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SEC Registration Number

ORIENTAL PENINSULA RESOURCES
GROUP INC

(Company's Full Name)

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

ORE CENTRAL BUILDING
9TH AVE. COR. 31ST STREET
BONIFACIO GLOBAL CITY
TAGUIG CITY

Connie A. Minoza
(Contact Person)

63 (2) 8891129
(Company Telephone Number)

12	31
Month	*Day*

(Fiscal Year)

17-Q
(Form Type)

Month	*Day*

(Annual Meeting)

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

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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, 2019**

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

6. Industry Classification Code: (SEC Use Only)

7. **ORE Central Building, 9th Avenue corner 31st Street, Bonifacio Global City, Taguig City 1630**
   Address of issuer's principal office Postal Code

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

9. **81 Sen. Gil Puyat Avenue, Palanan, Makati City**
   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
Common shares	**2,878,500,005**

11. Are any or all of the securities listed on a Stock Exchange?
    Yes [x] No [ ]
    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    Philippine Stock Exchange, Inc. **Common Shares**

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

    (b) has been subject to such filing requirements for the past ninety (90) days.
    Yes [x] No [ ]

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, 2019 with comparative figures for the quarters ending March 31, 2018, March 31, 2017, March 31, 2016 and calendar year ending December 31, 2018 (audited) is in compliance with generally accepted accounting principles. There were no changes in accounting policies and methods of computation in the preparation of interim financial statements as prepared with the most recent annual financial statements.

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

No disclosures or discussions were made in the nature and amounts 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.

FINANCIAL INFORMATION
First Quarter 2019

Summary of Consolidated Income Statement for the three-month period ending March 31, 2018, 2017, 2016, and audited December 31, 2018:

	Mar 31, 2019	Mar 31, 2018	Mar 31, 2017	Mar 31, 2016	Dec 31, 2018
Sales - Nickel laterite ore	148,134,716	273,677,036	515,124,348	125,953,155	1,057,109,525
Less: Production cost	258,038,899	98,499,581	177,889,565	35,574,807	431,159,573
Gross revenue from mining	-109,904,183	175,177,455	337,234,783	90,378,348	625,949,952
Less: Other cost and expenses:					
Shipping and loading costs	99,711,831	67,220,559	132,196,221	21,130,628	315,498,503
Depreciation, depletion & amortization	0	0	6,561,103	26,635,289	0
Excise & other taxes	7,406,736	13,683,852	15,453,730	9,398,111	52,855,476
Foreign exchange loss	0	0	0	0	0
Finance cost	803,425	1,039,561	2,081,285	431,845	4,390,636
Administrative expenses	157,670,978	87,219,263	29,658,813	22,160,409	290,542,730
Equity in net loss of an associate	0	0	0	0	7,215,684
Sub-total	265,592,970	169,163,235	185,951,152	79,756,282	670,503,029
Operating Profit / (Loss)	-375,497,153	6,014,220	151,283,631	10,622,066	-44,553,077
Add - other revenue / (loss)	4,482,351	51,845,270	11,749,075	-215,130	99,986,418
Net Profit / (Loss) before income tax	-371,014,802	57,859,490	163,032,706	10,406,936	55,433,341
Income Tax					
Current	0	2,724,145	0	0	40,538,638
Deferred	0	0	0	0	-2,710,072
	0	2,724,145	0	0	37,828,566
Income After Tax	**-371,014,802**	**55,135,345**	**163,032,706**	**10,406,936**	**17,604,775**
Net Profit / (Loss) attributable to:					
Equity holders of the company	-365,783,343	54,943,765	160,773,160	10,199,825	18,081,121
Minority interests	-5,231,459	191,580	2,259,146	207,111	-476,346
	-371,014,802	55,135,345	163,032,306	10,406,936	17,604,775

Summary of Consolidated Balance Sheet for the period ending March 31, 2019, 2018, 2017, 2016, and December 31, 2018 (audited):

	Mar 31, 2019	Mar 31, 2018	Mar 31, 2017	Mar 31, 2016	Dec 31, 2018
Current Assets	1,921,459,648	2,496,061,745	1,038,100,290	1,154,118,917	2,203,697,105
Non-Current Assets	5,097,912,826	4,837,223,914	6,188,296,888	5,872,345,224	5,237,926,340
Total Assets	**7,019,372,474**	**7,333,285,659**	**7,226,397,178**	**7,026,464,141**	**7,441,623,445**
Current Liabilities	250,534,717	206,570,990	327,705,866	73,183,314	304,055,399
Non-Current Liabilities	151,231,960	155,208,714	111,615,664	166,666,608	148,947,446
Equity attributable to parent company	6,467,880,324	6,816,646,847	6,634,300,925	6,620,474,943	6,833,663,668
Minority interest	149,725,473	154,859,108	152,774,723	166,139,276	154,956,932
Total Liabilities & Equity	**7,019,372,474**	**7,333,285,659**	**7,226,397,178**	**7,026,464,141**	**7,441,623,445**

Summary of Consolidated Cash Flow Statement for the three-month period ending March 31, 2019, 2018, 2017, 2016, and December 31, 2018 (audited):

	Mar 31, 2019	Mar 31, 2018	Mar 31, 2017	Mar 31, 2016
Cash used from operating activities	-64,302,635	-239,861,737	97,949,098	44,705,983
Cash used from investing activities	110,813,217	174,533,074	-12,989,181	-23,531,479
Cash provided from financing activities	0	0	-1,481,780	-2,124,720
Net Increase/(Decrease) in Cash & Equivalents	46,510,582	-65,328,663	83,478,137	19,049,784
Cash & Cash Equivalents at beginning of the year	164,424,933	182,794,876	37,660,996	3,766,850
Cash & Cash Equivalents, end	**210,935,515**	**117,466,213**	**121,139,133**	**22,816,634**

Below table shows the percentage of sales or revenues contributed by foreign sales:

Market	Sales Revenue and Net Income Contribution			
	3.31.2019	3.31.2018	3.31.2017	3.31.2016
Australia	0%	0%	0%	0%
China	0%	27%	76%	0%
Japan	100%	73%	24%	100%
	100%	100%	100%	100%

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

Plan of Operations

The groups nickel mining project situated in the Municipality of Sofronio Española, Palawan and Narra, Palawan, started its commercial operation in 2011, four years after the issuance of MPSA to Citinickel in January 2007. Nickel ore export destinations are China, Japan and Australia which is measured and/or computed in wet metric tons (wmt). Based on current delineated reserve and demand for nickel in the world market, the group projected annual production for 2017 is 1,500,000 wmt, 2,500,000 for 2018 and 2019. Operations will be limited to approximately 180days per year, which corresponds to the projected dry season in Palawan.

For 2019, the group plans to continue its commercial operations with a target of Twenty (20) vessels. The group will continue to improve the necessary equipment and facility in the mine sites in Palawan. The Company is also looking into establishing a ferro-nickel plant. On the corporate side, the Company will continue in promoting good corporate governance and in pursuing its objective to be a Company with definite, concrete and effective corporate social responsibility with especial advocacy for health, education and environment.

Status Of Operation

During the first quarter of 2019, the group has managed to shipped Four (4) vessels, all were exported to Japan market.

Mining Operations

On July 22, 2016 an order of Suspension of Mining Operations of Citinickel was served by the Mines and Geoscience Bureau (MGB) of the Department of Environment and Natural Resources (DENR) covering Citinickel's mine sites in San Isidro, Narra and Sofronio, Española, both in the province of Palawan. The suspension arose from alleged violation of environmental laws. On March 1, 2017, Citinickel filed an appeal through the Office of the President (OP). Consequently, the order of suspension was placed under review of the OP. As of April 12, 2019, the appeal is still pending with the OP. Management believes that the order of suspension is stayed upon the filing of Notice of Appeal to the OP, hence Citinickel can operate as the suspension is ipso facto stayed.

During 2018, Citinickel has upgraded its ISO Certification from ISO 14001:2004 to ISO 14001:2015 on July 19, 2018 with validity until September 19, 2019. The ISO Certification ISO 14001:2004+ Cor. 1:2009 which is certified by TUV Rheinland Philippines Inc. last September 15, 2016, denominated as Certificate Registration No. 01 104 1633368. It covers the nickel mining operation and post-mining activities for both it's mine site located at Narra, Palawan and Sofronio Española, Palawan.

The group is also continually maintaining and improving its mining facilities.

The Company is working with the different stakeholders to ensure that it's communities benefit from its operations. It continued its various projects to its host communities in relation to the Company's Corporate Social Responsibility (CSR)

Financial Condition

Balance Sheet

March 31, 2018 versus December 31, 2019 (audited):
Current assets as of the first quarter of 2019 is 47.107% lower compared to the year-end balance of 2018 (audited). Cash increased by 28.287%, while inventories decreased by 7.885%, Receivables decreased by 33.417% and no comparative figure for the other current assets. Increase in cash is due to payments of account receivables from clients during the first quarter of 2019, receivables decrease is due to collection. Decrease in inventory is due to sales.

Non-current assets as of the first quarter of 2019 is 2.673% lower versus the year-end balance of 2018. Property plant and equipment account decreased by 1.442%, Explored mineral resources decreased by 0.255%, no comparative figure for Investment in an Associate, Advances to related party decreased by 7.841%, no movement in the Deferred Tax Asset, and Other non-current asset increase by 0.145%.

Total asset as of the first quarter of 2019 is 5.674% lower compared to the year-end balance of 2018.

Total liabilities during the first quarter of 2019 is 11.310% lower compared to the year-end balance of 2018. Current Liabilities decreased by 17.602% and Non-current liabilities increased by 1.534% against the year-end balance of 2018. Decrease in current liabilities is due to payment to suppliers. Increase in Non-current liabilities is due to increase in provisions.

Total equity for the first quarter of 2019 is 5.309% lower compared to the year-end balance of 2018. There is no movement in the capital stock and share premium. Retained earnings recognized during the first quarter of 2019 is 10.423% lower compared to the year-end balance of 2018. Decreased in Retained earnings is due to loss incurred during the quarter.

Total liabilities and equity for the first quarter of 2019 is 5.674% lower compared to year-end balance of 2018.

FINANCIAL INFORMATION
First Quarter 2019

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2019
(with comparative figures for the three months period ending December 31, 2018)

				March 31, 2019 vs December 31, 2018 (audited)			
				Horizontal Analysis		Vertical Analysis	
		(Interim)	(Audited)	in amount	in %	in %	in %
ASSETS	*Note*	Mar 31, 2019	2018			3.31.2019	12.31.2018
Current Assets							
Cash		**210,935,515** P	164,424,933	46,510,582	28.287%	3.005%	2.210%
Receivables		**1,272,522,696**	1,381,443,135	-108,920,439	-7.885%	18.129%	18.564%
Inventory		**438,001,437**	657,829,037	-219,827,600	-33.417%	6.240%	8.840%
Other current assets		-	-	0	#DIV/0!	0.000%	0.000%
Total Current Assets		**1,921,459,648**	2,203,697,105	-1,038,100,290	-47.107%	27.374%	29.613%
Non-current Assets							
Property, plant and equipment		**1,935,770,414**	1,964,086,723	-28,316,309	-1.442%	27.578%	26.393%
Explored mineral resources		**555,587,809**	557,010,544	-1,422,735	-0.255%	7.915%	7.485%
Investment in an associate		**292,784,316**	292,784,316	0	0.000%	4.171%	3.934%
Advances to related party		**1,312,346,901**	1,424,007,336	-111,660,435	-7.841%	18.696%	19.136%
Deferred tax asset		**42,556,145**	42,556,145	0	0.000%	0.606%	0.572%
Other non-current assets (net)		**958,867,241**	957,481,276	1,385,965	0.145%	13.660%	12.867%
Total Non-current Assets		**5,097,912,826**	5,237,926,340	-140,013,514	-2.673%	72.626%	70.387%
TOTAL ASSETS		**7,019,372,474** P	7,441,623,445	-422,250,971	-5.674%	100.000%	100.000%

LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other liabilities	**213,476,720** P	266,997,402	-53,520,682	-20.045%	3.041%	3.588%
Finance lease liability	-	-	0	#DIV/0!	0.000%	0.000%
Dividends payable	**12,960,000**	12,960,000	0	0.000%	0.185%	0.174%
Income tax payable	**24,097,997**	24,097,997	0	0.000%	0.343%	0.324%
Total Current Liabilities	**250,534,717**	304,055,399	-53,520,682	-17.602%	3.569%	4.086%
Non-current Liabiliites						
Deferred tax liability	**7,093,627**	7,093,627	0	0.000%	0.101%	0.095%
Provisions	**139,530,242**	137,245,728	2,284,514	1.665%	1.988%	1.844%
Retirement benefit obligation	**4,608,091**	4,608,091	0	0.000%	0.066%	0.062%
Total Non- Current Liabilities	**151,231,960**	148,947,446	2,284,514	1.534%	2.154%	2.002%
Total Liabilities	**401,766,677**	453,002,845	-51,236,168	-11.310%	5.724%	6.087%
Equity Holders of the Parent Company						
Attributable to Equity Holders of the Parent						
Share capital	**2,878,500,005**	2,878,500,005	0	0.000%	41.008%	38.681%
Share premium	**445,025,896**	445,025,896	0	0.000%	6.340%	5.980%
Remeasurement loss on retirement benefit			0	#DIV/0!	0.000%	0.000%
obligation - net of deferred tax	**675,373**	675,373	0	0.000%	0.010%	0.009%
Retained earnings	**3,143,679,050**	3,509,462,394	-365,783,344	-10.423%	44.786%	47.160%
	6,467,880,324	6,833,663,668	-365,783,344	-5.353%	92.143%	91.830%
Non-controlling Interest	**149,725,473**	154,956,932	-5,231,459	-3.376%	2.133%	2.082%
Total Equity	**6,617,605,797**	6,988,620,600	-371,014,803	-5.309%	94.276%	93.913%
TOTAL LIABILTIES AND EQUITY	**7,019,372,474**	7,441,623,445	-422,250,971	-5.674%	100.000%	100.000%

March 31, 2019 versus March 31, 2018:
Current assets as of the first quarter of 2019 is 23.02% lower compared to the first quarter of 2018. Cash increased by 79.57% and inventory by 73.84%. Receivables decreased by 27.62%. Other current asset decreased by 100%. Increase in cash is due to payment from clients. Increased in Receivables is due to sales, and thus decreases the inventory. During the first quarter of 2018, the other current asset comprised time deposit and accrued interest receivable. During the year-end of 2018, said time deposit already mature and portion of it was place again for a long-term deposit.

