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SEC Registration Number

O	R	I	E	N	T	A	L		P	E	N	I	N	S	U	L	A		R	E	S	O	U	R	C	E	S				
G	R	O	U	P		I	N	C																							

(Company's Full Name)

8	1		S	E	N		G	I	L		P	U	Y	A	T		A	V	E		B	G	Y		P	A	L	A	N	A	N
M	A	K	A	T	I		C	I	T	Y		P	H	I	L	I	P	I	N	E	S										

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

Connie A. Minoza														
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(Contact Person)

63 (2) 8891129									
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(Company Telephone Number)

1	2	3	1
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Month Day  
(Fiscal Year)

	1	7	-	Q		
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(Form Type)

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Month Day  
(Annual Meeting)

Permit to Sell Securities									
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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings									
Domestic					Foreign				

To be accomplished by SEC Personnel concerned

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File Number

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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 **March 31, 2015**
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**  
Address of issuer's principal office
- 1227**  
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
<b>Common shares at P 1.00 par value</b>	<b>2,878,500,005</b>

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 ☒ No ☐

## FINANCIAL INFORMATION

### First Quarter 2015

#### 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 March 31, 2015 with comparative figures for the quarter ending March 31, 2014, March 31, 2013, March 31, 2012 and December 31, 2014 (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 cyclical nature 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 first quarter of 2015, 2014, 2013, and 2012:

Summary of Consolidated Income Statement for the three-month period ending March 31, 2015, 2014, 2013 and 2012:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012
Sales – Nickel laterite ore	681,257,394	483,465,624	654,700,933	617,014,322
Production Cost	203,381,658	249,044,940	356,201,017	377,179,186
Gross Revenue From Mining	477,875,736	234,420,684	298,499,916	239,835,136
Other Cost and Expenses:				
Depreciation, depletion and amortization	47,748,433	4,501,501	57,208,241	22,815,666
Excise and other taxes	13,625,148	10,375,282	17,521,584	12,688,227
Foreign exchange loss	-	406,578	3,792,083	-
Finance cost	686,787	21,551,418	361,214	-
Administrative expenses	46,237,783	20,642,446	22,848,693	39,935,580
Total	298,457,351	98,481,225	101,731,816	75,439,474
Operating Profit/(Loss)	179,418,385	135,939,429	196,768,100	164,395,662
Other revenues/(loss)*	2,846,001	41,827	185,176	(1,560,699)
Net Profit/(Loss) before Income Tax	182,264,386	135,981,256	196,953,276	162,834,963
Net Profit/(Loss) attributable to:				
Equity holders of the company	179,427,917	130,407,823	188,880,796	156,160,883
Minority interests	2,836,469	5,573,433	8,072,479	6,674,080
	182,264,386	135,981,256	196,953,276	162,834,963

## FINANCIAL INFORMATION

### First Quarter 2015

Summary of Consolidated Balance Sheet for the period ending March 31, 2015, 2014, 2013, 2012, and December 31, 2014:

	January-March 2015	January-March 2014	January-March 2013	January-March 2012	Dec. 31, 2014 (audited)
Current Assets	1,940,532,697	1,369,747,754	958,901,555	1,127,478,613	2,940,453,109
Non-Current Assets	4,645,039,393	3,545,736,388	2,881,572,796	2,550,842,641	3,466,921,600
Total Assets	6,585,572,090	4,913,484,142	3,840,474,351	3,678,321,254	6,407,374,709
Current Liabilities	78,406,315	637,989,320	50,734,195	113,839,792	83,135,440
Non-Current Liabilities	85,466	973,343,549	901,613,066	730,588,102	85,466
Provision for site rehabilitation	57,928,951	47,019,717	30,113,774	5,982,188	57,266,831
Equity attributable to parent company	6,288,494,123	3,163,836,549	2,784,642,278	2,305,176,896	6,109,066,206
Minority Interest	160,657,235	91,295,008	73,371,039	522,734,276	157,820,766
Total Liabilities & Equity	6,585,572,090	4,913,484,142	3,840,474,351	3,678,321,254	6,407,374,709

Summary of Consolidated Cash Flow Statement for the three-month period ending March 31, 2014, 2013, and 2012:

	January-March 2015	January-March 2014	January-March 2013	January-March 2012
Cash used from operating activities	279,078,698	(19,158,320)	567,291,819	42,479,150
Cash used from investing activities	(1,218,986,065)	(20,395,693)	(380,012,141)	(42,667,667)
Cash provided from financing activities	0	19,087,096	(115,793,509)	1,967,539
Net Increase/(Decrease) in Cash & Cash Equivalents	(939,907,367)	(21,006,917)	71,486,169	1,779,023
Cash & Cash Equivalents at beginning of the year	1,904,341,258	76,556,183	37,270,110	23,169,285
Cash & Cash Equivalents, end	964,433,891	55,549,266	108,756,279	24,948,307

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

### Plan of Operations

The Company plans to continue on with its commercial operations for 2015 with a target of Fifty-Five (55) vessels of nickel ore this year. During 2014, the Company has initiated the putting up of the ore beneficiation plant and is now currently on-going. This facility will add further value to the mineral end product that Citinickel exports. The beneficiation process includes crushing, grinding, sorting, sizing, to standardized particulate size of less than 200 mm diameter throughout. The objective of the beneficiation process is to upgrade the quality of the nickel ores and optimum use of minerals. On the corporate side, the Company is will continue 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.

### Status Of Operation

The unexpected ore export ban by Indonesia, which took effect last January 12, 2014 has benefitted the Company during 2014, though. The unprecedented levels of demand from China and Japan market has created an opportunity for the group to maximize output, and thus, boosting its revenues. For the whole year of 2014, Citinickel was able to shipped a total of sixty-three (63) vessels of nickel laterite ore, fifty-three vessels (53) to China and ten vessels (10) to Japan, exceeding its target of fifty-five (55) vessels for the year. Around October 2014 nickel prices started to weakened.

For the first quarter of 2015, Citinickel exported a total of twelve (12) vessels of nickel laterite ore to China (nine vessels) and Japan (three vessel). Even with a weaker nickel price during the first quarter, the group still able to optimized its revenue.

In relation to Citinickel's mine site expansion and on-going site development, it has appropriated a total of P800M for the additional construction and development works, exploration and validation works, and purchase of crushing plant. Development, construction, exploration and validation works are still on-going as of December 31, 2014 and are expected to be completed in 2016.

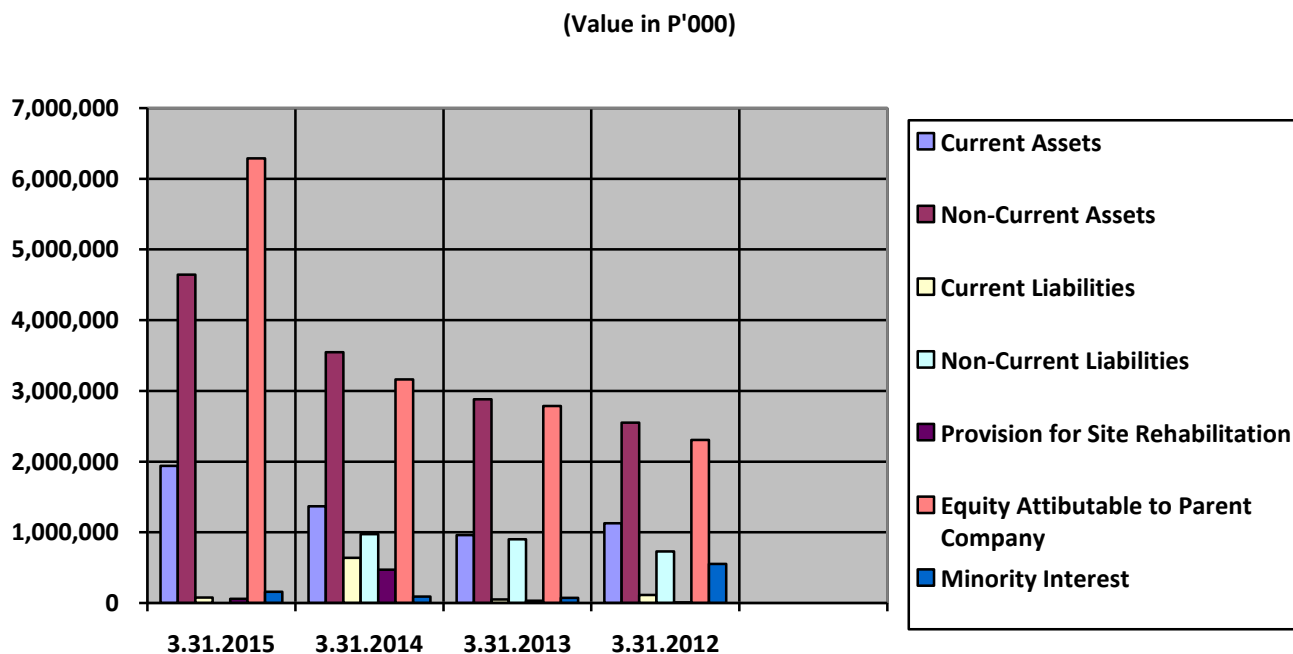
## FINANCIAL INFORMATION

### First Quarter 2015

The Company continued its various projects to its host communities in relation to the Company's Corporate Social Responsibility (CSR), as follows:

1. Education – scholarship programs, constructed school classrooms, school playground and computer laboratory building and provided computers.
2. Infrastructure – contributed a total of P38M for the water supply system and filtration project that will provide safe and clean drinking water in coordination with the Provincial Government of the Province of Palawan and the Municipal Government of the Municipality of Narra, Palawan, the following barangays of Narra will benefit from this project, namely: (a) Poblacion, (b) Malinao, (c) Princess Urduja, (d) Teresa, (e) Batang-Batang, (f) Caguisan, (g) Bato-Bato, (h) Calategas, and (i) Aramaywan, including all its residents and the Indigenous Cultural Communities ; and constructed covered gymnasium (basketball) for both Narra and Española, solar dryer and multi-purpose hall in Narra.
3. Livelihood and/or sustainable agriculture programs – conducted livelihood training and seminars, provided vermin-composting facilities and distributed organic fertilizer to farmers.
4. Health and sanitation – provided health station, birthing home facility and equipment; conducted medical assistance and minor surgeries.
5. Others – financial support to LGU for activities such as Brigada Eskwela, Provincial Meet, Baragatan Festival, Palay Festival Celebrations and the like.

