferred tax asset pertains to the tax effect of accretion of interest on provision for site rehabilitation cost.

Included in "Others" are cash bond posted with judicial bodies in compliance with legal cases wherein the Oriental or its officers are defendants.

ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Accounts payable & other liabilities	73,439,095	63,709,812	107,859,953	30,743,792	610,866,769
Non-current liabilities (advances from related parties & provision for site rehabilitation)	67,935,653	534,070,231	920,210,729	1,114,562,524	999,940,508
	141,374,748	597,780,043	1,028,130,681	1,145,306,316	1,610,807,277

As of September 30, accounts payable pertain to liabilities to third parties for the purchase of supplies, equipment and services. Accounts payable and accrued expenses are usually settled on a 30-60 days term.

Accrued taxes payable pertains to excise taxes on sales of nickel ore. This also includes other taxes due to government.

Mortgage payable represents the loans obtained relative to the acquisition of transportation equipment, secured by a chattel mortgage against the said transportation equipment.

The fair values of accounts payable and other liabilities have not been disclosed, due to their short duration. Management considers the carrying amounts recognized in the statements of financial position to be a reasonable approximation of their fair values.

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Current	33,458,622	10,298,434	75,501,967	12,109,921	36,793,049
Past due:					
30days	48,451,256	40,059,622	32,357,986	10,411,280	810,134
Over 30 days	59,464,870	547,421,987	920,270,728	1,143,607,675	1,573,204,094
	141,374.748	597,780,043	1,028,130,681	1,145,306,316	1.610.807,277

The Company does not anticipate any cash flow or liquidity problems within the next twelve (12) months. The company expects to pay all indebtedness within stated terms. The Group's policy is to maintain liquidity at all times. Any shortfalls are addressed in advance to seek available financing internally or through third parties. Presently, no material deficiency is identified.

Financial Soundness indicators of the Company and its subsidiary are as follows:

	Jan-Sept 2014	Jan-Sept 2013	Jan-Sept 2012	Jan-Sept 2011	Dec. 31, 2013 (audited)
A. Current/Liquidity Ratios:					
Current ratio = current asset/current liabilities	34.31	17.18	10.92	25.72	1.90
Quick ratio = (current asset – inventories) / current liabilities	30.06	17.12	9.47	22.67	1.33
Cash ratio = (cash + marketable securities) / current liabilities	0.11	3.06	0.81	0.39	0.13

B. Solvency Ratio/Debt-to-Equity Ratio:					
Solvency ratio = (After tax profit + Depreciation/Depletion) / (Long term + Short term liabilities)	8.29	0.89	0.60	0.43	0.39
Debt-to-Equity ratio = Total liabilities / Total Equity	0.03	0.18	0.38	0.53	0.52
C. Asset-to-Equity Ratio = Total liabilities / Total Equity	1.03	1.18	1.38	1.53	1.52
D. Profitability Ratios					
Net profit margin analysis = Net income/Net sales (revenue)	0.32	0.23	0.32	0.54	0.27
Return on assets = Net income/Ave. total assets	0.20	0.092	0.154	0.191	0.11
Return on equity = Net income/Average equity	0.23	0.115	0.222	0.259	0.16
Return on capital employed = Net income/Capital employed	0.20	0.092	0.154	0.191	0.11
*Capital employed = average liabilities + average equity					
E. Book Value per Share = Total equity / outstanding issued shares	1.93	2.25	1.88	1.49	2.15
F. Income/(Loss) per Share = Net income / outstanding issued shares	0.33	0.24	0.36	0.32	0.30

The Corporation's management intends to analyze future result of operations through the following key performance indicators, among other measures:

1. **Tonnes Extracted and Ore Grade** – Tonnes extracted and ore grade are key determinants of sales volume. Higher tonnage and ore grade are directly proportional to the level of revenues.

2. **Average Metal Prices** – The average metal prices to be realized for Citinickel's product are key indicators in determining the Corporation's revenue level. Selling prices for nickel laterite ore are derived from quoted world spot and forward market prices as provided in the London Metal Exchange.

3. **Foreign Exchange Rate** – Proceeds from the sale of nickel laterite ores are all denominated in US dollars. A stronger US dollar relative to the Philippine Peso will provide the Corporation and its subsidiary higher peso sales revenue.

4. **Unit Production Cost** – Production cost per tone is a key measure of operating efficiency. A lower unit production cost will be incurred as the Corporation effectively takes advantage of economies of scale.

5. **Earnings Per Share** – The Corporation's bottom line operation results as reflected in its earnings per share is a key measure of the Corporation's effectivity in administering the operations of its subsidiary. Earnings per share is expressed as the amount per share of the Corporation's outstanding capital stock.

Barring any unforeseen circumstances, the Company's Board of Directors is confident that the future operating financial performance of the Company and its subsidiary are expected to be satisfactory in the coming period.

i. There is no known trend, event or uncertainty that has or is reasonably likely to have a negative impact on the Company's short-term or long-term liquidity.

ii. The liquidity of the Company is generated from the Company's financial resources and from the Initial Public Offering proceeds. The Company believes that it has sufficient resources to finance its working capital requirements for the next twelve (12) months and has ready access to sources of credit from both trade suppliers and financial institutions.

iii. There is no known cause for the Company to raise additional funds in the next six months.

iv. There is no known trend, event of uncertainty that has or that is reasonable expected to have a negative impact of the projected commencement of commercial operations

v. There is no significant element of loss that is expected to arise from the Company and its subsidiary's continuing operations.

vi. There is no known cause for any material change from the Company's inception in one or more of the line items of the Company's financial statements.

vii. There were no unexpected seasonal aspects that had a material impact effect on the financial condition or results of operations.

Pursuant to the requirements of the Securities Regulation Code, this Third Quarter of 2014 17Q report has been signed by the following persons in the capacities and on the dates indicated.

ORIENTAL PENINSULA RESOURCES GROUP INC.
Issuer

By:

CAROLINE L. TANCHAY
Chairman of the Board and President

MIGUEL DE REGLA
Chief Finance Officer

ATTY. JOSE MARIE E. FABELLA
Corporate Secretary

SUBSCRIBED AND SWORN to before this ____________________, affiant (s) exhibiting to me their valid identification card:

Name	Passport/Driver's License	Date and Place Issued
Caroline L. Tanchay	EB8139809	May 17, 2013/DFA Manila
Miguel D. De Regla	N01-06-009882	
Atty. Jose Marie E. Fabella	N024-93-263142	

known to me and known to be the same persons who executed the foregoing instrument and acknowledge to me that the same are their free and voluntary act and deed.

Doc. No. ________;
Page No. ________;
Book No. _______;
Series of 2014.

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM AS OFSEPTEMBER 30, 2014
(with comparative figures as of September 30, 2013, September 30, 2012 and as of December 31, 2013 - as audited)
In Philippine Peso

ASSETS	*Note*		**(Interim) 09.30.14**		(Interim) 09.30.13		(Interim) 09.30.12		*(Audited) 2013*
Current Assets									
Cash	*4*	P	**8,167,624**	P	194,874,241	P	87,393,203	*P*	*76,556,183*
Receivables	*5*		**2,199,341,162**		752,941,268		934,356,526		*734,435,875*
Inventory	*6*		**312,346,556**		146,970,728		156,171,319		*350,721,315*
Unused supplies			-		-		-		-
Total Current Assets			**2,519,855,343**		1,094,786,237		1,177,921,048		*1,161,713,373*
Non-current Assets									
Investment in and advances to subsidiary									
Property, plant and equipment	*7*		**2,237,544,114**		1,959,384,986		1,744,298,348		*2,212,782,391*
Explored mineral resources	*8*		**614,011,559**		651,578,238		719,832,485		*650,675,908*
Advances to related party	*10*		**147,556,454**						*571,970,057*
Other non-current assets	*9*		**166,515,580**		428,528,226		113,565,633		*132,815,849*
Total Non-current Assets			**3,165,627,707**		3,039,491,451		2,577,696,466		*3,568,244,205*
TOTAL ASSETS			**5,685,483,049**		4,134,277,688		3,755,617,514	*P*	*4,729,957,578*

LIABILITIES AND EQUITY	Note				
Current Liabilities					
Accounts payable and other liabilities	10	**73,310,759**	63,709,812	107,859,953	P 109,822,399
Finance lease liability		**83,875**			999,909
Deposit for future capital subscription		-	513,921,420		500,000,000
Income tax payable		**44,461**			44,461
Total Current Liabilities		**73,439,095**	577,631,232	107,859,953	610,866,769
Non-current Liabiliites	11				
Advances from related parties		-	514,346,623	914,288,541	934,089,474
Deferred tax liability		**19,526,190**			19,526,190
Provision for site rehabilitation cost	12	**48,409,462**	19,723,608	5,982,188	46,324,844
Total Non- Current Liabilities		**67,935,653**	534,070,231	920,270,728	999,940,508
Total Liabilities		**141,374,748**	1,111,701,463	1,028,130,681	1,610,807,277
Equity Holders of the Parent Company					
Attributable to Equity Holders of the Parent					
Share Capital	14	**2,878,500,005**	1,452,000,005	1,452,000,005	1,452,000,005
Share Premium	14	**429,309,301**	429,309,301	429,309,301	429,309,301
Retained earnings		**2,109,653,849**	1,061,150,977	781,705,996	1,152,119,420
		5,417,463,155	2,942,460,283	2,663,015,302	3,033,428,726
Non-controlling Interest		**126,645,147**	80,115,942	64,471,531	85,721,575
Total Equity		**5,544,108,301**	3,022,576,225	2,727,486,833	3,119,150,301
TOTAL LIABILTIES AND EQUITY		P **5,685,483,049**	P 4,134,277,688	P 3,755,617,514	P 4,729,957,578

See accompanying Notes to Financial Statements

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
INTERIM FOR THE THREE AND NINE MONTHS PERIOD ENDING SEPTEMBER 30, 2014
(with comparative figures for the three and nine months period ending September 30 2013 and 2012)
In Philippine Peso