Non-current assets as of the first quarter of 2019 is 5.39% higher versus the first quarter of 2018. Property plant and equipment account decreased by 5.96% due to depreciation. Explored mineral resources decreased by 0.90% due to amortization. No comparative figure for the Investment in an associate during the first quarter of 2018 versus the first quarter of 2019. Advances to related party decreased to 34.34% due to payment. Deferred tax asset increased by 29.07% and Other non-current asset increased also by 414.52%. Increase in other non-current asset is due to long term time deposit placement made during 2018 and included under "other current asset".

Total asset as of the first quarter of 2019 is 4.28% lower compared to the first quarter of 2018.

Total liabilities during the first quarter of 2019 is 10.22% higher compared to the first quarter of 2018. Current Liabilities is 19.70% higher versus the first quarter of 2018. Non-current liabilities is 2.56% lower against first quarter of 2018.

Total equity for the first quarter of 2019 is 5.04% lower compared to the first quarter of 2018. There is no movement in the capital stock and share premium. Re-measurement loss on retirement benefit obligation-net of deferred tax increased by 307.04% during the first quarter of 2019 versus 2018. Retained earnings recognized during the first quarter of 2019 is 5.04% lower compared to first quarter of 2018.

Total liabilities and equity for the first quarter of 2019 is 4.28% lower compared to first quarter of 2018.

FINANCIAL INFORMATION
First Quarter 2019

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2019
(with comparative figures for the three months period ending March 31, 2018)

				March 31, 2019 vs March 31, 2018			
				Horizontal Analysis		Vertical Analysis	
		(Interim)	(Interim)	in amount	in %	in %	in %
ASSETS	*Note*	Mar 31, 2019	Mar 31, 2018			3.31.2019	3.31.2018
Current Assets							
Cash		**210,935,515**	117,466,213	93,469,302	79.57%	3.005%	1.602%
Receivables		**1,272,522,696**	731,992,897	540,529,799	73.84%	18.129%	9.982%
Inventory		**438,001,437**	605,115,798	-167,114,361	-27.62%	6.240%	8.252%
Other current assets		-	1,041,486,837	-1,041,486,837	-100.00%	0.000%	14.202%
Total Current Assets		**1,921,459,648**	2,496,061,745	-574,602,097	-23.02%	27.374%	34.037%
Non-current Assets							
Property, plant and equipment		**1,935,770,414**	2,058,424,137	-122,653,723	-5.96%	27.578%	28.070%
Explored mineral resources		**555,587,809**	560,648,782	-5,060,973	-0.90%	7.915%	7.645%
Investment in an associate		**292,784,316**		292,784,316	#DIV/0!	4.171%	0.000%
Advances to related party		**1,312,346,901**	1,998,819,430	-686,472,529	-34.34%	18.696%	27.257%
Deferred tax asset		**42,556,145**	32,970,781	9,585,364	29.07%	0.606%	0.450%
Other non-current assets (net)		**958,867,241**	186,360,784	772,506,457	414.52%	13.660%	2.541%
Total Non-current Assets		**5,097,912,826**	4,837,223,914	260,688,912	5.39%	72.626%	65.963%
TOTAL ASSETS		**7,019,372,474**	7,333,285,659	-313,913,185	-4.28%	100.000%	100.000%
LIABILITIES AND EQUITY							
Current Liabilities							
Accounts payable and other liabilities		**213,476,720**	129,668,965	83,807,755	64.63%	3.041%	1.768%
Finance lease liability		-	-	0	#DIV/0!	0.000%	0.000%
Dividends payable		**12,960,000**	12,960,000	0	0.00%	0.185%	0.177%
Income tax payable		**24,097,997**	66,666,170	-42,568,173	-63.85%	0.343%	0.909%
Total Current Liabilities		**250,534,717**	209,295,135	41,239,582	19.70%	3.569%	2.854%
Non-current Liabiliites							
Deferred tax liability		**7,093,627**	-	7,093,627	#DIV/0!	0.101%	0.000%
Provisions		**139,530,242**	151,010,335	-11,480,093	-7.60%	1.988%	2.059%
Retirement benefit obligation		**4,608,091**	4,198,380	409,711	9.76%	0.066%	0.057%
Total Non- Current Liabilities		**151,231,960**	155,208,715	-3,976,755	-2.56%	2.154%	2.116%
Total Liabilities		**401,766,677**	364,503,850	37,262,827	10.22%	5.724%	4.971%
Equity Holders of the Parent Company							
Attributable to Equity Holders of the Parent							
Share capital		**2,878,500,005**	2,878,500,005	0	0.00%	41.008%	39.253%
Share premium		**445,025,896**	445,025,896	0	0.00%	6.340%	6.069%
Remeasurement loss on retirement benefit				0	#DIV/0!	0.000%	0.000%
obligation - net of deferred tax		**675,373**	165,925	509,449	307.04%	0.010%	0.002%
Retained earnings		**3,143,679,050**	3,490,269,410	-346,590,360	-9.93%	44.786%	47.595%
		6,467,880,324	6,813,961,235	-346,080,911	-5.08%	92.143%	92.918%
Non-controlling Interest		**149,725,473**	154,820,575	-5,095,102	-3.29%	2.133%	2.111%
Total Equity		**6,617,605,797**	6,968,781,809	-351,176,012	-5.04%	94.276%	95.029%
TOTAL LIABILTIES AND EQUITY		**7,019,372,474**	7,333,285,659	-313,913,185	-4.28%	100.000%	100.000%

March 31, 2018 versus March 31, 2017:

Current assets as of the first quarter of 2018 is 140.445% higher compared to the first quarter of 2017. Cash decreased by 3.032% and inventory by 8.988%. Receivables increased by 190.378% due to sales. Decrease in cash is due to payment to suppliers. The decrease in inventory is due to sales.

Non-current assets as of the first quarter of 2018 is 21.833% lower versus the first quarter of 2017. Property plant and equipment account decreased by 5.956%, Explored mineral resources decreased by 2.455%, Advances to related party decreased to 9.409%, Deferred tax asset decreased by 14.432% and Other non-current asset decreased also by 84.204%. Decrease in other non-current asset is due to long term time deposit are now current and included under “other current asset”.

Total asset as of the first quarter of 2018 is 1.479% higher compared to the first quarter of 2017.

Total liabilities during the first quarter of 2018 is 17.65% lower compared to the first quarter of 2017. Current Liabilities is 36.965% lower versus the first quarter of 2017. Non-current liabilities is 39.056% higher against first quarter of 2017, this is due to increase of provisions for Mine Rehabilitation Fund and Royalties and Retirement Benefit Obligation.

Total equity for the first quarter of 2018 is 2.717% higher compared to the first quarter of 2017. There is no movement in the capital stock and share premium. Retained earnings recognized during the first quarter of 2018 5.494% higher compared to first quarter of 2017.

Total liabilities and equity for the first quarter of 2018 is 1.479% higher compared to first quarter of 2017.

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2018

				March 31, 2018 vs March 31, 2017			
				Horizontal Analysis		Vertical Analysis	
		(Interim)	(Interim)	in amount	in %	in %	in %
A S S E T S	*Note*	**Mar 31, 2018**	**Mar 31, 2017**			**3.31.2018**	**3.31.2017**
Current Assets							
Cash		**117,466,213**	121,139,133	-3,672,920	-3.032%	1.602%	1.676%
Receivables		**731,992,897**	252,082,801	479,910,096	190.378%	9.982%	3.488%
Inventory		**605,115,798**	664,878,355	-59,762,557	-8.988%	8.252%	9.201%
Other current assets		**1,041,486,837**	-	1,041,486,837	#DIV/0!	14.202%	0.000%
Total Current Assets		**2,496,061,745**	1,038,100,289	1,457,961,456	140.445%	34.037%	14.365%
Non-current Assets							
Investment in and advances to subsidiary							
Property, plant and equipment		**2,058,424,137**	2,188,787,387	-130,363,250	-5.956%	28.070%	30.289%
Explored mineral resources		**560,648,782**	574,759,380	-14,110,598	-2.455%	7.645%	7.954%
Receivable from related parties				0	#DIV/0!	0.000%	0.000%
Advances to related party		**1,998,819,430**	2,206,417,718	-207,598,288	-9.409%	27.257%	30.533%
Deferred tax asset		**32,970,781**	38,531,473	-5,560,692	-14.432%	0.450%	0.533%
Other non-current assets		**186,360,784**	1,179,800,931	-993,440,147	-84.204%	2.541%	16.326%
Total Non-current Assets		**4,837,223,914**	6,188,296,889	-1,351,072,975	-21.833%	65.963%	85.635%
TOTAL ASSETS		**7,333,285,659**	7,226,397,178	106,888,481	1.479%	100.000%	100.000%
LIABILITIES AND EQUITY							
Current Liabilities							
Accounts payable and other liabilities		**129,668,965**	314,745,866	-185,076,901	-58.802%	1.768%	4.356%
Finance lease liability		-	-	0	#DIV/0!	0.000%	0.000%
Dividends payable		**12,960,000**	12,960,000	0	0.000%	0.177%	0.179%
Deposit for future capital subscription				0	#DIV/0!	0.000%	0.000%
Income tax payable		**63,942,025**	-	63,942,025	#DIV/0!	0.872%	0.000%
Total Current Liabilities		**206,570,990**	327,705,866	-121,134,876	-36.965%	2.817%	4.535%
Non-current Liabiliites							
Advances from related parties		-	-	0	#DIV/0!	0.000%	0.000%
Deferred tax liability		-		0	#DIV/0!	0.000%	0.000%
Provisions		**151,010,335**	107,811,683	43,198,652	40.069%	2.059%	1.492%
Retirement benefit obligation		**4,198,380**	3,803,981	394,399	10.368%	0.057%	0.053%
Total Non- Current Liabilities		**155,208,715**	111,615,664	43,593,051	39.056%	2.116%	1.545%
Total Liabilities		**361,779,705**	439,321,530	-77,541,825	-17.650%	4.933%	6.079%
Equity Holders of the Parent Company							
Attributable to Equity Holders of the Parent							
Share capital		**2,878,500,005**	2,878,500,005	0	0.000%	39.253%	39.833%
Share premium		**445,025,896**	445,025,896	0	0.000%	6.069%	6.158%
Remeasurement loss on retirement benefit				0	#DIV/0!	0.000%	0.000%
obligation - net of deferred tax		**165,925**	(278,474)	444,399	-159.583%	0.002%	-0.004%
Retained earnings		**3,492,955,021**	3,311,053,498	181,901,523	5.494%	47.632%	45.819%
		6,816,646,847	6,634,300,925	182,345,922	2.749%	92.955%	91.806%
Non-controlling Interest		**154,859,108**	152,774,723	2,084,385	1.364%	2.112%	2.114%
Total Equity		**6,971,505,954**	6,787,075,648	184,430,306	2.717%	95.067%	93.921%
TOTAL LIABILTIES AND EQUITY		**7,333,285,659**	7,226,397,178	106,888,481	1.479%	100.000%	100.000%

March 31, 2017 versus March 31, 2016:

Current assets as of the first quarter of 2017 is 10.05% lower compared to the first quarter of 2016. Cash increased by 430.92%, though receivables decreased by 9.76% and inventories by 21.96%. Increase in cash is and decrease in receivables is due to payments from clients during the first quarter of 2017. The decrease in inventory is due to sales and no production due to mining operation suspension.

Non-current assets as of the first quarter of 2017 is 5.38% higher versus the first quarter of 2016. Property plant and equipment account decreased by 4.16%, Explored mineral resources decreased by 1.91%. Advances to related party increased to 20.27%, and Other non-current asset increase by 1%.