Financial Condition:



Below table is Horizontal and Vertical Analysis of Material Changes for the as of March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, and December 31, 2014 (audited) Consolidated Balance Sheet (figures rounded into nearest Peso):

March 31, 2015 versus December 31, 2014 (audited):

BALANCE SHEET	3.31.15	12.31.14 (audited)	Horizontal Analysis		Vertical Analysis	
			3.31.15 vs 12.31.14	%	3.31.15 (%)	12.31.14 (%)
ASSETS:						
Current Assets:						

## FINANCIAL INFORMATION

### First Quarter 2015

Cash & cash equivalents	964,433,891	1,904,341,258	(939,907,367)	-49.36	14.64	29.72
Receivables	340,440,467	409,103,073	(28,662,606)	-7.01	5.78	6.38
Inventories	595,658,339	627,008,778	(31,350,439)	-5.00	9.04	9.79
Total Current Assets	1,940,532,697	2,940,453,109	(999,920,412)	-34.01	29.47	45.89
Non-Current Assets:						
Property, Plant & equipment	2,203,346,685	2,243,918,091	(40,571,406)	-1.81	33.46	35.02
Explored mineral resources	602,020,881	609,855,684	(7,834,803)	-1.28	9.14	9.52
Advances to related party	1,663,697,022	445,592,572	1,218,104,450	273.37	25.26	6.95
Other non-current asset	175,974,805	167,555,253	8,419,552	5.02	2.67	2.62
Total Non-Current Assets	4,645,039,393	3,466,921,600	1,178,117,793	33.98	70.53	54.11
TOTAL ASSETS	6,585,572,090	6,407,374,709	178,197,381	2.78	100.00	100.00
LIABILITIES AND EQUITY:						
Current Liabilities:						
Accounts payable & other liabilities	78,163,603	82,892,728	(4,729,125)	-5.71	1.19	1.29
Finance lease liability	-	-	-	NIL	0.00	0.00
Deposit for future capital subscription	-	-	-	NIL	0.00	0.00
Income tax payable	242,712	242,712	-	0.00	0.00	0.00
Total Current Liabilities	78,406,315	83,135,440	(4,729,125)	-5.69	1.19	1.30
Non-Current Liabilities:						
Advances from related parties	-	-	-	NIL	0.00	0.00
Deferred tax liability	85,466	85,466	-	0.00	0.00	0.00
Provision for site rehabilitation cost	57,928,951	57,266,831	662,120	1.16	0.88	0.89
Total Non-Current Liabilities	58,014,417	57,352,297	662,120	1.15	0.88	0.90
Total Liabilities	136,420,732	140,487,737	(4,067,005)	-2.89	2.07	2.19
Equity Holders of the Parent Company						
Share capital	2,878,500,005	2,878,500,005	-	0.00	43.71	44.92
Share premiums	445,025,896	445,025,896	-	0.00	6.76	6.95
Retained earnings	2,964,968,222	2,785,540,305	179,427,916	6.44	45.02	43.47
Sub-total	6,288,494,123	6,109,066,206	179,427,916	2.94	95.49	95.34
Non-controlling interest	160,657,235	157,820,766	2,836,469	1.80	2.44	2.46
Total Equity	6,449,151,358	6,266,886,972	182,264,387	2.91	97.93	97.81
TOTAL LIABILITIES & EQUITY	6,585,572,090	6,407,374,709	178,197,381	2.78	100.00	100.00

Current assets as of the first quarter of 2015 is 34.01% lower compared to the December 31, 2014 year-end balance. Cash decreased by 49.36%, receivables by 7.01% and inventories by 5%. Decrease in cash is due to payments of payables due during the first quarter of 2015. The decrease in receivables during the 1<sup>st</sup> quarter of 2015 is due to collection/payments of clients made during the quarter.

Non-current assets as of the first quarter of 2015 is 33.98% higher versus December 31, 2014. Property plant and equipment account decreased by 1.81% due to depreciation, and explored mineral resources decreased by 1.28% due to depletion. Advances to related party increased to 273.37%. Other non-current asset increase by 5.02%.

Total asset as of the first quarter of 2015 is 2.78% higher compared to December 31, 2014 balance.

Total liabilities during the first quarter of 2014 is 2.89% lower versus December 31, 2014. Current Liabilities as of the first quarter of 2015 is 5.69% lower against the year-end balance of 2014. Current liabilities consist of (1) accounts payable & other liabilities, and (2) income tax payable. Accounts payable & other liabilities decrease by 5.71%. Non-current liabilities is 1.15% higher against December 31, 2014. This is composed of the deferred tax liability and the provision for site rehabilitation. Provision for site rehabilitation increased by 1.16% during the first quarter of 2015 versus December 31, 2014.

Total equity for the first quarter of 2015 is 2.91% higher compared to December 31, 2014. There is no movement in the capital stock and share premium. Retained earnings recognized during the first quarter of 2015 6.44% higher compared to December 31, 2014.

Total liabilities and equity for the first quarter of 2015 is 2.78% higher compared to December 31, 2014.

## FINANCIAL INFORMATION

### First Quarter 2015

March 31, 2015 versus March 31, 2014:

BALANCE SHEET	3.31.15	3.31.14	Horizontal Analysis		Vertical Analysis	
			3.31.15 vs 3.31.14	%	3.31.15 (%)	3.31.14 (%)
ASSETS:						
Current Assets:						
Cash & cash equivalents	964,433,891	55,549,266	908,884,625	1636.18	14.64	1.131
Receivables	340,440,467	948,880,879	(568,440,412)	-59.91	5.78	19.312
Inventories	595,658,339	365,317,609	230,340,730	63.05	9.04	7.435
Total Current Assets	1,940,532,697	1,369,747,754	570,784,943	41.67	29.47	27.877
Non-Current Assets:						
Property, Plant & equipment	2,203,346,685	2,175,452,342	27,894,343	1.28	33.46	44.275
Explored mineral resources	602,020,881	641,552,724	(39,531,843)	-6.16	9.14	13.057
Advances to related party	1,663,697,022	592,348,957	1,071,348,066	180.86	25.26	12.056
Other non-current asset	175,974,805	134,382,365	41,592,440	30.95	2.67	2.735
Total Non-Current Assets	4,645,039,393	3,543,736,388	1,101,303,005	31.08	70.53	72.123
TOTAL ASSETS	6,585,572,090	4,913,484,142	1,672,087,948	34.03	100.00	100.000
LIABILITIES AND EQUITY:						
Current Liabilities:						
Accounts payable & other liabilities	78,163,603	137,585,739	(59,422,136)	-43.19	1.19	2.800
Finance lease liability	-	359,119	(359,119)	-100.00	0.00	0.007
Deposit for future capital subscription	-	500,000,000	(500,000,000)	-100.00	0.00	
Income tax payable	242,712	44,461	198,251	445.90	0.00	10.176
Total Current Liabilities	78,406,315	637,989,319	(559,583,005)	-87.71	1.19	0.001
Non-Current Liabilities:						12.984
Advances from related parties	-	953,817,360	(953,817,359)	-100.00	0.00	19.412
Deferred tax liability	85,466	19,526,190	(19,440,724)	-99.56	0.00	0.397
Provision for site rehabilitation cost	57,928,951	47,019,717	10,909,234	23.20	0.88	0.957
Total Non-Current Liabilities	58,014,417	1,020,363,267	(962,348,850)	-94.31	0.88	20.767
Total Liabilities	136,420,732	1,658,352,586	(1,521,931,854)	-91.77	2.07	33.751
Equity Holders of the Parent Company						
Share capital	2,878,500,005	1,452,000,005	1,426,500,000	98.24	43.71	29.551
Share premiums	445,025,896	429,309,301	15,716,595	3.66	6.76	8.737
Retained earnings	2,964,968,222	1,282,527,243	1,682,440,979	131.18	45.02	26.102
Sub-total	6,288,494,123	3,163,836,549	3,124,657,574	98.76	95.49	64.391
Non-controlling interest	160,657,235	91,295,008	69,365,228	75.98	2.44	1.858
Total Equity	6,449,151,358	3,255,131,557	3,194,019,802	98.12	97.93	66.249
TOTAL LIABILITIES & EQUITY	6,585,572,090	4,913,484,142	1,672,087,948	34.03	100.00	100.000

Current assets as of the first quarter of 2015 is 41.67% higher compared to the first quarter of 2014. Increase was due to increase of cash by 1636.18% and inventories by 63.05%, though receivables decreased by 59.91% due to payment of clients.

Non-current assets as of the first quarter of 2015 is 31.08% higher versus March 31, 2014. This is due to the increased of property plant and equipment by 1.28%, advances to related party by 180.86%, non-current asset by 30.95%. Increased in property plant and equipment is due to additional capital equipment acquisition. Decreased in explored mineral resources by 6.16 is due to depletion. Increased in other asset is due recognition of additional input VAT and additional funds established with Development Bank of the Philippines in relation to the DENR's requirement in establishing Monitoring Funds and Final Mine Rehabilitation and Decommissioning Funds.

Total asset as of the first quarter of 2015 is 34.03% higher compared to March 31, 2014 balance.

## FINANCIAL INFORMATION

### First Quarter 2015

Total liabilities during the first quarter of 2015 is 91.77% lower versus the first quarter of 2014. Current Liabilities as of the first quarter of 2015 decreased by 87.71% compared against the first quarter of 2014. This account 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 increase by 43.19% due to payments of liabilities, finance lease liability and deposit for subscription both decreased by 100%. Income tax payable increased by 445.90%, this is due to income recognized for the gain on sale of machineries and equipment disposed towards the end of 2014. Non-current liabilities also decreased by 94.31%. It's comprised of the advances from related parties, deferred tax liability and the provision for site rehabilitation. Advances to related parties decreased by 100%, deferred tax liability by 99.56% - both due to payments. However, provision for site rehabilitation increased by 23.20%.

Total equity for the first quarter of 2015 is 98.12% higher compared to the first quarter of 2014. There was an increase in the capital stock by 98.24% and the share premium by 3.66%, increase was due to additional investments and subscription. Retained earnings recognized during the first quarter of 2015 131.18% higher versus March 31, 2014.

Total liabilities and equity for the first quarter of 2015 is 34.03% higher compared to March 31, 2014.

March 31, 2014 versus March 31, 2013:

BALANCE SHEET	3.31.14	3.31.13	Horizontal Analysis		Vertical Analysis	
			3.31.14 vs 3.31.13	%	3.31.14 (%)	3.31.13 (%)
ASSETS:						
Current Assets:						
Cash & cash equivalents	55,549,266	108,756,279	(53,207,013)	-48.92	1.131	2.832
Receivables	948,880,879	691,102,977	257,777,902	37.30	19.312	17.995
Inventories	365,317,609	159,042,299	206,275,310	129.70	7.435	4.141
Total Current Assets	1,369,747,754	958,901,555	410,846,199	42.85	27.877	24.968
Non-Current Assets:						
Property, Plant & equipment	2,175,452,342	2,050,056,095	125,396,247	6.12	44.275	53.380
Explored mineral resources	641,552,724	674,278,316	(32,725,592)	-4.85	13.057	17.557
Advances to related party	592,348,957	-	592,348,957	NIL	12.056	0.000
Other non-current asset	134,382,365	157,238,386	(22,856,021)	-14.54	2.735	4.094
Total Non-Current Assets	3,543,736,388	2,881,572,796	662,163,592	22.98	72.123	75.032
TOTAL ASSETS	4,913,484,142	3,840,474,351	1,073,009,791	27.94	100.000	100.000
LIABILITIES AND EQUITY:						
Current Liabilities:						
Accounts payable & other liabilities	137,585,739	50,734,195	86,851,544	171.19	2.800	1.321
Finance lease liability	359,119	-	359,119	NIL	0.007	-
Deposit for future capital subscription	-	-	-	NIL	-	-
Income tax payable	500,000,000	-	500,000,000	NIL	10.176	-
Total Current Liabilities	44,461	-	44,461	NIL	0.001	-
	637,989,319	50,734,195	587,255,124	1157.51	12.984	1.321
Non-Current Liabilities:						
Advances from related parties	-	-	-	-	-	-
Deferred tax liability	953,817,360	901,613,066	52,204,294	5.79	19.412	23.477
Provision for site rehabilitation cost	19,526,190	-	19,526,190	NIL	0.397	-
Total Non-Current Liabilities	47,019,717	30,113,774	16,905,943	56.14	0.957	0.784
	1,020,363,267	931,726,840	88,636,427	9.51	20.767	24.261
Total Liabilities	1,658,352,586	982,461,035	671,891,551	68.80	33.751	25.582
Equity Holders of the Parent Company						
Share capital	-	-	-	-	-	-
Share premiums	-	-	-	-	-	-
Retained earnings	1,452,000,005	1,452,000,005	-	-	29.551	37.808
Sub-total	429,309,301	429,309,301	-	-	8.737	11.179
Non-controlling interest	1,282,527,243	903,332,972	379,194,271	41.98	26.102	23.521
Total Equity	3,163,836,549	2,784,642,278	379,194,271	13.62	64.391	72.508
	91,295,008	73,371,039	17,293,969	24.43	1.858	1.910



