

2012 ANNUAL REPORT





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## CORPORATE PROFILE

Century Peak Metals Holdings Corporation (“CPMHC”, the “Company”, the “Parent Company”, or the “Issuer”), formerly Fil-Hispano Corporation, was registered with the Philippine Securities and Exchange Commission (“SEC”) on December 30, 2003. On February 15, 2008, the SEC approved the change in the Company’s corporate name to Century Peak Metals Holdings Corporation.

On April 14, 2008, the SEC approved the amendment of the Company’s articles of incorporation. Its primary purpose was changed to include promoting, operating, managing, holding, acquiring or investing in corporations or entities that are engaged in mining activities or mining-related activities. The Company further expanded its primary purpose by including investing in real estate development and energy. Its amended articles of incorporation was approved by the SEC on March 18, 2010.

The Company listed its common shares of stock with the Philippine Stock Exchange (“PSE”) on October 6, 2009.

The registered office address of the Parent Company is at Units 1403 and 1404 Equitable Bank Tower Condominium, 8751 Paseo de Roxas, Makati City.

The Company has four subsidiaries, the wholly-owned subsidiary Century Peak Corporation (“CPC”), 55%-owned subsidiary Century Hua Guang Smelting Incorporated (“CHGSI”), 60%-owned subsidiary Century Sidewide Smelting Incorporated (“CSSI”) and 80%-owned subsidiary, through CPC, Century Summit Carrier, Inc. (“CSCI”).

# VISION/MISSION/BUSINESS STRUCTURE

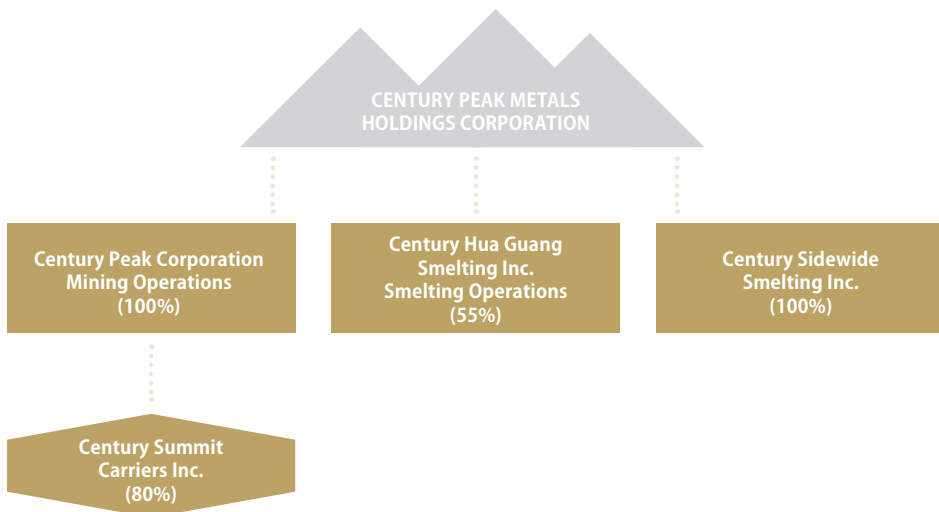
## Vision Statement

An integrated mining company dedicated to operational excellence, conscious of its social and environmental responsibilities, and committed to delivering superior shareholder returns.

## Mission Statement

- We shall invest in and operate a diversified and cost competitive portfolio of mines, tenements and businesses.
- We shall be committed to operational excellence, the safety of our employees and host communities, and the prudent stewardship of the areas we operate in.
- We shall be a socially responsible organization committed to engaging and uplifting the lives of people in our communities.
- We shall be mindful of the welfare of our employees and be partners in actualizing their potential and in the development of their careers.
- We shall always be aware of the concerns of all our stakeholders and be open to solutions and resolutions that are mutually beneficial.
- We believe and shall act in accordance with the idea that maximizing shareholder value and being a responsible corporate entity are not mutually exclusive propositions.

## Business Structure



## CHAIRMAN'S MESSAGE



Dear Shareholders and Friends,

In the year 2012, Century Peak Metals Holdings Corporation focused its financial resources in expanding its mining operations in Dinagat Island. From the combined output of the Casiguran and the Esperanza nickel mining projects, the Company shipped 300,238 wet metric tons of lateritic nickel ore with an average grade of 0.81% Ni and 48.20% Fe. Forty-nine percent (49%) of the ore shipped came from Casiguran mining project while the 51% ore was contributed by the Esperanza mining project, commonly referred to as Rapid City.

During the year our wholly-owned mining operations subsidiary Century Peak Corporation (CPC) got the permission of the Mines and Geosciences Bureau (MGB) to proceed with the full mining operation of Parcel 2 of the Mineral Production Sharing Agreement (MPSA) No. 283-2009-XIII-(SMR) located in Barangay Esperanza in the Municipality of Loreto. The interim approval of the Declaration of Mining Project Feasibility (DMPF) on March 23, 2012 authorized CPC to proceed with the development and commercial extraction of the limonite zone of the nickel laterite ore deposit.

The fleet of mining equipment purchased in the year 2011, such as excavators, dump trucks, and bull dozers were utilized and distributed between the two mining areas, Casiguran and Esperanza in support of its mining operations. Moreover the two (2) units of self-propelled Landing Craft Transport/Tank (LCT) that your company acquired through its subsidiary Century Summit Carriers Inc., were utilized in support of CPC's nickel ore shipment and other cargo shipping requirements during the year.

While your Company was in high gear as far as mine production is concerned, the Company has stood by its commitment to uplift the host communities' standard of living through the implementation of the CY 2012 Annual Social Development and Management Program (ASDMP). About PhP 630,000.00 was spent for the socio economic projects of the host communities: Barangay Panamaon, Barangay Esperanza, and Barangay Santiago.

In line with your Company's support of Responsible Mining and adherence to its Environmental Management Program, the Company has embarked on constructing more siltation ponds in the mining area. Existing ponds were de-silted and rehabilitated to mitigate erosion of silt to the natural tributaries. The mining operations group was directed to establish and to form proper mining benches to promote slope stability in the pit area. Disturbed and mined out areas were planted endemic tree seedlings or plants in line with the Company's re-vegetation program.

Century Peak Metals Holdings Corporation's subsidiary Century Hua Guang Smelting, Inc., (CHGSI) discontinued the development of its Ferro-Nickle Smelting Project and other related operations located at the Leyte Industrial Development Estate (LIDE), in Isabel, Leyte. This transpired upon the request of CHGSI's investor and technical partner in China to hold in abeyance the development of the smelting plant due to financial difficulties in China.

Very Truly Yours,

  
Wilfredo D. Keng

## REVIEW OF OPERATIONS



### Century Peak Corporation

Century Peak Corporation (“CPC”), a wholly owned subsidiary of Century Peak Metals Holdings Corporation, was established on March 30, 2006 for the purpose of investing in and engaging in the business development, operation and mining of any mineral resources in the Philippines. CPC currently has two (2) active nickel mining projects – The Casiguran Nickel Mining Project and the Esperanza Nickel Mining Project (Rapid City) -- located in the Island Province of the Dinagats, an island North of Surigao Del Norte in the Southern Philippines.

In April of 2010, Dr. Carlo A. Arcilla , an Accredited Competent Person in accordance with the definition of the Philippine Mineral Reporting Code (PMRC), released two Geologic Resource Evaluation Reports stating that the Casiguran Nickel Mining Project has a combined indicated and measured resource of 9,897,000 Dry Metric

Tons with a grade of 1.02 % Nickel (at 0.8% nickel Cut-off) and that the Esperanza (Rapid City) Nickel Mining Project , Parcel 2 in particular revealed a combined indicated and measured resource of 9,067,000 Dry Metric Tons with a grade of 1.07% Nickel (at 0.8% Nickel cut-off).

### The Casiguran Nickel Mining Project

In the year 2012, CPC extracted 148,225 WMT of Lateritic Nickel Ore averaging 0.79 %Nickel and 48.14 %Iron.

The Mining Project covered by Mineral Production Sharing Agreement (MPSA) No. 010-92-X which was acquired by virtue of a Deed of Assignment executed with Casiguran Mining corporation on May 29, 2006 and approved by the Department of Environment and Natural Resources (DENR) on December 11, 2006 is located in Barangay Panamaon on the north western portion of the Dinagat Island.





It is along the coast of Sitio Marayag in Barangay Panamaon, that the mining project's principal infrastructures such as Administration/ Engineering office, Warehouse, Assay Laboratory, and Staff Housing/Bunk Houses are situated, including the pier/causeway that serves as the main beaching port for LCTs loading direct shipping lateritic ore of the Casiguran mineral ore.

### **The Esperanza Nickel Mining Project**

The mining project which is located in Barangay Esperanza on the North Eastern portion of the Dinagat Island, extracted a total of 152,013 WMT of lateritic nickel ore averaging 0.82 %Ni and 48.26 % Fe in the year 2012. Mining was concentrated on Limonite zone rich in iron content of the North Block of Parcel 2 (MPSA 283-2009-XIII-SMR).

Development and commercial operation of Parcel 2 commenced upon the approval of the Interim Declaration of Mining Project Feasibility (DMPF) on March 23, 2012 by the Mines and Geosciences Bureau (MGB).

While the actual extraction of lateritic nickel ore is done at Sitio Bel-at in Barangay Esperanza, the mining project utilized the Assay Laboratory in Barangay Panamaon. But since, the Esperanza mining project site is on the other side of the Island, CPC utilizes the causeway/ pier at Sitio Bel-at coast which is shared with Oriental Synergy Mining Corporation and AAM-Phil Mining Corporation.

