COVER SHEET

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S.E.C. Registration Number

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

I N C O R P O R A T E D

(Company's Full Name)

2 0 F T H E P E A K T O W E R 1 0 7 L P

L E V I S T E S T S A L C E D O V I L L M A K A T I

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

DELFIN CASTRO JR.

Contact Person

(6 3 2) 8 5 6 2 0 1 1

Company Telephone Number

1 2 3 1

Month *Day*

Fiscal Year

SEC 17-Q

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2011

2. Commission identification number 41004   3. BIR Tax Identification No. 000-718-626-000

4. Exact name of issuer as specified in its charter GEOGRACE RESOURCES PHILIPPINES, INC.

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

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office   Postal Code

Suite 2002 The Peak Tower, 107 L.P. Leviste Street, Salcedo Village, Makati City

8. Issuer's telephone number, including area code (632) 856-2011

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock, ₱1.00 par value	2,522,105,615

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

Yes [X] No [ ]

If yes, state the name of such Stock Exchange and the class(es) of securities listed therein:

Philippine Stock Exchange   Common stock

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

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

Yes [ ] No [X]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements for the second quarter ending September 30, 2011 was presented in conformity with accounting principles generally accepted in the Philippines. The Financial Statements meeting the requirements of SRC Rule 68, is furnished as specified therein.

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

A. Plan of Operations

The Company will continue to focus on its competitive advantage of being one of the major mining companies in the Philippines with the most access to mining tenements in all major regions across all major mineral resources. On its existing claims, it shall continue to finance exploration efforts to advance its geologic data leading to PMRC compliant resources/reserves. It shall also simultaneously look for joint venture partners similar to the Company's successful farm-in mechanism with VALE with respect to the Masbate tenements.

The Company, as part of its business model, will also continue to identify joint venture partners to co-finance the exploration of its existing claims while ceding a percentage ownership to the joint venture partner. This will free up cash flows for further exploration of its other properties or for acquisition.

On the acquisition side, the Company shall continue to look for quality claims either by direct application with the MGB or through acquisition of existing claims in the secondary market. With the vast database the Company has built over the years along with its seasoned geologists, it can easily identify unexplored tenements across the country.

B. Management's Discussion and Analysis

Financial Performance
In Thousand Pesos

Key Financial Indicators	September 2011	%	September 2010	%
Gross Revenues	7,551	0%	5,668	0%
Cost and Expenses	(6,442)	100%	(6,792)	100%
Net Income (Loss)	1,109	-100%	(1,124)	-100%
Current Assets	370,845		124,998	
Unallocated Current Assets	12,315		12,707	
Total Current Assets	383,160	99%	137,705	98%
Assets	374,504		128,405	
Unallocated Assets	12,315		12,707	
Total Assets	386,819	100%	141,112	100%
Current Liabilities	3,717	1%	2,521	2%
Liabilities	3,742		2,973	
Unallocated Liabilities	-		-	
Total Liabilities	3,742	1%	2,973	2%
Total Stockholders' Equity	383,076	99%	138,139	98%
Current Ratio	103.0831		54.6232	
Debt to Equity	0.010		0.022	
Gross Profit Margin	NA		NA	
Net Operating Margin	NA		NA	
Return on Assets	0.00		(0.01)	
Return on Equity	NA		NA	

Cost and expenses and net income are computed as a percentage of Gross Revenues.
Current assets, current liabilities, total liabilities and stockholders' equity are computed as a percentage of total assets.
Return on Assets is derived by dividing net income (loss) from total assets.

For the period ended September 30, 2011 versus December 31, 2010:

During the nine-month period ending September 30, 2011, the Company incurred ₱6.4 million in operating expenses. Operating expenses comprised mainly of general and administrative expenses.

Total Current Assets was increased by 168.46% or ₱240 million from December 31, 2010 to September 30, 2011.Similarly, total Stockholders' Equity stood at ₱383.1 million, increased from ₱143.9 million in December 2010. These increases in the assets and equity of the Company by approximately ₱240 million were due to the private placement transaction of the Company with various investors in May 2011.