## FINANCIAL INFORMATION

### First Quarter 2015

TOTAL LIABILITIES & EQUITY	3,255,131,557	2,858,013,317	387,118,240	13.89	66.249	74.418
	4,913,484,142	3,840,474,351	1,073,009,790	27.94	100.000	100.000

Current assets as of the first quarter of 2014 is 42.85% higher compared to the first quarter of 2013. Increase was due to increase of receivables by 37.30% and inventories by 129.70%, though cash is lower by 48.92%.

Non-current assets as of the first quarter of 2014 is 22.98% higher compared to the first quarter of 2013. This is due to the decreased of explored mineral resources by 4.85% and other non-current asset by 14.54%. No comparative figure for advances from related party due to recognized amount during the first quarter of 2013.

Total asset as of the first quarter of 2014 is 27.94% higher compared to the first quarter of 2013.

Total liabilities during the first quarter of 2014 is 68.80% higher versus the first quarter of 2013. Current Liabilities as of the first quarter of 2014 is 1157.51% higher against the first quarter 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 increase by 171.19%, no comparative figures for the account of finance lease liability, deposit for future capital subscription and income tax payable. Non-current liabilities is also 5.79% higher against the first quarter of 2013. It is composed of the advances from related parties, deferred tax liability and the provision for site rehabilitation. Advances to related parties increased by 5.79% and provision for site rehabilitation by 56.14% during the first quarter of 2014 versus March 31, 2013.

Total equity for the first quarter of 2014 is 13.89% higher compared to March 31, 2013. There is no movement in the capital stock and share premium. Retained earnings recognized during the first quarter of 2014 41.98% higher compared to March 31, 2013.

Total liabilities and equity for the first quarter of 2014 is 27.94% higher compared to March 31, 2013.

March 31, 2013 versus March 31, 2012:

BALANCE SHEET	3.31.13	3.31.12	Horizontal Analysis		Vertical Analysis	
			3.31.13 vs 3.31.12	%	3.31.13 (%)	3.31.12 (%)
ASSETS:						
Current Assets:						
Cash & cash equivalents	108,756,279	24,948,307	83,807,972	335.93	2.832	0.678
Receivables	691,102,977	923,533,063	(232,430,086)	-25.17	17.995	25.107
Inventories	159,042,299	178,997,242	(19,954,944)	-11.15	4.141	4.866
Total Current Assets	958,901,555	1,127,478,613	(168,577,058)	-14.95	24.968	30.652
Non-Current Assets:						
Property, Plant & equipment	2,050,056,095	1,711,144,856	338,911,239	19.81	53.380	46.520
Explored mineral resources	674,278,316	727,296,501	(53,018,185)	-7.29	17.557	19.773
Advances to related party	-	-	-	NIL	0.000	-
Other non-current asset	157,238,386	112,401,284	44,837,102	39.89	4.094	3.056
Total Non-Current Assets	2,881,572,796	2,550,842,641	330,730,156	12.97	75.032	69.348
TOTAL ASSETS	3,840,474,351	3,678,321,254	162,153,098	4.41	100.000	100.000
LIABILITIES AND EQUITY:						
Current Liabilities:						
Accounts payable & other liabilities	50,734,195	113,839,792	(63,105,597)	-55.43	1.321	3.095
Finance lease liability	-	-	-	-	-	-
Deposit for future capital subscription	-	-	-	-	-	-
Income tax payable	-	-	-	-	-	-
Total Current Liabilities	50,734,195	113,839,792	(63,105,597)	-55.43	1.321	3.095
Non-Current Liabilities:						
Advances from related parties	901,613,066	730,588,102	171,024,964	23.41	23.477	19.862

## FINANCIAL INFORMATION

### First Quarter 2015

Deferred tax liability	-	-	-	-	-	-
Provision for site rehabilitation cost	30,113,774	5,982,188	24,131,586	409.39	0.784	0.163
Total Non-Current Liabilities	931,726,840	736,570,289	195,156,551	26.50	24.261	20.025
 Total Liabilities	 982,461,035	 850,410,081	 132,050,953	 15.53	 25.582	 23.120
Equity Holders of the Parent Company						
Share capital	1,452,000,005	1,452,000,005	-	0.00	37.808	39.475
Share premiums	429,309,301	429,309,301	-	0.00	11.179	11.671
Retained earnings	903,332,972	423,867,590	479,465,382	113.12	23.521	11.523
Sub-total	2,784,642,278	2,305,176,896	479,465,382	20.80	72.508	62.669
Non-controlling interest	73,371,039	522,734,276	(449,363,237)	-85.96	1.910	14.211
Total Equity	2,858,013,317	2,827,911,172	30,102,144	1.06	74.418	76.880
 TOTAL LIABILITIES & EQUITY	 3,840,474,351	 3,678,321,254	 162,153,098	 4.41	 100.000	 100.00

Current assets as of the first quarter of 2013 is 14.95% lower compared to the first quarter of 2012. Decrease was due to decrease of receivables by 25.17% and inventories by 11%. Cash is higher by 335.93% versus March 31, 2012 balance due to payments of clients of receivables made during the first quarter of 2013.

Non-current assets as of the first quarter of 2013 is 13% higher versus the first quarter of 2012. This is due to the increased of property plant and equipment by 20% and other non-current asset by 40%. Explored mineral resources decrease by 7% compared to March 31, 2012 balance due to depletion.

Total asset as of the first quarter of 2013 is 4.41% higher compared to the first quarter of 2012 balance.

Total liabilities during the first quarter of 2013 is 15.53% higher versus the first quarter of 2012. Current Liabilities as of the first quarter of 2013 is 55.43% lower against the first quarter of 2012. Non-current liabilities is 26.50% higher compared to the first quarter of 2012. Non-current liabilities is composed of the advances from related parties and the provision for site rehabilitation. Advances to related parties increased by 23.41% and provision for site rehabilitation by 403.39% during the first quarter of 2013 versus the first quarter of 2012. The material increase of the provision for site rehabilitation is due to the mandate of DENR to established Final Mine Rehabilitation and/or Decommissioning Fund in addition to the Mine Rehabilitation Fund which consist of (1) Monitoring Trust Fund, (2) Rehabilitation Cash Fund, and (3) Environmental Trust Fund during 2012.

Total equity for the first quarter of 2013 is 1.06% higher compared to the first quarter of 2012. There is no movement in the capital stock and share premium. Retained earnings recognized during the first quarter of 2013 113.12% higher compared to the first quarter of 2012.

Total liabilities and equity for the first quarter of 2013 is 4.41% higher compared to the first quarter of 2012.

## CASH

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

	<b>3.31.2015</b>	<b>3.30.2014</b>	<b>3.31.2013</b>	<b>3.31.2012</b>	<b>12.31.2014</b>
Cash on hand and in bank	964,433,891	55,549,266	108,756,279	24,948,307	1,904,341,258
Short-term placements	-	-	-	-	-
	<b>964,433,891</b>	<b>55,549,266</b>	<b>108,756,279</b>	<b>24,948,307</b>	<b>1,904,341,258</b>

## RECEIVABLES

This account consists of the following as of March 31, 2013, December 31, 2012 and March 31, 2012:

	<b>3.31.2015</b>	<b>3.31.2014</b>	<b>3.31.2013</b>	<b>3.31.2012</b>	<b>12.31.2014</b>
Trade receivables	380,440,467	948,880,879	690,163,337	923,033,063	409,103,073
Advances from related parties	-	-	939,640	500,000	-
Total	380,440,467	948,880,879	691,102,977	923,533,063	409,103,073

## FINANCIAL INFORMATION

### First Quarter 2015

Age analysis:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012
Current	332,993,694	405,270,143	256,593,725	265,998,545
Over 30days but less than 60days	47,446,773	78,195,481	398,107,207	351,015,776
Over 60days	-	465,415,255	36,402,045	306,518,742
	380,440,467	948,880,879	691,102,977	923,533,063

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 of March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, ~~March 31, 2011~~ and December 31, 2012<sup>24</sup> is as follows:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.14
Nickel ore laterite	595,658,339	365,317,609	159,042,299	178,997,242	627,008,778

### PROPERTY, PLANT AND EQUIPMENT:

As of March 31, 2015:

	Pier, road networks and other surface structures	Machinery & Equipment	Transportation Equipment	Office furniture, fixture and equipment	Construction in Progress	Total
Costs						
At January 1, 2015	1,404,385,327	820,461,917	44,317,664	3,620,951	570,640,000	2,843,425,859
Additions		150,000	780,000			930,000
Capitalized provision for site rehabilitation					-	
Disposal					-	
At March 31, 2015	1,404,385,327	820,611,917	45,097,664	3,620,951	570,640,000	2,844,355,859
Accumulated depreciation & depletion at January 1, 2015	271,775,283	300,525,868	25,049,745	2,156,872	570,640,000	599,507,768
Reclassification						
Additions	18,111,152	21,801,268	1,415,649	22,956	-	41,501,406
Disposal						
At March 31, 2015	289,886,435	322,327,136	26,465,394	2,383,828	570,640,000	641,009,174
Net Book Value At March 31, 2015	1,114,498,892	498,284,781	18,632,270	1,237,122	570,640,000	2,203,346,685

As of December 31, 2014:

	Pier, road networks	Machinery &	Transportation	Office furniture,	Construction in	Total
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## FINANCIAL INFORMATION

### First Quarter 2015

	and other surface structures	Equipment	Equipment	fixture and equipment	Progress	
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	190,057,651	3,123,300	272,970		194,374,269
Capitalized provision for site rehabilitation	8,280,000	-	-	-	-	8,280,000
Disposal	-	(12,700,000)	-	-	-	(12,700,000)
At December 31, 2014	1,404,385,327	820,461,917	44,317,664	3,620,951	570,640,000	2,843,425,859
Accumulated depreciation & depletion at January 1, 2014	183,671,017	235,843,797	19,709,676	1,464,709	-	440,689,199
Reclassification	-	-	-	-	-	-
Additions	88,104,266	75,373,738	5,340,069	692,163	-	169,510,236
Disposal		(10,691,667)				(10,691,667)
At December 31, 2014	271,775,283	300,525,868	25,049,745	2,156,872	570,640,000	599,507,768
Net Book Value At December 31, 2014	1,132,610,044	519,936,049	19,267,919	1,464,079	570,640,000	2,243,918,091