During the remaining months of the 2012 mining season, CPC started the construction of the road network leading to the Southern portion of the Parcel 2. This is in preparation of CPC to develop the South Block of Parcel 2 for mining production. A causeway/pier is also being considered to be constructed at Kalanugan Point, strategically located to be utilized as beaching causeway/pier for the South Block direct shipping lateritic nickel ore which also high in iron content.

## CORPORATE SOCIAL RESPONSIBILITY



### Environmental Management

Guided by the principle of sustainable development through responsible mining, CPC continuously endeavors to address the proper implementation of its Environmental Management Programs (EMP). The earnestly, coordinates all the activities in line with the National Greening Program whose main objective is to plant 1.5 Billion trees over about 1.5 Million hectares for a period of six (6) years from the year 2011 to 2016.

In coordination with the MGB Region 13, technical personnel and through the guidance of the members of the Mine Monitoring Team (MMT), CPC sees to it that the programs

incorporated in the Environmental Protection and Enhancement Program (EPEP) are implemented properly and such activities are closely monitored.

Major activities during the year 2012 includes, but not limited to, construction of additional settling ponds, rehabilitation and de-siltation of existing settling ponds, bench forming, and rehabilitation of drainage systems. Partial re-vegetation of disturbed areas was also undertaken by planting endemic seedlings from CPC's Nursery located in Sitio Marayag. Another Nursery is being planned to be constructed in a location near the Esperanza Mining Project area.

## Social Development

Century Peak Corporation (CPC), as part of its socio civic responsibility always desires to promote and assist in the development of the host and neighboring communities. The focus of which is to uplift the general welfare of the inhabitants living near in the area where the mining area is located.

Following the guidelines of the DENR Administrative Order No. 2010-21 as provided under Section 135, the needs of the community are identified and prioritized in planning for the Programs/ Projects/Activities (PPAs) under the Social Development and Management Program (SDMP).



The PPAs implemented for CY 2012 are as follows:

- The Company provided the initial capital for the Rice Trading activity of twenty (20) local women of the Barangay Panamaon.
- Barangay Esperanza's Coastal Area Managers of Esperanza (CAME), a multi-purpose cooperative consisting of farmers, fishermen, women, and senior citizens, is the recipient of fertilizers, pesticides, and seedlings from the Company.
- Financial assistances were also provided for the maintenance and improvement of the barangay domestic water system for Barangay Panamaon and construction of drainage canals (partially completed) for the residents of Barangay Esperanza.
- Repairs/maintenance of school, church, and health facilities.
- Construction of Barangay Public Toilets at the local Gymnasium.
- Subsidies were provided to volunteer teachers in the local elementary grade school.
- Supplemental feeding program was conducted on pre-schoolers.
- Sponsorships on several sports activities and community festivities.

Aside from the above, the Company also took part in Barangay initiated programs, one of which is the Clean-up Drive for Barangay Panamaon. Monitoring and review of the proper implementation of PPAs are conducted quarterly to ensure that SDMP funds are utilized to attain the objective.

## STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of Century Peak Metals Holdings Corporation and Subsidiaries is responsible for all information and representations contained in the consolidated financial statements for the periods ended December 31, 2011 and 2012. The consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized.

The Board of Directors reviews the consolidated financial statements before such statements are approved and submitted to the stockholders of the Company.

Manabat Sanagustin & Co., CPAs, the independent auditor appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing and have expressed their opinion on the fairness of presentation upon completion of such audit, in the report to the stockholders.



Mr. Wilfredo D. Keng

President and Chief Executive Officer



Mr. Enrico M. Trinidad

Senior Vice President and Chief Finance Officer

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
Century Peak Metals Holdings Corporation and Subsidiaries

We have audited the accompanying consolidated financial statements of Century Peak Metals Holdings Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Century Peak Metals Holdings Corporation and Subsidiaries as at December 31, 2012 and 2011, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2012 in accordance with Philippine Financial Reporting Standards.

*Manoel Samagustin Jr.*

April 12, 2013

Makati City, Metro Manila

**CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Note	2012	2011
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	6	P23,139,550	P11,408,167
Trade receivables - net	7	23,779,698	-
Inventories	8	998,495	97,278,307
Due from related parties	22	3,161,048	5,720,214
Other current assets - net	9	13,864,861	4,892,448
<b>Total Current Assets</b>		<b>64,943,652</b>	119,299,136
<b>Noncurrent Assets</b>			
Available-for-sale (AFS) securities	10	1,500,000	1,500,000
Investment properties	11	21,385,768	21,385,768
Property and equipment-net	12	976,372,401	980,694,753
Explored mineral resources-net	13	1,976,923,475	2,015,071,626
Deferred tax assets	19	2,273,799	16,907,134
Other noncurrent assets	14	121,131,822	108,461,517
<b>Total Noncurrent Assets</b>		<b>3,099,587,265</b>	3,144,020,798
		<b>P3,164,530,917</b>	P3,263,319,934
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	15	P20,912,883	P19,907,709
Due to stockholders	22	325,050,050	400,226,034
Income tax payable	19	2,190,099	3,952
<b>Total Current Liabilities</b>		<b>348,153,032</b>	420,137,695
<b>Noncurrent Liability</b>			
Provision for site rehabilitation	16	8,491,778	7,714,824
<b>Total Liabilities</b>		<b>356,644,810</b>	427,852,519
<b>Equity</b>			
Capital stock	21	2,820,330,450	2,820,330,450
Additional paid-in capital		1,931,550	1,931,550
Deficit		(93,861,340)	(71,732,673)
<b>Total Equity Attributable to Equity Holders of the Parent</b>		<b>2,728,400,660</b>	2,750,529,327
Non-controlling interest		79,485,447	84,938,088
<b>Total Equity</b>		<b>2,807,886,107</b>	2,835,467,415
		<b>P3,164,530,917</b>	P3,263,319,934

See Notes to the Consolidated Financial Statements.



**CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		<b>Years Ended December 31</b>		
	<i>Note</i>	<b>2012</b>	2011	2010
<b>REVENUE</b>		<b>P263,330,094</b>	P -	P53,174,359
<b>COST OF SALES</b>	<i>17</i>	<b>221,666,534</b>	-	14,154,108
<b>GROSS INCOME</b>		<b>41,663,560</b>	-	39,020,251
Operating expenses	<i>18</i>	<b>(50,392,158)</b>	(81,365,684)	(52,396,406)
Interest expense	<i>16</i>	<b>(776,954)</b>	(704,109)	(639,847)
Interest income		<b>13,989</b>	73,634	78,188
Rent income		-	197,600	280,000
Foreign exchange loss		<b>(1,307,985)</b>	(1,369,807)	(644,964)
Other income		<b>40,983</b>	-	-
<b>LOSS BEFORE INCOME TAX</b>		<b>(10,758,565)</b>	(83,168,366)	(14,302,778)
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<i>19</i>			
Current		<b>4,263,988</b>	3,952	780,405
Deferred		<b>12,557,494</b>	(14,011,831)	6,929,553
Final		<b>1,261</b>	8,898	-
		<b>16,822,743</b>	(13,998,981)	7,709,958
<b>NET LOSS/TOTAL COMPREHENSIVE LOSS</b>		<b>(P27,581,308)</b>	(P69,169,385)	(P22,012,736)
<b>ATTRIBUTABLE TO:</b>				
Equity holders of the parent company		<b>(P22,128,667)</b>	(P62,705,334)	(P18,660,551)
Non-controlling interests		<b>(5,452,641)</b>	(6,464,051)	(3,352,185)
		<b>(P27,581,308)</b>	(P69,169,385)	(P22,012,736)
<b>Loss Per Share</b>				
Basic/Diluted	<i>25</i>	<b>(P0.0078)</b>	(P0.0222)	(P0.0066)

*See Notes to the Consolidated Financial Statements.*



**CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Attributable to Equity Holders of the Parent				Noncontrolling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total		
<b>Balance at January 1, 2012</b>	P2,820,330,450	P1,931,550	(P71,732,673)	P2,750,529,327	P84,938,088	P2,835,467,415
<b>Net loss/total comprehensive loss for the year</b>	-	-	(22,128,667)	(22,128,667)	(5,452,641)	(27,581,308)
<b>Balance at December 31, 2012</b>	<b>P2,820,330,450</b>	<b>P1,931,550</b>	<b>(P93,861,340)</b>	<b>P2,728,400,660</b>	<b>P79,485,447</b>	<b>P2,807,886,107</b>
Balance at January 1, 2011	P2,820,330,450	P1,931,550	(P9,027,339)	P2,813,234,661	P38,902,139	P2,852,136,800
Net loss/total comprehensive loss for the year	-	-	(62,705,334)	(62,705,334)	(6,464,051)	(69,169,385)
Transactions with owners, recorded directly in equity - subscription on newly incorporated entities	-	-	-	-	52,500,000	52,500,000
<b>Balance at December 31, 2011</b>	<b>P2,820,330,450</b>	<b>P1,931,550</b>	<b>(P71,732,673)</b>	<b>P2,750,529,327</b>	<b>P84,938,088</b>	<b>P2,835,467,415</b>
Balance at January 1, 2010	P2,820,330,450	P1,931,550	P9,633,212	P2,831,895,212	P42,254,324	P2,874,149,536
Net loss/total comprehensive loss for the year	-	-	(18,660,551)	(18,660,551)	(3,352,185)	(22,012,736)
<b>Balance at December 31, 2010</b>	<b>P2,820,330,450</b>	<b>P1,931,550</b>	<b>(P9,027,339)</b>	<b>P2,813,234,661</b>	<b>P38,902,139</b>	<b>P2,852,136,800</b>

See Notes to the Consolidated Financial Statements.

**CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years Ended December 31**

	<i>Note</i>	2012	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before income tax		<b>(P10,758,565)</b>	(P83,168,366)	(P14,302,778)
Adjustments for:				
Depreciation and depletion	<i>12, 13</i>	<b>64,202,144</b>	18,576,153	16,450,545
Share in net loss of non-controlling interests		<b>5,452,641</b>	6,464,051	3,352,185
Interest expense		<b>776,954</b>	704,109	639,847
Provision for impairment of input VAT		<b>460,683</b>	8,667,554	-
Unrealized foreign exchange loss (gain)		<b>251,057</b>	1,369,807	(87,669)
Interest income		<b>(13,989)</b>	(73,634)	(78,188)
Provision for probable losses		-	9,156,473	-
Provision for doubtful accounts		-	3,488,955	-
Operating income (loss) before working capital changes		<b>60,370,925</b>	(34,814,898)	5,973,942
Decrease (increase) in:				
Inventories		<b>96,279,812</b>	(18,101,865)	-
Trade receivables		<b>(23,804,937)</b>	1,905,926	69,475,707
Other current assets		<b>(9,433,096)</b>	(4,590,306)	(282,497)
Increase (decrease) in accounts payable and other current liabilities		<b>1,005,174</b>	(15,751,883)	(71,389,590)
Cash generated from (absorbed by) operations		<b>124,417,878</b>	(71,353,026)	3,777,652
Interest received		<b>13,989</b>	73,634	78,188
Income tax paid		<b>(3,261)</b>	(789,303)	(1,293,484)
Net cash provided by (used in) operating activities		<b>124,428,606</b>	(72,068,695)	2,562,266
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property and equipment	<i>12</i>	<b>(21,731,641)</b>	(356,160,555)	(58,615,986)
Acquisition of AFS securities		-	-	(1,500,000)
Decrease (increase) in:				
Due from related parties		<b>2,559,166</b>	(5,720,214)	-
Other noncurrent assets		<b>(12,670,305)</b>	97,525,518	(205,384,770)
Net cash used in investing activities		<b>(31,842,780)</b>	(264,355,251)	(265,500,756)

*(Forward)*

**Years Ended December 31**

	<i>Note</i>	<b>2012</b>	2011	2010
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances from (payments to) stockholders		<b>(P75,175,984)</b>	P255,769,950	P100,683,903
Decrease in non-controlling interest		<b>(5,452,641)</b>	(6,464,051)	(3,352,185)
Proceeds from issuance of shares to minority owners		-	52,500,000	-
Net cash provided by (used in) financing activities		<b>(80,628,625)</b>	301,805,899	97,331,718
<b>EFFECT OF EXCHANGE RATE CHANGES IN CASH</b>				
		<b>(225,818)</b>	-	10,143
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>11,731,383</b>	(34,618,047)	(165,596,629)
<b>CASH AT BEGINNING OF YEAR</b>		<b>11,408,167</b>	46,026,214	211,622,843
<b>CASH AT END OF YEAR</b>	<i>6</i>	<b>P23,139,550</b>	P11,408,167	P46,026,214

*See Notes to Consolidated Financial Statements.*

# CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Corporate Information

Century Peak Metals Holdings Corporation (CPMHC or the “Parent Company”), formerly Fil-Hispano Corporation, was registered with the Philippine Securities and Exchange Commission (SEC) on December 30, 2003. On February 15, 2008, the SEC approved the change in the Parent Company’s corporate name to Century Peak Metals Holdings Corporation.

On April 14, 2008, the SEC approved the amendment of the Parent Company’s Articles of Incorporation changing its primary purpose to include promoting, operating, managing, holding, acquiring or investing in corporations or entities that are engaged in mining activities or mining-related activities. The Parent Company further expanded its primary purpose by including investing in real estate development and energy. The amended articles of incorporation was approved by the SEC on March 18, 2010.

The Parent Company listed its common shares of stock with the Philippine Stock Exchange (PSE) on October 6, 2009.

During the annual meeting of the stockholders of the Issuer on December 14, 2012, the stockholders authorized the Issuer to (a) change its principal office address from 14/F Floor Equitable Bank Building, 8751 Paseo de Roxas, Makati City, to 17/F Philamlife Tower Condominium, 8767 Paseo de Roxas, Makati City, and (b) amend the Third Article of its Articles of Incorporation to reflect the change in its principal office address. The change in the Issuer’s principal office address shall be effective upon approval by the Securities and Exchange Commission of the amendment of the Issuer’s articles of incorporation.

The Parent Company operates as the holding company of the following subsidiaries:

	Percentage of Ownership <sup>(a)</sup>	
	Direct	Indirect
Century Peak Corporation (CPC)	100.00	-
Century Hua Guang Smelting Incorporated (CHGSI)	55.00	-
Century Sidewide Smelting Incorporated (CSSI) <sup>(b)</sup>	60.00	-
Century Summit Carrier, Inc. (CSCI) <sup>(b) (c)</sup>		80.00

<sup>(a)</sup> Based on the Parent Company’s interest in the issued and outstanding shares of the subsidiaries

<sup>(b)</sup> CSSI and CSCI were incorporated on September 6, 2011 and September 29, 2011, respectively

<sup>(c)</sup> Owned by the Parent Company through CPC.

The Parent Company and its subsidiaries are collectively referred to in the notes to the consolidated financial statements as the “Group”.

All of the foregoing subsidiaries were incorporated in the Philippines and are registered with the SEC.

The principal activities of the Parent Company's subsidiaries are as follows:

Name of Subsidiaries	Principal Activities
CPC	Invest in and engage in the business of operating and mining of any mineral resources in the Philippines such as iron, ore, copper, gold, silver, lead, manganese, chromites, nickel, etc.
CHGSI	Invest in and engage in the business of operating and mining of any mineral resources in the Philippines such as iron, ore, copper, gold, silver, lead, manganese, chromites, nickel, etc.
CSSI	Invest in and engage in the business of operating and mining of any mineral resources in the Philippines and to engage in the business of managing, administering solid waste disposal system.
CSCI	Engage in the business of operating barges, steamships, motorboats and other kinds of water crafts for the transportation of cargoes and passengers.

In 2011, the Parent Company has entered into a partnership with Sidewide Resources (H.K.) Limited, a subsidiary of Chaoyang Saiwai Mining Co., Ltd of P. R. China., a group that owns an iron powder processing plant, electric furnace smelting plant, and primarily does mineral ore trading. It is the Parent Company's plan to set up electric furnaces in the future to enhance the production of its nickel pig iron at the Leyte Industrial Development Estate (LIDE). From this formed partnership, CSSI is incorporated.

On December 8, 2011 CSCI was registered with the Maritime Industry Authority ("Marina") with Certificate No. DSO-2006-003-095 (2011) under Marina Circular 2006-003, which is valid until December 7, 2014.

#### Mineral Rights of CPC

The table below summarizes CPC's mineral rights:

Tenement Designation	Area Covered (Hectares)	Location
MPSA-010-92-X	1,198	Casiguran, Loreto, Dinagat Islands
MPSA-283-2009-XIII-SMR	3,188	Libjo (Albor), Dinagat Islands
EPA-IVB-139	5,136	Iwahig, Puerto Princesa, Palawan
APSA-086-XIII	660	Acoje, Loreto, Dinagat Islands

CPC acquired Mineral Production Sharing Agreement (MPSA) No. 010-92-X covering its Mineral Right in Casiguran, Loreto, Province of Dinagat Islands, otherwise known as the Casiguran Nickel Project, by virtue of a Deed of Assignment executed with Casiguran Mining Corporation on May 29, 2006, which was approved by the Department of Environment and Natural Resources (DENR) on December 11, 2006.

The Company's Mineral Rights in Libjo (Albor), Dinagat Islands is covered by MPSA-283-2009-XIII-SMR, which was approved on June 19, 2009.

The Iwahig property is covered by an Exploration Permit Application (EPA) designated as EPA-IVB-139. The EPA was denied by Mines and Geosciences Bureau (MGB) Regional Office IV-B in 2012.

The Acoje Property is covered by an Application for Mineral Production Sharing Agreement (APSA) designated as APSA-086-XIII as well as by Environmental Compliance Certificate (ECC) No. 008-345-301C. The APSA was denied by the MGB Central Office in 2012.

CPC has a Joint Operating Agreement within Philippine Mining Development Corporation (PMDC) as the operating partner for the exploration, development and mining operations of the Pinamungahan Limestone Property. This covers an area of 4,795 hectares located in Toledo and Pinamungahan, Cebu.

#### Mining Operations of CPC

CPC has continuing exploration work in the Province of Dinagat Islands and mining activities in selected areas on the same island.

Management believes that significantly more value will be added to the Groups' raw ore, and therefore shareholder interests will be maximized, by smelting it and selling it as nickel pig iron. This is also in conjunction with the Government's plan to prohibit the sale of raw ore by 2016.