	Note	**(Interim) JUL-SEP '14**	**(Interim) JAN-SEP '14**	(Interim) JUL-SEP '13	(Interim) JAN-SEP '13	(Interim) JUL-SEP '12	(Interim) JAN-SEP '12	*(Audited) 2013*
REVENUES								
Sale of ore	15	P 1,342,127,010	P 3,086,092,756	P 187,343,004	P 1,528,868,449	P 281,097,084	P 1,690,971,644	P 1,623,657,743
Others	15	370,160	462,645	1,025,364	9,601,953	(709,683)	(3,314,415)	65,674,617
		1,342,497,170	3,086,555,401	188,368,368	1,538,470,402	280,387,401	1,687,657,229	1,689,332,360
COSTS AND EXPENSES								
Production costs	16	694,671,043	1,661,560,532	94,033,126	899,040,456	154,765,694	947,434,483	818,077,487
Depreciation, depletion and amortization	7,8	50,066,226	173,861,902	55,223,216	169,662,180	26,310,166	72,433,276	171,693,976
Excise and other taxes	17	9,992,755	77,511,879	3,746,860	35,004,934	8,812,138	38,107,827	93,115,535
Foreign exchange loss		(41,162,917)	1,976,036	1,105,133	1,105,133			79,550,133
Finance cost	18	18,704,999.79	54,290,284	433,466.10	1,170,536			39,132,057
Administrative expenses	19	115,680,595	118,896,766	24,686,475	70,970,978	23,672,624	87,271,020	10,898,782
		847,952,701	2,088,097,400	179,228,276	1,176,954,218	213,560,621	1,145,246,605	1,212,467,969
INCOME (LOSS) BEFORE INCOME TAX		494,544,469	998,458,001	9,140,092	361,516,184	66,826,780	542,410,624	476,864,390
INCOME TAX EXPENSE (BENEFIT)								
Current		-	-	-	-	-	-	77,735
Deferred		-	-	-	-	-	-	18,696,394
TOTAL COMPREHENSIVE INCOME		P 494,544,469	P 998,458,001	P 9,140,092	P 361,516,184	P 66,826,780	P 542,410,624	P 458,090,261
INCOME (LOSS) ATTRIBUTABLE TO:								
Equity holders of the Parent Company	22	P 474,268,819	P 957,528,561	P 8,765,469	P 346,698,802	P 64,087,770	P 520,178,993	437,667,245
Non-controlling interest		20,275,650	40,929,440	374,623	14,817,382	2,739,010	22,231,631	20,423,016
		P 494,544,469	P 998,458,001	P 9,140,092	P 361,516,184	P 66,826,780	P 542,410,624	P 458,090,261
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	22	P 0.165	P 0.333	P 0.006	P 0.239	P 0.044	P 0.358	P 0.301

See accompanying Notes to Financial Statements

	0.327	0.659	0.006	0.239	0.044	0.358	0.301

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM FOR THE THREE AND NINE MONTHS PERIOD ENDING SEPTEMBER 30, 2014
(with comparative figures for the three and nine months period ending September 30 2013 and 2012)
In Philippine Peso

	(Interim) JUL-SEP '14	(Interim) JAN-SEP '14	(Interim) JUL-SEP '13	(Interim) JAN-SEP '13	(Interim) JUL-SEP '12	(Interim) JAN-SEP '12	2013
Share Capital	P 1,452,000,005	P 1,452,000,005	P 1,452,000,005	P 1,452,000,005	P 1,452,000,005	P 1,452,000,005	*1,452,000,005*
Capital Subscription	1,426,500,000	1,426,500,000					
Share Premium	429,309,301	429,309,301	429,309,301	429,309,301	429,309,301	429,309,301	*429,309,301*
Net proceeds from initial public offering	3,307,809,306	3,307,809,306	1,881,309,306	1,881,309,306	1,881,309,306	1,881,309,306	*1,881,309,306*
Retained Earnings (Deficit)							
Parent company							
Beginning Balance	1,635,379,162	1,152,119,420	1,052,385,509	714,452,175	717,618,226	261,527,003	*714,452,175*
Net Comprehensive Income (Loss)	-	957,534,429	8,765,469	346,698,802	64,087,770	520,178,993	*437,667,245*
Equity attributable to parent company	4,943,188,468	5,417,463,155	2,942,460,283	2,942,460,283	2,663,015,302	2,663,015,302	3,033,428,726
Minority interest							
Beginning Balance	106,375,365	85,721,574	79,741,319	65,298,560	41,732,521	22,239,900	*65,298,560*
Capital Subscription					20,000,000	20,000,000	
Net Comprehensive Income (Loss)	-	40,923,573	374,623	14,817,382	2,739,010	22,231,631	*20,423,016*
Equity attributable to minority interest	106,375,365	126,645,147	80,115,942	80,115,942	64,471,531	64,471,531	*85,721,575*
TOTAL EQUITY	P 5,049,563,833	P 5,544,108,301	P 3,022,576,225	P 3,022,576,225	P 2,727,486,833	P 2,727,486,833	*3,119,150,301*

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
INTERIM FOR THE NINE MONTHS PERIOD ENDING SEPTEMBER 30, 2014
(with comparative figures for the nine months period ending September 30 2013 and 2012)
In Philippine Peso

	(Interim) JAN-SEP '14	(Interim) JAN-SEP '13	(Interim) JAN-SEP '12
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (Loss) for the period	P 998,458,001	P 361,516,184	P 542,410,624
Adjustments to reconcile income (loss) to net cash provided by operating activities:			
Depreciation, depletion and amortization	177,058,572	174,260,044	72,433,276
Interest expense	54,200,243	1,064,752	
Interest income	(124,747)	(312,928)	(99,081)
Operating income (loss) before working capital changes	1,229,592,069	536,528,052	614,744,819
(Increase)/Decrease in operating assets			
Receivables	(1,464,905,287)	300,594,834	(189,085,993)
Inventories	38,374,760	7,116,436	11,138,267
Unused supplies	-	-	-
Increase/Decrease in operating liabilities			
Increase/(decrease) in payables and others	(36,511,640)	(33,002,202)	40,822,665
Net cash from (used in) operating activities	(233,450,099)	811,237,119	477,619,757
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(167,655,947)	(340,910,601)	(116,285,344)
Proceeds from disposal of machineries	2,500,000		
Increase in other non-current assets	(33,699,731)	(312,796,782)	(2,877,553)
Site rehabilitation	2,084,618	(11,100,000)	
Related party	424,413,603		
Interest received	124,747	312,928	99,081
Net Cash Used in Investing Activities	227,767,291	(664,494,456)	(119,063,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payable to related parties	(934,089,474)	(503,059,952)	(294,332,022)
Finance lease liability	(916,034)		
Interest paid	(54,200,243)		
Capital Subscription	926,500,000	513,921,420	
Net Cash Provided by (Used in) Financing Activities	(62,705,751)	10,861,468	(294,332,022)

INCREASE/(DECREASE) IN CASH		(68,388,559)		157,604,131		64,223,919
CASH AT BEGINNING OF PERIOD		76,556,183		37,270,110		23,169,284
CASH AT END OF PERIOD	P	8,167,624	P	194,874,241	P	87,393,203

ORIENTAL PENINSULA RESOURCES GROUP, INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

1. GENERAL INFORMATION

Corporate Information

Oriental Peninsula Resources Group, Inc. ("*Oriental" or "Parent Company"*) was registered with the Philippine Securities and Exchange Commission (SEC) on April 16, 2007. As of December 31, 2013, the Parent Company is 33% owned by Citimax Group Inc., 29% by Golden Spin Realty, Inc. and the rest by the public. The Parent Company's registered office address is No. 81 Sen. Gil Puyat Avenue, Palanan Makati City.

The Parent Company and its Subsidiary's *(the Group)* principal activities are of those of investment holding and to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for chromite, copper, manganese, magnesite, silver, gold and other mineral products.

On July 4, 2007, the Parent Company acquired 94% ownership interest in Citinickel Mines and Development Corporation (Citinickel) in exchange for 752,000 shares stock of the Parent Company. The acquisition resulted to the recognition of an intangible asset amounting to P746 million (see Note 12). Citinickel is registered with the SEC on June 5, 2006 for the purpose of exploration, development and mining nickel and other associated minerals.

On March 2, 2012, the Parent Company converted portion of its advances amounting to P480,000,000 into Citinickel's share capital resulting to an increase of its ownership from 94% to 96%.

The shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE) on December 19, 2007 thru Initial Public Offering (IPO).

On May 16, 2014, the Securities and Exchange Commission approved the increase of authorized capital stock of the Parent Company from One billion five hundred million pesos (P1,500,000,000.00) divided into one billion five hundred million (1,500,000,000) shares with par value of One Peso (P1.00) per share to Three billion five hundred million pesos (P3,500,000,000.00) consisting of three billion five hundred million (3,500,000,000) shares at a par value of One Peso (P1.00) per share.

As of September 1, 2014, outstanding shares at 2,878,500,005 but issued shares of stock at 1,452,000,005. It was only on October 13, 2014 the stock certificate for 1,426,500,00 shares.

The consolidated audited financial statements as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, were approved and authorized for issuance by the Parent Company's President on April 10, 2014.

Mineral Properties

On January 3, 2007, Citinickel was granted Mineral Production Sharing Agreement (MPSA) denominated as MPSA No. 229-2007-IVB for the contract area situated in Narra and Sofronio Espanola, Palawan for a total of 2,176 hectare. Citinickel was given the exclusive right to conduct and develop mining operations within the mineral property over a period of 25 years commencing from its date of effectivity.

Citinickel's MPSA was obtained through a deed of assignment of MPSA application from Olympic Mines and Development Corporation to Citinickel. On June 19, 2008, Environment Compliance Certificate was granted to Citinickel for its Pulot Nickel Mining Project.

Status of Operation

During the nine-months period ending September 30of 2014, the group was able to shipped a total of fifty-six (56) vessels of nickel laterite ore to China (fifty vessels) and Japan (five vessel), exceeding its target of fifty-five (55) vessels for the year. Despite the challenges, the volatility of price in the London Metal Exchange and increment weather conditions, the group laud its effort to meet it's goal, to sustained growth in operations and profit and significantly increase shareholder value over the next years. The group managed to minimize and/or maintain its total operating cost and expenses.

In relation to Citinickel's mine site expansion and on-going site development, it has appropriated P300,000,000 for the additional construction and development works, exploration and validation works, and purchase of crushing plant, during its Board of Directors meeting on December 22, 2012. During the first half of 2013, the company started the clearing and grubbing works, roadway excavation and embankment from roadway excavation. Development and construction, exploration and validation works are expected to be completed up to the second half of 2014.