As of March 31, 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	-	432,500	-	85,380		517,880
Disposal	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
At March 31, 2014	1,395,184,979	643,536,766	41,194,364	3,433,361	570,640,000	2,653,989,470
Accumulated depreciation & depletion at January 1, 2014	183,671,017	235,843,797	19,709,676	1,464,709	-	440,689,199
Reclassification	-	-	-	-	-	-
Additions	19,925,336	16,455,773	1,384,711	82,108	-	37,847,928
At March 31, 2014	203,596,353	252,299,570	21,094,387	1,546,817	570,640,000	478,537,128
Net Book Value At March 31, 2014	1,191,588,626	391,237,196	20,099,977	1,886,544	570,640,000	2,175,452,342

As of March 31, 2013:

	Pier, road networks	Machinery &	Transportation	Office furniture,	Construction in	Total
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## FINANCIAL INFORMATION

### First Quarter 2015

	and other surface structures	Equipment	Equipment	fixture and equipment	Progress	
Costs						
At January 1, 2013	1,381,192,495	634,724,446	40,011,430	2,992,066	-	2,058,920,437
Additions	-	5,787,100	5,883,300	169,975	362,850,000	374,690,375
Disposal	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
At March 31, 2013	1,381,192,495	640,511,546	45,894,730	3,162,041	362,850,000	2,433,610,812
Accumulated depreciation & depletion at January 1, 2013	112,546,291	170,226,993	16,609,906	852,934	-	300,236,124
Reclassification	-	-	-	-	-	-
Additions	65,578,926	16,243,085	1,351,752	144,830	-	83,318,593
At March 31, 2013	178,125,217	186,470,078	17,961,658	997,764	-	383,554,717
Net Book Value At March 31, 2013	1,203,067,278	454,041,468	27,933,072	2,164,277	362,850,000	2,050,056,095

As of March 31, 2012:

	Pier, road networks and other surface structures	Machinery & Equipment	Transportation 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		39,349,783	5,127,027	233,456		44,710,266
Disposal		-	*	*		
Reclassifications						
At March 31, 2012	1,357,783,380	492,978,192	34,986,718	2,223,147	-	1,887,971,437
Accumulated depreciation & depletion at January 1, 2012	26,768,032	115,005,068	11,869,542	368,273	-	154,010,915
Reclassification	-	-	-	-	-	-
Additions	11,273,353	11,135,777	340,598	65,938	-	22,815,666
At March 31, 2012	38,041,385	126,140,845	12,210,140	434,211	-	176,826,581
Net Book Value At March 31, 2012	1,319,741,955	366,837,347	22,776,578	1,788,936	-	1,711,144,856

### 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

## FINANCIAL INFORMATION

### First Quarter 2015

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:

	2015	2013	2012
Explored mineral resources	746,401,594	P746,401,594	P746,401,594
Accumulated amortization			
At January 1	95,725,686	60,773,240	15,373,085
Amortization	40,820,224	34,952,446	45,400,155
At December 31	136,545,910	95,725,686	60,773,240
Balance	609,855,684	650,675,908	P685,628,354

### OTHER NON-CURRENT ASSETS

This account consists of:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.14 (audited)
Deferred mine exploration cost					
Input tax	115,589,297	113,720,518	149,949,164	108,750,277	115,347,274
Deferred tax asset	2,161,449	1,362,853	533,057	-	2,161,449
Software – net	1,362,040	1,813,150	393,750	-	1,464,510
Monitoring trust fund	50,366,047	11,129,317	-	-	42,086,047
Others	6,495,972	6,356,527	6,362,415	3,651,007	6,495,973
	175,974,805	134,382,365	157,238,386	112,401,284	167,555,253
Allowance for amortization of deferred mine exploration costs	-		-	-	-
	175,974,805	134,382,365	157,238,386	112,401,284	167,555,253

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

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:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.2014
Accounts payable	78,163,603	86,741,477	30,664,487	113,839,792	82,892,728
Accrued taxes payable	328,178	4,772,864	18,717,911	-	328,178
Other liabilities	57,928,951	46,071,398	1,351,797	-	57,266,831
	136,420,732	137,585,739	50,734,195	113,839,792	140,487,737

As of December 31, 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.

## FINANCIAL INFORMATION

### First Quarter 2015

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.

	3.31.2015	3.31.2014	3.31.2013	3.31.2012
Current	43,654,634	36,891,860	18,783,870	22,767,959
Past due:				
30days	23,148,798	54,147,967	19,170,195	45,535,916
Over 30 days	69,617,300	46,545,912	12,780,130	45,535,917
	136,420,732	137,585,739	50,734,195	113,839,792

Below table is Horizontal and Vertical Analysis of Material Changes for the as of March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, and December 31, 2014 (audited) Consolidated Statements of Comprehensive Income (figures rounded into nearest Peso):

March 31, 2015 versus December 31, 2014 (audited):

INCOME STATEMENT	3.31.15	12.31.14 (audited)	Horizontal Analysis		Vertical Analysis	
			3.31.15 vs 12.31.14	%	3.31.15 (%)	12.31.14 (%)
Revenues:						
Sale of ore	681,257,394	3,548,551,954	(2,867,294,560)	-80.80	373.77	208.06
Others	2,846,001	24,589,410	(21,743,409)	-88.43	1.56	1.44
Total	684,103,395	3,573,141,364	(2,889,037,969)	-80.85	375.34	209.50
Cost and expenses:						
Production costs	203,381,658	1,252,622,962	(1,049,241,304)	-83.76	111.59	73.45
Shipping and loading costs	190,159,201	146,469,851	43,689,350	29.83	104.33	8.59
Depreciation, depletion & amortization	47,748,433	204,298,227	(156,549,794)	-76.63	26.20	11.98
Administrative expenses	46,237,783	160,847,103	(114,609,320)	-71.25	25.37	9.43
Finance cost	686,787	50,761,865	(50,075,078)	-98.65	0.38	2.98
Excise and other taxes	13,625,148	72,499,731	(58,874,583)	-81.21	7.48	4.25
Foreign exchange loss	-	-	-	NIL	0.00	0.00
Total	501,839,009	1,887,499,739	(1,385,660,730)	73.41	275.34	110.67
Income/(Loss) before Income Tax	182,264,386	1,685,641,625	(1,503,377,239)	-89.19	100.00	98.83
Income Tax Expense (Benefit):						
Current	-	360,869	(360,869)	-100.00	0.00	0.02
Deferred	-	(20,239,320)	20,239,320	-100.00	0.00	-1.19
Income (Loss) for the period	182,264,386	1,705,520,076	(1,523,255,690)	-89.31	100.00	100.00
Other comprehensive income						
Total comprehensive income	184,286,386	1,705,520,076	(1,523,255,690)	-89.31	100.00	100.00
Net Income (Loss) attributable to:						
Equity holders of the parent company	179,427,917	1,633,420,885	(1,453,992,968)	-89.02		
Non-controlling interest	2,836,469	72,099,191	(69,262,722)	-96.07		
Total	182,264,386	1,705,520,076	(1,523,255,690)	-89.31		

March 31, 2015 versus March 31, 2014:

# FINANCIAL INFORMATION

## First Quarter 2015

INCOME STATEMENT	3.31.15	3.31.14	Horizontal Analysis		Vertical Analysis	
			3.31.15 vs 3.31.14	%	3.31.15 (%)	3.31.14 (%)
Revenues:						
Sale of ore	681,257,394	483,465,624	197,791,770	40.91	373.77	355.54
Others	2,846,001	41,827	2,804,174	6704.21	1.56	0.03
Total	684,103,395	483,507,451	200,595,943	49.49	375.34	355.57
Cost and expenses:						
Production costs	203,381,658	249,044,970	(45,663,312)	-18.34	111.59	183.15
Shipping and loading costs	190,159,201		190,159,201	NIL		
Depreciation, depletion & amortization	47,748,433	45,505,501	2,242,932	4.93	104.33	33.46
Administrative expenses	46,237,783	20,642,446	25,595,336	123.99	26.20	15.18
Finance cost	686,787	21,551,418	(20,864,631)	-96.81	25.37	15.85
Excise and other taxes	13,625,148	10,375,282	3,249,866	31.32	0.38	7.63
Foreign exchange loss	-	406,578	(406,578)	-100.00	7.48	0.30
Total	501,839,009	347,526,195	154,312,814	44.40	275.34	255.57
Income/(Loss) before Income Tax	182,264,386	135,981,256	46,283,130	34.04	100.00	100.00
Income Tax Expense (Benefit):						
Current	-	-	-	0.00	0.00	-
Deferred	-	-	-	0.00	0.00	-
Income (Loss) for the period	182,264,386	135,981,256	46,283,130	34.04	100.00	100.00
Other comprehensive income		-				-
Total comprehensive income	184,286,386	135,981,256	46,283,130	34.04	100.00	100.00
Net Income (Loss) attributable to:						
Equity holders of the parent company	179,427,917	130,407,823				
Non-controlling interest	2,836,469	5,573,433				
Total	182,264,386	135,981,256				

March 31, 2014 versus March 31, 2013:

INCOME STATEMENT	3.31.14	3.31.13	Horizontal Analysis		Vertical Analysis	
			3.31.14 vs 3.31.13	%	3.31.14 (%)	3.31.13 (%)
Revenues:						
Sale of ore	483,465,624	654,700,933	(171,235,309)	-26.15	355.54	332.41
Others	41,827	185,176	(143,349)	-77.41	0.03	0.09
Total	483,507,451	654,886,109	(171,378,657)	-26.17	355.57	332.51
Cost and expenses:						
Production costs	249,044,970	356,201,017	(107,156,047)	-30.08	183.15	180.86
Depreciation, depletion & amortization	45,505,501	57,208,241	(11,702,741)	-20.46	33.46	29.05
Administrative expenses	20,642,446	22,848,693	(2,206,247)	-9.66	15.18	11.60
Finance cost	21,551,418	361,214	21,190,204	5866.39	15.85	0.18
Excise and other taxes	10,375,282	17,521,584	(7,146,302)	-40.79	7.63	8.90
Foreign exchange loss	406,578	3,792,083	(3,385,505)	-89.28	0.30	1.93
Total	347,526,195	457,932,833	(110,406,638)	-24.11	255.57	232.51
Income/(Loss) before Income Tax	135,981,256	196,953,276	(60,972,020)	-30.96	100.00	100.00
Income Tax Expense (Benefit):						
Current	-	-	-	-	-	-
Deferred	-	-	-	-	-	-



## FINANCIAL INFORMATION

### First Quarter 2015

Income (Loss) for the period	135,981,256	196,953,276	(60,972,020)	-30.96	100.00	100.00
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	135,981,256	196,953,276	(60,972,020)	-30.96	100.00	100.00
Net Income (Loss) attributable to:						
Equity holders of the parent company	130,407,823	188,880,796	(58,472,973)	-30.96		
Non-controlling interest	5,573,433	8,072,479	(2,499,046)	-30.96		
Total	135,981,256	196,953,276	(60,972,020)	-30.96		