The Private Placement:

On May 6, 2011, the Company entered into various Subscription Agreements with the following investors involving a private placement transaction covering Nine Hundred Fifty Two Million Four Hundred Eighteen Thousand Five Hundred Seventy One (952,418,571) shares (the "Shares") of the Company at One Peso (PHP1.00) per share. The subscription price of One Peso (PhP1.00) per share represents a premium over the closing price over the PHP .63 closing price of the Company's shares as of May 5, 2011. The payment terms were as follows: (a) twenty-five percent (25%) of the subscription price shall be paid upon the execution of the Subscription Agreements; and (b) the balance of the subscription price shall be paid upon call by the Board.

As of September 30, 2011, the Company has received a total of ₱238,104,642.75 from the aforementioned investors representing 25% of their total subscriptions.

For the period ended September 30, 2011 versus September 30, 2010:

Financial results showed approximately ₱ 7.6 million in total revenues were generated from:

1) Contracting Service Income amounting to ₱5.7M;
2) Interest income earned for the quarter amounting to ₱1.9M;

Due to the suspension of mining and development operations since the third quarter of 2010, the Company did not incur expenses for mine development and exploration, hence, total general and administrative expenses dropped substantially by 10.11% or to ₱6.4 million from ₱6.8million during the previous year. As a result, net income for the quarter ending September 30, 2011 amounted to ₱1.1 million as compared to net loss of ₱1.1 million during the previous year.

Total Current Assets for the nine-month period of 2011 increased by 178.25% or by Php245.4 million as compared to the same period last year due to the increase in cash and cash equivalents as a result of the 25% downpayment to the private placement transaction. Total Non-Current Assets increased by 7.39% or Php0.3million due to purchase of various equipments.

Total Liabilities increased by 25.9% or Php0.8 million as compared to previous year's total liabilities. This increase was due to increase in deferred Output tax as of September 2011.

Total Stockholders' Equity increased by 177.31% or Php244.9million representing recognition of deposits for future stock subscriptions in connection with the private placement transaction in May 2011.

Discussion and analysis of material events and uncertainties known to management that would address the past and would have an impact on future operation of the following:

a. Any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

   To date, the management of GEO has inked the following agreements:

   1. January 08, 2008 - The Company's Board of Directors authorized the Company to enter into Heads of Agreement (HOAs) with NiHAO Mineral Resources International, Inc. ("NiHAO"), a listed mining exploration company, and with other mining companies such as Negros 745 Philippines, Inc., Orex Mindanao, Inc., Ophiolite Mining, Inc., Nickelodeon Mines, Inc., and Nickeloreon Mining, Inc., which own or control mining tenements that the Company deems compatible with its business interests and under such terms and conditions as may be deemed beneficial to the Company. The purpose of the HOAs is for the Company to obtain the exclusive right to explore, develop and

operate various mining claims throughout the country. The HOAs grant the Company the option to purchase the shares of the mining companies or the mining tenements owned by said companies, subject to the requisite due diligence on the companies and their respective mining tenements, fair valuation of the mining tenements and the approval of the appropriate regulatory agencies. This arrangement allows the Company to expand its potential mineral resource base and mitigate the risks inherent in exploration by diversifying the areas available to it.

(1) Heads of Agreement with NiHAO Mineral Resources International, Inc.
Pursuant to the NiHAO Agreement, the Company shall be granted the exclusive right to explore, develop and operate various mining tenements which are controlled by or shall be controlled by NiHAO through Mina Tierra Gracia, Inc. ("Mina Tierra"), Bountiful Geomines, Inc. ("Bountiful Geomines") and Visayas Ore Philippines, Inc. ("Visayas Ore"), which are wholly-owned subsidiaries of NiHAO.