In light of Citinickel's corporate social responsibility (CSR) projects, during the year the following projects were implemented to its host community: (1) education - scholarship programs, constructed and finished school classrooms, comfort room and covered court in Espanola, and and multi-purpose hall in Narra; (2) livelihood/sustainable agriculture programs – conducted livelihood training and seminar in Española, and vermi-composting facilities & training in Narra; (3) health and sanitation – provided health station in Española, and constructed birthing home facility & equipment in Narra, water system installation in Narra which is now still on-going; (4) Infrastructure – covered gym/court for both Narra and Española, and solar dryer in Narra.

2. BASIS OF PREPARATION, PRESENTATION AND CONSOLIDATION

Statement of Compliance

The accompanying consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles as set forth in Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

Basis of Preparation and Presentation

The accompanying consolidated interim financial statements have been prepared using the historical cost basis of accounting. The consolidated financial statements are presented in Philippine Peso, the Group's functional currency and all values represent absolute amount except when otherwise indicated.

The preparation of the consolidated interim financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Basis of Consolidation

The consolidated interim financial statements comprise the financial statements of the Parent Company and its subsidiary as at September 30, 2014, 2013, 2012 and 2011. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial assets and liabilities

Date of recognition

Financial assets and financial liabilities are recognized in the consolidated statements of financial position of the Group when it becomes a party to the contractual provisions of the instrument.

Initial recognition
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs.

Classification and subsequent recognition of financial instruments
The Group classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivable. The Group classifies its financial liabilities into (i) Financial liabilities at FVPL and (ii) Other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

(i) Financial Assets and Financial Liabilities at FVPL

Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. After initial recognition, financial assets and financial liabilities at FVPL are carried at fair value.

A financial assets and financial liabilities are classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is part of an identified portfolio of financial instruments that the Group manages together and has recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistently that would otherwise arise; or
- The financial asset forms part of a group of financial assets which is managed and its performance is evaluated on a fair value basis.
- It forms part of a contract containing one or more embedded derivatives.

Financial assets at FVPL are stated at fair value, with any resulting gain or loss is recognized in profit or loss.

As at December 31, 2013 and 2012, the Group has no financial assets and liabilities under this category.

(ii) Available-for-sale (AFS)

AFS are non-derivative financial assets that are either designated on this category or not classified in any of the other categories. Subsequent to initial recognition, AFS assets are carried at fair value in the consolidated statements of financial position. Changes in the fair value are recognized directly in equity account as “Fair value gain or loss on available-for-sale financial assets”. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in statements of comprehensive income for the period.

As at December 31, 2013 and 2012, the Group has no financial assets under this category.

(iii) Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Group has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Any changes to the carrying amount of the investment are recognized in statements of comprehensive income.

As at December 31, 2013 and 2012, the Group has no financial assets under this category.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. This accounting policy relates to the Group's Receivables and Advances to Related Party.

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date, otherwise these are classified as noncurrent assets.

Other financial liabilities
Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statement of comprehensive income.

This accounting policy applies primarily to the Group's accounts payable and other liabilities, finance lease liability, advances from related parties, and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

Accounts payable are liabilities for supplies or services that have been received or provided and have been invoiced or formally agreed with the supplier. Accounts payables are non-interest bearing and are stated at their original invoice amount since the effect of discounting is immaterial.
Accruals are liabilities for goods or services that have been received or provided but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

Reclassification of financial assets
A financial asset is reclassified out of the FVPL category when the following conditions are met (i) the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and (ii) there is a rare situation.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the statement of comprehensive income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

Impairment of financial assets
At the end of each reporting period, Group assesses whether a financial asset or group of financial asset is impaired.

A financial asset or group of financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset of the group of financial asset that can be reliably estimated. Objective evidence that a financial asset may have been impaired includes:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial re-organization

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the impairment loss and loss is recorded in the profit and loss.

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of investment at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Derecognition of financial instruments

Financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party.
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Cash

Cash represents cash in banks.

Inventories

Inventories consisting of limonite and saprolite, are carried at the lower of cost or net realizable value (NRV). Cost is determined by the average production cost during the period. NRV is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

Stripping costs

The costs of stripping activity resulting to a benefit to be realized in the form of inventory are accounted for in accordance with principles of inventory. Stripping costs activity which provides a benefit in the form of improved access to ore is recognized as a non-current "Stripping Activity Asset". A stripping activity asset is initially measured at cost and subsequently carried at cost or its revalued amount less depreciation or amortization and impairment losses.

Explored mineral resources

The subsidiary's financial statements did not recognize in its books the mineral resources from its mineral property right but was recognized in the business combination with the Parent Company. This requires the Parent Company to use recognition and measurement practices that are part of those accounting policies in PFRS 6, Exploration for and Evaluation of Mineral Resources and PAS 38, Intangible Assets. The measurement and recognition of explored mineral resource is based on an independent valuation over the mineral property of Citinickel as supported by the Mineral Production Sharing Agreement (MPSA) and the expected value of the mineable ore reserve in the explored area of the Mineral Property. MPSA can be transferred for value and the mineable ore reserve identified in the explored area of the Mineral Property can be extracted, produced and sold.

Depletion of explored mineral resources is calculated using the units-of-production method based on estimated recoverable reserves, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortization shall begin when the nickel ore extraction begins or when the mine site is in the condition when it is capable to operate in the manner intended by management, whichever is earlier. Amortization shall cease at the earlier of the date that the intangible assets is classified as held for sale in accordance with PFRS 5 and the date that assets is derecognized.

The estimated recoverable reserves and the amortization method are reviewed periodically to ensure that the estimated recoverable reserves and method of depletion are consistent with the expected pattern of economic benefits from the explored mineral resources. If the estimated recoverable reserve is different from previous estimates, the basis of depletion shall be changed accordingly.

Impairment of explored mineral resources
The Parent Company recognizes explored mineral resources and performs an impairment test on those assets when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amounts. It varies the recognition of impairment from that in PAS 36, but measures the impairment in accordance with the standard once the impairment is identified. For purposes of explored mineral resources, when identifying an exploration and evaluation assets that may be impaired, one or more of the following facts and circumstances indicate that the Parent Company should test its assets for impairment: the period for which the entity has the right to explore in the specific areas has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and sufficient data exist to indicate that, although a development in the specific are is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depletion and depreciation and accumulated impairment losses, if any.

Upon completion of mine construction, the assets are transferred to property, plant and equipment under "*Pier, road networks and other surface structures*". Mine properties are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property, plant and equipment consists of its purchase price, including import duties, taxes, borrowing costs and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period in which costs are incurred. In situations where it can be clearly demonstrated that the expenditures would result in an increase in future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of such property, plant and equipment.

When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expense, except for costs which qualify for capitalization relating to mining asset additions or improvements and mineable reserve development.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Estimated useful life
Machineries and equipment	5-10 years
Transportation equipment	5-8 years
Furniture, fixture and equipment	2-5 years

During mining operation, depletion or amortization of mine and mining properties is calculated using the units-of-production method based on estimated recoverable reserves.

Depreciation or amortization of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated recoverable reserves, useful lives, and depreciation and amortization methods are reviewed periodically to ensure that the estimated recoverable reserves, residual values, periods and methods of depletion and depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment. The assets' residual values are reviewed and adjusted, if appropriate, at each reporting date.

When assets are sold or retired, the cost and related accumulated depletion and depreciation and accumulated impairment losses are removed from the accounts and any resulting gain or loss is reflected in the statements of comprehensive income.

Equity

Share capital is determined using the par value of shares that have been issued.

Share premium represents contribution of shareholders to the Parent Company in excess of the par value.

Retained earnings includes all current and prior period results as disclosed in the statements of comprehensive income.

Revenue and cost recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- *Revenue from sale of minerals*
  Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue is the fair value of the consideration to be received at the time of sale, net of estimated returns, discounts and volume rebates, if there's any. Revenue from sale of ore is recognized when the ore are transferred to the buyer's vessel.

- *Interest income*
  Interest income is recognized on a time proportion basis using the effective interest rate that takes into account the effective yield on the asset.

- *Dividend income*
  Dividend income is recognized when the shareholders' right to receive the payment is established.

Cost is recognized in the statements of comprehensive income when the related revenue is earned (e.g. when goods are sold or services have been performed). Expenses are recognized upon utilization of the service or when they are incurred.

Income taxes

Current tax liabilities are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted as at the reporting date.

Deferred tax assets and liabilities are recognized using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Deferred tax liabilities are recognized for all taxable differences between the financial and tax reporting bases of liabilities. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the periods when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of asset or liabilities are charged or credited directly to equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

Basic earnings per common share

Basic and diluted earnings per common share are computed by dividing the net loss attributable to the common shareholders by the weighted average number of common shares outstanding after giving retroactive effect to stock dividend declarations, if any, and changes in capital structure.

Business combination

On the acquisition of a subsidiary, the purchase method of accounting is applied whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition. Those mineral reserves and resources that can be reliably measured are recognized in the assessment of fair values on acquisition.

The cost of the business combination is the aggregate of: (a) the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree; and (b) and costs directly attributable to the business combination.

If the fair value attributable to the Parent Company's share of the identifiable net assets exceeds the consideration, the Parent Company reassesses whether it has correctly identified and measured the assets acquired and liabilities assumed and recognizes any additional assets or liabilities that are identified in that review. If that excess remains after reassessment, the Parent Company recognizes the resulting gain in the statement of comprehensive income on the acquisition date.

Impairment of non-financial assets

The carrying values of inventory, property, plant and equipment, mine exploration and evaluation costs and other noncurrent assets are reviewed for impairment when events or changes in circumstances indicate that their carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property and equipment, investment properties and mine exploration and evaluation costs is the greater of net selling price 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 time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statements of comprehensive income.

If there is any indication at end of the reporting period that an impairment loss recognized for an asset in prior years may no longer exist or may have decreased, the Group estimates the recoverable amount of that asset and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

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 the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors, or shareholders.

Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

Provision for site rehabilitation
The Group records the present value of estimated costs of legal and constructive obligation required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing of structures, dismantling operating facilities and restoration, reclamation and reforestation of affected areas. The obligation generally arises when the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mine assets. Overtime, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Mine Rehabilitation Fund (MRF) committed for use in satisfying environmental obligations is included within "Other noncurrent assets" in the consolidated statement of financial position.

Contingencies
Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Segment reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses.