March 31, 2013 versus March 31, 2012:

INCOME STATEMENT	3.31.13	3.31.12	Horizontal Analysis		Vertical Analysis	
			3.31.13 vs 3.31.12	%	3.31.13 (%)	3.31.12 (%)
Revenues:						
Sale of ore	654,700,933	617,014,322	37,686,611	6.11	332.41	378.92
Others	185,176	(1,560,699)	1,745,875	-111.86	0.09	-0.96
Total	654,886,109	615,453,623	39,432,486	6.41	332.51	377.96
Cost and expenses:						
Production costs	356,201,017	377,179,186	(20,978,169)	-5.56	180.86	231.63
Depreciation, depletion & amortization	57,208,241	22,815,666	34,952,575	150.74	29.05	14.01
Administrative expenses	22,848,693	39,935,580	(17,086,887)	-42.79	11.60	24.53
Finance cost	361,214	-	361,214	NIL	0.18	-
Excise and other taxes	17,521,584	12,688,227	4,833,357	38.09	8.90	7.79
Foreign exchange loss	3,792,083	-	3,792,083	NIL	1.93	-
Total	457,932,833	452,618,659	5,314,174	1.17	232.51	277.96
Income/(Loss) before Income Tax	196,953,276	162,834,964	34,118,312	20.95	100.00	100.00
Income Tax Expense (Benefit):						
Current	-	-	-	-	-	-
Deferred	-	-	-	-	-	-
Income (Loss) for the period	196,953,276	162,834,964	34,118,312	20.95	100.00	100.00
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	196,953,276	162,834,964	34,118,312	20.95	100.00	100.00
Net Income (Loss) attributable to:						
Equity holders of the parent company	188,880,796	156,160,883				
Non-controlling interest	8,072,479	6,674,080				
Total	196,953,276	162,834,963				

The company and its subsidiary's gross revenue from the sale of ore as of the first quarter of 2015 amounts to P681,257,394, in 2014 at P483,465,624, in 2013 at P654,700,933, in 2012 at P617,014,322 and as of December 31, 2014 at P3,548,551,954. The 'other revenue' for the first quarter of 2015 amounted to P2,846,001, in 2014 at P41,827, in 2013 amounted to P185,176, and in the first quarter of 2012 at negative amount due to FOREX loss/adjustment recognized in the amount of P1,560,699, and for December 31, 2014 at P24,589,410. Other revenue is for interest earned net of withholding taxes for cash deposits in bank.

Cost and expenses is composed of (a) production costs, (b) shipping and loading cost, (c) depreciation, depletion and amortization, (d) excise and other taxes, (e) foreign exchange loss, (f) finance cost, and (g) administrative expenses. Cost and expenses during the first quarter of 2015 is 44.40% higher compared to the first quarter of 2014, 9.59% higher compared to the first quarter of 2013, and 10.87% higher with the first quarter of 2012.

## FINANCIAL INFORMATION

### First Quarter 2015

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:

	12.31.14 (audited)	3.31.2015	3.31.2014	3.31.2013	3.31.2012
<b>A. Current/Liquidity Ratios:</b>					
Current ratio = current asset/current liabilities	35.37	24.75	2.15	18.9	9.90
Quick ratio = (current asset – inventories)/current liabilities	27.83	17.15	1.57	15.77	8.33
Cash ratio = (cash + marketable securities) / current liabilities	22.91	12.30	0.09	2.14	0.22
<b>B. Solvency Ratio/Debt-to-Equity Ratio:</b>					
Solvency ratio = (After tax profit + Depreciation/Depletion) / (Long term + Short term liabilities)	13.59	1.69	0.11	0.26	0.22
Debt-to-Equity ratio = Total liabilities / Total Equity	0.02	0.02	0.51	0.34	0.30
<b>C. Asset-to-Equity Ratio = Total liabilities / Total Equity</b>	1.02	1.02	1.51	1.34	1.30
<b>D. Profitability Ratios</b>					
Net profit margin analysis = Net income/Net sales (revenue)	0.48	0.27	0.28	0.30	0.26
Return on assets = Net income/Ave. total assets	0.31	0.03	0.03	0.05	0.05
Return on equity = Net income/Average equity	0.36	0.04	0.14	0.07	0.07
Return on capital employed = Net income/Capital employed	0.31	0.03	0.03	0.05	0.05
*Capital employed = average liabilities + average equity					
<b>E. Book Value per Share = Total equity / outstanding issued shares</b>	2.18	2.24	2.24	1.97	1.95

## FINANCIAL INFORMATION

### First Quarter 2015

F. Income/(Loss ) per Share = Net income / outstanding issued shares	0.903	0.06	0.09	0.13	0.11
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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 First Quarter of 2015 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	Sept 25, 2014/LTO QC
Atty. Jose Marie E. Fabella	EB2273534	April 20, 2011/DFA Manila

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 2015.

**ORIENTAL PENINSULA RESOURCES GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**INTERIM AS OF MARCH 31, 2015**

*(with comparative figures as of December 31, 2014 - as audited)*

<b>A S S E T S</b>	<b>Note</b>	<b>(Interim) 03.31.15</b>	<b>(Audited) 2014</b>
<b>Current Assets</b>			
Cash		964,433,891 P	1,904,341,258
Receivables		380,440,467	409,103,073
Inventory		595,658,339	627,008,778
Total Current Assets		1,940,532,697	2,940,453,109
<b>Non-current Assets</b>			
Property, plant and equipment		2,203,346,685	2,243,918,091
Explored mineral resources		602,020,881	609,855,684
Advances to related party		1,663,697,022	445,592,572
Other non-current assets		175,974,805	167,555,253
Total Non-current Assets		4,645,039,393	3,466,921,600
<b>TOTAL ASSETS</b>		<b>6,585,572,090 P</b>	<b>6,407,374,709</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other liabilities		78,163,603 P	82,892,728
Finance lease liability		-	-
Deposit for future capital subscription		-	-
Income tax payable		242,712	242,712
Total Current Liabilities		78,406,315	83,135,440
<b>Non-current Liabilities</b>			
Advances from related parties		-	-
Deferred tax liability		85,466	85,466
Provision for site rehabilitation cost		57,928,951	57,266,831
Total Non- Current Liabilities		58,014,417	57,352,297
Total Liabilities		136,420,732	140,487,737
Attributable to Equity Holders of the Parent			
Share Capital		2,878,500,005	2,878,500,005
Share Premium		445,025,896	445,025,896
Retained earnings		2,964,968,222	2,785,540,305
		6,288,494,123	6,109,066,206
<b>Non-controlling Interest</b>		<b>160,657,235</b>	<b>157,820,766</b>
Total Equity		6,449,151,358	6,266,886,972
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,585,572,090 P</b>	<b>6,407,374,709</b>

See accompanying Notes to Financial Statements



ORIENTAL PENINSULA RESOURCES GROUP, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2015  
(with comparative figures for the three months period ending March 31, 2014)

	Note	(Interim) Jan 1 to Mar 31, 2015	(Interim) Jan 1 to Mar 31, 2014
<b>REVENUES</b>			
Sale of ore	P	681,257,394	P 483,465,624
Others		2,846,001	41,827
		<b>684,103,395</b>	<b>483,507,451</b>
<b>COSTS AND EXPENSES</b>			
Production costs		203,381,658	249,044,970
Shipping and loading costs		190,159,201	
Depreciation, depletion and amortization		47,748,433	45,505,501
Administrative expenses		46,237,783	20,642,446
Finance cost		686,787	21,551,418
Excise and other taxes		13,625,148	10,375,282
Foreign exchange loss		-	406,578
		<b>501,839,009</b>	<b>347,526,195</b>
<b>INCOME BEFORE INCOME TAX</b>		<b>182,264,386</b>	<b>135,981,256</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>			
Current		-	-
Deferred		-	-
		<b>-</b>	<b>-</b>
<b>INCOME FOR THE PERIOD</b>		<b>182,264,386</b>	<b>135,981,256</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	P	<b>182,264,386</b>	P <b>135,981,256</b>
	22		
<b>INCOME ATTRIBUTABLE TO:</b>			
Equity holders of the Parent Company		179,427,917	130,407,823
Non-controlling interest		2,836,469	5,573,433
	P	<b>182,264,386</b>	P <b>135,981,256</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
	22	P <b>0.099</b>	P <b>0.090</b>

See accompanying Notes to Financial Statements

**ORIENTAL PENINSULA RESOURCES GROUP, INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2015**  
*(with comparative figures for the three months period ending March 31, 2014)*

	(Interim) Jan 1 to Mar 31, 2015	(Interim) Jan 1 to Mar 31, 2014
<b>Share Capital</b>	<b>P 2,878,500,005</b>	<b>P 1,452,000,005</b>
<b>Share Premium</b>		
Net proceeds from initial public offering	445,025,896	429,309,301
<b>Retained Earnings</b>		
Beginning Balance	2,785,540,305	1,152,119,420
Net Comprehensive Income	179,427,917	130,407,823
	2,964,968,222	1,282,527,243
<b>Equity attributable to parent company</b>	<b>6,288,494,123</b>	<b>3,163,836,549</b>
<b>Minority interest</b>		
Beginning Balance	157,820,766	85,721,575
Net Comprehensive Income (Loss)	2,836,469	5,573,433
	160,657,235	91,295,008
<b>TOTAL EQUITY</b>	<b>P 6,449,151,358</b>	<b>P 3,255,131,556</b>

**ORIENTAL PENINSULA RESOURCES GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2015**  
*(with comparative figures for the three months period ending March 31, 2014)*

	(Interim) Jan 1 to Mar 31, 2015	(Interim) Jan 1 to Mar 31, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income for the period	P 182,264,386	P 135,981,256
Adjustments to reconcile income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	49,309,958	47,010,008
Interest expense	662,121	710,466
Interest income	(48,385)	(41,827)
Operating income (loss) before working capital changes	232,188,080	183,659,904
(Increase)/Decrease in operating assets		
Receivables	28,662,606	(214,445,004)
Inventories	31,350,439	(14,596,294)
Other non-current assets	(8,393,302)	(1,540,266)
Increase/Decrease in operating liabilities		
Interest received		
Accounts payable and other liabilities	(4,729,125)	27,763,340
Net cash from (used in) operating activities	279,078,698	(19,158,320)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(930,000)	(598,620)
Advances to related party	(1,218,104,450)	(20,378,900)
Interest income received	48,385	41,827
Net Cash Used in Investing Activities	(1,218,986,065)	(20,935,693)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from related parties	-	19,727,886
Increase in other non-current assets		
Acquisition of property, plant and equipment		
Payments of finance lease liability		(640,790)
Proceeds from capital subscription	-	-
Net Cash Provided by (Used in) Financing Activities	-	19,087,096
<b>INCREASE/(DECREASE) IN CASH</b>	<b>(939,907,367)</b>	<b>(21,006,917)</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>1,904,341,258</b>	<b>76,556,183</b>
<b>CASH AT END OF PERIOD</b>	<b>P 964,433,891</b>	<b>P 55,549,266</b>



**ORIENTAL PENINSULA RESOURCES GROUP, INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2015**

**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, 2014, the Parent Company is 24% owned by Redmont Consolidated Mines Corp.. 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 through Initial Public Offering (IPO).