CPC has released two Geologic Resource Evaluation Reports, an update to its Casiguran Mine Prospect, Dinagat Island covered by its MPSA 010-92-X and a new Resource Evaluation Report for its Rapid City Parcel II Prospect covered by its MPSA 283-2009-XIII-SMR, both prepared by Dr. Carlo A. Arcilla, an Accredited Competent Person in accordance with the definition of the Philippine Mineral Reporting Code (PMRC).

Based on the reports, the Casiguran Mine Prospect has a combined indicated and measured resource of 9,897,000 DMT with a grade of 1.02% Nickel (at 0.8% nickel cut-off). In addition, new data from the Rapid City Parcel II Prospect reveal a combined indicated and measured resource of 9,067,000 DMT with a grade of 1.07% Nickel (at 0.8% Nickel cut-off). These could represent to 100,000 metric tons of pure nickel and 3.5 million tons of iron in its Casiguran property, and 90,000 tons of pure nickel and 3.8 million tons of iron in their Rapid City property, subject to mining plans and metal recovery parameters.

The management looks forward to continue developing and exploring these mineral properties either on its own or with joint venture partners.

#### The Smelting Plant Project

Located at the LIDE, the Company's smelting plant project, through its subsidiary CHGSI, will be constructed in three phases. The project is in its pre-operating phase and therefore expenses for construction are not matched by any revenues. The first phase of the smelter project is expected to produce approximately 100,000 tons of nickel pig iron, which is in high demand in China. The total project cost is approximately P1.0 billion, to which will be added working capital requirements of about P200.0 million. These financial requirements are expected to be financed by a combination of debt and equity.

At the initial pre-operating stage, the smelter project is expected to employ 230 persons, at both managerial and production levels. CHGSI expects to employ additional manpower requirements depending on the smelter's capacity.

An Environmental Compliance Certificate (ECC) was issued to CHGSI for its Ferro-Nickel smelting plant project on April 16, 2010. With the issuance of the aforementioned ECC, CHGSI can now commence with the project implementation of its smelting plant at the LIDE.

An amended ECC was received by CHGSI with Reference Code 1003-0011 issued by the Environmental Management Bureau (EMB), Central Office, to include the installation of a Coking Coal Plant to be located in LIDE.

CHGSI has signed a Memorandum of Agreement (“MOA”) with Mr. Liu ShenJie, the owner of patents and patents applications for “A Smelting Process of Ferro-Nickel with Nickel Oxide Ore Free of Crystal Water in a Blast Furnace” & “A Smelting Process of Ferro-Nickel with Oxide Ore Containing Crystal Water in a Blast Furnace” (collectively known as the “Patents”). With the signing of the MOA, CHGSI was granted an exclusive license over the Patents for its Philippine operations.

CHGSI has received notices of issuance of letters patent by the Philippine Intellectual Property Office, in favor of the Patentee Liu Shenjie, for his inventions. The letters patent grants unto its owner/s the exclusive right throughout the Philippines to make, use, sell or import the invention and where the invention includes a process, including the product obtained directly or indirectly from such process.

Earthwork activities have been undertaken for the smelting plant project. Filipino and Chinese engineers have collaborated to prepare the site to receive the equipment which is sourced from the People’s Republic of China (“China”). The Company’s partners at CHGSI are prepared to provide both technological and financial assistance, in addition to having shown interest in the off take of the output of the smelting plant.

In 2012, the investor and technology partner in China requested CHGSI to halt the smelting plant project due to financial difficulties in China. CHGSI has halted all development work while negotiations with a new partner are ongoing.

CHGSI’s application for Mineral Processing Permit (MPP) for its smelting plant is under evaluation with the MGB Regional Office, Region 8 for endorsement to DENR Central Office.

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## **2. Basis of Preparation**

### Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on April 12, 2013.

### Basis of Measurement and Presentation

The consolidated financial statements of the Group have been prepared on a historical cost basis.

### Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional currency. All values are rounded to the nearest peso, unless otherwise indicated.

### Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5 to the consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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### **3. Summary of Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by the Group, except for the changes in accounting policies as explained below.

#### Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group has adopted the following amendments to standards and interpretations starting January 1, 2012 and accordingly changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

- *Disclosures - Transfers of Financial Assets (Amendments to PFRS 7)*, require additional disclosures about transfers of financial assets. The amendments require disclosure of information that enables users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognized financial assets
- Philippine Interpretations Committee Question and Answer (PIC Q&A) No. 2011-02 *PFRS 3.2 - Common Control Business Combinations* provides guidance on how should business combinations involving entities under common control be accounted for, given that these are outside the scope of PFRS 3, *Business Combinations*.

#### Basis of Consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been consistent and aligned with the policies adopted by the Group.

##### *Transactions Eliminated on Consolidation*

Intra-group balances and transactions, and any unrealized income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

##### *Non-controlling Interest*

Non-controlling interest represents the portion of profit and loss and net assets not held by the Group in CHGSI, CCSI, and CSCI and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company.



## Financial Instruments

*Date of Recognition.* Financial instruments are recognized in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

*Initial Recognition of Financial Instruments.* Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial instruments includes transaction costs. The Company classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) securities, and loans and receivables. The Company classifies its financial liabilities either as financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the instruments were acquired or incurred and whether these are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has no financial assets and liabilities at FVPL and HTM investments.

*Determination of Fair Value.* The fair value of financial instruments traded in active markets as at reporting date is based on their quoted market price or dealer price quotations from an active market (bid price for financial assets and ask price for financial liabilities), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

*Loans and Receivables.* Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at cost or amortized cost in the consolidated statements of financial position. Amortization is determined using the effective interest method. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets. Gains and losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

The Group's cash, trade receivables, due from related parties, claims receivable, office fund, rent receivable and rental deposit are classified under this category.

Cash comprises cash balances in banks and petty cash fund.

*AFS Securities.* AFS securities are financial assets which are designated as such, or do not qualify to be classified or have not been classified under any other financial category. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. These include debt and equity securities.

After initial measurement, AFS securities are subsequently measured at fair value. Changes in fair value, other than impairment losses, and foreign currency differences on AFS equity securities are recognized in other comprehensive income as “Unrealized gains or losses on AFS securities” and are presented within equity. The losses arising from the impairment of such securities are recognized in profit or loss. When the security is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is transferred to profit or loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in profit or loss.

When the fair value of AFS securities cannot be measured reliably because of lack of reliable estimates of unobserved inputs such as in the case of unquoted equity instruments, these financial assets are allowed to be carried at cost less impairment, if any.

This category includes equity securities not held for control or significant influence over the investee.

As of December 31, 2012 and 2011, AFS securities represent the Group’s investments in the common shares of Century Peak Property Development, Inc. These equity instruments do not have a quoted market price in an active market and are measured at cost less impairment, if any.

*Other Financial Liabilities.* Issued financial instruments or their components, which are not classified 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 lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset or a fixed number of the Group’s own equity instruments.

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 an integral part of the effective interest rate. The amortization is included as part of interest expense in profit or loss.

The Group’s accounts payable and other current liabilities (excluding taxes payable) and due to stockholders are classified under this category.

#### Impairment of Financial Assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

*Assets Carried at Amortized Cost.* If there is an objective evidence that an impairment loss on assets 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 (excluding future expected credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

The Group first assesses whether objective evidence of impairment exist individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. The Group uses specific criteria in determining whether the receivables will be assessed on a specific approach such as, continuous default in payment of the customers on their maturing obligations, customers' bankruptcy and status of receivables under litigation. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that the group of financial assets is collectively assessed for impairment. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as historical collection experiences, past due status and term. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are no longer included in a collective assessment of impairment.

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

*AFS Financial 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 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.

#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, when applicable a part of financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the assets have expired; or
- 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 under a "pass-through" arrangements; or
- 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 control of the asset.

When the Group has transferred its rights to receive cash flows from an asset 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 the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

*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 derecognition of the original liability and the recognition of a new liability, and the differences in the respective carrying amounts are recognized in profit or loss.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements 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 the master netting agreements as the related assets and liabilities are presented gross in the consolidated statements of financial position.

#### Inventories

Inventories, which consist of nickel ore and chromite ore, is stated at the lower of cost and net realizable value (NRV). NRV for mine products is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The Group uses the weighted average method of inventory costing.

Under the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. The average may be calculated on a periodic basis, or as each additional shipment is received, depending upon the circumstances of the entity.

#### Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less any impairment in value.

Investment properties are derecognized when these have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

#### Mine Site Development Costs

Mine site development costs represent the cost of road network, pier, stockyard and other costs incurred in constructing the production infrastructure. When exploration results are positive or commercially viable, cost incurred for development of mining properties are deferred as incurred. These are capitalized as part of "Mine site development costs" account classified under property and equipment.

Depletion of mine site development costs is computed based on ore extraction over the estimated volume of proven and probable ore reserves as estimated by the Group's geologist and certified by an independent geologist or over the estimated life of specific components whichever results in a shorter period of depreciation.

Mine site development costs are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the item is derecognized.

#### Explored Mineral Resources

Explored mineral resources represent the Group's intangible asset for its right to mine certain areas. Such intangible asset, which has a definite useful life, was acquired by the Group in relation to its acquisition of a group of assets.

Explored mineral resources are measured at cost of acquisition less accumulated depletion and accumulated impairment losses, if any.

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.

Depletion 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. Depletion shall cease at the earlier of the date that the intangible assets is classified as held for sale in accordance with PFRS 5 and the date that asset is derecognized.

The estimated recoverable reserves and the depletion 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.