As of December 31, 2013 and 2012, the Group's operating segment consists only of its mining activities. Accordingly, the Group does not present segment information.

Events after the reporting date
Any event after the reporting date that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the financial statements. Any event after the reporting date that is not an adjusting event is disclosed in the notes to the financial statements when material.

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES

New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2013

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning January 1, 2013. The adoption however did not result to any material changes in the consolidated financial statements.

PFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments)
These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c) The net amounts presented in the statement of financial position;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
    - amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
    - amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment affects disclosures only and has no impact on the Group's financial position or performance.

PFRS 10, "Consolidated Financial Statements"
This standard replaces a portion of PAS 27, "Consolidated and Separate Financial Statements" that addresses accounting for consolidated financial statements. It also addresses issues raised in SIC-12, "Consolidation - Special Purpose Entities". PFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The Parent Company assessed whether or not it has control over its subsidiary in accordance with the new definition of control and the related guidance set out in PFRS 10 and has determined that it has control on its subsidiary and has been included in consolidation. The adoption of the standard did not affect the financial position and performance of the Group.

PFRS 11, "Joint Arrangements"
PFRS 11 replaces PAS 31, "Interests in Joint Ventures", and SIC 13, "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. This standard did not affect the Group's financial statements.

PFRS 12, "Disclosure of Interest in Other Entities"
PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, "Investments in Associates". These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The adoption of the standard did not affect the financial position and performance of the Group.

PFRS 13, Fair Value Measurement
PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after January 1, 2013. This standard did not significantly affect the Group's financial statements.

Amendments to PAS 1, "Presentation of Financial Statements" – Presentation of Items of Other Comprehensive Income or OCI
The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled.

The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

Amendments to PAS 19, "Employee Benefits"
The revised PAS 19 requires all actuarial gains and losses to be recognized in OCI and unvested past service costs previously recognized over the average vesting period to be recognized in the statement of income when incurred. The amendments also include the non-recognition of corridor approach and the replacement of interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset, which is calculated by multiplying the net defined liability or asset at the beginning of the year by the discount rate used to measure the defined benefit obligation. The amendments did not affect Group's financial statements.

Amendment to PAS 27, "Separate Financial Statements"
As a consequence of the issuance of PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements. The adoption of the amended standard did not affect the financial position and performance of the Group.

Amendment to PAS 28, "Investments in Associates and Joint Ventures"
As a consequence of the issuance of PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of the amended standard did not affect the financial position and performance of the Group.

Annual Improvements to PFRS (2009 to 2011 cycle)
The Annual Improvements to PFRS (2009 to 2011 cycle) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning January 1, 2013 and are applied retrospectively.

PFRS 1, "First-time Adoption of PFRS - Borrowing Costs"
The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, "Borrowing Costs". The amendment does not apply to the Group as it is not a first time adopter of PFRS.

PAS 1, "Presentation of Financial Statements - Clarification of the Requirements for
Comparative Presentation"
The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements.

An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (which are mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments have no impact on the Group's financial position or performance.

PAS 16, "Property, Plant and Equipment - Classification of Servicing Equipment"
The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment does not have any significant impact on the Group's financial position or performance.

PAS 32, "Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments"

The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, “Income Taxes”. The amendment does not have any impact on the Group’s financial position or performance.

PAS 34, “Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities”
The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity’s previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Group’s financial position or performance.

Philippine Interpretation IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine
This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (“production stripping costs”) and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset. The interpretation did not significantly affect the Group’s financial statements.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2013
Standards issued but not yet effective up to date of issuance of the Group’s consolidated financial statements are listed below. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. The Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

Effective 2014
PAS 32, Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities
These amendments to PAS 32 clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Group, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Group is currently assessing impact of the amendments to PAS 32.

PAS 36, Impairment of Assets
The amendment requires the following disclosure if the recoverable amount is fair value less costs of disposal:

- the level of the fair value hierarchy (from PFRS 13 *Fair Value Measurement*) within which the fair value measurement is categorized;
- the valuation techniques used to measure fair value less costs of disposal and
- the key assumptions used in the measurement of fair value measurements categorized within 'Level 2' and 'Level 3' of the fair value hierarchy if recoverable amount is fair value less costs of disposal.

The amendments to PAS 36 are effective for annual periods beginning on or after January 1, 2014. The adoption of the standard will affect disclosures only and will not affect the financial position and performance of the Group.

Amendments to PFRS 10, PFRS 12 and PAS 27, *Investment Entities*(effective for annual periods beginning on or after January 1, 2014)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The Group does not expect that these amendments will have material financial impact in the consolidated financial statements.

Philippine Interpretation IFRIC 21, *Levies* (effective for annual periods beginning on or after January 1, 2014)
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that trigger payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The Group does not expect that IFRIC 21 will have material financial impact in the consolidated financial statements.

Effective 2015

PAS 19, "Defined Benefit Plans: Employee Contributions (*Amendments to PAS 19 Employee Benefits)*

The amendment clarifies that the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered. These amendments are effective for annual periods beginning on or after 1 July 2014. The amendment will not have any significant impact on the Group's financial position or performance.

PFRS 9, "Financial Instruments: Classification and Measurement"

PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, "Financial Instruments: Recognition and Measurement". Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition.

A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI.

The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurement of financial liabilities. The Group, however, has yet to conduct a quantification of the full impact of this standard. The Group will quantify the effect of this standard in conjunction with the other phases, when issued, to present a more comprehensive picture.

PFRS 9, "Financial Instruments (*Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39*)"

The amendment clarifies that PFRS 9:

a) include the new general hedge accounting model;
b) allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss to be presented in other comprehensive income; and
c) remove the 1 January 2015 effective date.

The amendment also permits an entity to elect to continue to apply the hedge accounting requirements in PAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when PFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception.

The introduction of the hedge accounting chapter in PFRS 9 implements additional disclosures (and consequential amendments) as required by *PFRS 7, Financial Instruments: Disclosures*.

The release of PFRS 9 *Financial Instruments* (2013) on November 19, 2013 contained no stated effective date and contained consequential amendments which removed the mandatory effective date of PFRS 9 (2010) and PFRS 9 (2009), leaving the effective date open but leaving each standard available for application. Accordingly, these amendments apply when PFRS 9 is applied.

Annual Improvements to PFRS

The Annual Improvements to PFRS (2010 to 2012 cycle and 2011 to 2013) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. Earlier application is permitted.

Annual Improvements to PFRS (2010 to 2012 cycle)
PFRS 2, "Share-based Payments"
The amendment clarifies the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment will not affect the consolidated financial statements of the Group.

PFRS 3, "Business Combinations"
The amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. The amendment will not affect the consolidated financial statements of the Group.

PFRS 8, "Operating Segments"
The amendment requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments. It also clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The adoption of the standard will affect disclosures only and will not affect the financial position and performance of the Group.

PFRS 13, "Fair Value Measurement"
The amendment clarifies that issuing PFRS 13 and amending PFRS 9 and PAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. The amendment will not have any significant impact on the Group's financial position or performance.

PAS 16, "Property, Plant and Equipment"
The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The Group is currently assessing impact of the amendments to PAS 16.

PAS 24, "Related Party Disclosures"
The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment will not have any significant impact on the Group's financial position or performance.

PAS 38, "Intangible Assets"
The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment will not have any significant impact on the Group's financial position or performance.

Annual Improvements to PFRS (2011 to 2013 cycle)
PFRS 1, "First-time Adoption of Philippine Financial Reporting Standards"
The amendment clarifies that an entity, in its first PFRS financial statements, has the choice between applying an existing and currently effective PFRS or applying early a new or revised PFRS that is not yet mandatorily effective, provided that the new or revised PFRS permits early application. An entity is required to apply the same version of the PFRS throughout the periods covered by those first PFRS financial statements. The amendment does not apply to the Group as it is not a first time adopter of PFRS.

PFRS 3, "Business Combinations"
The amendment clarifies that PFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment will not have any significant impact on the Group's financial position or performance.

PFRS 13, "Fair Value Measurement"
The amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of PFRS 13 includes all contracts accounted for within the scope of PAS 39 *Financial Instruments: Recognition and Measurement* or PFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32 *Financial Instruments: Presentation*. The amendments will affect disclosures only and will have no impact on the Group's financial position or performance.

PAS 40, "Investment Property"
The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in PFRS 3 *Business Combinations* and investment property as defined in PAS 40 *Investment*

Property requires the separate application of both standards independently of each other. The amendment will not have any impact on the Group's financial position or performance.

5. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments are made by management on the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Determination of Fair value of Assets and Liabilities
The Group measures fair value of assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1
Included in the Level 1 category are assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. Assets and liabilities are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Fair value measurement is disclosed in Note 6.

Determination of Functional Currency
The Group, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be the Philippine Peso. It is the currency of the primary economic environment in which the Parent Company and its subsidiary primarily operate.

Estimating NRV of Inventories
The carrying value of inventories is carried at lower of cost or NRV. The estimates used in determining NRV is dependent on the recoverability of its cost with reference to existing market prices, location or the recent market transactions. The amount and timing of recorded cost for any period would differ if different estimates were used.

Estimating Useful Lives of Property, Plant and Equipment
The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear or tear, commercial obsolescence and legal or other limits on the use of the assets.

Property, plant and equipment, net of accumulated depreciation, excluding pier, road networks and other surface structures, and construction in progress, amounted to P430.6 million and P490 million in 2013 and 2012, respectively. *(see Note 11)*

Recoverability and Estimates of Explored Mineral 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 on 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 condition and other factors. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and extractions and 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, contract terms or development plans.

Estimates of reserves for underdeveloped or partially developed area 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.

Estimation of Recoverable Ore Reserves

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body which requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity value, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortization charges.

Capitalization of Mine Exploration Cost

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely, either from future exploration, or sale, or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statements of comprehensive income in the period when the new information becomes available.

Commencement of Mining Production

The Group assesses the stage of mine property under construction to determine when a mine moves into the production stage. When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expense, except for costs that qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortization is recorded.

Site Rehabilitation Costs

Citinickel is legally required to fulfill certain obligations under its Mineral Production Sharing Agreement (MPSA) and Environmental Compliance Certificate (ECC) issued by the DENR when it abandons depleted mine pits. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation cost required. Assumptions used to compute the site rehabilitation costs are reviewed and updated annually.