Total asset as of the first quarter of 2017 is 2.85% higher compared to the first quarter of 2016.

Total liabilities during the first quarter of 2017 is 83.17% higher compared to the first quarter of 2016. Current Liabilities is 347.79% higher versus the first quarter of 2016. Non-current liabilities is 33.03% lower against first quarter of 2016.

Total equity for the first quarter of 2017 is 0.01% higher compared to the first quarter of 2016. There is no movement in the capital stock and share premium. Retained earnings recognized during the first quarter of 2017 0.42% higher compared to first quarter of 2016.

Total liabilities and equity for the first quarter of 2017 is 2.85% higher compared to first quarter of 2016.

FINANCIAL INFORMATION
First Quarter 2019

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM AS OF MARCH 31, 2017

				3.31.2017 vs 3.31.2016			
				Horizontal Analysis		Vertical Analysis (in %)	
ASSETS	*Note*	**(Interim) 03.31.17**	(Interim) 03.31.16	in amount	in %	a	b
Current Assets							
Cash		**121,139,133**	22,816,634	98,322,499	430.92%	1.68%	0.32%
Receivables		**252,082,801**	279,335,464	-27,252,662	-9.76%	3.49%	3.98%
Inventory		**664,878,355**	851,966,819	-187,088,464	-21.96%	9.20%	12.13%
Total Current Assets		**1,038,100,290**	1,154,118,917	-116,018,627	-10.05%	14.37%	16.43%
Non-current Assets							
Property, plant and equipment		**2,188,787,387**	2,283,824,303	-95,036,917	-4.16%	30.29%	32.50%
Explored mineral resources		**574,759,380**	585,957,556	-11,198,176	-1.91%	7.95%	8.34%
Advances to related party		**2,206,417,718**	1,834,480,361	371,937,358	20.27%	30.53%	26.11%
Deferred tax asset		**38,531,473**	-	38,531,473	#DIV/0!	0.53%	0.00%
Other non-current assets		**1,179,800,931**	1,168,083,004	11,717,927	1.00%	16.33%	16.62%
Total Non-current Assets		**6,188,296,889**	5,872,345,224	315,951,665	5.38%	85.63%	83.57%
TOTAL ASSETS		**7,226,397,178**	7,026,464,141	199,933,038	2.85%	100.00%	100.00%
LIABILITIES AND EQUITY							
Current Liabilities							
Accounts payable and other liabilities		**314,745,866**	57,872,881	256,872,985	443.86%	4.36%	0.82%
Finance lease liability		-	2,974,228	-2,974,228	-100.00%	0.00%	0.04%
Dividends payable		**12,960,000**	12,336,206	623,794	5.06%	0.18%	0.18%
Deposit for future capital subscription				0	#DIV/0!	0.00%	0.00%
Income tax payable		-	-	0	#DIV/0!	0.00%	0.00%
Total Current Liabilities		**327,705,866**	73,183,314	254,522,552	347.79%	4.53%	1.04%
Non-current Liabiliites							
Advances from related parties		-	-	0	#DIV/0!	0.00%	0.00%
Deferred tax liability		-	12,709,679	-12,709,679	-100.00%	0.00%	0.18%
Provisions		**107,811,683**	151,060,308	-43,248,625	-28.63%	1.49%	2.15%
Retirement benefit obligation		**3,803,981**	2,896,620	907,361	31.32%	0.05%	0.04%
Total Non- Current Liabilities		**111,615,664**	166,666,607	-55,050,943	-33.03%	1.54%	2.37%
Total Liabilities		**439,321,530**	239,849,921	199,471,609	83.17%	6.08%	3.41%
Equity Holders of the Parent Company							
Attributable to Equity Holders of the Parent							
Share capital		**2,878,500,005**	2,878,500,005	0	0.00%	39.83%	40.97%
Share premium		**445,025,896**	445,025,896	0	0.00%	6.16%	6.33%
Remeasurement loss on retirement benefit obligation - net of deferred tax		**(278,474)**	(278,474)	0	0.00%	0.00%	0.00%
Retained earnings		**3,311,053,498**	3,297,227,516	13,825,982	0.42%	45.82%	46.93%
		6,634,300,925	6,620,474,943	13,825,982	0.21%	91.81%	94.22%
Non-controlling Interest		**152,774,723**	166,139,276	-13,364,554	-8.04%	2.11%	2.36%
Total Equity		**6,787,075,648**	6,786,614,220	461,428	0.01%	93.92%	96.59%
TOTAL LIABILTIES AND EQUITY		**7,226,397,178**	7,026,464,141	199,933,037	2.85%	100.00%	100.00%

Income Statement:

March 31, 2019 versus March 31, 2018:

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2019
(with comparative figures for the three months period ending March 31 2018)

					March 31, 2019 vs March 31, 2018			
		(Interim)		(Interim)	Horizontal Analysis		Vertical Analysis	
		Jan 1 to		Jan 1 to	in amount	in %	in %	in %
		Mar 31, 2019		Mar 31, 2018			3.31.2019	3.31.2018
REVENUES								
Sale of ore	P	148,134,716	P	273,677,036	-125,542,320	-45.87%	97.06%	84.07%
Other income - net		4,482,351		51,845,270	-47,362,919	-91.35%	2.94%	15.93%
		152,617,067		325,522,305	-172,905,238	-53.12%	100.00%	100.00%
COSTS AND EXPENSES								
Cost of sales		258,038,899		98,499,581	159,539,318	161.97%	169.08%	30.26%
Shipping and loading costs		99,711,831		67,220,559	32,491,272	48.34%	65.33%	20.65%
Excise and other taxes		7,406,736		13,683,852	-6,277,116	-45.87%	4.85%	4.20%
Finance cost		803,425		1,039,561	-236,136	-22.71%	0.53%	0.32%
Administrative expenses		157,670,978		87,219,263	70,451,715	80.78%	103.31%	26.79%
Foreign exchange loss		-		-	0	#DIV/0!	0.00%	0.00%
		523,631,869		267,662,815	255,969,054	95.63%	343.10%	82.23%
INCOME BEFORE INCOME TAX		(371,014,802)		57,859,490	-428,874,292	-741.23%	-243.10%	17.77%
INCOME TAX EXPENSE (BENEFIT)								
Current		-		2,724,145	-2,724,145	-100.00%	0.00%	0.84%
Deferred		-		-	0	#DIV/0!	0.00%	0.00%
		-		2,724,145	-2,724,145	-100.00%	0.00%	0.84%
INCOME FOR THE PERIOD		(371,014,802)		55,135,345	-426,150,147	-772.92%	-243.10%	16.94%
OTHER COMPREHENSIVE INCOME		-		-	0	#DIV/0!		
Items not to be reclassified to profit or loss in subsequent periods:								
Remeasurement gain (loss) on retirement benefit obligation								
Deferred tax effect								
INCOME ATTRIBUTABLE TO:								
Equity holders of the Parent Company		(365,783,343)		54,943,766	-420,727,109	-765.74%		
Non-controlling interest		(5,231,459)		191,580	-5,423,039	-2830.70%		
	P	(371,014,802)	P	55,135,345	-426,150,147	-772.92%		
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	P	(0.202)	P	0.030				

FINANCIAL INFORMATION
First Quarter 2019

March 31, 2018 versus March 31, 2017:

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2019
(with comparative figures for the three months period ending March 31 2018)

		(Interim) Jan 1 to Mar 31, 2019		(Interim) Jan 1 to Mar 31, 2018		(Interim) Jan 1 to Mar 31, 2017	March 31, 2018 vs March 31, 2017 Horizontal Analysis in amount	in %	Vertical Analysis in % 3.31.2018	in % 3.31.2017
REVENUES										
Sale of ore	P	**148,134,716**	P	273,677,036	P	515,124,348	-241,447,313	-46.87%	84.07%	97.77%
Other income - net		**4,482,351**		51,845,270		11,749,075	40,096,195	341.27%	15.93%	2.23%
		152,617,067		325,522,305		526,873,423	-201,351,118	-38.22%	100.00%	100.00%
COSTS AND EXPENSES										
Cost of sales		**258,038,899**		98,499,581		184,450,668	-85,951,087	-46.60%	30.26%	35.01%
Shipping and loading costs		**99,711,831**		67,220,559		132,196,221	-64,975,662	-49.15%	20.65%	25.09%
Excise and other taxes		**7,406,736**		13,683,852		15,453,730	-1,769,879	-11.45%	4.20%	2.93%
Finance cost		**803,425**		1,039,561		2,081,285	-1,041,724	-50.05%	0.32%	0.40%
Administrative expenses		**157,670,978**		87,219,263		29,658,813	57,560,450	194.08%	26.79%	5.63%
Foreign exchange loss		-		-		-	0	#DIV/0!	0.00%	0.00%
		523,631,869		267,662,815		363,840,717	-96,177,902	-26.43%	82.23%	69.06%
INCOME BEFORE INCOME TAX		**(371,014,802)**		57,859,490		163,032,706	-105,173,216	-64.51%	17.77%	30.94%
INCOME TAX EXPENSE (BENEFIT)										
Current		-		2,724,145		-	2,724,145	#DIV/0!	0.84%	0.00%
Deferred		-		-		-	0	#DIV/0!	0.00%	0.00%
		-		2,724,145		-	2,724,145	#DIV/0!	0.84%	0.00%
INCOME FOR THE PERIOD		**(371,014,802)**		55,135,345		163,032,706	-107,897,361	-66.18%	16.94%	30.94%
OTHER COMPREHENSIVE INCOME		-		-		-	0	#DIV/0!		
Items not to be reclassified to profit or loss in subsequent periods:										
Remeasurement gain (loss) on retirement benefit obligation										
Deferred tax effect										
INCOME ATTRIBUTABLE TO:										
Equity holders of the Parent Company		**(365,783,343)**		54,943,766		160,773,160	-420,727,109	-261.69%		
Non-controlling interest		**(5,231,459)**		191,580		2,259,546	-5,423,039	-240.01%		
	P	**(371,014,802)**	P	55,135,345	P	163,032,706	-426,150,147	-261.39%		
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	P	**(0.202)**	P	0.030	P	0.089				

March 31, 2017 versus March 31, 2016:

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2019
(with comparative figures for the three months period ending March 31 2018, 2017 and 2016)

	(Interim) Jan 1 to Mar 31, 2019	(Interim) Jan 1 to Mar 31, 2018	(Interim) Jan 1 to Mar 31, 2017	(Interim) Jan 1 to Mar 31, 2016	March 31, 2017 vs March 31, 2016 Horizontal Analysis in amount	in %	Vertical Analysis in % 3.31.2017	in % 3.31.2016
REVENUES								
Sale of ore	P 148,134,716	P 273,677,036	P 515,124,348	P 125,953,155	389,171,193	308.98%	97.77%	100.17%
Other income - net	4,482,351	51,845,270	11,749,075	(215,130)	11,964,205	-5561.39%	2.23%	-0.17%
	152,617,067	325,522,305	526,873,423	125,738,025	401,135,398	319.02%	100.00%	100.00%
COSTS AND EXPENSES								
Cost of sales	258,038,899	98,499,581	184,450,668	62,210,096	122,240,572	196.50%	35.01%	49.48%
Shipping and loading costs	99,711,831	67,220,559	132,196,221	21,130,628	111,065,593	525.61%	25.09%	16.81%
Excise and other taxes	7,406,736	13,683,852	15,453,730	9,398,111	6,055,620	64.43%	2.93%	7.47%
Finance cost	803,425	1,039,561	2,081,285	431,845	1,649,440	381.95%	0.40%	0.34%
Administrative expenses	157,670,978	87,219,263	29,658,813	22,160,409	7,498,403	33.84%	5.63%	17.62%
Foreign exchange loss	-	-	-	-	0	#DIV/0!	0.00%	0.00%
	523,631,869	267,662,815	363,840,717	115,331,089	248,509,628	215.47%	69.06%	91.72%
INCOME BEFORE INCOME TAX	(371,014,802)	57,859,490	163,032,706	10,406,936	152,625,770	1466.58%	30.94%	8.28%
INCOME TAX EXPENSE (BENEFIT)								
Current	-	2,724,145	-	-	0	#DIV/0!	0.00%	0.00%
Deferred	-	-	-	-	0	#DIV/0!	0.00%	0.00%
	-	2,724,145	-	-	0	#DIV/0!	0.00%	0.00%
INCOME FOR THE PERIOD	(371,014,802)	55,135,345	163,032,706	10,406,936	152,625,770	1466.58%	30.94%	8.28%
OTHER COMPREHENSIVE INCOME	-	-	-	-	0	#DIV/0!		
Items not to be reclassified to profit or loss in subsequent periods:								
Remeasurement gain (loss) on retirement benefit obligation								
Deferred tax effect								
INCOME ATTRIBUTABLE TO:								
Equity holders of the Parent Company	(365,783,343)	54,943,766	160,773,160	10,199,825	-526,556,503	#DIV/0!		
Non-controlling interest	(5,231,459)	191,580	2,259,546	207,111	-7,491,005	#DIV/0!		
	P (371,014,802)	P 55,135,345	P 163,032,706	P 10,406,936	-534,047,508	#DIV/0!		
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	P (0.202)	P 0.030	P 0.089	P 0.006				

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:

	3.31.2019	**3.31.2018**	**3.31.2017**	**3.31.2016**	**12.31.2018 (audited)**
A. Current/Liquidity Ratios:					
Current ratio = current asset/current liabilities	7.67	12.08	3.17	15.77	7.25
Quick ratio = (current asset – inventories)/ current liabilities	5.92	9.15	1.14	4.13	5.08
Cash ratio = (cash + marketable securities) / current liabilities	0.84	0.57	0.37	0.31	0.54
B. Solvency Ratio/Debt-to-Equity Ratio:					
Solvency ratio = (After tax profit + Depreciation / Depletion) / (Long term + Short term liabilities)	-0.85	0.24	0.49	0.15	0.27
Debt-to-Equity ratio = Total liabilities / Total Equity	0.06	0.05	0.06	0.04	0.06
C. Asset-to-Equity Ratio = Total Asset / Total Equity	1.06	1.05	1.06	1.04	1.06
D. Profitability Ratios					
Net profit margin analysis = Net income/Net sales (revenue)	-2.50	0.21	0.32	0.83	0.017

Return on assets = Net income/Ave. total assets	-0.05	0.01	0.023	0.002	0.002
Return on equity = Net income/Average equity	-0.05	0.01	0.024	0.002	0.003
Return on capital employed = Net income/Capital employed	-0.05	0.004	0.023	0.002	0.002
*Capital employed = average liabilities + average equity					
E. Book Value per Share = Total equity / outstanding issued shares	2.30	2.42	2.36	2.36	2.43
F. Income/(Loss) per Share = Net income / outstanding issued shares	-0.13	0.02	0.06	0.004	0.118

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.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized in Taguig City on MAY 17 2019.