#### Property and Equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. Land is carried at cost less any impairment in value.

The initial cost of property and equipment consists of the purchase price including import duties (except land), borrowing costs (during the construction period) and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such property and equipment when the recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depletion or amortization of mine site development costs are calculated using the units-of-production method based on estimated recoverable reserves. Depreciation of other items of property and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Transportation and field equipment	8 - 15
Office space and improvements	25
Office equipment	3 - 5

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, depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment. The assets' residual values are reviewed and adjusted, if appropriate, at each reporting date.

Construction in-progress is included in property and equipment and stated at cost which includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time the relevant assets are ready for operational use.

Property and equipment also include the estimated costs of rehabilitating the mine site, for which the Group is legally and constructively liable. These costs, included as part of mine site development costs, are amortized over the term of the MPSA which is 25 years.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

#### Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is any indication that explored mineral resources, property and equipment and investment properties may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less the costs of disposal. Value in use is the present value of future cash flows expected to be derived from an asset. 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 assessment of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Any impairment loss is recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and depletion, had no impairment loss been recognized for the asset in prior years. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### Revenue Recognition

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

#### *Revenue from Sale of Minerals*

Revenue from sale of minerals, such as nickel ore, is recognized on the date that minerals are delivered to the customer. Revenue is the fair value of the consideration received or receivable, net of taxes, such as value added tax (if applicable), estimated returns, discounts and volume rebates.

#### *Interest Income*

Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

### Expense Recognition

Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized when they are incurred.

### Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the term of the lease.

### Foreign Currency-Denominated Transactions

Transactions in currencies other than the functional currency are initially recorded using the functional currency rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency closing rate of exchange prevailing at the reporting date. All differences are taken to profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency rate of exchange prevailing at the dates of the initial transactions.

### Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except for items recognized directly in equity or in other comprehensive income.

#### *Current Tax*

Current tax is measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.



### *Deferred Tax*

Deferred tax is provided using 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 liabilities (DTL) are recognized for all taxable temporary differences, except: (a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and, (b) in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets (DTA) are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except: (a) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and, (b) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets 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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

### Provisions

Provisions, if any, are recognized when the Group has a present obligation (legal or constructive) 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. Where the Group expects some or all of a portion of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.



### *Provision for Site Rehabilitation*

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation 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.

### Contingencies

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

### Earnings (Loss) Per Share

Basic earnings (loss) per share in the consolidated financial statements is determined by dividing net income (loss) attributable to equity holders of the Parent Company by the weighted average number of shares outstanding, after giving retroactive effect to any stock dividends declared during the year. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares (see Note 25).

### Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

### Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

As of December 31, 2012 and 2011, the Group's operating segment consists only of its mining activities. Accordingly, the Group does not present segment information.

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#### 4. Changes in Accounting Policies

##### New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

The Group will adopt the following relevant new or revised standards, amendments to standards and interpretations in the respective effective dates:

##### *To be Adopted on January 1, 2013*

- *Presentation of Items of Other Comprehensive Income (Amendments to PAS 1)*. The amendments:
  - require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss;
  - do not change the existing option to present profit or loss and other comprehensive income in two statements; and
  - change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRSs continue to apply in this regard. These amendments are effective for annual periods beginning on or after July 1, 2012 with earlier application permitted and are applied retrospectively.

- *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)*. These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are:
  - offset in the statement of financial position; or
  - subject to enforceable master netting arrangements or similar agreements.

They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position. These amendments will be effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods and are to be applied retrospectively.

- *PFRS 10, Consolidated Financial Statements*

PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees.

An investor controls an investee when:

- it is exposed or has rights to variable returns from its involvement with that investee;
- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

Control is re-assessed as facts and circumstances change.

PFRS 10 supersedes PAS 27 (2008) *Consolidated and Separate Financial Statements* and Philippine Interpretation SIC-12 *Consolidation - Special Purpose Entities*. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

▪ PFRS 12, *Disclosure of Interests in Other Entities*

PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:

- the nature of, and risks associated with, an entity's interests in other entities; and
- the effects of those interests on the entity's financial position, financial performance and cash flows.

This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

▪ PFRS 13, *Fair Value Measurement*

PFRS 13 replaces the fair value measurement guidance contained in individual PFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

*To be Adopted on January 1, 2015*

▪ PFRS 9 *Financial Instruments (2010)*, PFRS 9 *Financial Instruments (2009)*

PFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under PFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. PFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of PFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. These could change the classification and measurement of financial assets.

PFRS 9 (2010 and 2009) is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

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## 5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the reporting date, giving due consideration to materiality. Actual results could differ from such judgments and estimates. The Group believes that the following represent a summary of these significant judgments and estimates, and related impact and associated risks in the consolidated financial statements:

### Judgment

#### *Functional Currency*

Each entity determines its own functional currency. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the revenues and expenses of the Group.

### Estimates and Assumptions

#### *Net Realizable Value of Inventory*

The Group estimates NRV of its ore inventory by calculating the net selling price less all costs still to be incurred in converting the relevant inventory to saleable product, and delivering it to the customer. Management determines the grade of the material as well as the physical quantities. Grade is determined using x-ray fluorescence results, confirmed through colorimetric and current wet analyses. Quantity is measured using volumetric survey. Net selling price is computed based on quoted prices, adjusted to reflect the level of mineral content, at reporting date.

As of December 31, 2012 and 2011, the inventories are carried at cost amounting to P1.0 million and P97.3 million, respectively (see Note 8).

#### *Financial Assets not Quoted in an Active Market.*

The Group classifies financial assets by evaluating, among others, whether a financial asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination of whether quoted prices are readily and regularly available, whether the market from which the price quotes were obtained can be considered deep enough to qualify as an "active" market, and whether those prices represent actual and regularly occurring market transactions on an arms' length basis.

As of December 31, 2012 and 2011, the Group's AFS securities are carried at cost amounting to P1.5 million.

#### *Estimating Allowance for Impairment Losses on Input Value-Added Tax*

The Group maintains an allowance for impairment losses at a level considered adequate to provide for probable unrecoverable amounts of input value-added tax. The level of this allowance is evaluated by management on the basis of factors that affect the recoverability of the account.

Management has provided allowance for input value-added tax amounting to P9.1 million and P8.7 million as of December 31, 2012 and 2011, respectively. The carrying values of input VAT as of December 31, 2012 and 2011 amounted to P5.2 million and P4.6 million, respectively (see Note 9).

#### *Useful Lives of Property and Equipment*

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. In addition, estimation of the useful lives of property and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded depreciation expense for any period would be affected by changes in these factors and circumstances.

Property and equipment, net of accumulated depreciation, excluding land and mine site development costs, amounted to P532.1 million and P535.3 million as at December 31, 2012 and 2011, respectively (see Note 12).

#### *Impairment of Non-financial Assets*

The Group assesses the impairment of its explored mineral resources, property and equipment and investment property whenever events or changes in circumstances indicate that the carrying value of the assets or group of assets may not be recoverable. Factors that the Group considered in deciding when to perform impairment review includes the following, among others:

- The period for which the Group has the right to explore the specific areas has expired 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 the 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;
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the explored mineral resource is unlikely to be recovered in full from successful development or by sale;
- Significant under-performance of a business or product line in relation to expectations;
- Significant negative industry or economic trends; or
- Significant changes or planned changes in the use of the assets.

As of December 31, 2012 and 2011, management assessed that there are no impairment indicators relating to the Group's non-financial assets. Accordingly, the Group did not recognize any impairment loss on its non-financial assets in 2012, 2011 and 2010.

The carrying values of investment properties, property and equipment, and explored mineral resources are disclosed in Notes 11, 12, and 13, respectively.

### *Valuation of Explored Mineral Resources*

The Group recognized explored mineral resources at its fair value as of initial recognition. The Group estimated the fair value based on the cash flow generation of the relevant mineral property covered by the acquired MPSA. Assumptions and methods used in the estimation are disclosed in Note 13. The amount initially recognized would differ if the Group utilized different valuation methodologies and assumptions. Using a different amount to recognize the explored mineral resources as of initial recognition would affect the periodic amortization expense and any impairment losses which may be subsequently recognized.

The carrying value of explored mineral resources amounted to P1,976.9 million and P2,015.1 million as of December 31, 2012 and 2011, respectively (see Note 13).

### *Estimating Recoverable Reserves*

Recoverable reserves and resource 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 upon 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 conditions and other factors. Proven reserve estimates are attributed to future development projects only where there is a significant commitment to project funding and execution 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 undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates for 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. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded depletion expenses for any period would be affected by changes in these factors and circumstances.

The carrying value of mine site development costs amounted to P404.1 million and P405.2 million as of December 31, 2012 and 2011, respectively (see Note 12).

### *Site Rehabilitation Costs*

The Group is legally required to fulfill certain obligations under its MPSAs and 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 payable. 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 costs required. Assumptions used to compute the site rehabilitation costs are reviewed and updated annually.

As of December 31, 2012 and 2011, the provision for site rehabilitation costs amounted to P8.5 million and P7.7 million, respectively (see Note 16).

## 6. Cash

This account consists of the following:

	2012	2011
Cash in bank	<b>P23,119,550</b>	P11,391,167
Petty cash fund	<b>20,000</b>	17,000
	<b>P23,139,550</b>	P11,408,167

## 7. Trade Receivables

This account consists of:

	2012	2011
Receivables from sale of:		
Chromite	<b>P3,266,916</b>	P3,488,955
Nickel ore	<b>23,779,698</b>	-
	<b>27,046,614</b>	3,488,955
Allowance for doubtful accounts	<b>(3,266,916)</b>	(3,488,955)
	<b>P23,779,698</b>	P -

The Group's trade receivables are non-interest bearing and are generally on 30-60 days terms.