The consolidated financial statements as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, were approved and authorized for issuance by the Parent Company's President on April 15, 2015.

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 hectares. 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

The unexpected ore export ban by Indonesia, which took effect last January 12, 2014 has benefitted the Company during 2014, though. The unprecedented levels of demand from China and Japan market has created an opportunity for the group to maximize output, and thus, boosting its revenues. For the whole year of 2014, Citinickel was able to shipped a total of sixty-three (63) vessels of nickel laterite ore, fifty-three vessels (53) to China and ten vessels (10) to Japan, exceeding its target of fifty-five (55) vessels for the year. Around October 2014 nickel prices started to weakened.

For the first quarter of 2015, Citinickel was able to shipped a total of twelve (12) vessels. Even with a weaker nickel price during the first quarter, the group still able to optimized its revenue.

In relation to Citinickel's mine site expansion and on-going site development, it has appropriated a total of P800M for the additional construction and development works, exploration and validation works, and purchase of crushing plant. Development, construction, exploration and validation works are still on-going as of December 31, 2014 and are expected to be completed in 2016.

The Company continued its various projects to its host communities in relation to the Company's Corporate Social Responsibility (CSR), as follows:

1. Education – scholarship programs, constructed school classrooms, school playground and computer laboratory building and provided computers.
2. Infrastructure – a water supply system and filtration project that will provide safe and clean drinking water in coordination with the Provincial Government of the Province of Palawan and the Municipal Government of the Municipality of Narra, Palawan and constructed covered gymnasium for both Narra and Española, solar dryer and multi-purpose hall in Narra.
3. Livelihood and/or sustainable agriculture programs – conducted livelihood training and seminars, provided vermin-composting facilities and distributed organic fertilizer to farmers.
4. Health and sanitation – provided health station, birthing home facility and equipment; conducted medical assistance and minor surgeries.
5. Others – financial support to LGU for activities such as Brigada Eskwela, Provincial Meet, Baragatan Festival, Palay Festival Celebrations and the like.

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## **2. BASIS OF PREPARATION, PRESENTATION AND CONSOLIDATION**

### **Statement of Compliance**

The accompanying consolidated 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 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 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 financial statements comprise the financial statements of the Parent Company and its subsidiary as at December 31, 2014, 2013 and 2012. 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.

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## **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 these 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 asset or financial liability is 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 inconsistency 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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013, 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 Parties.

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 the 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 and 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 asset is classified as held for sale in accordance with PFRS 5 and the date that asset 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. The Parent Company's policy on recognition of impairment varies 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 area 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 discounts and volume rebates, if there's any. Revenue from sale of ore is recognized when the ore is 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 Group's 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 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 and unused tax credits 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 and liabilities are recognized as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets and liabilities that relate to items recognized directly to equity are recognized in equity and other comprehensive income.



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 Inventories, Property, Plant and Equipment, Explored Mineral Resources 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 Inventories, Property, Plant and Equipment, Explored Mineral Resources and Other Noncurrent Assets 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 in "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, 2014 and 2013, 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.

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## **4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES**

#### New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2014

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, 2014. The adoption however did not result to any material changes in the consolidated financial statements.

Amendments to 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 amendment does not have any material impact on the Group's consolidated financial statements.

#### Amendments to 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 affects disclosures only and does not affect the Group's consolidated financial statements.

#### 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 amendments do not have material financial impact in the Group's 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 interpretation does not have material financial impact in the Group's consolidated financial statements.

#### New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2014

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 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 consolidated financial statements.

##### Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

#### 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 Group's consolidated financial statements.

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 Group's consolidated financial statements.

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 Group's consolidated financial statements.

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 consolidated financial statements.

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 consolidated financial statements.

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 consolidated financial statements.

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 consolidated financial statements.

#### **Effective 2016**

##### **PAS 1, "Presentation of Financial Statements" – Disclosure Initiative**

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The amendment will not have any significant impact on the Group's consolidated financial statements.

##### **PAS 16, "Property, Plant and Equipment" and PAS 38, "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortization**

The amendments provide additional guidance on how the depreciation and amortization of property, plant and equipment and intangible assets should be calculated. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Group's consolidated financial statements.

##### **PAS 28, "Investment in Associates and Joint Ventures" and PFRS 10, "Consolidated Financial Statements" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address a conflict between the requirements of PAS 28 and PFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Group's consolidated financial statements.

##### **PAS 27, "Separate Financial Statements" – Equity Method in Separate Financial Statements**

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Group's consolidated financial statements.

##### **PAS 41, "Agriculture" – Agriculture: Bearer Plants**

The amendments bring bearer plants, which are used solely to grow produce, into the scope of PAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any impact on the Group's consolidated financial statements.

##### **PFRS 10, "Consolidated Financial Statements"; PFRS 12, "Disclosure of Interest in Other Entities" and PAS 28, "Investment in Associates and Joint Ventures" – Investment Entities: Applying the Consolidation Exception**

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Group's consolidated financial statements.

##### **PFRS 11, "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations**

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Group's consolidated financial statements.

##### **PFRS 14, "Regulatory Deferral Accounts"**

This Standard is intended to allow entities that are first-time adopters of PFRS, and that currently recognize regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to PFRS. The Standard is intended to be a short-term, interim solution while the longer term rate-regulated activities project is undertaken by the IASB. The IASB has stated that by publishing this Standard, they are not anticipating the outcome of the comprehensive rate-regulated activities project which is in its early stages. The Standard is effective for annual periods beginning on or after January 1, 2016. The Standard will not have any significant impact on the Group's consolidated financial statements.

#### Annual Improvements to PFRS

The Annual Improvements to PFRS (2012 to 2014 cycle) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

#### PFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"

The amendment adds specific guidance in PFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The Group does not expect the amendments will have any significant impact on the consolidated financial statements.

#### PFRS 7, "Financial Instruments: Disclosures" (with consequential amendments to PFRS 1)

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The amendment also clarifies the applicability of the amendments to PFRS 7 on off-setting disclosures to condensed interim financial statements. The amendments will affect disclosures only and will have no impact on the Group's consolidated financial statements.

#### PAS 19, "Employee Benefits"

The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The amendment will not have any significant impact on the Group's consolidated financial statements.

#### PAS 34, "Interim Financial Reporting"

The amendment clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. The amendments will affect disclosures only and will have no impact on the Group's consolidated financial statements.

#### *Effective 2017*

#### PFRS 15, "Revenue from Contracts with Customers"

PFRS 15 specifies how and when a PFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes PAS 18 'Revenue', PAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all PFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. This Standard is effective for financial statements for periods beginning on or after January 1, 2017. The Group will assess the impact of this standard to its consolidated financial statements.

#### *Effective 2018*

#### PFRS 9, "Financial Instruments"

This version of PFRS 9 'Financial Instruments' brings together the classification and measurement, impairment, derecognition and hedge accounting phases of the IASB's project to replace PAS 39 'Financial Instruments: Recognition and Measurement'. This version also adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The Group will assess the impact of this standard to its consolidated financial statements.

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## 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 and 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 P540.7 million and P430.6 million in 2014 and 2013, 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 explored mineral resources, 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, 2014 and 2013 amounted to P609.9 million and P650.7 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, 2014 and 2013, 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, 2014 and 2013, the Group has recognized deferred tax assets amounting to P2,161,449 and P1,362,853, respectively. (see Note 26)

### Realizability of Input Tax

The carrying value of input tax is reviewed at each reporting date and reduced to the extent that such input tax will not be realized because of insufficiency of output tax. However, management asserts that the balance may be recovered via offsetting of future output tax.

Input tax, included under "Other non-current assets" amounted to P115,347,274 in 2014 and P113,007,152 in 2013.

## **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 fair value of the Group's financial assets and liabilities recognized in the Statements of Financial Position as of December 31, 2014 and 2013:

<b>2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>			
<b>Cash</b>	<b>P 1,904,341,258</b>	<b>P -</b>	<b>P -</b>
<b>Receivables</b>	<b>-</b>	<b>409,103,073</b>	<b>-</b>
<b>Advances to related parties</b>	<b>-</b>	<b>445,592,572</b>	<b>-</b>
<b>Mine rehabilitation fund</b>	<b>-</b>	<b>42,086,047</b>	<b>-</b>
	<b>P 1,904,341,258</b>	<b>P 896,781,692</b>	<b>P -</b>
<b>Liabilities</b>			
<b>Accounts payable and other liabilities</b>			
<b>Trade</b>	<b>P -</b>	<b>P 66,488,429</b>	<b>P -</b>
<b>Others</b>	<b>-</b>	<b>2,004,227</b>	<b>-</b>
	<b>P -</b>	<b>P 68,492,656</b>	<b>P -</b>



2013		Level 1		Level 2		Level 3
<b>Assets</b>						
Cash	P	76,556,183	P	-	P	-
Receivables		-		734,435,875		-
Advances to related party		-		571,970,057		-
Mine rehabilitation fund		-		11,129,317		-
	P	76,556,183	P	1,317,535,249	P	-
<b>Liabilities</b>						
<b>Accounts payable and other liabilities</b>						
Trade	P	-	P	69,417,013	P	-
Others		-		1,807,168		-
Finance lease liability		-		999,909		-
Advances from related parties		-		934,089,474		-
Deposit for future capital subscription		-		500,000,000		-
	P	-	P	1,506,313,564	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) Risks 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 December 31, 2014 and 2013 as presented below:

		2014		2013
Cash	P	1,904,341,258	P	76,556,183
Receivables		409,103,073		734,435,875
Advances to related parties		445,592,572		571,970,057
Mine rehabilitation fund		42,086,047		11,129,317
	P	2,801,122,950	P	1,394,091,432

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, 2014 and 2013 are summarized in the following tables:

	Niether		Past Due But		Past Due and	
	Past Due Nor	Impaired	Not Impaired		Individually	
2014	(High)	(30 - 180 days)			Impaired	Total
Cash	P 1,904,341,258	P	-	P	-	P 1,904,341,258
Receivables						
Trade receivables	145,211,003	263,392,070			-	408,603,073
Advances to officers and employees	-	500,000			-	500,000
Advances to related parties	445,592,572	-			-	445,592,572
Mine rehabilitation fund	42,086,047	-			-	42,086,047
	P 2,537,230,880	P 263,892,070	P	-	P	P 2,801,122,950

	Niether		Past Due But		Past Due and	
	Past Due Nor	Impaired	Not Impaired		Individually	
2013	(High)	(30 - 180 days)			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	P 1,394,091,432

High grade cash are working cash fund placed, invested, or deposited in banks belonging to top ten (10) banks in the Philippines in terms of resources and profitability.