ORIENTAL PENINSULA RESOURCES GROUP, INC.
Issuer

By:

CAROLINE L. TANCHAY
President and CEO

MIGUEL DE REGLA
Chief Finance Officer

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2019
(with comparative figures for the three months period ending March 31 2018, 2017 and 2016)

A S S E T S	*Note*	**(Interim) Mar 31, 2019**		(Audited) 2018
Current Assets				
Cash		**210,935,515**	P	164,424,933
Receivables		**1,272,522,696**		1,381,443,135
Inventory		**438,001,437**		657,829,037
Other current assets		**-**		-
Total Current Assets		**1,921,459,648**		2,203,697,105
Non-current Assets				
Property, plant and equipment		**1,935,770,414**		1,964,086,723
Explored mineral resources		**555,587,809**		557,010,544
Investment in an associate		**292,784,316**		292,784,316
Advances to related party		**1,312,346,901**		1,424,007,336
Deferred tax asset		**42,556,145**		42,556,145
Other non-current assets (net)		**958,867,241**		957,481,276
Total Non-current Assets		**5,097,912,826**		5,237,926,340
			.	
TOTAL ASSETS		**7,019,372,474**	P	7,441,623,445

LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other liabilities	**213,476,720**	P	266,997,402
Finance lease liability	**-**		-
Dividends payable	**12,960,000**		12,960,000
Income tax payable	**24,097,997**		24,097,997
Total Current Liabilities	**250,534,717**		304,055,399
Non-current Liabiliites			
Deferred tax liability	**7,093,627**		7,093,627
Provisions	**139,530,242**		137,245,728
Retirement benefit obligation	**4,608,091**		4,608,091
Total Non- Current Liabilities	**151,231,960**		148,947,446
Total Liabilities	**401,766,677**		453,002,845
Equity Holders of the Parent Company			
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
Remeasurement loss on retirement benefit			
obligation - net of deferred tax	**675,373**		675,373
Retained earnings	**3,143,679,050**		3,509,462,394
	6,467,880,324		6,833,663,668
Non-controlling Interest	**149,725,473**		154,956,932
Total Equity	**6,617,605,797**		6,988,620,600
TOTAL LIABILTIES AND EQUITY	**7,019,372,474**		7,441,623,445

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, 2019
(with comparative figures for the three months period ending March 31 2018, 2017 and 2016)

	Note		**(Interim) Jan 1 to Mar 31, 2019**		(Interim) Jan 1 to Mar 31, 2018		(Interim) Jan 1 to Mar 31, 2017		(Interim) Jan 1 to Mar 31, 2016
REVENUES									
Sale of ore		**P**	**148,134,716**	P	273,677,036	P	515,124,348	P	125,953,155
Other income - net			**4,482,351**		51,845,270		11,749,075		(215,130)
			152,617,067		325,522,305		526,873,423		125,738,025
COSTS AND EXPENSES									
Cost of sales			**258,038,899**		98,499,581		184,450,668		62,210,096
Shipping and loading costs			**99,711,831**		67,220,559		132,196,221		21,130,628
Excise and other taxes			**7,406,736**		13,683,852		15,453,730		9,398,111
Finance cost			**803,425**		1,039,561		2,081,285		431,845
Administrative expenses			**157,670,978**		87,219,263		29,658,813		22,160,409
			523,631,869		267,662,815		363,840,717		115,331,089
INCOME BEFORE INCOME TAX			**(371,014,802)**		57,859,490		163,032,706		10,406,936
INCOME TAX EXPENSE (BENEFIT)									
Current			**-**		2,724,145		-		-
Deferred			**-**		-		-		-
			-		2,724,145		-		-
INCOME FOR THE PERIOD			**(371,014,802)**		55,135,345		163,032,706		10,406,936
OTHER COMPREHENSIVE INCOME			**-**		-		-		-
Items not to be reclassified to profit or loss in subsequent periods:									
Remeasurement gain (loss) on retirement benefit obligation									
Deferred tax effect									
	22								
INCOME ATTRIBUTABLE TO:									
Equity holders of the Parent Company			**(365,783,343)**		54,943,766		160,773,160		10,199,825
Non-controlling interest			**(5,231,459)**		191,580		2,259,546		207,111
		P	**(371,014,802)**	P	55,135,345	P	163,032,706	P	10,406,936
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	*22*	**P**	**(0.202)**	P	0.030	P	0.089	P	0.006

See accompanying Notes to Financial Statements

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2019
(with comparative figures for the three months period ending March 31 2018, 2017 and 2016)

		Attributable to Equity Holders of the Parent Company						
March 31, 2019	***Note***	**Share Capital**	**Share Premium**	**Remeasurement loss on retirement benefit obligation - net of deferred tax**	**Retained Earnings**	**Total**	**Non-Controlling Interest**	**Total Equity**
As of January 1, 2019		**P 2,878,500,005**	**P 445,025,896**	**P 675,373**	**P 3,509,462,393**	**P 6,833,663,667**	**P 154,956,932**	**P 6,988,620,599**
Net Comprehensive Income (loss)		**-**	**-**	**-**	**(365,783,343)**	**(365,783,343)**	**(5,231,459)**	**(371,014,802)**
Balances as at March 31, 2019		**P 2,878,500,005**	**P 445,025,896**	**P 675,373**	**P 3,143,679,050**	**P 6,467,880,324**	**P 149,725,473**	**P 6,617,605,797**

		Attributable to Equity Holders of the Parent Company						
March 31, 2018	*Note*	Share Capital	Share Premium	Remeasurement loss on retirement benefit obligation - net of deferred tax	Retained Earnings	Total	Non-Controlling Interest	Total Equity
As of January 1, 2018		P 2,878,500,005	P 445,025,896	P 165,924	P 3,435,325,644	P 6,759,017,469	P 154,628,995	P 6,913,646,464
Net Comprehensive Income		-	-	-	54,943,766	54,943,766	191,580	55,135,345
Balances as at March 31, 2018		P 2,878,500,005	P 445,025,896	P 165,924	P 3,490,269,410	P 6,813,961,235	P 154,820,575	P 6,968,781,809

		Attributable to Equity Holders of the Parent Company						
March 31, 2017	*Note*	Share Capital	Share Premium	Remeasurement loss on retirement benefit obligation - net of deferred tax	Retained Earnings	Total	Non-Controlling Interest	Total Equity
As of January 1, 2017		P 2,878,500,005	P 445,025,896	P (278,474)	P 3,151,762,118	P 6,475,009,545	P 150,515,177	P 6,625,524,722
Net Comprehensive Income		-	-	-	160,773,160	160,773,160	2,259,546	163,032,706
Prior Period Adjustments					(1,481,780)	(1,481,780)		(1,481,780)
Balances as at March 31, 2017		P 2,878,500,005	P 445,025,896	P (278,474)	P 3,311,053,498	P 6,634,300,925	P 152,774,723	P 6,787,075,648

		Attributable to Equity Holders of the Parent Company						
March 31, 2016	*Note*	Share Capital	Share Premium	Remeasurement loss on retirement benefit obligation - net of deferred tax	Retained Earnings	Total	Non-Controlling Interest	Total Equity
As of January 1, 2016		P 2,878,500,005	P 445,025,896	P (278,474)	P 3,299,363,898	P 6,622,611,325	P 153,595,959	P 6,776,207,284
Net Comprehensive Income		-	-	-	10,199,825	10,199,825	207,111	10,406,936
Balances as at March 31, 2016		P 2,878,500,005	P 445,025,896	P (278,474)	P 3,309,563,723	P 6,632,811,150	P 153,803,070	P 6,786,614,220

ORIENTAL PENINSULA RESOURCES GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
INTERIM FOR THE THREE-MONTHS PERIOD ENDING MARCH 31, 2019
(with comparative figures for the three months period ending March 31 2018, 2017 and 2016)

		(Interim) Jan 1 to Mar 31, 2019		(Interim) Jan 1 to Mar 31, 2018		(Interim) Jan 1 to Mar 31, 2017		(Interim) Jan 1 to Mar 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES								
Income for the period	**(P**	**371,014,802)**	P	57,859,490	P	163,032,706	P	10,406,936
Adjustments to reconcile income (loss) to net cash provided by operating activities:								
Depreciation, depletion and amortization		**29,817,597**		30,819,192		54,365,088		27,425,838
Unrealized Foreign exchange gain/loss		**-**		-				
Provisions		**2,284,514**		3,773,832		5,151,243		7,224,169
Interest expense		**803,167**		1,037,061		2,061,976		411,595
Interest income		**(34,503)**		(1,343,545)		(4,824,082)		(7,818)
Operating income (loss) before working capital changes		**(338,144,027)**		92,146,030		219,786,932		45,460,721
(Increase)/Decrease in operating assets								
Receivables		**108,920,439**		(273,677,035)		(213,450,348)		38,575,345
Inventories		**219,827,600**		21,179,318		117,331,475		(31,411,114)
Other current assets		**-**		(48,626,763)				
Other non-current assets		**(1,385,965)**		(506,026)		(24,007,535)		(396,360)
Increase/(Decrease) in operating liabilities								
Accounts payable and other liabilities		**(53,520,682)**		(30,377,261)		42,026,955		(7,522,609)
Cash from operating activities		**(64,302,635)**		(239,861,737)		141,687,479		44,705,983
Royalties paid		**-**		-		(43,738,381)		-
Net Cash from operating activities		**(64,302,635)**		(239,861,737)		97,949,098		44,705,983
CASH FLOWS FROM INVESTING ACTIVITIES								
Additions to property, plant and equipment		**(881,721)**		-		(190,985)		(195,378,478)
Advances to related party		**111,660,435**		173,189,529		(17,622,277)		171,839,183
Interest income received		**34,503**		1,343,545		4,824,082		7,818
Net Cash Used in Investing Activities		**110,813,217**		174,533,074		(12,989,181)		(23,531,478)
CASH FLOWS FROM FINANCING ACTIVITIES								
Advances from related parties		**-**		-		-		-
Finance lease liability		**-**		-		-		(2,124,720)
Prior period adjustments		**-**		-		(1,481,780)		-
Net Cash Provided by (Used in) Financing Activities		**-**		-		(1,481,780)		(2,124,720)
INCREASE/(DECREASE) IN CASH		**46,510,582**		(65,328,663)		83,478,137		19,049,784
CASH AT BEGINNING OF PERIOD		**164,424,933**		182,794,876		37,660,996		3,766,850
CASH AT END OF PERIOD	**P**	**210,935,515**	P	117,466,213	P	121,139,133	P	22,816,634

ORIENTAL PENINSULA RESOURCES GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 (UNAUDITED) & DECEMBER 31, 2018 (AUDITED)

1. CORPORATE INFORMATION

Parent Company

Oriental Peninsula Resources Group, Inc. (*"Oriental" or "Parent Company"*) was registered with the Philippine Securities and Exchange Commission (SEC) on April 16, 2007. Its principal activities are of those of general investment holding with registered office address at 9th Avenue corner 31st Street, Bonifacio Global City, Taguig City. As at March 31, 2019, the Parent Company is 24% owned by Redmont Consolidated Mines, Corp.

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).

Subsidiary

Citinickel Mines and Development Corporation (*Citinickel*) was registered with the Philippine Securities and Exchange Commission on June 5, 2006. Citinickel is primarily engaged 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.