## 8. Inventories

The Group's inventories consist of nickel ore and chromite ore stockpile which are carried at cost amounting to P1.0 million and P97.3 million as of December 31, 2012 and 2011, respectively.

## 9. Other Current Assets

This account consists of the following:

	2012	2011
Claims receivable	<b>P8,352,452</b>	P -
Input value-added tax - net	<b>5,161,957</b>	4,595,091
Office fund	<b>195,000</b>	195,000
Rent receivable	<b>80,000</b>	80,000
Creditable withholding tax	<b>3,158</b>	3,158
Others	<b>72,294</b>	19,199
	<b>P13,864,861</b>	P4,892,448

Claims receivable represents the cost of repairs for the CSCI barge covered by insurance.

As of December 31, 2012 and 2011, the allowance for impairment on the input value-added tax amounted to P9.1 million and P8.7 million, respectively.

Office fund pertains to fund set aside by the Group for its office located in Isabel, Leyte.

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#### **10. Available-for-Sale Securities**

This account consists of the Parent Company's investment in Century Peak Property Development, Inc. (CPPDI) amounting to P1.5 million (15,000 shares at P100 par value).

The management determined its investment in CPPDI as investment in unquoted AFS equity securities which is carried at cost. The Parent Company and CPPDI have only one common director. The Parent Company investment represents 3.0% ownership interest in CPPDI.

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#### **11. Investment Properties**

Investment properties consist of two parcels of land with carrying values totaling P21.4 million as of December 31, 2012 and 2011. The fair values totaled P35.4 million as of December 31, 2012 and 2011. The fair values represent the amount at which the assets could be exchanged between a knowledgeable and willing buyer and seller in an arm's length transaction at the date of valuation as determined by an independent professional qualified appraiser.



## 12. Property and Equipment

Movements of this account are presented below:

	2012							Total
	Land	Mine Site Development Costs	Transportation and Field Equipment	Office Space and Improvements	Office Equipment	Construction in-progress		
<b>Cost:</b>								
Balance at beginning of year	P40,221,355	P406,816,781	P521,592,008	P37,587,957	P5,274,145	P30,147,962	P1,041,640,208	
Additions	-	1,937,991	17,675,887	-	220,197	1,897,566	21,731,641	
Reclassification	-	-	(67,873)	-	67,873	-	-	
<b>Balance at end of year</b>	<b>40,221,355</b>	<b>408,754,772</b>	<b>539,200,022</b>	<b>37,587,957</b>	<b>5,562,215</b>	<b>32,045,528</b>	<b>1,063,371,849</b>	
<b>Accumulated depreciation and amortization:</b>								
Balance at beginning of year	-	1,665,093	54,134,265	2,252,667	2,893,430	-	60,945,455	
Depreciation and depletion for the year	-	2,995,479	20,237,382	1,503,948	1,317,184	-	26,053,993	
<b>Balance at end of year</b>	<b>-</b>	<b>4,660,572</b>	<b>74,371,647</b>	<b>3,756,615</b>	<b>4,210,614</b>	<b>-</b>	<b>86,999,448</b>	
<b>Net book value</b>	<b>P40,221,355</b>	<b>P404,094,200</b>	<b>P464,828,375</b>	<b>P33,831,342</b>	<b>P1,351,601</b>	<b>P32,045,528</b>	<b>P976,372,401</b>	
	2011							Total
	Land	Mine Site Development Costs	Transportation and Field Equipment	Office Space and Improvements	Office Equipment	Construction in-progress		
<b>Cost:</b>								
Balance at beginning of year	P40,221,355	P402,039,082	P178,788,761	P37,489,457	P4,649,523	P22,291,475	P685,479,653	
Additions	-	4,777,699	342,803,247	98,500	624,622	7,856,487	356,160,555	
Balance at end of year	40,221,355	406,816,781	521,592,008	37,587,957	5,274,145	30,147,962	1,041,640,208	
<b>Accumulated depreciation and amortization:</b>								
Balance at beginning of year	-	1,456,432	38,614,465	749,789	1,548,616	-	42,369,302	
Depreciation and depletion for the year	-	208,661	15,519,800	1,502,878	1,344,814	-	18,576,153	
Balance at end of year	-	1,665,093	54,134,265	2,252,667	2,893,430	-	60,945,455	
<b>Net book value</b>	<b>P40,221,355</b>	<b>P405,151,688</b>	<b>P467,457,743</b>	<b>P35,335,290</b>	<b>P2,380,715</b>	<b>P30,147,962</b>	<b>P980,694,753</b>	

### 13. Explored Mineral Resources

This account is composed of the following:

	2012	2011
Cost	<b>P2,016,756,977</b>	P2,016,756,977
Accumulated depletion	<b>(39,833,502)</b>	(1,685,351)
	<b>P1,976,923,475</b>	P2,015,071,626

The movement in the balance of accumulated depletion as of December 31 is shown below:

	2012	2011
At beginning of year	<b>P1,685,351</b>	P1,685,351
Depletion for the year	<b>38,148,151</b>	-
At end of year	<b>P39,833,502</b>	P1,685,351

The explored mineral resources were part of the group of assets of CPC that was acquired in 2008, in exchange for the shares of stock of the Parent Company. At acquisition date, these explored mineral resources were measured based on the expected cash flows from the explored area of about 400 hectares or 42% of total area covered by the MPSA.

The valuation also considers CPC's existing exploration permit in Puerto Princesa, Palawan covering an estimated area of 3,188.25 hectares and exploration permit application in Albor, Surigao del Norte with an estimated area of 5,136.32 hectares but without assigning financial or monetary value. Costs from the exploration permits are substantially immaterial and charged to operation. In addition, this valuation does not include any assignment of operating agreement and additional mining tenements that may contain other minerals.

The financial model yielded an expected net present value (NPV) on CPC's group of assets estimated at P2.0 billion using an investment hurdle rate of 36.6%. The NPV computation assumed an average selling price of USD 27,500 per metric ton of pure nickel which considers a 16.2% discount to London Metal Exchange quoted prices; a 15-year production and selling period with a maximum annual production yield of 2 million metric tons; and an average production cost of USD 6.43 per wet metric ton. The valuation was prepared by Asian Alliance Investment Corporation (AAIC), an independent financial advisor. Subsequently, the Parent Company appointed Multinational Investment Bancorporation (MIB), another independent financial advisor, to render fairness opinion to the valuation. MIB's report dated April 9, 2008 fairly approximates that of AAIC's report.

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.

The assumptions used in the valuation included a number of market factors that are subject to market risk, such as commodity risk and currency risk. Significant changes in the commodity prices and foreign exchange rates would affect the fair value of the explored mineral resource.

CPC has released two Geologic Resource Evaluation Reports, an update to its Casiguran Mine Prospect, Dinagat Island covered by its MPSA-010-92-X and a new Resource Evaluation Report for its Rapid City Parcel II Prospect covered by its MPSA-283-2009-XIII-SMR, both prepared by an Accredited Competent Person in accordance with the definition of the Philippine Mineral Reporting Code (PMRC).

Based on the reports, the Casiguran Mine Prospect has a combined indicated and measured resource of 9,897,000 DMT with a grade of 1.02% Nickel (at 0.8% nickel cut-off). In addition, new data from the Rapid City Parcel II Prospect reveal a combined indicated and measured resource of 9,067,000 DMT with a grade of 1.07% Nickel (at 0.8% Nickel cut-off). These could represent to 100,000 metric tons of pure nickel and 3.5 million tons of iron in its Casiguran property, and 90,000 tons of pure nickel and 3.8 million tons of iron in their Rapid City property, subject to mining plans and metal recovery parameters.

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#### 14. Other Noncurrent Assets

This account consists of:

	<b>2012</b>	2011
Advances to suppliers	<b>P117,218,845</b>	P106,925,982
Rehabilitation fund and rental deposit	<b>3,912,977</b>	1,535,535
	<b>P121,131,822</b>	P108,461,517

Advances to suppliers represent required down payments for the purchase of blast and barge equipment.

The rehabilitation fund is set up by the Group to ensure availability of funds for its satisfactory compliance with commitments and performance of the activities stipulated in its Environmental Protection and Enhancement Program (EPEP) or Annual Environmental Protection and Enhancement Program (AEPEP) during the specific phases of its project.

The Group's Mine Rehabilitation Fund Committee (MRFC) has a Memorandum of Agreement (MOA) with Development Bank of the Philippines (DBP) whereby MRFC shall put up a Social Development Management Program Fund which shall be deposited with DBP. As of December 31, 2012 and 2011, the Group maintains deposit with DBP, in compliance with the MOA, amounting to P3.8 million and P1.5 million, respectively.

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#### 15. Accounts Payable and Other Current Liabilities

This account consists of:

	<b>2012</b>	2011
Accounts payable	<b>P12,443,895</b>	P10,502,166
Contractors' fees	<b>8,071,105</b>	6,669,810
Others	<b>397,883</b>	2,735,733
	<b>P20,912,883</b>	P19,907,709

Accounts payable and other current liabilities are unsecured, non-interest bearing and are generally on 30-60 days terms.