High grade accounts, other than cash, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

The aging analyses of financial assets which are past due but not impaired as at December 31, 2014 and 2013 are as follows:

	Days past due				
2014	30 days	60 days	90 days	over 90 days	Total
Receivables					
Trade receivables	P 114,642,021	P 85,923,849	P 62,826,200	P -	P 263,392,070
Advances to officers and employees	-	-	-	500,000	500,000
	P 114,642,021	P 85,923,849	P 62,826,200	P 500,000	P 263,892,070

2013	Days past due				Total
	30 days	60 days	90 days	over 90 days	
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	P 57,479,662	P 639,144,528

### 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, 2014 and 2013, based on undiscounted contractual payments:

2014	< 1 month		> 1 month but < 3 months		> 3 months but < 1 year		> 1 year		Total
Accounts payable and other liabilities									
Trade	P	47,553,559	P	-	P	18,934,870	P	-	P 66,488,429
Others		-		939,482		1,064,745		-	2,004,227
	P	47,553,559	P	939,482	P	19,999,615	P	-	P 68,492,656

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
Deposit for future capital subscription		-		-		500,000,000		-	500,000,000
	P	36,793,049	P	810,134	P	534,620,907	P	934,089,474	P 1,506,313,564

### 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 rate	Due in			
		1 year	2 - 5 year	beyond 5 years	
<b>2014</b>	<b>0.25%</b>	<b>P 1,904,341,258</b>	<b>P -</b>	<b>P -</b>	
2013	1% - 2.5%	76,556,183	-	-	

As of December 31, 2014 and 2013, 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, 2014 and 2013 are as follows:

	2014		2013	
	US\$ Amount	Peso Equivalent	US\$ Amount	Peso Equivalent
<b>Cash</b>	<b>\$ 42,630,818</b>	<b>P 1,902,059,229</b>	<b>\$ 1,501,490</b>	<b>P 66,687,684</b>
<b>Receivables</b>	<b>7,749,891</b>	<b>345,776,873</b>	<b>16,511,736</b>	<b>733,352,235</b>
	<b>\$ 50,380,709</b>	<b>P 2,247,836,102</b>	<b>\$ 18,013,226</b>	<b>P 800,039,919</b>

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
<b>2014</b>	<b>+5%</b>	<b>P 78,674,264</b>
	<b>-5%</b>	<b>(78,674,264)</b>
2013	+5%	28,001,397
	-5%	(28,001,397)

## **8. CASH**

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

	3.31.2015	3.30.2014	3.31.2013	3.31.2012	12.31.2014
Local Currency	45,129,728	14,884,799	6,479,440	823,251	2,282,029
Foreign Currency	919,304,163	40,664,467	102,276,839	24,125,056	1,902,059,229
	<b>964,433,891</b>	<b>55,549,266</b>	<b>108,756,279</b>	<b>24,948,307</b>	<b>1,904,341,258</b>

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## 9. RECEIVABLES

This account consists of the following:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.2014
Trade receivables	380,440,467	948,880,879	690,163,337	923,033,063	408,603,073
Advances from related parties	-	-	939,640	500,000	500,000
Total	380,440,467	948,880,879	691,102,977	923,533,063	409,103,073

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.

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## 10. INVENTORIES

The breakdown of this account as of March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 is as follows:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.14
Nickel ore laterite	595,658,339	365,317,609	159,042,299	178,997,242	627,008,778

Inventories are carried at cost as at March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and December 31, 2014.

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## 11. PROPERTY, PLANT AND EQUIPMENT

As of March 31, 2015 this account consists of:

	Pier, road networks and other surface structures	Machinery & Equipment	Transportation Equipment	Office furniture, fixture and equipment	Construction in Progress	Total
Costs						
At January 1, 2015	1,404,385,327	820,461,917	44,317,664	3,620,951	570,640,000	2,843,425,859
Additions		150,000	780,000			930,000
Capitalized provision for site rehabilitation					-	
Disposal					-	
At March 31, 2015	1,404,385,327	820,611,917	45,097,664	3,620,951	570,640,000	2,844,355,859
Accumulated depreciation & depletion at January 1, 2015	271,775,283	300,525,868	25,049,745	2,156,872	570,640,000	599,507,768
Reclassification						
Additions	18,111,152	21,801,268	1,415,649	22,956	-	41,501,406
Disposal						
At March 31, 2015	289,886,435	322,327,136	26,465,394	2,383,828	570,640,000	641,009,174
Net Book Value At March 31, 2015	1,114,498,892	498,284,781	18,632,270	1,237,122	570,640,000	2,203,346,685

As of December 31, 2014 this account consists of:

	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	190,057,651	3,123,300	272,970	-	194,374,269
Capitalized provision for site rehabilitation	8,280,000	-	-	-	-	8,280,000
Disposal	-	(12,700,000)	-	-	-	(12,700,000)
At December 31, 2014	1,404,385,327	820,461,917	44,317,664	3,620,951	570,640,000	2,843,425,859
Accumulated depreciation & depletion at January 1, 2014	183,671,017	235,843,797	19,709,676	1,464,709	-	440,689,199
Reclassification	-	-	-	-	-	-
Additions	88,104,266	75,373,738	5,340,069	692,163	-	169,510,236
Disposal	-	(10,691,667)	-	-	-	(10,691,667)
At December 31, 2014	271,775,283	300,525,868	25,049,745	2,156,872	570,640,000	599,507,768
Net Book Value At December 31, 2014	1,132,610,044	519,936,049	19,267,919	1,464,079	570,640,000	2,243,918,091

As of March 31, 2014 this account consists of:

	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	-	432,500	-	85,380	-	517,880
Disposal	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
At March 31, 2014	1,395,184,979	643,536,766	41,194,364	3,433,361	570,640,000	2,653,989,470
Accumulated depreciation & depletion at January 1, 2014	183,671,017	235,843,797	19,709,676	1,464,709	-	440,689,199
Reclassification	-	-	-	-	-	-
Additions	19,925,336	16,455,773	1,384,711	82,108	-	37,847,928
At March 31, 2014	203,596,353	252,299,570	21,094,387	1,546,817	570,640,000	478,537,128
Net Book Value At March 31, 2014	1,191,588,626	391,237,196	20,099,977	1,886,544	570,640,000	2,175,452,342

As of March 31, 2013 this account consists of:

	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	-	5,787,100	5,883,300	169,975	362,850,000	374,690,375
Disposal	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
At March 31, 2013	1,381,192,495	640,511,546	45,894,730	3,162,041	362,850,000	2,433,610,812
Accumulated depreciation & depletion						

at January 1, 2013	112,546,291	170,226,993	16,609,906	852,934	-	300,236,124
Reclassification	-	-	-	-	-	-
Additions	65,578,926	16,243,085	1,351,752	144,830	-	83,318,593
At March 31, 2013	178,125,217	186,470,078	17,961,658	997,764	-	383,554,717
Net Book Value At March 31, 2013	1,203,067,278	454,041,468	27,933,072	2,164,277	362,850,000	2,050,056,095

As of March 31, 2012 this account consists of:

	Pier, road networks and other surface structures	Machinery & Equipment	Transportation 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		39,349,783	5,127,027	233,456		44,710,266
Disposal		-	*	*		
Reclassifications						
At March 31, 2012	1,357,783,380	492,978,192	34,986,718	2,223,147	-	1,887,971,437
Accumulated depreciation & depletion at January 1, 2012	26,768,032	115,005,068	11,869,542	368,273	-	154,010,915
Reclassification	-	-	-	-	-	-
Additions	11,273,353	11,135,777	340,598	65,938	-	22,815,666
At March 31, 2012	38,041,385	126,140,845	12,210,140	434,211	-	176,826,581
Net Book Value At March 31, 2012	1,319,741,955	366,837,347	22,776,578	1,788,936	-	1,711,144,856

Depreciation and depletion charged to operations amounted to P169,510,236 and P142,553,782 in 2014 and 2013, respectively.

Agreements pertaining to construction of mine structures, purchase of machineries and transportation equipment were entered into with a related party.

Construction in progress pertains to the progress billing of Citimax on mine site expansion and on-going site development. It is included in property, plant and equipment and is stated at cost. Depreciation is not computed 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.

	2014	2013
<b>Cost</b>		
At January 1	P 14,743,840	P 10,126,840
Additions	-	4,617,000
<b>At December 31</b>	<b>14,743,840</b>	<b>14,743,840</b>
<b>Accumulated depreciation</b>		
At January 1,	3,092,914	1,393,722
Additions	1,842,980	1,699,192
<b>At December 31</b>	<b>4,935,894</b>	<b>3,092,914</b>
<b>Net Book Value</b>		
<b>At December 31</b>	<b>P 9,807,946</b>	<b>P 11,650,926</b>

## 12. EXPLORED MINERAL RESOURCES

The Explored Mineral Resources reported in the statements of financial position amounting to P609.9 million in 2014 and P650.7 million in 2013, 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:

	3.31.2015	12.31.2014	12.31.2013	12.31.2012
Explored mineral resources	746,401,594	746,401,594	746,401,594	P746,401,594
Accumulated amortization				
At January 1	136,545,910	95,725,686	60,773,240	15,373,085
Amortization	7,834,803	40,820,224	34,952,446	45,400,155
At December 31	144,380,713	136,545,910	95,725,686	60,773,240
Balance	602,020,881	609,855,684	650,675,908	P685,628,354

## 13. OTHER NON-CURRENT ASSETS

This account consists of:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.14 (audited)
Deferred mine exploration cost					
Input tax	115,589,297	113,720,518	149,949,164	108,750,277	115,347,274
Deferred tax asset	2,161,449	1,362,853	533,057	-	2,161,449
Software – net	1,362,040	1,813,150	393,750	-	1,464,510
Monitoring trust fund	50,366,047	11,129,317	-	-	42,086,047
Others	6,495,972	6,356,527	6,362,415	3,651,007	6,495,973
	175,974,805	134,382,365	157,238,386	112,401,284	167,555,253
Allowance for amortization of deferred mine exploration costs	-		-	-	-
	175,974,805	134,382,365	157,238,386	112,401,284	167,555,253

Input tax represents the 12% Value Added Tax (VAT) paid on purchases of 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:

		2014		2013
<b>Cost</b>				
Balances, January 1	<b>P</b>	<b>1,525,000</b>	<b>P</b>	525,000
Additions		<b>524,400</b>		1,000,000
Balances, December 31		<b>2,049,400</b>		1,525,000
<b>Accumulated amortization</b>				
Balances, January 1		<b>210,000</b>		105,000
Additions		<b>374,890</b>		105,000
Balances, December 31		<b>584,890</b>		210,000
<b>Net Book Value</b>	<b>P</b>	<b>1,464,510</b>	<b>P</b>	1,315,000

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 31)

#### 14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.2014
Accounts payable	78,163,603	86,741,477	30,664,487	113,839,792	82,892,728
Accrued taxes payable	328,178	4,772,864	18,717,911	-	328,178
Other liabilities	57,928,951	46,071,398	1,351,797	-	57,266,831
	136,420,732	137,585,739	50,734,195	113,839,792	140,487,737

As of December 31, 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.

Taxes payable includes excise taxes on sale of nickel ore and other taxes due to government.

#### 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 in 2013 is as follows:

Future minimum lease payments	P	1,053,546
Less: amount representing interest		53,637
Present value of minimum lease payments	P	999,909

Transportation equipment subject of the finance lease has a carrying value of P9,807,946 and P11,650,926 as at December 31, 2014 and 2013, respectively. (see Note 11)

Interest expense charged to operation amounted to P53,637 in 2014, P202,148 in 2013 and P365,345 in 2012. (see Note 23)

#### 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 to 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.

The deposits were converted to share capital on May 16, 2014.