Impairment of Intangible Asset

Purchase method of accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date.

The Parent Company's business acquisitions have resulted to the recognition of intangible asset which is subject to a periodic impairment test. The Parent Company determines whether the intangible asset is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible asset is allocated. Estimating the value in use requires the Parent Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of intangible asset as of December 31, 2013 and 2012 amounted to P650.7 million and P685.6 million, respectively which is classified under "*Explored mineral resources*" in the Consolidated Statements of Financial Position. *(see Note 12)*

Impairment of Non-financial Assets

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Several factors are considered which could trigger that impairment has occurred. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have material adverse effect on the results of operations.

As of December 31, 2013 and 2012, management believes that no provision for impairment losses is necessary.

Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Group will generate taxable income in future periods, in order to utilize recognized deferred tax assets.

The Group reviews the carrying amounts of deferred tax asset at each reporting date and assesses if it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As of December 31, 2013 and 2012, the Group has recognized deferred tax assets amounting to P1,362,853 and P533,057, respectively. *(see Note 25)*

6. FAIR VALUE MEASUREMENT

The fair value for assets and liabilities traded in active market at the reporting date is based on their quoted market price. For all other assets and liabilities not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Group recognizes the difference between the transaction price and fair value in the statements of income unless it qualifies for recognition as some other type of asset.

Assets and liabilities measured at fair value and those which are not measured at fair value but fair value is required to be disclosed are categorized in a manner discussed in note 5.

The following table presents the summary of the Group's financial assets and liabilities recognized in the Statements of Financial Position as of December 31, 2013 and 2012:

2013		Level 1		Level 2		Level 3
Assets						
Cash	**P**	**76,556,183**	**P**	**-**	**P**	**-**
Receivables		**-**		**734,435,875**		**-**
Advances to related party		**-**		**571,970,057**		**-**
Other financial assets		**-**		**11,129,317**		**-**
	P	**76,556,183**	**P**	**1,317,535,249**	**P**	**-**
Liabilities						
Accounts payable and other liabilities						
Trade	**P**	**-**	**P**	**69,417,013**	**P**	**-**
Others		**-**		**1,807,168**		**-**
Finance lease liability		**-**		**999,909**		**-**
Advances from related parties		**-**		**934,089,474**		**-**
	P	**-**	**P**	**1,006,313,564**	**P**	**-**

2012		Level 1		Level 2		Level 3
Assets						
Cash	P	37,270,110	P	-	P	-
Receivables		-		1,053,536,101		-
	P	37,270,110	P	1,053,536,101	P	-
Liabilities						
Accounts payable and other liabilities						
Trade	P	-	P	74,910,199	P	-
Others		-		1,843,885		-
Finance lease liability		-		1,169,827		-
Advances from related parties		-		1,017,406,575		-
	P	-	P	1,095,330,486	P	-

7. RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management Framework

The Group's Board of Directors is responsible for the over-all effectiveness of risk management system. Furthermore, an operating committee was created to guide the BOD in developing risk management policies. It is also the committee's purpose to lead the general evaluation and to provide assistance in the continuous improvement of risk management, control and governance processes by ensuring that:

(i) Financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards, and other regulatory requirements;

(ii) Risk are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risk;

(iii) The BOD is properly assisted in the development of policies that would enhance the risk management.

Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial asset as shown in the face of the consolidated statements of financial position as of March 31, 2013 and 2012 as presented below:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13

Cash and cash equivalents	8,167,624	194,874,241	87,393,203	12,036,394	76,556,183
Receivables	2,199,341,162	752,941,268	934,356,526	683,661,636	734,435,875
Advances to related party	147,556,454	-	-	-	571,970,057
Mine rehabilitation fund	41,811,317	-	-	-	46,324,844
	2,396,876,557	**947,815,509**	**1,021,749,729**	**695,698,030**	**1,429,286,959**

As part of the Group's policy, deposits are only maintained with reputable financial institutions and receivables are monitored on an on-going basis to identify accounts for which collection is doubtful.

Credit quality by class of the Group's financial assets as at December 31, 2013 and 2012 are summarized in the following tables:

2013	**Niether Past Due Nor Impaired (High)**	**Past Due But Not Impaired (30 - 180 days)**	**Past Due and Individually Impaired**	**Total**
Cash	**P 76,556,183**	**P -**	**P -**	**P 76,556,183**
Receivables				
Trade receivables	**95,291,347**	**638,060,888**	**-**	**733,352,235**
Advances to officers and employees	**-**	**1,083,640**	**-**	**1,083,640**
Advances to related party	**571,970,057**	**-**	**-**	**571,970,057**
Mine rehabilitation fund	**11,129,317**	**-**	**-**	**11,129,317**
	P 754,946,904	**P 639,144,528**	**P -**	**P 1,394,091,432**

2012	Niether Past Due Nor Impaired (High)	Past Due But Not Impaired (30 - 180 days)	Past Due and Individually Impaired	Total
Cash	P 37,270,110	P -	P -	P 37,270,110
Receivables				
Trade receivables	188,144,460	864,452,001	-	1,052,596,461
Advances to officers and employees	-	939,640	-	939,640
	P 225,414,570	P 865,391,641	P -	P 1,090,806,211

The aging analyses of financial assets which are past due but not impaired as at December 31, 2013 and 2012 are as follows:

	Days past due				
2013	**30 days**	**60 days**	**90 days**	**over 90 days**	**Total**
Receivables					
Trade receivables	**P 350,933,488**	**P 127,612,178**	**P 102,089,742**	**P 57,425,480**	**P 638,060,888**
Advances to officers and employees	**433,456**	**270,910**	**325,092**	**54,182**	**1,083,640**
	P 351,366,944	**P 127,883,088**	**P 102,414,834**	**57,479,662**	**P 639,144,528**

2012	Days past due 30 days	60 days	90 days	over 90 days	Total
Receivables					
Trade receivables	P 466,804,081	P 181,534,920	P 121,023,280	P 95,089,720	P 864,452,001
Advances to officers and employees	366,460	225,514	272,496	75,171	939,640
	P 467,170,540	P 181,760,434	P 121,295,776	95,164,891	P 865,391,641

Liquidity Risk

The ability of the Group to finance capital expenditures and meet obligations as they become due is important to the Group's operations. The Group's policy is to maintain liquidity at all times. Any shortfalls are addressed in advance to seek available financing internally or through third parties.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2013 and 2012, based on undiscounted contractual payments:

2013	**< 1 month**	**> 1 month but < 3 months**	**> 3 months but < 1 year**	**> 1 year**	**Total**
Accounts payable and other liabilities					
Trade	**P 36,709,723**	**P -**	**P 32,707,290**	**P -**	**P 69,417,013**
Others	**-**	**643,482**	**1,163,686**	**-**	**1,807,168**
Finance lease liability	**83,326**	**166,652**	**749,931**	**-**	**999,909**
Advances from related parties	**-**	**-**	**-**	**934,089,474**	**934,089,474**
	P 36,793,049	**P 810,134**	**P 34,620,907**	**P 934,089,474**	**P 1,006,313,564**

2012	< 1 month	> 1 month but < 3 months	> 3 months but < 1 year	> 1 year	Total
Accounts payable and other liabilities					
Trade	P 56,126,329	P -	P 18,783,870	P -	P 74,910,199
Others	-	779,139	1,064,746	-	1,843,885
Finance lease liability	97,486	194,972	877,369	-	1,169,827
Advances from related parties	-	-	-	1,017,406,575	1,017,406,575
	P 56,223,815	P 974,111	P 20,725,985	P 1,017,406,575	P 1,095,330,486

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The management of interest rate risk involves maintenance of appropriate blend of financial instruments with consideration on the maturity profile of the security. Exposures of cash to interest rate risk comprise the following:

	Interest	Due in		
	rate	1 year	2 - 5 year	beyond 5 years
2013	**1% - 2.5%**	**P 76,556,183**	P -	P -
2012	1% - 3%	37,270,110	-	-

As of December 31, 2013 and 2012, there are no other significant financial instruments for which the Group is exposed to interest rate risk.

Foreign exchange risk
The risk that Group will face with respect to this is the unstable changes in foreign exchange rates particularly in US dollar. To minimize this risk, the Group maintains a considerable amount of cash so as not to be affected by the fluctuation of Philippine peso vis-à-vis US dollar.

The Group's foreign currency-denominated financial assets and their Philippine peso equivalents as at December 31, 2013 and 2012 are as follows:

	2013		2012	
	US$ Amount	**Peso Equivalent**	US$ Amount	Peso Equivalent
Cash	**$ 1,501,490**	**P 66,687,684**	$ 561,008	P 23,110,682
Receivables	**16,511,736**	**733,352,235**	25,551,606	1,052,596,461
	$ 18,013,226	**P 800,039,919**	$ 26,112,614	P 1,075,707,143

The following table demonstrates the sensitivity to a reasonable change in the US$ exchange rate, with all other variables held constant, of the Group's income and equity:

	Increase/ decrease in US $ rates	Effect on income and equity
2013	**+5%**	**P 28,001,397**
	-5%	**(28,001,397)**
2012	+5%	P 37,649,750
	-5%	(37,649,750)

8. CASH

This account represents cash deposits with banks which generally earn interest based on prevailing bank interest rates and consist of the following:

	9.30.2014	**9.30.2013**	**9.30.2012**	**9.30.2011**	**12.31.2013**
Cash on hand and in bank	8,167,624	194,874,241	87,393,203	12,036,394	76,556,183
Short-term placements	-	-	-	-	-
	8,167,624	**194,874,241**	**87,393,203**	**12,036,394**	**76,556,183**

9. RECEIVABLES

This account consists of the following as of:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.2013
Trade receivables	2,197,708,231	740,894,853	933,416,886	682,721,996	733,352,235
Advances from related parties	1,632,931	12,046,415	939,640	939,640	1,083,640
Total	2,199,341,162	752,941,268	934,356,526	683,661,636	734,435,875

Age analysis:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Current	513,486,011	36,432,996	281,097,084	406,126,574	351,366,944
Over 30days but less than 60days	619,102,558	228,575,998	415,688,520	194,590,575	127,883,088
Over 60days	1,066,752,593	487,932,374	237,570,922	82,944,487	223,483,856
	2,199,341,162	752,941,268	934,356,526	683,661,636	734,435,875

Management believes that the carrying value of receivables is a reasonable approximation of its fair value and that no allowance for impairment losses is necessary.