Citinickel's principal office is at 1760 Taft Avenue, San Isidro, Pasay City.

On July 4, 2007, the Parent Company acquired 94% ownership interest in 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 13).

In 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%.

On March 12, 2015, the SEC approved the increase of Citinickel's authorized capital stock by P1,000,000,000. The increase was fully subscribed by the Parent Company of which, P926,500,000 was paid via conversion of advances and P73,500,000 was paid in cash.

As at March 31, 2019 and December 31, 2018 the Parent Company has 99% ownership interest in Citinickel.

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.

Mining Operations

On July 22, 2016 an order of Suspension of Mining Operations of Citinickel was served by the Mines and Geoscience Bureau (MGB) of the Department of Environment and Natural Resources (DENR) covering Citinickel's mine sites in San Isidro, Narra and Sofronio, Española, both in the province of Palawan. The suspension arose from alleged violation of environmental laws. On March 1, 2017, Citinickel filed an appeal through the Office of the President (OP). Consequently, the order of suspension was placed under review of the OP. As of April 12, 2019, the appeal is still pending with the OP.

Management believes that the order of suspension is stayed upon the filing of Notice of Appeal to the OP, hence Citinickel can operate as the suspension is ipso facto stayed.

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION, PRESENTATION AND CONSOLIDATION

Statement of Compliance

The accompanying consolidated financial statements of the Parent Company and its subsidiary *(collectively referred to as the Group)* 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 March 31, 2019 and for each of the three years in period ended March 31, 2018, March 31, 2017 and March 31, 2016. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

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

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading; ·
- Expected to be realized within twelve months after the end of the reporting period; or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Group classifies all other liabilities as non-current.

Financial assets and liabilities
Date of Recognition
Financial assets and financial liabilities are recognized in the 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.

Determination of Fair Value
The fair value for instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments 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 statement of comprehensive income unless it qualifies for recognition as some other type of asset.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification and Measurement of Financial Assets effective January 1, 2018
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for financial assets at FVPL, all financial assets are initially measured at fair value plus transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

- Financial Assets at Amortized Cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- ➢ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- ➢ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized or impaired.

The Group's financial assets at amortized cost includes cash, receivables, advances to related parties, time deposit, accrued interest receivable and mine rehabilitation fund.

- Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Equity instruments
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under *PAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Subsequent to initial recognition, financial assets at FVOCI are carried at fair value. Gains and losses on these financial assets are never recycled to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

As of March 31, 2019, the Group has no financial instrument under this category.

Debt instruments
A debt financial asset is measured at FVOCI if both of the following conditions are met:

- ➢ The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;
- ➢ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As of March 31, 2019, the Group does not have debt instruments at FVOCI.

- Financial Assets at Fair Value through Profit or Loss (FVPL)

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at FVPL are subsequently carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. Dividends are also recognized as other income in the statement of profit or loss when the right of payment has been established.

  As of March 31, 2019, the Group has no financial instrument under this category.

Classification and Measurement of Financial Liabilities effective January 1, 2018
Financial liabilities are measured at amortized cost, except for the following:

(i) Financial liabilities measured at fair value through profit or loss;
(ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
(iii) Financial guarantee contracts;
(iv) Commitments to provide a loan at a below-market interest rate; and
(v) Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

(i) If a host contract contains one or more embedded derivatives; or
(ii) If a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

As of December 31, 2018, included in this category are the Group's accounts payable and other liabilities, dividends payable and other obligations that meet the above definition (other than liabilities covered by other accounting standards).

Classification of Financial Instruments as of December 31, 2017
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 financial liabilities at FVPL and 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.

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

As of March 31, 2019, there are no financial assets and liabilities under this category.

- 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 statement of financial position. Changes in the fair value are recognized directly in equity account as "*Revaluation reserve on AFS 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 profit or loss for the period.

  As of March 31, 2019, there are no financial assets under this category.

- 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 parts of the effective interest rate.

  Included under this category are the Group's cash, receivables, advances to related parties, time deposit, accrued interest receivable and mine rehabilitation fund.

- 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 income.

  As of March 31, 2019, there are no financial assets under this category.

- 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 parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statement of comprehensive income.

  Included under this category are accounts payable and other liabilities and dividends payable. Furthermore, the adoption of PFRS 9 does not significantly change the accounting for financial liabilities under PAS 39.

Reclassification of Financial Assets – effective January 1, 2018
The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets:

(i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
(ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Reclassification of Financial Assets – as of December 31, 2017
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 the near future; 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 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 effective January 1, 2018
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk

since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established probability of default rates for third party trade receivables based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group applies the historical credit loss method in case undue cost or effort is involved in calculating the ECL by considering the forward-looking factors. For inter-group trade receivables, the Group has established probability of default rates based on internal credit rating of the customers. Internal credit ratings are based on methodologies adopted by independent credit rating agencies. Therefore, the internal ratings already consider forward looking information.

The Group considers a financial asset to be in default when contractual payments are 180 days past due. However, the Group considers internal or external information when there are indicators that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment of Financial Assets as of December 31, 2017
The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Assets carried at amortized cost
If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as 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 amount of the loss is recognized in the profit and loss accounts.

If, in a 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.

Any subsequent reversal of an impairment loss is recognized in the profit and loss accounts, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

(ii) Assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets
Available-for-sale financial assets are subject to impairment review at each end of the reporting period. Impairment loss is recognized when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in market prices and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

Derecognition of Financial Instruments – as of and for the year ended December 31, 2017 and 2018
Financial Assets

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

- 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 Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. 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 profit or loss.

Cash
Cash represents cash in banks.

Inventories
Inventories represent beneficiated nickel ore consisting of Limonite and Saprolite. Limonite are nickel ore with iron content of 20% or higher while Saprolite are nickel ore with iron content of less than 20%. Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined by the moving average production cost during the period for beneficiated nickel ore exceeding a determined cut-off grade. NRV is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Periodic ore inventory survey is performed to determine the volume of ore inventory.

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 are is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

Upon completion of mine construction, the assets are transferred to property, plant and equipment under "*Pier, road networks and other surface structures*". Mine properties, including mine rehabilitation asset are stated at cost, less accumulated depletion 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
Beneficiation plant	10 years
Machineries and equipment	5-10 years
Transportation equipment	5-8 years
Furniture, fixtures 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, 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 consolidated statements of comprehensive income.

Investment in associate

An associate is an entity over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investment in an associate is initially recognized at cost and subsequently accounted for using the equity method. The equity method of accounting for investment in associate recognizes the changes in the Group's share of net assets of the associate. The share in the net results of the operations of the associate is reported as *Equity in Net Loss/Earnings of an Associate* reported in the Consolidated Statement of Comprehensive Income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized. Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Group, as applicable.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

If significant influence is lost over the associate, the Group measures the carrying value of investment at its fair value. The difference, if any, upon the loss of significant influence over its associate is reported in the Consolidated Statement of Comprehensive Income.

The reporting dates of the associate and the Parent Company are identical and the accounting policies of the associate conform to those used by the Parent Company for like transactions and events in similar circumstances.

Impairment of investment in associate
The Group determines at each balance sheet date whether there is any objective evidence that investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of the investment in an associate and the carrying amount of the investment, and recognizes the amount in the Consolidated Statement of Comprehensive Income.

Investment in associate are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Computer software
Computer software is amortized on a straight-line basis over its estimated useful economic life of five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization commences when the computer software is available for use. The amortization period is reviewed at each financial year-end. Changes in the estimated useful life is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense is recognized in the Group's comprehensive income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Group's consolidated statement of comprehensive income when the asset is derecognized.

Other non-current assets
Other non-current assets are either restricted for specific purpose or expected to be utilize beyond twelve (12) months from the end of the reporting period.

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 consolidated statements of comprehensive income.

Other comprehensive income
Other comprehensive income comprises items of income and expenses that are not recognized in the profit or loss for the year in accordance with PFRS.

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 beneficiated nickel ore*
  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.

- *Other income*
  Revenue is recognized in the consolidated statements of comprehensive income as they are earned.

Cost is recognized in the consolidated 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.

Employee benefits
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of the plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The cost of providing benefits under the defined benefit plans actuarially determined using the projected unit credit (PUC) method.

Defined benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs, which include current service costs, past service costs and gains or losses on non-routine settlements, are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined liability or asset that arises from the passage of time which is determined by applying the discount rate based on Government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Foreign currency-denominated transactions
Transactions denominated in foreign currency are recorded using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued using the closing exchange rate at the end of reporting period. Foreign exchange gains or losses are credited to or charged against current operations.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, of whether the fulfillment of the arrangement is dependent on the use of a specific

asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statements of comprehensive income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognized as an expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

Borrowing cost
Borrowing cost arising from finance lease are generally treated as expense.

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 income or 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 Non-financial 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 Non-financial 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 consolidated statements of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation and depletion, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and depletion charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

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

General

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 consolidated 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 consolidated 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 non-current assets" in the consolidated statements 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 consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Segment reporting

Operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated and for which discrete financial information is available.

As at March 31, 2019 and December 31, 2018, 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 financial 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 consolidated financial statements when material.

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES

New Accounting Standards and Amendments to Existing Standards Effective as at January 1, 2018
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to standards effective beginning January 1, 2018. The adoption however did not result to any material changes in the consolidated financial statements.

PFRS 9, *Financial Instruments*
PFRS 9 *Financial Instruments,* which replaces PAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9, brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group chose not to restate comparative figures permitted by the transitional provisions of PFRS 9, thereby resulting in the following impact:

- Comparative information for prior periods will not be restated. The classification and measurement requirements previously applied in accordance with PAS 39 and disclosures required in PFRS 7 will be retained for the comparative periods. Accordingly, the information presented for 2017 does not reflect the requirements of PFRS 9.

- The Company will disclose the accounting policies for both the current period and the comparative periods, one applying PFRS 9 beginning January 1, 2018 and one applying PAS 39 as of December 31, 2017.

The Group assessed that the adoption of PFRS 9, specifically on determining impairment loss using simplified approach (or general approach, as applicable), has no significant impact on the carrying amounts of the Group's financial assets. Financial assets previously classified as loans and receivable will be classified as Financial assets at amortized cost.

The impact of adoption of PFRS 9 is as follows:

➢ Trade and non-trade receivables, including advances to Related parties as of December 31, 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and will be classified and measured as Financial asset at amortized cost beginning January 1, 2018.

➢ The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There are no impairment losses incurred at the adoption of PFRS 9.

PFRS 15, *Revenue from Contract with Customers*. This standard replaces PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of PFRS 15 has not resulted to changes in the Group's accounting policies; hence, no adjustment is recognized in the consolidated financial statements.

PFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Amendments to PFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*

The amendments are intended to clarify following:

- Accounting for cash-settled share-based payment transactions that include a performance condition;
- Classification of share-based payment transactions with net settlement features; and
- Accounting for modifications of share-based payment transactions from cash-settled to equity settled

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

The adoption of this amendment did not result in any impact on the consolidated financial statements since the Group has no share-based payment transactions.

Amendments to PFRS 4, *Insurance Contracts – Applying PFRS 9 'Financial Instrument' with PFRS 4 'Insurance Contracts'*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard, before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since there are no activities that are predominantly connected with insurance or issue insurance contracts.

Amendments to PAS 40, *Investment Property – Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development, into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in

use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. The amendments are effective for annual periods beginning on or after July 1, 2018. Retrospective application is only permitted if that is possible without the use of hindsight. The amendments did not result in any impact on the Group's consolidated financial statements.

Annual Improvements to PFRSs (2014-2016 cycle)
The Annual Improvements to PFRSs (2014-2016 cycle) are effective for annual periods beginning on or after January 1, 2018 and did not result in any material impact to the Group's consolidated financial statements. They include:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*
  The amendment deleted the short-term exemptions in paragraphs E3-E7 of PFRS 1, because they have now served their intended purpose.

- PFRS 12, *Disclosure of Interests in Other Entities*
  The amendment clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*

- PAS 28, *Investments in Associates and Joint Ventures*
  The amendment clarified that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Philippine IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the interpretation on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the consolidated financial statements of the reporting period in which the entity first applies the interpretation.

The adoption of this interpretation did not result in any significant impact on the consolidated financial statements.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2018
The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2018 are disclosed below. Except as otherwise indicated, the Group does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

Effective in 2019

PFRS 16, *Leases*
On January 13, 2016, the IASB issued its new standard, PFRS 16, Leases, which replaces PAS 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating lease or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted the new revenue recognition standard. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective application, with options to use certain transition reliefs.

Annual Improvements to PFRSs (2015-2017 cycle)
The Annual Improvements to PFRSs (2015-2017 cycle) are effective for annual periods beginning on or after January 1, 2019 and will not have any material impact to the Group's consolidated financial statements. They include:

- PFRS 3, Business Combinations and PFRS 11, Joint Arrangements
  The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- PAS 12, Income Taxes
  The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.

- PAS 23, Borrowing Costs
  The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalization rate on general borrowings.