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**16. Provision for Site Rehabilitation**

Movement of this account is presented below:

	<b>2012</b>	2011
At beginning of year	<b>P7,714,824</b>	P7,010,715
Accretion of interest	<b>776,954</b>	704,109
At end of year	<b>P8,491,778</b>	P7,714,824

A provision is recognized for the estimated rehabilitation costs of the Group's mine site upon termination of the term of its MPSA, which is 25 years. The provision is calculated by the Group's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 9.93% as effective interest rate. Accretion for interest expense amounted to P0.8 million, P0.7 million, and P0.6 million in 2012, 2011 and 2010, respectively.

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**17. Cost of Sales**

This account consists of:

	<i>Note</i>	<b>2012</b>	2011	2010
Contractors' fees		<b>P106,469,471</b>	P -	P3,325,109
Transportation expense		<b>28,401,602</b>	-	-
Depletion and depreciation	<i>12, 13</i>	<b>55,150,628</b>	-	-
Materials		<b>13,229,950</b>	-	9,137,883
Labor cost		<b>7,244,051</b>	-	-
Excise tax		<b>5,291,980</b>	-	1,063,487
Other charges		<b>5,878,852</b>	-	627,629
		<b>P221,666,534</b>	P -	P14,154,108

## 18. Operating Expenses

This account consists of:

	<i>Note</i>	2012	2011	2010
Depreciation	12	<b>P9,051,516</b>	P18,576,153	P16,450,545
Salaries, wages and employee benefits		<b>8,187,018</b>	14,530,655	8,639,131
Transportation and travel		<b>5,276,809</b>	5,247,150	4,366,274
Taxes and licenses		<b>4,337,571</b>	7,790,232	8,313,386
Repair and maintenance		<b>4,422,369</b>	2,779,527	2,015,605
Manning fees		<b>3,676,704</b>	-	-
Professional fees		<b>3,061,726</b>	2,483,499	4,954,348
Utilities		<b>2,816,599</b>	4,047,912	3,456,650
Vessels expenses		<b>1,903,767</b>	-	-
Office supplies		<b>1,350,733</b>	841,714	766,919
Security services		<b>1,052,000</b>	763,000	610,767
Representation		<b>1,011,936</b>	635,433	217,217
Provision for impairment of input VAT		<b>460,683</b>	8,667,554	-
Provision for probable losses		-	9,156,473	-
Provision for doubtful accounts		-	3,488,955	-
Others		<b>3,782,727</b>	2,357,427	2,605,564
		<b>P50,392,158</b>	P81,365,684	P52,396,406

## 19. Income Taxes

The provision for current income tax in 2012 represents the regular corporate income tax (RCIT), while the provision for current income tax in 2011 and 2010 represents MCIT.

The components of the Group's deferred tax assets in the consolidated statements of financial position are as follows:

	2012	2011
Income tax effects of:		
Provision for site rehabilitation, net of the carrying value of the related capitalized rehabilitation cost	<b>P1,239,215</b>	P1,005,097
Allowances	<b>982,027</b>	2,962,221
Unrealized foreign exchange loss	<b>54,509</b>	164,221
NOLCO	-	10,699,754
Carryforward benefits of MCIT	-	2,075,841
	<b>P2,275,751</b>	P16,907,134

The NOLCO recognized as at December 31, 2012 pertains to CPC which was fully utilized against the taxable income in 2012 as discussed below. The NOLCO of other entities in the Group was not recognized as management believes that it is not probable that the NOLCO can be utilized prior to expiry.

MCIT incurred in 2011 and 2010 amounting to P3,952 and P0.8 million, respectively will expire in 2014 and 2013, respectively. The carryforward benefit of NOLCO that can be claimed against future taxable income are as follows:

NOLCO					
Year Incurred	Carryforward Benefit Up to	Amount	Applied Previous Years	Applied/ Expired Current Year	Unapplied
2007	December 31, 2012	P32,151,180	P25,813,144	P6,338,036	P -
2008	December 31, 2013	1,298,986	-	-	1,298,986
2009	December 31, 2014	7,845,643	-	-	7,845,643
2010	December 31, 2015	18,304,332	-	5,741,213	12,563,119
2011	December 31, 2016	35,069,026	-	35,069,026	-
2012	December 31, 2017	67,758,113	-	-	67,758,113
		P162,427,280	P25,813,144	P47,148,275	P89,465,861

NOLCO incurred by the Group in 2007 expired in 2012 while the carryforward benefits of NOLCO incurred in 2010 and 2011 were used against the taxable income of the Group.

Under Section 244 of National Internal Revenue Code of 1997, the net operating loss of a business or enterprise for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income, shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss. Provided, that for mines other than oil and gas wells, a net operating loss without benefits of incentives provided for under Executive Order No. 226, as amended, otherwise known as the Omnibus Investment Code of 1987, incurred in any of the first ten (10) years of operation may be carried over as a deduction from taxable income for the next five (5) years immediately following the year of such loss.

The reconciliation of income tax expense computed at the statutory tax rates to income tax expense (benefits) recognized in profit or loss is summarized as follows:

	2012	2011	2010
Loss before income tax	<b>(P10,758,565)</b>	(P83,168,366)	(P14,302,778)
Income tax expense computed at statutory tax rates of 30%	<b>(P3,227,570)</b>	(P24,950,510)	(P4,290,833)
Income tax effects of:			
Effect of change in unrecognized deferred tax assets and others	<b>20,327,433</b>	10,761,240	12,024,247
Final taxes paid	<b>1,261</b>	8,898	-
Interest income subjected to final tax	<b>(54,345)</b>	(13,348)	(23,456)
Nondeductible expenses	<b>(224,037)</b>	194,739	-
	<b>P16,822,743</b>	(P13,998,981)	P7,709,958

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## 20. Registration with the Board of Investments (BOI) and PEZA

### *Registration with BOI*

On May 7, 2010, CPC was registered with the Board of Investments (BOI) with Certificate of Registration No. 2010-09, on its mining and extraction of nickel ore at Casiguran, Loreto, Province of Dinagat, as a new project on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226).

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

- a. 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;
- b. Importation of consigned equipment for a period of ten (10) years from date of registration;
- c. Exemption from wharfage dues, any export tax, duties, imposts and fees for a ten (10) year period from date of registration; and
- d. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

### CHGSI registration with PEZA

On October 28, 2009, CHGSI was registered with the PEZA under Republic Act (RA) No. 7916 as an ecozone export enterprise to engage in the production of ferro-nickel (pig iron) at the Leyte Industrial Development Estate - Special Economic Zone (LIDE-SEZ).

As a PEZA-registered entity, CHGSI is subject to a 5% tax on gross income less allowable deductions, as defined in RA No. 7916 as amended by RA No. 8748, in lieu of all national and local taxes, after the four year income tax holiday (ITH) period. The ITH will commence when CHGSI starts its commercial operations.

On March 1, 2011, CHGSI entered into Supplemental Agreement with PEZA for the project timetable of its coking coal production at the LIDE-SEZ in which the start of commercial operations would be from July 2011 to July 2012. CHGSI requested for an extension of the project timetable with PEZA. As of April 8, 2013, the approval has not yet been obtained.

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## 21. Capital Stock

This account as of December 31, 2012 and 2011 consists of the following:

	<b>Number of Shares</b>	<b>Amount</b>
Authorized, P1.00 par value	<b>3,575,000,000</b>	<b>P3,575,000,000</b>
Issued and outstanding	<b>2,820,330,450</b>	<b>P2,820,330,450</b>

## 22. Related Party Transactions

Related party relationship exists 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 relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Group has the following significant transactions with related parties:

Category/ Transaction	Year	Amount of the Transaction	Outstanding Balance		Terms	Conditions
			Due from Related Parties	Due to Stockholders		
Stockholders - Advances	2012	P -	P3,161,048	P -	Due and demandable; non-interest bearing	Unsecured; no impairment
		-	-	325,050,050		
	2011	5,720,214	5,720,214	-		
		257,139,757	-	400,226,034		
<b>TOTAL</b>	<b>2012</b>		<b>P3,161,048</b>	<b>P325,050,050</b>		
<b>TOTAL</b>	<b>2011</b>		<b>P5,720,214</b>	<b>P400,226,034</b>		

These advances pertain to transactions of the Group with the stockholders. These advances are used by the Group for working capital purposes.

### Compensation of Key Management Personnel

The compensation to key management personnel of the Group amounted to P1.5 million, P3.3 million and P2.2 million in 2012, 2011 and 2010, respectively. The management and accounting functions are performed by the Parent Company.

## 23. Fair Value Measurements

### Fair Values

Set out below is a comparison by category of the carrying amounts and fair values of all of the Group's financial instruments that are carried in the consolidated financial statements at other than fair values as at December 31, 2012 and 2011:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash	P23,139,550	P23,139,550	P11,408,167	P11,408,167
Trade receivables	23,779,698	23,779,698	-	-
AFS securities	1,500,000	1,500,000	1,500,000	1,500,000
Due from related parties	3,161,048	3,161,048	5,720,214	5,720,214
Claims receivable	8,352,452	8,352,452	-	-
Office fund	195,000	195,000	195,000	195,000
Rent receivable	80,000	80,000	80,000	80,000
Rental deposit	72,000	72,000	72,000	72,000
<b>Financial Liabilities</b>				
Accounts payable and other current liabilities*	20,634,999	20,634,999	17,291,976	17,291,976
Due to stockholders	325,050,050	325,050,050	400,226,034	400,226,034

\*Excludes taxes payable



The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

#### *Cash*

The carrying value approximate fair value considering that these instruments are subject to an insignificant risk of change in value.