10. INVENTORIES

The breakdown of this account as of September 30, 2014, 2013, 2012 and 2011 is as follows:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Nickel ore laterite	312,346,556	146,970,728	156,171,319	93,628,225	350,721,315

Inventories are carried at cost.

11. PROPERTY, PLANT AND EQUIPMENT

As of September 30, 2014:

	Pier, road networks and other surface structures	Machinery & Equipment	Transportation Equipment	Office furniture, fixture and equipment	Construction in Progress	Total
Costs						
At January 1, 2014	1,395,184,979	643,104,266	41,194,364	3,347,981	570,640,000	2,653,471,590
Additions	920,348	165,287,976	2,095,000	185,120		158,232,382
Disposal	-	(12,700,000)	-	-	-	-
Reclassifications	-	-	-	-	-	-
At September 30, 2014	1,396,105,327	795,692,242	43,289,364	3,533,101	570,640,000	2,809,347,885
Accumulated depreciation & depletion at January 1, 2014	183,671,017	235,843,797	19,709,676	1,464,709	-	440,689,199
Reclassification	-	-	-	-	-	-
Additions	81,665,245	44,839,432	4,112,207	297,263	-	131,114,572
At September 30, 2014	265,336,262	280,683,229	23,821,883	1,761,972	-	571,803,771
Net Book Value At June 30, 2014	1,130,769,065	515,009,013	19,467,481	1,658,555	570,640,000	2,237,544,114

As of December 31, 2013:

	Pier, road networks and other surface structures	Machinery & Equipment	Transportation Equipment	Office furniture, fixture and equipment	Construction in Progress	Total
Costs						
At January 1, 2013	1,381,192,495	634,724,446	40,011,430	2,992,066	-	2,058,920,437
Additions	192,484	8,379,820	4,638,000	355,915	570,640,000	584,206,219
Capitalized provision for site rehabilitation	13,800,000	-	-	-	-	13,800,000
Disposal	-	-	(3,455,066)	-	-	(3,455,066)
At December 31, 2013	1,395,184,979	643,104,266	41,194,364	3,347,981	570,640,000	2,653,471,590
Accumulated depreciation & depletion at January 1, 2013	112,546,291	170,226,993	16,609,906	852,934	-	300,236,124
Additions	71,124,726	65,616,804	5,200,477	611,775	-	142,553,782
Disposal	-	-	(2,100,707)	-	-	(2,100,707)
At December 31, 2013	183,671,017	235,843,797	19,709,676	1,464,709	-	440,689,199
Net Book Value At December 31, 2013	1,211,513,962	407,260,469	21,484,688	1,883,272	570,640,000	2,212,782,391

As of September 30, 2013:

	Pier, road networks and other surface structures	Machinery & Equipment	Transportation Equipment	Office furniture, fixture and equipment	Total
Costs					
At January 1, 2013	1,381,192,495	634,724,446	40,011,430	2,992,066	2,058,920,437
Additions	327,405,221	6,948,770	6,088,849	264,975	340,707,815
Disposal	-	-	-	-	-
Reclassifications	-	-	-	-	-
At September 30, 2013	1,708,597,716	641,673,216	46,100,279	3,257,041	2,399,628,252
Accumulated depreciation & depletion at January 1, 2013	112,546,291	170,226,993	16,609,906	852,934	300,236,124
Reclassification	-	-	-	-	-
Additions	86,703,294	48,774,078	4,255,083	274,687	140,007,142
At September 30, 2013	199,249,585	219,001,071	20,864,989	1,127,621	440,243,266
Net Book Value At June 30, 2013	1,509,550,918	422,672,145	26,479,753	2,129,420	1,959,384,986

As of September 30, 2012:

	Pier, road networks and other surface structures	Machinery & Equipment	Transporta-tion Equipment	Office furniture, fixture and equipment	Construction in Progress	Total
Costs						
At January 1, 2012	1,357,783,380	453,628,409	29,859,691	1,989,691	-	1,843,261,171
Additions		109,280,188	6,050,369	537,386		115,867,943
Disposal		-	*	*		
Reclassifications						
At September 30, 2012	1,357,783,380	562,908,597	35,910,060	2,527,077	-	1,959,129,114
Accumulated depreciation & depletion at January 1, 2012	26,768,032	115,005,068	11,869,542	368,273	-	154,010,915
Reclassification	-	-	-	-	-	-
Additions	20,163,736	37,241,273	3,295,489	119,353	-	60,819,851
At September 30, 2012	46,931,768	152,246,341	15,165,031	487,626	-	214,830,766

Net Book Value At September 30, 2012	1,310,821,612	410,662,256	20,745,029	2,039,451	-	1,744,298,348

As of September 30, 2011:

	Pier, road networks and other surface structures	Machinery & Equipment	Transportation Equipment	Office furniture, fixture and equipment	Construction in Progress	Total
Costs						
At January 1, 2011	578,570,382	237,946,522	22,490,458	571,187	681,874,518	1,521,453,067
Additions	-	155,891,887	9,569,233	947,643	-	166,408,763
Disposal	-	-	-	-	-	-
Reclassifications	*	-	*	*	-	-
At September 30, 2011	578,570,382	393,838,409	32,059,691	1,518,830	681,874,518	1,687,861,830
Accumulated depreciation						
At January 1, 2011	-	80,003,089	8,499,592	218,027	-	88,720,708
Provisions	-	23,834,525	2,600,697	13,224	-	26,448,445
Disposal	-				-	
At September 30, 2011	-	103,837,614	11,100,289	231,251	-	115,169,153
Net Book Value At September 30, 2011	578,570,382	290,000,796	20,959,402	1,287,579	681,874,518	1,572,692,677

Agreements pertaining to construction of mine structures, purchase of machineries and transportation equipment were entered into with a related party. (*see Note 26*)

Construction in progress pertains to the progress billing of Citimax on mine site expansion and on-going site development. Construction in progress included in property and equipment is stated at cost. Construction in progress is not depreciated until the relevant assets are completed and put into operation or use.

The Group acquired some of its transportation equipment under the finance lease arrangement. The net book value of transportation equipment acquired under this arrangement is shown below.

		2013		2012
Cost				
At January 1	**P**	**10,126,840**	P	3,505,101
Additions		**4,617,000**		6,621,739
At December 31		**14,743,840**		10,126,840
Accumulated depreciation				
At January 1,		**735,032**		146,046
Additions		**2,216,889**		588,986
At December 31		**2,951,921**		735,032
Net Book Value				
At December 31	**P**	**11,791,919**	P	9,391,808

12. EXPLORED MINERAL RESOURCES

The explored mineral resources reported in the statements of financial position amounting to P650.7 million in 2013 and P685.6 million in 2012, represent the excess of shares issued by the Parent Company to acquire 94% ownership in Citinickel which meets the definition of an intangible asset that is controlled and provide economic benefits, separable and arises from its mineral property rights and claims for which fair value was measured reasonably.

The intangible asset arising from the business combination was arrived at using the Discounted Cash Flow (DCF) method covering an aggregate area of 2,176 hectares of mining claims in Narra and Española, Palawan. DCF analysis works on the principles of anticipation of investor benefits expressed in cash flow generation potential of an entity that owns the mineral property. The intangible asset was valued at an investment hurdle rate of 25% for a 17-year production period at current market price of nickel.

Movement of this account is shown below:

	2013	2012	2011
Explored mineral resources	746,401,594	P746,401,594	P746,401,594
Accumulated amortization			
At January 1	60,773,240	15,373,085	653,648
Amortization	34,952,446	45,400,155	14,719,437
At December 31	95,725,686	60,773,240	15,373,085
Balance	650,675,908	P685,628,354	P731,028,509

	9.30.14	9.30.13	9.30.12	9.30.11
Explored mineral resources	P746,401,594	P746,401,594	P746,401,594	P746,401,594
Accumulated amortization				
At January 1	95,725,687	60,773,240	15,373,085	653,648
Amortization	36,664,348	34,050,116	11,196,024	-
At September 30	132,390,035	94,823,356	26,569,109	653,648
Balance	614,011,559	651,578,238	719,832,485	745,747,946

13. OTHER NON-CURRENT ASSETS

This account consists of:

This account consists of:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13 (audited)
Deferred mine exploration cost	-	-	-	92,186,455	-
Input tax	115,184,787	151,949,597	107,199,097	98,632,528	113,007,152
Deferred tax asset	1,362,853	533,057	-	-	1,362,853
Software – net of amortization P105,000 in 2012	1,660,650	591,250	-	-	1,315,000
Monitoring trust fund	41,811,317	-	-	-	11,129,317
Others	6,495,973	275,454,322	6,366,536	3,491,016	3,146,509
	166,515,580	428,528,226	113,565,633	194,309,999	132,815,849
Allowance for amortization of deferred mine exploration costs	-	-	-	-	-
	166,515,580	428,528,226	113,565,633	194,230,623	132,815,849

Input tax represents the Value Added Tax (VAT) paid on purchases of applicable goods and services which can be recovered as tax credit against future tax liability of the Group upon approval by the Bureau of Internal Revenue.

MRF is the amount deposited in local bank accounts established by the Group in compliance with the requirements of the Philippine Mining Act of 1995 as amended by Department of Environment and Natural Resources Administrative Order No. 2005-07. The MRF is earmarked for physical and social rehabilitation of areas and communities affected by mining activities and for research on the social, technical and preventive aspects of rehabilitation. Any disbursement from the MRF should be authorized by the MRF Committee, the external overseeing body charged with the duties of managing, operating, monitoring and safekeeping of the MRF. The MRF earns interest at the respective bank deposit rates.

Deferred tax asset pertains to the tax effect of accretion of interest on provision for site rehabilitation cost.

Breakdown of software is as follows:

		2013		2012
Cost				
Balances, January 1	**P**	**525,000**	P	525,000
Additions		**1,000,000**		-
Balances, December 31		**1,525,000**		525,000
Accumulated amortization				
Balances, January 1		**105,000**		-
Additions		**105,000**		105,000
Balances, December 31		**210,000**		105,000
Net Book Value	**P**	**1,315,000**	P	420,000

Included in "Others" are cash bond posted with judicial bodies in compliance with legal cases wherein the Oriental or its officers are defendants. (*see Note 30*)

14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	9.30.2014	**9.30.2013**	**9.30.2012**	**9.30.2011**	**12.31.13**

Accounts payable & other liabilities	73,439,095	63,709,812	107,859,953	30,743,792	610,866,769
Non-current liabilities (advances from related parties & provision for site rehabilitation)	67,935,653	534,070,231	920,210,729	1,114,562,524	999,940,508
	141,374,748	597,780,043	1,028,130,681	1,145,306,316	1,610,807,277

As of September 30, accounts payable pertain to liabilities to third parties for the purchase of supplies, equipment and services. Accounts payable and accrued expenses are usually settled on a 30-60 days term.