Amendments to PFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
The amendments cover two issues:

- What financial assets may be measured at amortized cost. The amendment permits more assets to be measured at amortized cost than under the previous version of PFRS 9, in particular some pre-payable financial assets.

- How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under PAS 39.

The amendments are effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The amendments will not have significant impact on the Group's consolidated financial statements.

Deferred
PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any significant impact on the consolidated financial statements.

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.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

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. The functional currency is the currency of the primary economic environment in which the Group primarily operates. It is the currency that mainly influences labor, materials and other costs of providing goods and services.

Classification of financial instruments (applicable starting January 1, 2018 upon the adoption of PFRS 9) – the Group classifies financial assets in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets.

Classification of financial instruments (applicable until December 31, 2017 prior to adoption of PFRS 9) - The Group classifies financial instruments, or its components, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Assessing whether an agreement is a finance or operating lease
Management assess at the inception of the lease whether an arrangement is a finance or operating lease based on who bears substantially all risk and benefits incidental to the ownership of the leased item. Leases, where management has determined that the risks and rewards related to the leased item are transferred to the lessee, are classified as finance leases. On the other hand, leases entered into by the Group, where management has determined that the risks and rewards of the leased item are retained with the lessors, are accounted for as operating leases. Based on management's assessment the Group has entered into finance lease on certain transportation equipment and operating lease on office spaces.

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.

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.

<u>Estimates</u>
The key estimates and assumptions concerning the future and other key sources of estimation of uncertainty as at the end of the reporting period, that have the most significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are as follows:

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 mine rehabilitation asset amounted to P383.4 million and P466.2 million in 2018 and 2017, respectively. *(see Note 12)*

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.

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.

Estimating depletion rate and ore recoverable reserves
Depletion rates used to amortize mining properties and mine are assessed on an annual basis based on the results of latest estimate of recoverable reserve, which is subject to future revisions. 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, and 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 mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortization charges.

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.

Estimating provision for mine rehabilitation and decommissioning

The Group 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.

Provision for site rehabilitation costs amounted to P56.4 million as of December 31, 2018 and P57.17 million as of March 31, 2019. *(see Note 17)*

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 at December 31, 2018 and March 31, 2019 amounted to P557 million and to P555.6 million, respectively which is classified under "*Explored mineral resources*" in the consolidated statements of financial position. *(see Note 13)*

Estimating allowance for impairment losses on 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 consolidated 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 at March 31, 2019 and December 31, 2018, management believes that no provision for impairment losses is necessary.

Determining retirement benefits
The determination of the Group's obligation and costs for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions, as described in Note 26, include among others, discount rates and future salary increase rates. In accordance with Revised PAS 19, actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligations in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's retirement liability.

Retirement benefit obligation amounted to P4,608,091 as at March 31, 2019 and December 31, 2018. *(see Note 26)*

Litigations and assessment

The Group is currently involved in some legal proceedings. While estimates have been developed on possible outcome of these cases, management believes that the ultimate outcome will not have a material effect on the consolidated financial statements. However, a change in underlying estimates could affect the consolidated financial statements in the future.

As at March 31, 2019 and December 31, 2018, there were no provision for litigation and assessment in the accompanying financial statements.

Assessing recoverability of 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.

The Group has recognized deferred tax asset amounting to P42,556,145 as at March 31, 2019 and December 31, 2018. *(see Note 27)*

Realizability of input tax
The Group assesses the realizability of input tax based on its ability to utilize the asset. The assessment is made on a continuing basis year on year.

Input tax, included under "Other non-current assets - net" amounted to P3,273,999 and P3,040,208 as at March 31, 2019 and December 31, 2018, respectively. *(see Note 15)*

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 consolidated Statements of Financial Position as at December 31, 2018 and 2017:

	Level 1		Level 2		Level 3	
	March 31, 2019	Dec 31, 2018	March 31, 2019	Dec 31, 2018	March 31, 2019	Dec 31, 2018
Assets						
Cash*	0	0	210,935,515	164,419,933	0	0
Receivables	0	0	1,272,522,696	1,381,443,135	0	0
Advances to related parties	0	0	1,312,346,901	1,424,007,336	0	0
Accrued interest receivable	0	0	8,374,150	3,974,228	0	0
Time deposit	0	0	879,984,361	883,313,430	0	0
Mine rehabilitation fund	0	0	60,684,008	60,535,734	0	0
	0	0	3,744,847,631	3,917,693,796	0	0
Liabilities						
Accounts payable and other liabilities						
Trade	0	0	213,476,720	251,871,820	0	0
Others	0	0	24,097,997	2,614,744	0	0
Dividends payable	0	0	12,960,000	12,960,000	0	0
	0	0	250,534,717	267,446,564	0	0

**Amount is exclusive of cash on hand of P5,000.00*

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 at March 31, 2019 and December 31, 2018 as presented below:

	March 31, 2019	Dec 31, 2018
Cash*	210,935,515	164,419,933
Receivables	1,272,522,696	1,381,443,135
Advances to related parties	1,312,346,901	1,424,007,336
Accrued interest receivable	8,374,150	3,974,228
Time deposit	879,984,361	883,313,430
Mine rehabilitation fund	60,684,008	60,535,734
	3,744,847,631	3,917,693,796

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 March 31, 2019 and December 31, 2018 are summarized in the following tables:

March 31, 2019	Neither Past Due nor Impaired (High)	Past Due but Not Impaired	Past Due and Individually Impaired	Total
Cash*	210,935,515	0	0	210,935,515
Receivables				
Trade receivables	73,646,909	1,198,731,787	0	1,272,378,696
Other receivables		144,000	0	144,000
Advances to related parties	1,312,346,901	0	0	1,312,346,901
Time deposit	879,984,361	0	0	879,984,361
Accrued interest receivable	8,374,150	0	0	8,374,150
Mine rehabilitation fund	60,684,008	0	0	60,684,008
	2,545,971,844	1,198,875,787	0	3,744,847,631

December 31, 2018	Neither Past Due nor Impaired (High)	Past Due but Not Impaired	Past Due and Individually Impaired	Total
Cash*	164,419,933	0	0	164,419,933
Receivables				
Trade receivables	117,964,678	1,263,334,457	0	1,381,299,135
Other receivables	0	144,000	0	144,000
Advances to related parties	1,424,007,336	0	0	1,424,007,336
Time deposit	883,313,430	0	0	883,313,430
Accrued interest receivable	3,974,228	0	0	3,974,228
Mine rehabilitation fund	60,535,734	0	0	60,535,734
	2,654,215,339	1,263,478,457	0	3,917,693,796

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 that are past due but not impaired as at March 31, 2019 and December 31, 2018 are as follows:

	Days past due				
	30 days	60 days	90 days	over 90 days	Total
March 31, 2019					
Receivables					
Trade receivables	73,646,909	36,957,824	37,529,982	1,124,243,980	1,272,378,696
Other receivables	0	0	0	144,000	144,000
	73,646,909	**36,957,824**	**37,529,982**	**1,124,387,980**	**1,272,522,696**

	Days past due				
	30 days	60 days	90 days	over 90 days	Total
December 31, 2018					
Receivables					
Trade receivables	44,657,228	129,083,642	166,813,464	922,780,123	1,263,334,457
Other receivables	0	0	0	144,000	144,000
	44,657,228	**129,083,642**	**166,813,464**	**922,924,123**	**1,263,478,457**

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 at March 31, 2019 and December 31, 2018, based on undiscounted contractual payments:

	As of	On Demand	<1 month	>1 month & <3months	>3 months & <1 year	>1 year	Total
Accounts payable & other liabilities	**Dec. 31, 2018**	2,617,744	251,871,820	-	-	-	254,489,564
	Mar 31, 2019	88,141,013	149,433,704	-	-	-	237,574,717
Dividends payable	**Dec. 31, 2018**	12,960,000	-	-	-	-	12,960,000
	Mar 31, 2019	12,960,000	-	-	-	-	12,960,000

Market Risk

Market risk is the risk of loss, immediate or over time, due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Group's overall portfolio (whether on or off-balance sheet). These are influenced by foreign and domestic interest rates, foreign exchange rates and other market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameter, 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:

As of December 31, 2018:

2018	Interest rate		Due in 1 year		2 - 5 year		beyond 5 years		Total
Cash*	**0.21% - 0.25%**	**P**	**164,419,933**	**P**	**-**	**P**	**-**	**P**	**164,419,933**
Time deposit	**3.53%**		**-**		**883,313,430**		**-**		**883,313,430**
Mine rehabilitation fund	**2% - 2.5%**		**60,535,734**		**-**		**-**		**60,535,734**
		P	**224,955,667**	**P**	**883,313,430**	**P**	**-**	**P**	**1,108,269,097**

**** Amount is exclusive of cash on hand of P5,000.***

As at March 31, 2019 and December 31, 2018, there are no other significant financial instruments for which the Group is exposed to interest rate risk.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax:

		Increase/decrease in interest rates		Effect on profit before tax
Cash, time deposit and	**2018**	**+200 bps**	**P**	**11,554,051**
mine rehabilitation fund	**2018**	**-200 bps**		**(11,554,051)**
	2017	+200 bps		11,281,906
	2017	-200 bps		(11,281,906)

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, 2018 and 2017 are as follows:

		2018				2017		
		US$ Amount		**Peso Equivalent**		US$ Amount		Peso Equivalent
Cash	**$**	**3,011,360**	**P**	**158,770,879**	$	3,398,670	P	169,671,795
Receivables		**26,198,679**		**1,381,299,135**		9,177,571		458,171,862
Time deposit		**16,754,807**		**883,313,430**		19,225,779		959,808,570
	$	**45,964,846**	**P**	**2,423,383,444**	$	31,802,020	P	1,587,652,227

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

	Increase/ decrease in US $ rates		Effect on income and equity
2018	**+5%**	**P**	**84,867,736**
	-5%		**(84,867,736)**
2017	+5%	P	55,567,841
	-5%		(55,567,841)

8. CASH

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

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Local currency	5,652,277	5,417,811	5,654,054
Foreign currency	205,283,238	112,048,402	158,770,879
	210,935,515	**117,466,213**	**164,424,933**

9. RECEIVABLES

This account consists of the following as at March 31, 2019, March 31, 2018 and December 31, 2018:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Trade receivables	1,272,378,696	731,848,897	1,381,299,135
Other receivables	144,000	144,000	144,000
	1,272,522,696	**731,992,897**	**1,381,443,135**

Trade receivables are non-interest bearing and are generally on ninety (90)-days term.

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

10. INVENTORIES

Beneficiated nickel ore as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Nickel ore laterite	438,001,437	605,115,798	657,829,037
	438,001,437	**605,115,798**	**657,829,037**

Inventories are carried at cost as at March 31, 2019, March 31, 2018 and December 31, 2018.

11. OTHER CURRENT ASSETS

This account consists of:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Time deposit	0	1,003,589,732	959,808,570
Accrued interest receivable	0	37,897,135	33,051,504
	0	**1,041,486,867**	**992,860,074**

Time deposit represents dollar denominated deposit with maturity of 2 years and bears interest of 2.10% per annum. Time deposit and the related interest receivable are classified as current asset if they are expected to mature and be collected within twelve (12) months.

12. PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2019, this account consists of:

	Pier, road networks and other surface structures	Mine rehabilitation asset	Machineries and equipment	Beneficiation plant	Transportation equipment	Furniture, fixtures and equipment	Total
Cost							
At January 1, 2019	1,947,751,807	37,811,436	823,833,857	195,920,190	54,243,948	4,804,996	3,064,366,234
Additions						881,721	881,721
Adjustment for capitalized cost of mine rehabilitation and decommissioning							0
At March 31, 2019	1,947,751,807	37,811,436	823,833,857	195,920,190	54,243,948	5,686,717	3,065,247,955
Accumulated depreciation and depletion							
At January 1, 2019	392,999,949	11,838,238	594,470,811	53,878,052	43,027,742	4,064,719	1,100,279,511
Additions	8,344,321	268,934	14,617,343	4,898,005	992,677	76,750	29,198,030
At March 31, 2019	401,344,270	12,107,172	609,088,154	58,776,057	44,020,419	4,141,469	1,129,477,541
Net carrying value at March 31, 2019	1,546,407,537	25,704,264	214,745,703	137,144,133	10,223,529	1,545,248	1,935,770,414

As at December 31, 2018, this account consists of:

	Pier, road networks and other surface structures	Mine rehabilitation asset	Machineries and equipment	Beneficiation plant	Transportation equipment	Furniture, fixtures and equipment	Total
Cost							
At January 1, 2018	1,947,751,807	62,758,000	823,833,857	195,920,190	54,243,948	4,503,446	3,089,011,248
Additions						301,550	301,550
Adjustment for capitalized cost of mine rehabilitation and decommissioning		-24,946,564					-24,946,564
At December 31	1,947,751,807	37,811,436	823,833,857	195,920,190	54,243,948	4,804,996	3,064,366,234
Accumulated depreciation and depletion							
At January 1, 2018	377,120,780	11,317,998	535,338,238	34,286,033	38,919,370	3,801,094	1,000,783,513
Additions	15,879,169	520,240	59,132,573	19,592,019	4,108,372	263,625	99,495,998
At December 31	392,999,949	11,838,238	594,470,811	53,878,052	43,027,742	4,064,719	1,100,279,511
Net carrying value at Dec 31, 2018	1,554,751,858	25,973,198	229,363,046	142,042,138	11,216,206	740,277	1,964,086,723

As at March 31, 2018, this account consists of:

	Pier, road networks and other surface structures	Mine rehabilitation asset	Machineries and equipment	Beneficiation plant	Transportation equipment	Furniture, fixtures and equipment	Total
Cost							
At January 1, 2018	1,947,751,807	62,758,000	823,830,857	195,920,190	54,243,948	4,503,446	3,089,008,248
Additions							0
Adjustment for capitalized cost of mine rehabilitation and decommissioning							0
At March 31, 2018	1,947,751,807	62,758,000	823,830,857	195,920,190	54,243,948	4,503,446	3,089,008,248
Accumulated depreciation and depletion							
At January 1, 2018	377,120,780	11,317,998	535,338,238	34,286,033	38,919,370	3,801,094	1,000,783,513
Additions	8,403,283	270,835	15,123,041	4,898,005	1,033,509	74,925	29,803,598
At March 31, 2018	385,524,063	11,588,833	550,461,279	39,184,038	39,952,879	3,876,019	1,030,587,111
Net carrying value at March 31, 2018	1,562,227,744	51,169,167	273,369,578	156,736,152	14,291,069	627,427	2,058,421,137

The amounts of depreciation and depletion charged to operations are distributed as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Cost of sales	29,551,340	8,674,118	95,124,001
Administrative expenses	1,136,379	1,108,435	4,371,997
	30,687,719	**9,782,553**	**99,495,998**

13. EXPLORED MINERAL RESOURCES

The Explored Mineral Resources reported in the consolidated statements of financial position represents 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 market price of nickel prevailing at the time of valuation.

Movement of this account is shown below:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Explored mineral resources	746,401,594	746,401,594	746,401,594
Accumulated amortization:			
At January 1	189,391,050	183,700,157	183,700,157
Amortization	1,422,735	2,052,655	5,690,893
At March 31/December 31	190,813,785	185,752,812	189,391,050
	555,587,809	**560,648,782**	**557,010,544**

14. INVESTMENT IN AN ASSOCIATE

On June 22, 2018, the Group subscribed to 3,000,000 shares of Oriental Energy & Power Generation Corp. (Oriental Energy) at P100 par value per share or a total amount of P300 million. The subscription represents 32.35% equity interest in Oriental Energy and was fully paid through a debt-to-equity conversion amounting to P300 million. Oriental Energy is a domestic corporation engaged in developing, constructing, erecting, assembling, installing, commissioning, rehabilitating, maintaining, managing and operating diesel, hydro, thermal, coal and other power generating plants and electricity distribution and related facilities.

The Group has significant influence over Oriental Energy because of its representation in the BOD of Oriental Energy and the existence of interlocking key management personnel. Accordingly, Oriental Energy is determined to be an associate of the Group. Investment in associate is accounted using equity method.

The details of this account as at March 31, 2019 and December 31, 2018 are as follows:

Acquisition cost	P	300,000,000
Less: Share in net loss for the period		(7,215,684)
Net carrying value	P	292,784,316

Had the investment in associate been acquired at the beginning of the year, share in net loss would have been P10,015,404.

The key financial information of Oriental Energy as at and for the year ended December 31, 2018 is as follows:

Total current assets	P	99,361,620
Total non-current assets		2,649,645,389
Total current liabilities		293,993,909
Total non-current liabilities		1,898,736,013
Net loss		(30,959,519)

The reconciliation of net assets of the associate to the carrying amounts of investments in associates recognized in the consolidated statement of financial position as at December 31, 2018 is as follows:

Net asset of associate	P	556,277,087
Proportionate ownership interest		32.35%
		179,955,638
Pre-acquisition adjustment		113,352,847
	P	293,308,485

15. OTHER NON-CURRENT ASSETS

This account consists of:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Time deposit	879,984,361	0	883,313,430
Mine rehabilitation Fund (MRF)	60,684,008	60,274,547	60,535,734
Accrued interest receivable	8,374,150	0	3,974,228
Input tax	3,274,000	119,215,264	3,040,208
Software - net	54,750	375,000	121,703
Others	6,495,973	6,495,973	6,495,973
	958,867,241	**186,360,784**	**957,481,276**

- Time deposit represents dollar denominated deposit with maturity of 2 years and bears interest of 3.53% per annum. Time deposit and the related interest receivable are classified as non-current asset if they are expected to mature or collected beyond twelve (12) months from the end of the reporting period. Otherwise, they are classified as current asset.

- 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. Movements of MRF are as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Balances, January 1	60,535,734	59,942,635	59,942,635
Placement during the period	0	0	0
Interest earned - net	148,274	331,912	1,221,568
Trustee fee	0		-628,469
Balances, Mar 31/Dec 31	**60,684,008**	**60,274,547**	**60,535,734**

- Input tax represents the 12% Value Added Tax (VAT) paid on purchases of goods and services.

- The movement of Software is shown below:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Cost:			
At January 1	2,213,650	2,213,650	2,213,650
Additions	0	0	0
At Mar 31/Dec 31	2,213,650	2,213,650	2,213,650
Accumulated amortization:			
At January 1	2,091,947	1,754,218	1,754,217
Amortization	66,953	84,432	337,730
At Mar 31/Dec 31	2,158,900	1,838,650	2,091,947
Net Book Value	**54,750**	**375,000**	**121,703**

- Included in “Others” are security deposits on lease arrangements and cash bond posted with judicial bodies in compliance with legal cases wherein the Group or its officers are defendants.

16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Trade payable	199,837,492	102,136,369	251,871,820
Taxes payable	10,350,800	22,336,622	12,510,838
Other liabilities	3,288,428	5,195,974	2,614,744
	213,476,720	**129,668,965**	**266,997,402**

As at March 31, 2019, March 31, 2018 and December 31, 2018 trade payables pertain to liabilities to third parties for the purchase of supplies, equipment and services. Trade payables 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.

Other liabilities substantially consist of accrued professional fees.

17. PROVISIONS

This account consists of:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Provision for site rehabilitation	57,165,748	77,961,512	56,362,582
Provision for royalties	82,364,494	73,048,822	80,883,146
	139,530,242	**151,010,334**	**137,245,728**

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 is presented below.

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Balance, Jan 1	56,362,582	74,838,184	76,924,452
Add'l provision	0	0	0
Effect of change in estimate	0	0	-24,946,564
Accretion of interest	4,148,244	3,123,329	4,384,694
	60,510,826	**77,961,513**	**56,362,582**

The provision is presented at a discounted value using the Philippine bond yield of 5.70% as effective interest rate.

Provision for royalties

Under the MPSA, Citinickel is required to allocate royalty payment to the Indigenous Cultural Community (ICC) of not less than 1% of gross output of minerals sold.

The movement of this account is presented below.

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Balance, Jan 1	80,883,146	70,312,052	70,312,051
Add'l provision	1,481,348	0	10,571,095
Payments made	0	2,736,770	0
	82,364,494	**73,048,822**	**80,883,146**

18. EQUITY

Share capital transactions from the date of incorporation up to March 31, 2019 are as follows:

Date	Transactions		Authorized (P1 par value per share)		Issued		Subscribed		Share premium
April 16, 2007	Upon incorporation and subscription	P	1,500,000,000	P	-	P	400,000,000	P	-
May 14, 2007	Issuance		-		5		-		-
June 8, 2007	Payment of subscription		-		400,000,000		(400,000,000)		-
July 4, 2007	Issuance		-		752,000,000		-		-
December 10, 2007	Initial public offering		-		300,000,000		-		429,309,301
May 7, 2014	Increase in authorized capital		2,000,000,000		-		-		-
May 16, 2014	Conversion of deposit on stock subscription		-		500,000,000		-		13,921,420
October 13, 2014	Issuance		-		926,500,000		-		1,795,175
		P	3,500,000,000	P	2,878,500,005	P	-	P	445,025,896

Details of share capital transactions are as follows:

- Upon incorporation, the stockholders subscribed to 400 million shares out of the 1,500 million authorized common shares. At the time of subscription, P100 million was paid in the form of cash. Full payment thereon was received on June 8, 2007.

- On May 14, 2007, additional 5 shares were issued to the Parent Company's elected Board of Directors.

- On July 4, 2007, a group of majority stockholders of Citinickel assigned in favor of the Parent Company their 94% ownership in Citinickel corresponding to 2,540,000 common shares at P10 par value per share in exchange for 65.27% of common shares of the Parent Company equivalent to 752 million common shares at P1 par value per share. The exchange transaction was confirmed by the SEC as an exempt transaction under the Securities and Regulation Code. The tax-free exchange was approved by the Bureau of Internal Revenue in October 2007.

- On December 10, 2007, the SEC approved the registration of the Parent Company's 1,452,000,005 common shares. The initial public offering (IPO) was conducted on December 10, 2007 at an offer price of P2.68 per share. The excess of offer price over the par value was credited to share premium, net of IPO cost and expenses.

- On May 7, 2014, the Board of Directors and stockholders of the Parent Company approved the increase in authorized capital from P1.5 billion divided into 1.5 billion shares to P3.5 billion divided into 3.5 billion shares, both with a par value of P1 per share. The required subscription was satisfied by a debt-to-equity conversion amounting to P513,921,420. The excess of debt-to-equity conversion was credited to share premium.

- On various dates in 2014, 926.5 million shares were subscribed and paid amounting to P928,295,175. The payment in excess of the total par value or P1,795,175 was credited to share premium.

Non-controlling interest
Non-controlling interest pertains to equity interest held by the minority shareholders of Citinickel. As at December 31, 2018 and 2017, non-controlling interest represents 1.41% equity share in Citinickel.

Dividends
On December 28, 2015, the Board of Directors of Citinickel declared a special cash dividend amounting to P872,100,000 or P5.71 per share to all its stockholders of record as at December 31, 2015 payable on or before January 31, 2016. As at December 31, 2018 and 2017, dividend amounting to P12,960,000 remains unpaid.

19. REVENUES

(i) Sale of ore represents sale of beneficiated nickel ore as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Sale of beneficiated nickel ore	148,134,716	273,677,036	1,057,109,525

(ii) Other income is broken down as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Interest income on:			
Cash	34,503	1,343,545	18,591
Time deposit	4,399,922	4,845,601	20,693,022
Mine rehab fund	148,275	331,912	1,221,568
Foreign exchange gain - net	-100,349	45,324,212	78,053,237
	4,482,351	**51,845,270**	**99,986,418**

Foreign exchange gain consists of realized and unrealized gain on foreign currency denominated cash, time deposit and trade receivables.

20. COST OF SALES

This account consists of:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Contract fees	0	4,420,566	225,776,897
Depreciation, depletion & amortization	29,551,340	30,747,820	100,814,894
Gas, oil & lubricants	0	28,686,461	94,842,112
Auto parts & supplies	7,968,814	13,106,091	39,925,809
Other charges	691,145	359,325	1,333,782
	38,211,299	77,320,263	462,693,494
Changes in stockpile inventory	219,827,600	21,179,318	-31,533,921
	258,038,899	**98,499,581**	**431,159,573**

Contract fees pertain to amounts paid and accrued for services rendered by contractors related to the mining activities of the Group. These services include, but are not limited to, hauling, stevedoring, maintenance and security. Portion of which is provided by a certain related party. *(see Note 28)*

21. SHIPPING AND LOADING COSTS

This account consists of:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Contract fees	79,677,048	66,738,486	298,945,479
Gas, oil and lubricants	19,243,445	0	12,670,150
Other services	791,337	482,073	3,882,874
	99,711,831	**67,220,559**	**315,498,503**

22. EXCISE AND OTHER TAXES

The breakdown of this account is as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Excise taxes	5,925,389	10,947,081	42,284,381
Royalties	1,481,347	2,736,771	10,571,095
	7,406,736	**13,683,852**	**52,855,476**

Excise taxes represent 4% tax on gross revenues as provided in the National Internal Revenue Code as the Government's share in the Group's output. *(see note 33)*

Royalties represent the share of the indigenous people on the gross revenue of the Group as required by the MPSA.