*Trade Receivables, Due from Related Parties, Claims Receivable, Office Fund, Rent Receivable, Rental Deposit, Accounts Payable and Other Current Liabilities (Excluding Taxes Payable) and Due to Stockholders.*

Due to the short-term nature of transactions, the fair values approximate the amount of consideration at reporting date.

#### *AFS Securities*

Investment in unquoted equity securities for which no reliable basis for fair value measurement is available are carried at historical cost less any accumulated impairment losses.

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## 24. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of amounts due to stockholders and cash. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial instruments such as trade receivables, AFS securities and accounts payable and other current liabilities, which arise directly from its operations.

It is, and has been throughout the reporting period, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risk, liquidity risk and credit risk. The market risk exposure of the Group can be further classified to foreign currency risk and commodity price risk. The BOD reviews and agrees policies for managing each of these risks and they are summarized below.

#### Market Risks

##### *Foreign Currency Risk*

The Group's currency exposure relates to foreign currency transactions in which receivables have to be collected.

The following table shows the Group's significant foreign currency-denominated monetary assets and their US Dollar (USD) equivalents:

	2012		2011	
	U.S. Dollar	Philippine Peso*	U.S. Dollar	Philippine Peso*
Current financial assets:				
Cash	\$18,859	P774,162	\$66,108	P2,898,187
Receivables	658,870	27,046,614	-	-
	\$677,729	P27,820,776	\$66,108	P2,898,187

\*The exchange rate used to translate the U.S. dollar amounts into Philippine peso was US\$1.00 to P41.05 and US\$ 1.00 to P43.84, the peso-dollar rate as quoted through the Philippine Dealing System as at December 31, 2012 and 2011, respectively.

The following table sets out, for the year ended December 31, 2012 and 2011, the impact of the range of reasonably possible movement in the U.S. dollar to peso exchange rates with all other variables held constant, on the Group's income before tax (due to changes in the fair value of monetary assets and liabilities).

Appreciation (Depreciation) in Philippine Peso	Effect in 2012 Income before Income Tax	Effect in 2011 Income before Income Tax
5%	(P1,391,039)	(P144,909)
(5%)	1,391,039	144,909

There is no other impact on equity except those already affecting profit or loss.

#### *Commodity Price Risk*

The Group's mine product revenues are based on international commodity quotations (i.e., primarily on London Metal Exchange quotes) over which the Group has no significant influence or control. This exposes the Group's results of operations to commodity price volatilities that may significantly impact its cash flows.

For the year ended December 31, 2012, the Group has no significant exposure to commodity price risk due to the low level of inventory.

#### Credit Risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Moreover, counterparty credit limits are reviewed by management on an annual basis. The limits are set to minimize the concentration risks and mitigate financial loss through potential counterparty failure.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash, trade receivables, claims receivable, and amounts due from related parties, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

As of December 31, 2012 and 2011, the following tables provide the credit information and maximum exposure of the Group's financial assets:

	2012			
	Neither Past Due nor Impaired	Past Due but not Impaired	Impaired	Total
<b>Loans and Receivables</b>				
Cash	P23,119,550	P -	P -	P23,119,550
Trade receivables	-	23,779,698	3,266,916	27,046,614
Claims receivable	8,352,452	-	-	8,352,452
Due from related parties	3,161,048	-	-	3,161,048
	<b>P34,633,050</b>	<b>P23,779,698</b>	<b>P3,266,916</b>	<b>P61,679,664</b>

	2011			
	Neither Past	Past Due but not Impaired	Impaired	Total
	Due nor Impaired			
Loans and Receivables				
Cash	P11,391,167	P -	P -	P11,391,167
Trade receivables	-	-	3,488,955	3,488,955
Due from related parties	5,720,214	-	-	5,720,214
	P17,111,381	P -	P3,488,955	P20,600,336

The table below shows the credit quality of the Group's financial assets as at December 31, 2012 and 2011 based on their historical experience with the corresponding debtors:

	2012			
	Neither Past Due nor Impaired			Total
	Grade A	Grade B	Grade C	
Loans and Receivables				
Cash	P23,114,796	P -	P -	P23,114,796
Claims receivable	8,352,452	-	-	8,352,242
Due from related parties	3,161,048	-	-	3,161,048
	P34,633,050	P -	P -	P34,633,050

	2011			
	Neither Past Due nor Impaired			Total
	Grade A	Grade B	Grade C	
Loans and Receivables				
Cash	P11,391,167	P -	P -	P11,391,167
Due from related parties	5,720,214	-	-	5,720,214
	P17,111,381	P -	P -	P17,111,381

The credit quality of financial asset was determined as follows:

- Grade A receivables pertain to those receivables from customers that always pay on time or even before the maturity date. The credit quality of cash in banks is based on the credit standing or rating of the counterparty.
- Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Group.
- Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under Grade C.

Cash is considered of good quality as this pertains to deposits in reputable banks.

At December 31, the aging analyses of the receivables are as follows:

	Total	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired
			0 - 30 Days	31 - 60 Days	61 - 90 Days	
2012	P38,560,114	P11,513,500	P -	P -	P23,779,698	P3,266,916
2011	9,209,169	5,720,214	-	-	-	3,488,955

### Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through advances to and from related parties.

The contractual maturity of the Group's trade and nontrade payables is generally within 30 to 90 days after the recognition of the liability.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2012 and 2011 based on contractual undiscounted payments:

	2012					Total
	On Demand	Less than 3 Months	3 to 6 Months	6 to 12 Months	More than 1 Year	
Accounts payable and other current liabilities	P -	P20,634,999	P -	P -	P -	P20,634,999
Due to stockholders	325,050,050	-	-	-	-	325,050,050
Total	P325,050,050	P20,634,999	P -	P -	P -	P345,685,049

	2011					Total
	On Demand	Less than 3 Months	3 to 6 Months	6 to 12 Months	More than 1 Year	
Accounts payable and other current liabilities	P -	P17,291,976	P -	P -	P -	P17,291,976
Due to stockholders	400,226,034	-	-	-	-	400,226,034
Total	P400,226,034	P17,291,976	P -	P -	P -	P417,518,010

### Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2012 and 2011.

The Group monitors its capital using debt-to-equity ratio, which is total debt divided by the total equity. Equity includes capital stock, additional paid-in capital and deficit.

	2012	2011
Total debt	<b>P356,644,810</b>	P427,852,519
Total equity attributable to equity holders of the Parent	<b>2,728,400,660</b>	2,750,529,327
Debt-to-equity ratio	<b>0.13:1.00</b>	0.16:1.00

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## 25. Earnings (Loss) Per Share Computation

The following table presents information necessary to calculate earnings per share:

	2012	2011	2010
Loss attributable to equity holders of the Parent Company (a)	(P22,126,715)	(P62,705,334)	(P18,660,551)
Weighted average number of common shares outstanding (b)	P2,820,330,450	P2,820,330,450	P2,820,330,450
Basic/diluted loss per share (a/b)	(P0.0078)	(P0.0222)	(P0.0066)

The Parent Company has no dilutive shares for the years 2012, 2011 and 2010.

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## 26. Commitments and Other Matters

### *Joint Operating Agreement with Pinamungahan Limestone Property*

On November 18, 2010, the Company made an agreement with Philippine Mining Development Corporation (PMDC) to join and assist in the exploration, development, mining operation and utilization of the limestone and associated mineral deposits in Toledo and Pinamungahan, Cebu. The agreement has a term of 25 years. The pre-operation activities are ongoing.

### *Contractor's Service Agreement with Philsur Venture Corporation (PHILSUR) and Alnor Construction and Construction Supplies (ACCS)*

The Company granted PHILSUR on January 16, 2012 the exclusive right to develop and mine or extract the nickel ore within a pre-defined area located in the municipalities of Loreto and Libjo, Province of Dinagat Islands. PHILSUR guarantees the Company a minimum annual production of 1,500,000 WMT of nickel ore extracted and produced from the pre-defined area. This did not materialize in 2012 and the agreement was cancelled.

On April 3, 2012, the Company made an agreement with ACCS availing the services of the latter to mine and extract nickel ores within a pre-defined area located in the municipalities of Loreto and Libjo, Province of Dinagat Islands. ACCS guarantees the Company of minimum production of 2,000,000 WMT of nickel ore extracted and produced from the pre-defined area. There was a production made in 2012 and after careful evaluation, the Company decided not to continue with the agreement.

## BOARD OF DIRECTORS



**Wilfredo D. Keng**  
President/CEO, Chairman



**Luis T. Banson**  
Director



**Emilio Tiu**  
Director

**Anson Tan**  
Director



**Benito A. Ong**  
Director



**Fmr. Sen. Ernesto F. Herrera**  
Independent Director



**Fmr. Sen. Richard J. Gordon**  
Independent Director

## CORPORATE OFFICERS



**Enrico M. Trinidad**  
Senior Vice President and Chief  
Finance Officer



**Emmanuel C. Paras**  
Corporate Secretary



**Ma. Angela C. Ong**  
Assistant Corporate Secretary

**Hiyasmin H. Lapitan**  
Assistant Corporate Secretary

# CORPORATE DIRECTORY

## CORPORATE HEADQUARTERS

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## TRANSFER AGENT

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## STOCK SYMBOL

**Philippine Stock Exchange - CPM**





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