Accrued taxes payable pertains to excise taxes on sales of nickel ore. This also includes other taxes due to government.

Mortgage payable represents the loans obtained relative to the acquisition of transportation equipment, secured by a chattel mortgage against the said transportation equipment.

The fair values of accounts payable and other liabilities have not been disclosed, due to their short duration. Management considers the carrying amounts recognized in the statements of financial position to be a reasonable approximation of their fair values.

	9.30.2014	**9.30.2013**	**9.30.2012**	**9.30.2011**	**12.31.13**
Current	33,458,622	10,298,434	75,501,967	12,109,921	36,793,049
Past due:					
30days	48,451,256	40,059,622	32,357,986	10,411,280	810,134
Over 30 days	59,464,870	547,421,987	920,270,728	1,143,607,675	1,573,204,094
	141,374.748	597,780,043	1,028,130,681	1,145,306,316	1.610.807,277

15. FINANCE LEASE LIABILITY

The Group acquired transportation equipment under the finance lease agreement. The lease is payable for a period of 1 year with annual interest ranging from 8% to 10%.

Future minimum lease payments under the lease, together with the present value of minimum lease payments, are as follows:

		2013		2012
Future minimum lease payments	**P**	**1,053,546**	P	1,338,855
Less: amount representing interest		**53,637**		169,028
Present value of minimum lease payments	**P**	**999,909**	P	1,169,827

Transportation equipment subject of the finance lease have a carrying value of P11,791,919 and P9,391,808 as at December 31, 2013 and 2012, respectively. *(see Note 11)*

Interest expense charged to operation amounted to P202,148 in 2013, P365,345 in 2012 and P66,783 in 2011. *(see Note 22)*

16. DEPOSIT FOR FUTURE CAPITAL SUBSCRIPTION

On various dates during 2013, the Parent Company received a total of P500 million from third parties intended for subscription of the Parent Company's proposed increase in share capital. Pending submission of requirements for such increase, the payment was lodge to Deposit for future capital subscription presented in the liabilities section of the Statement of Financial Position in accordance with SEC Financial Bulletin No. 006.

The advances are not subject to interest and will be converted to share capital soon after approval from the SEC of increase in share capital is sought.

On May 16, 2014, the Securities and Exchange Commission approved the increase of authorized capital stock of the Parent Company from One billion five hundred million pesos (P1,500,000,000.00) divided into one billion five hundred million (1,500,000,000) shares with par value of One Peso (P1.00) per share to Three billion five hundred million pesos (P3,500,000,000.00) consisting of three billion five hundred million (3,500,000,000) shares at a par value of One Peso (P1.00) per share.

17. PROVISION FOR SITE REHABILITATION COST

Citinickel is legally required to fulfill certain obligations as required under its Environmental Compliance Certificate (ECC) issued by Department of Environment and Natural Resources (DENR). Citinickel recognized the present value of the liability for these costs as part of the related property and equipment accounts, which are depreciated, on a straight-line basis over the estimated useful lives of the related property and equipment or the contract period whichever is shorter.

The Department of Environment and Natural Resources (DENR), pursuant to the provisions of DENR Administrative Order No. 2010-21 (the Revised Implementing Rules and Regulation of Republic Act No. 7942 otherwise known as the Philippine Mining Act of 1995) has required the Contractor/Permit Holder to establish the following:

	Narra, Palawan (Toronto Nickel Mining Project)	S. Española, Palawan (Pulot Nickel Miining Project)	Total
Rehabilitation Cash Fund (RCF)	5,000,000	5,000,000	10,000,000
Monitoring Trust Fund (MTF)	300,000	300,000	600,000
Environmental Trust Fund (ETF)	250,000	250,000	500,000
Total	5,050,000	5,050,000	11,100,000

Schedule of Annual Cash Provisions for the Final Mine Rehabilitation and Decommissioning Fund required by DENR-MGB:

Year	Narra, Palawan (Toronto Nickel Mining Project)	S. Española, Palawan (Pulot Nickel Miining Project)	Total
2012	8,229,975	8,652,025	16,882,000
2013	6,727,500	7,072,500	13,800,000
2014	4,036,500	4,243,500	8,280,000
2015	2,758,275	2,899,725	5,658,000
2016	672,750	707,250	1,380,000
Total	22,425,000	23,575,000	46,000,000

Breakdown of this account is presented below.

	6.30.2014	**12.31.2013**
Initial recognition	-	-
Balance, January 1	46,324,844	29,758,857
Additional provision	(29,292,254)	13,800,000
Accretion of interest	-	2,765,987
	17,032,590	46,324,844

The provision is presented at a discounted value using the Philippine bond yield of 6.35% as effective interest rate.

18. EQUITY

Authorized share capital
The Parent Company's authorized share capital is P 1.5 billion divided into 1.5 billion common shares at P1.00 par value.

Subscribed share capital
The subscribed share capital of the Parent Company upon its incorporation is P400 million with initial paid up capital of P100 million. Subsequently, the subscribed share capital was paid in full.

On July 4, 2007, a group of majority shareholders of Citinickel assigned in favor of Oriental Peninsula Resources Group, Inc. ("Oriental") their 94% ownership in Citinickel corresponding to 2,540,000 common shares of stocks at P10 par value equivalent to P25.4M in exchange for 65.27% common shares of stock of Oriental equal to 752,000,000 common shares of stocks each with par value of One Peso (P1.00) per share equivalent to P752 million.

On August 2, 2007, the SEC confirmed that the issuance of 752 million shares of stock of Oriental is an exempt transaction under the Securities and Regulation Code. In view thereof, the SEC approved the valuation of the 2.540 million Citinickel common shares at P752 million.

Subsequently, additional 5 shares at P1.00 par value were issued.

On December 10, 2007, the SEC approved the registration of the Parent Company's 1,452,000,005 common shares with a par value of P1.00 and broken down as follows:

Issued and outstanding	1,152,000,005 shares
Primary offer (at an offer price of P2.68 per share)	300,000,000 shares

On the same date, a Certificate of Permit to Offer Securities for Sales was issued by the SEC.

The issuance of shares by the Parent Company in exchange for the shares of Citinickel was considered a tax-free exchange as approved by the BIR in October 2007, pursuant to Section 40(C)(2) of the National Internal Revenue Code of 1997. Said transfer in exchange for shares was not subjected to income tax, capital gains tax, expanded withholding tax, donor's tax, and value added tax. The corresponding documentary stamp tax was paid subsequent to the increase in subscribed share capital.

The movement of the fully paid share capital is as follows:

	Number of Shares	Amount Paid	Share Premium
Upon incorporation at P1.00 par value	400,000,000	P 100,000,000	P -
Full payment of the initial subscribed capital at P1.00 par value		300,000,000	-
Additional issuance of shares at P1.00 par value	752,000,005	752,000,005	-
Issuance of shares through initial public offering at P1.00 par value offered at P2.68 per share, net of IPO cost	300,000,000	300,000,000	429,309,301
	1,452,000,005	P 1,452,000,005	P 429,309,301

On May 16, 2014, the Securities and Exchange Commission approved the increase of authorized capital stock of the Parent Company from One billion five hundred million pesos (P1,500,000,000.00) divided into one billion five hundred million (1,500,000,000) shares with par value of One Peso (P1.00) per share to Three billion five hundred million pesos (P3,500,000,000.00) consisting of three billion five hundred million (3,500,000,000) shares at a par value of One Peso (P1.00) per share.

As of September 1, 2014, outstanding shares at 2,878,500,005 but issued shares of stock at 1,452,000,005. It was only on October 13, 2014 the stock certificate for 1,426,500,00 shares for the following:

Name	No. of shares
Laguna Distillery Corporation	50,000,000
Fu Ying Holdings Limited	150,000,000
Yu Rong Limited	150,000,000
Xin Hua Developmet Limited	150,000,000
Redmont Consolidated Mines Cor.	700,000,000
Suncorp Mines and Development Corp.	226,500,000
Total	1,426,500,000

Non-controlling interest

Non-controlling interest as of December 31, 2013 and 2012 of 4.10%, pertain to equity interest held by the minority shareholders of Citinickel.

19. REVENUES

(i) Sales of ore represents sale of Limonite and Saprolite as follows:

	9.30.2014	**9.30.2013**	**9.30.2012**	**9.30.2011**	**12.31.2013**
Nickel lateritic ore	3,086,092,756	1,528,868,449	1,690,971,644	921,460,135	1,623,657,743

(ii) Other revenues is broken down as follows:

	9.30.2014	**9.30.2013**	**9.30.2012**	**9.30.2011**	**12.31.2013**
FOREX Gain/(loss)	-	9,289,025	-	-	65,087,301
Interest income	23,657	312,928	-	104,034	439,113
Gain on disposal of transportation equipment	438,988		-	-	148,203
Total	462,645	9,601,953	(3,314,415)	104,034	65,674,617

20. PRODUCTION COSTS

This account consists of:

	9.30.2014	**9.30.2013**	**9.30.2012**	**9.30.2011**	**12.31.13**
Contractor's production costs	668,061,105	414,753,099	406,214,548	229,445,724	570,832,821
Gas, oil and lubricants	296,528,887	263,828,250	408,633,862	111,723,228	305,354,998
Auto parts and supplies	32,782,656	63,016,275	66,606,280	14,351,567	69,315,697
Shipping and loading costs	598,912,335	130,571,381	26,544,073	-	45,606,248
Mining exploration	307,952	6,674,928	12,492,048	-	6,802,255
Other charges	26,592,837	13,079,687	15,805,405	33,259,730	16,799,620
Sub-total	1,596,592,935	891,923,620	936,295,216	388,780,249	1,014,711,639
Change in stockpile inventory	38,374,760	7,116,436	11,138,267	-	(196,634,152)
Total	1,661,560,532	899,040,456	947,434,483	388,780,249	818,077,487

21. EXCISE AND OTHER TAXES

The breakdown of this account is as follows:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Excise taxes & other taxes	75,983,187	35,004,934	38,107,827	1,073,354	32,473,155
Royalties	1,528,692	-	-	-	6,658,902
	77,511,879	**35,004,934**	**38,107,827**	**1,073,354**	**39,132,057**

22. FINANCE COST

This account for the three years in the period ended December 31, 2013 consists of:

	2013	2012	2011
Interest expense on deposits	76,500,000		
Accretion of interest	2,765,987	1,419,669	357,188
Interest expense on mortgage	202,148	365,345	66,783
Bank charges	81,998	141,866	202,116
	79,550,133	1,926,880	626,087

This account consists of:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011
Accretion of interest	-	-	-	-
Interest expense on mortgage	54,200,243	1,130,155	-	-
Bank charges	90,041	40,381	-	-
	54,290,284	1,170,536	-	-

During 2013, a memorandum of agreement was executed between Citinickel and Citimax Group Inc. wherein a total of P850 million of advances of Citimax Group Inc. to Citinickel shall be restricted and reserve for the issuance of shares of stock of Citinickel in favor of Citimax Group Inc.. Furthermore the advances shall earn an interest at the rate of 9% per annum until actual conversion takes place.