23. FINANCE COST

This account for the three years in the period ended December 31, 2018 consists of:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Accretion of interest	0	0	4,384,694
Bank charges	259	2,500	5,942
Interest expense on finance lease	803,167	1,037,061	0
	803,426	**1,039,561**	**4,390,636**

24. ADMINISTRATIVE EXPENSES

This account consists of:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Advertisements	33,690	0	0
Clothing & uniform	0	0	0
Communication, light & water	511,068	734,835	2,800,902
Compromise & penalties	105,072,812	52,617,454	55,927,475
Depreciation & amortization	1,069,427	1,192,868	4,709,727
Donations	70,000	0	0
Dues and subscriptions	1,048,000	0	0
Employees' welfare & benefits	1,023,271	1,348,197	5,113,588
Environmental protection & social development	2,210,541	1,506,548	10,180,422
Input tax written-off	0	0	116,798,166
Insurance	392,031	53,711	3,863,744
Miscellaneous	669,524	108,900	2,199,522
Office supplies	25,143	75,500	0
Outside services	0	0	5,089,899
Personnel cost	5,973,919	5,473,171	15,256,724
Professional fees	661,400	629,500	12,618,102
Provision for retirement benefit	0	0	1,137,495
Rent	0	636,518	2,546,073
Repairs & maintenance	0	0	1,743,816
Representation & entertainment	20,093,342	3,521,326	11,963,413
Security services	1,396,000	2,207,500	8,489,500
Shipping, trucking & freight	25,000	0	0
Taxes & licenses	17,316,104	17,113,235	30,104,162
Transportation & travel	79,706	0	0
	157,670,978	**87,219,263**	**290,542,730**

On December 7, 2018, the Board of Directors of Citinickel approved the write-off of input tax amounting to P116.8 million as of December 31, 2015. These input tax arose from various purchases of goods and services for which no output tax can set these off and no tax refund have been filed to recover the input tax.

In prior years, BIR *Letters of Authority* were issued to Citinickel covering the taxable years 2013 and 2014. The tax examination resulted to tax deficiencies for which the corresponding interests, surcharges and compromise penalties were also assessed and paid in the total amount of P105,072,812, P55,927,475 and P4,632,380 during the first quarter of 2019, 2018 and 2017, respectively.

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:

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

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

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

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

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

Citinickel may avail of a bonus year in any of the following cases:

a. The indigenous raw materials used in the manufacture of the registered product is at least fifty percent (50%) of the total cost of raw materials for the preceding years prior to the extension unless the BOI prescribes a higher percentage; or

b. The ratio of total imported and domestic capital equipment to the number of workers for the project does not exceed US$25,000 to one (1) direct labor; or

c. The net foreign exchange savings or earnings amount to at least US$500,000 annually during the first three (3) years of operation.

26. RETIREMENT BENEFIT OBLIGATION

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is a defined benefit type and provides a retirement benefit equal to 22.5 days pay for every year of credited service. The regulatory benefit is paid in lump sum upon retirement.

The amount of retirement liability recognized in the consolidated statements of financial position follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Present value of obligation	4,608,091	4,198,380	4,601,091
Fair value of plan asset	0	0	0
	4,608,091	**4,198,380**	**4,601,091**

The movements in present value of the obligation are as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Present value of obligation, beginning	4,608,091	4,198,380	4,198,380
Interest cost	0	0	239,308
Current service cost	0	0	898,187
Actuarial (gain) loss	0	0	-727,784
Present value of obligation, ending	**4,608,091**	**4,198,380**	**4,608,091**

The amounts of retirement benefits recognized in the consolidated statements of comprehensive income are broken down as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Current service cost	0	0	898,187
Interest cost	0	0	239,308
	0	**0**	**1,137,495**

The movements in remeasurement loss on retirement benefit obligation are as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Re-measurement loss (gain), beginning	-675,373	165,925	-237,035
Actuarial loss on retirement benefit obligation	0	0	-727,784
Re-measurement (gain) loss, ending	-675,373	165,925	-964,819
Less: Deferred tax effect	0	0	289,446
	-675,373	**165,925**	**-675,373**

The sensitivity analyses based on reasonably possible changes of each significant assumption on the retirement benefit obligation are as follows:

		2018		2017
Decrease in RBO due to 100 bps increase in discount rate	**P**	**(572,754)**	P	(576,027)
Increase in RBO due to 100 bps decrease in discount rate		**694,335**		707,153
Increase in RBO due to 100 bps increase in salary increase rate		**705,254**		658,675
Decrease in RBO due to 100 bps decrease in salary increase rate		**(590,277)**		(549,767)

The principal actuarial assumptions used to determine retirement benefits are illustrated in the table below:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Discount rate	7.51%	5.70%	7.51%
Salary increase rate	5.00%	5.00%	5.00%

Shown below is the undiscounted maturity analysis of the benefit payments as at March 31, 2019 and December 31, 2018:

Less than 1 year	P	300,708
More than 1 year to 5 years		530,767
More than 5 years		4,694,838
	P	5,526,313

27. INCOME TAXES

- The Group's income tax expense is broken down as follows:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Current	0	2,724,145	40,538,638
Deferred	0	0	-2,710,072
	0	**2,724,145**	**37,828,566**

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

		2018		2017		2016
Statutory income (loss) tax	**P**	**16,630,002**	P	107,185,187	P	(52,208,071)
Adjustments resulting from:						
Income subjected to final tax		**(6,579,955)**		(5,960,679)		(5,374,637)
Non-deductible expenses		**41,057,923**		13,839,537		6,808,447
Effect of ITH		**-**		(56,859,912)		-
Unrecognized temporary differences		**(13,279,404)**		289,258		27,429,918
Tax effect of unrecognized temporary difference applied during the year		**-**		(45,746,691)		-
Tax expense reported in the statements of comprehensive income	**P**	**37,828,566**	P	12,746,700	P	(23,344,343)

- Components of the Group's deferred tax assets and deferred tax liability as at December 31, 2018 and 2017 are as follows:

		2018		2017
Deferred tax assets on:				
Provision for royalties	**P**	**24,264,944**	P	21,093,616
Unrealized foreign exchange loss		**-**		6,367,715
Provision for site rehabilitation cost		**16,908,774**		4,249,936
Retirement benefit obligation		**1,382,427**		1,259,514
	P	**42,556,145**	P	32,970,781
Deferred tax liability on unrealized foreign exchange gain		**7,093,627**		-
	P	**35,462,518**	P	32,970,781

- The changes in deferred tax assets are as follows:

		2018		2017
Balances, January 1	**P**	**32,970,781**	P	38,531,473
Provision for deferred income tax taken to:				
Profit for the period		**2,710,072**		(5,370,235)
Other comprehensive income		**(218,335)**		(190,457)
Balances, December 31	**P**	**35,462,518**	P	32,970,781

- The Parent Company did not provide any deferred tax assets on net operating loss carry over (NOLCO) amounting to P3,610,882 and P3,132,452 in 2018 and 2017, respectively. The Parent Company's management believes that it may not be probable that future taxable income will be available in the near future against which the deferred tax asset can be utilized.

  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:

	NOLCO								
Year Incurred		**Amount**		**Applied Previous Year**		**Expired**		**Remaining Balance**	**Expiry**
2015	P	3,478,593	P	-	P	3,478,593	P	-	2018
2016		4,118,520		-		-		4,118,520	2019
2017		2,844,392		-		-		2,844,392	2020
2018		5,073,361		-		-		5,073,361	2021
	P	15,514,866	P	-	P	3,478,593	P	12,036,273	

28. 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 at December 31, 2018, 2017 and 2016:

Category	Year	Amount of transactions	Advances to related parties	Terms and conditions
Affiliates				
Citimax Group, Inc.				
Cash advances	**2018**	**P -**	**P 776,062,763**	Unsecured; no fixed
	2017	548,575,965	1,803,858,153	repayment term;
	2016	604,032,841	1,820,644,635	noninterest bearing
Contract fees	**2018**	**147,000,000**	**-**	Unsecured; no fixed
	2017	147,000,000	-	repayment term;
	2016	339,862,764	-	noninterest bearing
Associate				
Oriental Energy & Power Generation Corp.				
Cash advances	**2018**	**515,231,432**	**494,824,060**	Unsecured; no fixed
	2017	**-**	279,592,628	repayment term;
	2016	-	279,592,628	noninterest bearing
Stockholder				
Cash advances	**2018**	**64,693,060**	**153,120,513**	Unsecured; no fixed
	2017	-	88,558,178	repayment term;
	2016	54,778,505	88,558,178	noninterest bearing
	2018		**P 1,424,007,336**	
	2017		P 2,172,008,959	
	2016		P 2,188,795,441	

Transactions with related parties are made at normal market prices. These advances are unsecured, no fixed repayment term and non-interest bearing. 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)*
Citimax is an affiliate subject to common control of certain stockholders. The Group provided cash advances to Citimax to cover its working capital requirement. Cumulative advances to Citimax as at December 31, 2018, 2017 and 2016 amounted to P776.1 million, P1.8 billion and P1.8 billion, respectively.

Citimax provides services related to mining activities. These services include, but not limited to hauling, stevedoring, equipment maintenance and equipment rental. Contract fees are applied to the advances.

(ii) *Oriental Energy & Power Generation Corp. (Oriental Energy)*
In 2017 and 2016, Oriental Energy is an affiliate subject to common control of certain stockholders. The Group provided cash advances to Oriental Energy to cover its working capital requirement. Cumulative advances to Oriental Energy as at December 31, 2017 and 2016 amounted to P280 million.

In 2018, the Parent Company subscribed to 3,000,000 shares of Oriental Energy at P100 par value per share or a total amount of P300 million. The subscription represents 32.35% equity interest in Oriental Energy and was fully paid through a debt-to-equity conversion.

The Group has significant influence over Oriental Energy because of its representation in the BOD of Oriental Energy and the existence of interlocking key management personnel. Accordingly, Oriental Energy is determined to be an associate of the Group.

(iii) Stockholder
The Group provided cash advances to Ms. Caroline L. Tanchay. The advances are not subject to interest, no fixed repayment period and has no collateral.

(iv) During the period, there was no compensation paid to key management personnel of the Group.

29. EARNINGS PER SHARE

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

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Net income (loss) attributable to equity holders of the Parent company (a)	-365,783,343	54,943,766	18,081,121
Divided by the weighted average common shares outstanding during the year (b)	2,878,500,005	2,878,500,005	2,878,500,005
Earnings (Loss) per share (a/b)	**-0.127**	**0.019**	**0.006**

As at March 31, 2019, December 31, 2018, and March 31, 2018 the Parent Company has no potential shares with dilutive effect.

30. 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 Group'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.

31. 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 as at March 31, 2019, December 31, 2018 and March 31, 2018:

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Share capital	2,878,500,005	2,878,500,005	2,878,500,005
Share premium	445,025,896	445,025,896	445,025,896
Retained earnings	3,143,679,050	3,490,269,410	3,509,462,394
	6,467,204,951	**6,813,795,311**	**6,832,988,295**

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, 2018 and 2017.

The Group is not subject to externally imposed capital requirements.

32. SUPPLEMENTAL DISCLOSURE TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Non-cash investing activities

Non-cash investing activities in 2018, 2017 and 2016 are as follows:

	2018	2017	2016
Additions/adjustments to mine rehabilitation asset	**P 24,946,564**	P -	P 7,038,000
Acquisition of investment in an associate through a debt-to-equity conversion	**300,000,000**	-	-
	P 324,946,564	P -	P 7,038,000

33. OTHER MATTERS

Commitments

Operating lease

The Group has lease arrangements, which are renewable upon mutual agreement and are accounted for as an operating lease. These lease agreements required the Group to pay security deposits which are included under "Other non-current assets - net" in the consolidated statements of financial position.

Contingencies

The Group is a defendant in 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.

TRAIN

The Tax Reform for Acceleration and Inclusion (TRAIN) Act was signed into law on December 19, 2017 and took effect on January 1, 2018. The amendments made on Section 151 of Tax Code which pertain to the increase in excise tax rate from 2% to 4% on all metallic minerals based on the market value of the gross output thereof at the time of the removal had a significant impact on the consolidated financial statement of the Group for the year ended December 31, 2018.

Restatements

In 2017, the Citinickel applied for an ITH-bonus year covering taxable year 2017. As of April 15, 2018, the application is still pending approval by the BOI for the year ended December 31, 2017. Citinickel computed income tax due without the benefit of the ITH. On July 11, 2018, the application was approved but only covering the period March 9, 2016 to March 8, 2017.

At the special meeting of the Board of Directors of Citinickel held on March 28, 2019, the BOD approved the filing of the amended 2017 Income Tax Return to reflect the appropriate impact of the approved bonus year under its BOI Certificate of Registration No. 11-057. The BOD further resolved that the changes in the computation of income tax liabilities for taxable year 2017 be taken up as a retrospective adjustment in the 2018 consolidated financial statements.

The effect of the changes in the computation of income tax liabilities to the consolidated financial statements as at and for the year ended December 31, 2017 are as follows:

	As previously reported	Adjustments	As restated
Consolidated Statement of Financial Position			
Income tax payable	P 63,942,025	P (56,859,912)	P 7,082,113
Retained earnings attributable to equity holders of the Parent Company	3,435,325,644	56,055,629	3,491,381,273
Non-controlling interest	154,628,995	804,283	155,433,278
Consolidated Statement of Comprehensive Income			
Income tax expense - current	64,236,377	(56,859,912)	7,376,465
Income attributable to equity holders of the Parent Company	283,563,525	56,055,629	339,619,154
Income attributable to non-controlling interest	4,113,818	804,283	4,918,101
Earnings per share attributable to equity holders of the Parent Company	0.099	0.019	0.118

The restatement did not affect the 2017 consolidated statement of cash flows.