#### 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 breakdown of this account as of December 31, 2014 and 2013 is presented below.

	3.31.2015	3.31.2014	3.31.2013	12.31.2014
Initial recognition	-	-	-	-
Balance, January 1	57,266,831	46,324,844	29,758,857	46,324,844
Additional provision	-	-	-	8,280,800
Accretion of interest	662,120	694,873	354,917	2,661,987
	57,928,951	47,019,717	P30,113,774	57,266,831

The provision is presented at a discounted value using the Philippine bond yield of 4.875% as effective interest rate.

#### 18. EQUITY

*Authorized share capital*

On May 7, 2014, the Parent Company's Board of Directors approved the increase in its authorized capital stock from P1.5 billion divided into 1.5 billion shares with a par value of P1 per share to P3.5 billion divided into 3.5 billion shares at a par value of P1 per share.

#### *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.

Deposits for future capital subscription were converted into share capital on May 16, 2014 with the excess of deposits over the par value of the subscribed amount credited to share premium.

In 2014, the Parent Company issued additional 926,500,000 shares. The excess of subscribed amount over the par value of issued share was credited to share premium.

The movements of the fully paid share capital are 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
Conversion of deposit for future capital subscription	500,000,000		500,000,000		13,921,420
Additional issuance of shares	926,500,000		926,500,000		1,795,175
	2,878,500,005	P	2,878,500,005	P	445,025,896

#### Non-controlling interest

Non-controlling interest as of December 31, 2014 and 2013 of 4.10%, pertains to equity interest held by the minority shareholders of Citinickel.

## 19. REVENUES

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

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.2014
Nickel lateritic ore	681,257,394	483,465,624	654,700,933	617,014,322	3,548,551,954

(ii) Other revenue broken down as follows:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.2013
FOREX Gain	2,797,616	-	-	-	23,067,615
Interest Income	48,385	41,827	185,176	23,796	712,756
Gain on disposal of machinery and transportation equipment	-	-			438,988
Sale of scrap	-				370,051
Total	2,846,001	41,827	185,176	23,796	24,589,410

## 20. PRODUCTION COSTS

For the three years in the period ended December 31, 2014, this account consists of:

	3.31.15	3.31.14	3.31.13	3.31.12	12.31.14
Contractor's production costs	78,868,939	56,842,177	187,708,350	210,814,328	1,110,382,663
Gas, oil and lubricants	65,870,574	102,887,975	114,983,659	150,743,980	343,443,256
Auto parts and supplies	9,597,522	9,663,524	32,624,936	21,179,513	49,013,080
Mining exploration	307,952	26,000	4,188,785	-	15,307,952
Other charges	17,386,232	16,838,328	5,106,236	-	10,763,474
Sub-total	172,031,219	186,258,004	344,611,966	382,737,821	1,528,910,425
Change in stockpile inventory	31,350,439	(14,596,294)	(4,955,135)	(11,687,657)	(276,287,463)

	203,381,658	171,661,710	339,656,831	371,050,164	1,252,622,962
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## 21. SHIPPING AND LOADING COSTS

	3.31.15	3.31.14	3.31.13	3.31.12	12.31.14
Contract fees	148,828,234	55,598,960	12,739,023	4,596,767	107,753,462
Gas, oil and lubricants	37,207,058	19,287,315	3,308,837	1,348,385	29,792,483
Other services	4,123,909	2,262,985	496,326	183,871	8,923,906
<b>TOTAL</b>	<b>190,159,201</b>	<b>77,149,260</b>	<b>16,544,186</b>	<b>6,129,022</b>	<b>146,469,851</b>

## 22. EXCISE AND OTHER TAXES

The breakdown of this account is as follows:

	3.31.15	3.31.14	3.31.13	3.31.12	12.31.14
Excise taxes	13,625,148	9,669,312	13,094,019	12,340,286	70,971,039
Royalties	-	705,970	-	-	1,528,692
	<b>13,625,148</b>	<b>10,375,282</b>	<b>13,094,019</b>	<b>12,340,286</b>	<b>72,499,731</b>

## 23. FINANCE COST

This account consists of:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.14
Interest expense on deposits	24,666	21,541,123	-	-	47,812,500
Accretion of interest	-	-	-	-	2,661,987
Interest expense on mortgage	-	-	-	-	233,741
Bank charges	662,121	10,295	-	-	53,637
	<b>686,787</b>	<b>21,551,418</b>	<b>-</b>	<b>-</b>	<b>50,761,865</b>

In 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 P47.8 million and P76.5 million in 2014 and 2013, respectively, were incurred in accordance with the above agreement.

## 24. ADMINISTRATIVE EXPENSES

This account consists of:

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.14
Personnel costs	1,703,440	1,417,329	1,852,510	3,170,685	18,757,486
Professional fees	4,335,725	408,600	1,426,140	1,139,037	7,338,850
Security services	3,093,596	2,377,563	2,105,166	1,898,533	8,528,730
Shipping and mobilization	-	181,259	1,146,101	16,837,109	932,020
Representation	1,380,432	1,554,385	2,508,111	2,095,059	17,437,832
Advertisements	-	50,750	217,915	1,817,600	876,555
Donations	10,000,000	-	-	1,000,000	562,855
Employees' welfare & benefits	30,000	340,823	297,147	233,244	2,016,233
Insurance	245,221	2,030,276	665,747	1,723,810	5,934,326
Repairs and maintenance	557,801	922,323	732,289	2,037,726	2,172,930
Clothing and uniforms	-	625,429	199,776	144,100	1,267,841
Environmental protection and development, R&D	6,037,383	3,330,503	686,699	4,474,370	49,570,784
Communication, light and water	437,878	172,359	652,634	553,497	5,501,700
Compromise and penalties	-	-	-	-	13,272,900
Gasoline and oil	3,741,457	-	-	-	-
Depreciation and amortization	1,690,246	1,572,601	1,486,640	-	6,407,122
Office supplies	79,737	37,000	174,982	43,763	127,800
Rent	592,110	550,800	550,800	-	2,115,990
Taxes and licenses	11,941,478	3,663,162	4,942,137	-	14,677,272
Transportation & travel	144,660	552,795	785,283	835,804	1,066,258
Others & Miscellaneous	226,619	854,489	2,418,616	2,831,233	2,281,619
	46,237,783	20,642,446	22,848,693	39,935,580	160,847,103

## 25. 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:

- Income Tax Holiday (ITH) for four (4) years from March 9, 2011 to March 8, 2015;
- 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;
- Importation of consigned equipment for a period of ten (10) years from date of registration;
- Exemptions from wharfages dues, any export tax, duties, imposts and fees for a ten (10) year period from date of registration; and
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

## 26. INCOME TAXES

The Group's income tax expense (benefit) for the three years in the period ended December 31, 2014 is broken down as follows:

	2014		2013		2012
Current	P	360,869	P	77,735	P 18,098
Deferred		(20,239,320)		18,696,394	(533,057)
	P	(19,878,451)	P	18,774,129	P (514,959)

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:

	2014		2013		2012
Statutory income tax	P	505,692,488	P	143,059,317	P 142,640,661
Adjustments resulting from:					
Income subjected to final taxes		(213,827)		(100,552)	(35,877)
Non-deductible expenses		217,173		3,928,633	439,670
Effect of ITH		(505,334,965)		(146,809,663)	(143,026,356)
Movements in temporary differences for which deferred income taxes were recognized		(20,239,320)		18,696,394	(533,057)
Tax expense reported in the statements of comprehensive income	P	(19,878,451)	P	18,774,129	P (514,959)

The Parent Company did not provide any deferred tax assets on net operating loss carry over (NOLCO) amounting to P5,629,676 and P2,255,101 in 2014 and 2013, 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
2014	13,504,759	4,051,428	2017
2013	2,749,999	825,000	2016
2012	2,510,825	753,248	2015
	18,765,583	5,629,676	

Deferred tax asset pertaining to the tax effect of accretion of interest on provision for site rehabilitation cost of Citinickel amounted to P2,161,449 and P1,362,853 in 2014 and 2013, respectively. Deferred tax liability pertains to the tax effect of unrealized foreign exchange gain amounting to P85,466 and P19,526,190 in 2014 and 2013, respectively.

## 27. 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, 2014 and 2013:

Related party	Relationship	Transaction	Year	Advances from related parties		Advances to related parties					
		Description		Amount	Year-end balances	Amount	Year-end balances				
Citimax Group, Inc.	Affiliate	Assignment of advances	2014	P	926,500,000	P	-				
		Cash advances				P	398,119,527	P	411,342,899		
		Interest on advances						47,812,500			
		Billed contractor's cost						510,934,185			
		Payment of advances	2013		72,270,327		926,500,000				
		Cash advances						571,970,057	571,970,057		
Caroline L. Tanchay	President	Cash advances	2014					34,249,673	34,249,673		
		Payment of advances			7,589,474		-				
		Payment of advances	2013		11,046,774		7,589,474				
		Total	2014	P	934,089,474	P	-	P	991,115,885	P	445,592,572
		Total	2013	P	83,317,101	P	934,089,474	P	571,970,057	P	571,970,057

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 23. 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.

Citimax provides services related to mining activities. These services include, but not limited to hauling, stevedoring, equipment maintenance and equipment rental.

(ii) *Ms. Caroline L. Tanchay*

The Group made cash advances to Ms. Tanchay. 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.

## 28. EARNINGS PER SHARE

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

	3.31.2015	3.31.2014	3.31.2013	3.31.2012	12.31.14
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Net income/(loss) attributable to equity holders of the Parent Company (a)	179,427,917	130,407,823	188,880,796	156,160,883	1,633,420,885
Divided by the weighted average common shares outstanding during the year (b)	1,808,625,005	1,452,000,005	1,452,000,005	1,452,000,005	1,808,625,005
Earnings/(Loss) per share (a/b)	0.099	0.09	0.130	0.108	0.903

As of December 31, 2014, 2013 and 2012 the Parent Company has no potential shares with dilutive effect.

## 29. 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 Parent Company's policy on 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.

## 30. 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:

	2014	2013
Share capital	<b>P 2,878,500,005</b>	P 1,452,000,005
Share premium	<b>445,025,896</b>	429,309,301
	<b>P 3,323,525,901</b>	P 1,881,309,306

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, 2014, 2013 and 2012.

The Group is not subject to externally imposed capital requirements.

## 31. 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, 2014 and 2013 amounted to P147 million.

#### **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.

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## **32. OTHER MATTERS**

#### **Subsequent events**

On April 13, 2015, the Board of Directors of Citinickel approved the appropriation of P500,000,000 for additional corporate expansion and P872,100,000 for cash dividend equivalent to P6 per share.

#### **Non-cash investing activities**

The Group recognized additional provision for site rehabilitation amounting to P8,280,000 and P13,800,000 in 2014 and 2013, respectively. (see Note 17)

#### **Reclassification**

Certain accounts in 2013 and 2012 financial statements were reclassified to conform to 2014 consolidated financial statements presentation.