Accordingly, interest expense amounting to P76.5 million was incurred in accordance with the above agreement. As of the 3rd quarter of 2014, the restricted advances from Citimax was fully paid using the investments from Redmont Consolidated Mines Corp. and Suncorp Mines and Development Corporation.

23. ADMINISTRATIVE EXPENSES

This account consists of:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Personnel costs	4,251,987	4,680,000	6,850,976	1,877,795	6,288,942
Professional fees & security services	10,910,376	9,216,699	9,644,093	7,544,682	15,374,347
Shipping and mobilization	982,930	3,345,685	19,680,367	16,141,607	3,026,492

Representation & donations	17,221,648	23,815,920	7,854,370	1,766,030	9,333,827
Advertisements	461,750	500,834	3,543,997	2,715,179	852,716
Employees' welfare & benefits	863,595	683,866	-	-	3,152,741
Insurance	5,855,649	2,950,684	3,388,134	9,629	3,723,450
Repairs and maintenance	1,776,058	852,629	3,056,576	70,000	1,929,236
Office supplies, Clothing and uniforms	107,820	867,017	392,763	58,224	1,247,327
Environmental protection and development, R&D	19,654,985	4,323,879	27,010,966	891,825	27,295,006
Communication, light and water	5,102,383	1,137,483	1,716,436	232,538	2,340,551
Gasoline and oil	-	-	-	-	-
Depreciation and amortization	4,787,436	4,810,098	148,677	2,450,647	5,917,253
Rent	1,707,480	1,652,400	-	-	2,203,200
Taxes and licenses	33,513,372	6,286,991	661,710	1,073,354	6,290,991
Transportation & travel	995,703	2,136,752	1,702,896	426,363	2,630,197
Others & Miscellaneous	10,703,593	3,710,041	1,439,069	740,905	1,509,259
	118,896,766	70,970,978	87,271,020	35,998,778	93,115,535

24. REGISTRATION WITH THE BOARD OF INVESTMENTS (BOI)

On March 9, 2011, Citinickel was registered with the BOI under Executive Order No. 226 as New Producer of Nickel Ore on a Non-Pioneer Status.

As a BOI-registered entity, Citinickel is entitled to the following incentives, among others:

a. Income Tax Holiday (ITH) for four (4) years from March 9, 2011 to March 8, 2015;

b. Tax credit on taxes and duties paid on raw materials and supplies used in producing its export product for a period of ten (10) years from start of commercial operations;

c. Importation of consigned equipment for a period of ten (10) years from date of registration;

d. Exemptions from wharfages dues, any export tax, duties, imposts and fees for a ten (10) year period from date of registration; and

e. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

25. INCOME TAXES

The Group's income tax expense (benefit) for the three years in the period ended December 31, 2013 is broken down as follows:

	2013	2012	2011
Current	**P 77,735**	P 18,098	P -
Deferred	**18,696,394**	(533,057)	-
	P 18,774,129	P (514,959)	P -

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense reported in the statements of comprehensive income are as follows:

	2013	2012	2011
Statutory income tax	**P 143,059,317**	P 142,640,661	P 149,400,025
Adjustments resulting from:			
Income subjected to final taxes	**(100,552)**	(35,877)	(41,108)
Non-deductible expenses	**3,928,633**	439,670	4,981,616
Effect of ITH	**(107,336,270)**	(174,994,510)	(150,636,232)
Unrecognized temporary differences	**12,057,019**	14,422,968	(3,704,301)
Movements in temporary differences for which deferred income taxes were recognized	**(32,834,018)**	17,012,129	-
Tax expense reported in the statements of comprehensive income	**P 18,774,129**	P (514,959)	P -

The Parent Company did not provide any deferred tax assets on net operating loss carry over (NOLCO) amounting to P2,255,101 and P1,998,605 in 2013 and 2012, respectively.

The breakdown of NOLCO, which can be claimed as deduction from future taxable income of the Parent Company within three years from the year the taxable loss was incurred is as follows:

Inception	Original Amount	Tax Effect	Expiry
2013	2,749,999	825,000	2016
2012	2,510,825	753,248	2015
2011	2,256,180	676,854	2014
	7,517,004	2,255,101	

Deferred tax asset pertaining to the tax effect of accretion of interest on provision for site rehabilitation cost of Citinickel amounted to P1,362,853 and P533,057 in 2013 and 2012, respectively. Deferred tax liability pertains to the tax effect of unrealized foreign exchange gain amounting to P19,526,190 in 2013.

26. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

The following table provides the total amount of transactions that have been entered into with related parties and the outstanding balances as of December 31, 2013 and 2012:

Related party	Relationship	Transaction Description	Year	Amount	Year-end balances Advances from related party	Advances to related party
Citimax Group, Inc.	Affilate	**Payment of advances**	**2013**	**P 72,270,327**	**P 926,500,000**	**P -**
		Cash advances	**2013**	**571,970,057**	**-**	**571,970,057**
		Progress billings	2012	191,824,037	998,770,327	-
Caroline L. Tanchay	President	**Payment of advances**	**2013**	**11,046,774**	**7,589,474**	**-**
			2012	-	18,636,248	-
		Total	**2013**	**P 655,287,158**	**P 934,089,474**	**P 571,970,057**
		Total	2012	P 191,824,037	P 1,017,406,575	P -

Transactions with related parties are made at normal market prices. These advances are unsecured, no fixed repayment term and non-interest bearing except for advances from Citimax as discussed in note 22. There have been no guarantees received or provided for any related party receivables or payables.

Details of transactions with related parties are as follows:

(i) *Citimax Group, Inc. (Citimax)*
In 2007 and 2008, Citinickel entered into an agreement with Citimax for the construction, development of mine sites in Española and Narra, both in Palawan. Total contract price, including changes in the construction works amounted to P1,847 million. Payments are based on progress billings.

Total payments in 2013 and 2012 amounted to P72.3 million and nil, respectively.

(ii) *Ms. Caroline L. Tanchay*
In 2009 and 2010, Ms. Tanchay made cash advances to the Group totalling P18.6. During 2013, partial payment was made amounting to P11 million. The advances are not subject to interest, no fixed repayment period and has no collateral.

(iii) During the year, there was no compensation to the key management personnel of the Group.

27. EARNINGS PER SHARE

Earnings per share is computed by dividing the net income by the weighted average number of common shares as follows:

	9.30.2014	9.30.2013	9.30.2012	9.30.2011	12.31.13
Net income/(loss) attributable to equity holders of the Parent Company (a)	957,528,561	346,698,802	520,178,993	493,261,144	437,667,245
Divided by the weighted average common shares outstanding during the year (b)	2,878,500,005	1,452,000,005	1,452,000,005	1,452,000,005	1,452,000,0005
Earnings/(Loss) per share (a/b)	0.333	0.233	0.327	0.197	0.30

As of December 31, 2013, 2012 and 2011 the Parent Company has no potential shares with dilutive effect.

28. IMPAIRMENT TESTING OF INTANGIBLE ASSET

The Group performs an impairment test on intangible assets when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amounts. The recognition of impairment varies from that in PAS 36, but measures the impairment in accordance with the standard once the impairment is identified. On top of those mentioned in PFRS 6, tests are performed with the following key indicators.

- *Uncertainty in estimation of mineral resources.* Technical, geologic and market data on the mineral resource are estimates and there is no assurance that the anticipated tonnages and grade will be achieved, neither can it be ascertained that the indicated recovery rate will be realized.

- *Discounted cash flow method.* For purposes of computing the net present value using discounted cash flow method, the valuation of intangible assets involves the extraction of non-replaceable resource, a terminal value was not assigned to represent the cash flows to be earned beyond the projected period.

- *Market risk.* There are risks arising from the possibility that the value of an investment will decrease due to movement in market factors. The standard market risk factors relevant to the valuation of the intangible assets are: (a) Commodity risk, or the risk that commodity prices will change and (b) Currency risk, or the risk that foreign exchange rates will change.

29. CAPITAL MANAGEMENT OBJECTIVES AND POLICIES

The Group's capital management objective is to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The following table presents the capital the Group manages:

Share capital	P	2,878,500,005
Share premium		429,309,301

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives and policies or processes during the years ended December 31, 2013, 2012 and 2011.

The Group is not subject to externally imposed capital requirements.

30. COMMITMENTS AND CONTINGENCIES

Commitments

In relation to the mine site expansion and on-going site development, the Group has contractual obligation with Citimax representing the balance of works still to be provided by the latter. Contractual commitments as of December 31, 2013 and 2012 amounted to P147 million and nil, respectively.

Contingencies

The Group is a defendant in various lawsuits involving certain operating agreements and mining issues for which no adjustments has been made in the financial statements. The management, based on the opinion of their legal counsel, believes that these lawsuits and claims have no material impact on its mining operation and financial condition of the Group.

31. OTHER MATTERS

Non-cash investing activities

The Group recognized additional provision for site rehabilitation amounting to P13,800,000 and P22,357,000 in 2013 and 2012, respectively. *(see Note 17)*

Reclassification

Certain accounts in 2012 and 2011 financial statements were reclassified to conform to 2013 consolidated financial statements presentation.