These subsidiaries have valid and subsisting mineral production and sharing agreement ("MPSA") and exploration permit applications ("EPAs") over mining tenements, more particularly described below (collectively, the "Mining Tenements")

Applicant	Tenement	Location	EPA No.	Hectares
Mina Tierra	"Botolan Tenement"	Botolan, Zambales	MPSA No. 315-2010-III	5,081.6408
Bountiful Geomines	"Manticao Tenement"	Opol, Manticao, Misamis Oriental	EPA-000093-X	1,944.0000
Visayas Ore	"Antique Tenement"	Patnongon, Valderama, San Remigio, Antique	EPA-000077-VI	2,374.3125
			Total	9,399.9533

The NiHAO Agreement also granted the Company the option to purchase any, some or all of the Mining Tenements by way of cash or through property-for-share swaps whereby the Company shall issue unissued shares in exchange for the target Mining Tenements. The option to purchase granted to the Company is subject to the completion of satisfactory due diligence, as detailed in the preceding paragraph, the fair valuation of the target Mining Tenements and the approval of said transactions by the appropriate regulatory agencies.

(2) Heads of Agreement with Other Mining Companies
The Company's Board of Directors also approved the execution of separate Heads of Agreement with the following companies: (a) Negros745 Philippines, Inc.; (b) Orex Mindanao, Inc., (c) Nickeloreon Mining, Inc.; (d) Nickeloadeon Mines, Inc.; and (e) Ophiolite Mining, Inc. The Heads of Agreement with each of the aforementioned companies grant the Company the exclusive right to explore, develop and operate the mining tenements of said companies. The mining tenements of the aforementioned companies are more particularly described below:

Applicant	#	EPA #	Location	Area (has)
NEGROS745 PHILIPPINES, INC.	1	EXPA-000074VII	Ayungon, Negros Oriental	
	2	EXPA-000075VII	Ayungon, Negros Oriental	3,807
OREX MINDANAO, INC.	3	EPA-000063-X	Iligan and Lanao del Norte	6,163
	4	EPA-000062-X	Impasugong, Bukidnon	14,483
NICKELOREON MINING, INC.	5	EPA-000065-VIII	Salcedo, Samar	217
	6	EPA-154-XI	Gov. Heneroso, Davao Oriental	2,931
	7	EPA-000066-X	Manolo Fortich, Bukidnon	891
	8	EPA-000064-X	Malitbog, Bukidnon	1,539

NICKELOADEON MINES, INC.	9	EPA-000069-X	Impasugong, Bukidnon	1,863
	10	AEP-III-08-07	Palauig and Tarlac	9,958
	11	EPA-000074-VI	Tangalan, Makato, and Mainao, Aklan	2,389
OPHIOLITE MINING, INC.	12	EPA-000085-X	San Fernando and Malaybalay, Bukidnon	13,142.25
	13	EPA-00001X	Santiago, Agusan del Norte	16,200
			Total	73,583.25

2. May 21, 2008 – The Company's Board of Directors approved the appointment of ING Bank N.V. and its affiliates as Financial Adviser of the Company in connection with the search of strategic investors for the Company.

3. June 24, 2008 – The Company entered into an Exploration and Option Agreement with Vale Exploration Philippines, Inc., the local subsidiary of Companhia Vale de Rio Doce ("Vale"). Under the said Agreement, Vale and the Company agree to cooperate on the exploration of seven (7) mining claims located in Masbate province ("the Masbate Claims") covering approximately 84,046 hectares of gold and copper properties. On the same date, the Board of Directors of the Company simultaneously approved the execution of an "Exclusive Option Agreement" and "Irrevocable Special Power of Attorney" with the 7 mining companies which own the Masbate Claims. Said agreements grant the Company the exclusive right to purchase all outstanding shares of the 7 mining companies from their current owners under such terms and conditions which the parties may mutually agreed upon, and appoints Geograce as their attorney-in-fact to sign, execute and deliver the "Exploration and Option Agreement" with Vale for the exploration of the Masbate Claims.

   Under the Exploration and Option Agreement, Vale will conduct preliminary exploration and evaluation of the Masbate Claims while the Company will be responsible for obtaining approvals of the Exploration Permit Applications and maintaining the Masbate Claims with the appropriate government agencies. Vale also has the option to form a joint venture for the development and operation of mining activities on the Masbate Claims. The Company and Vale may also enter into a services agreement where the Company will be responsible for providing services to Vale. These services will include but are not limited to the provision by the Company to Vale of logistics support, community relations liaison, and geological services and other daily activities.

   The exploration and evaluation of the Masbate Claims will be solely funded and conducted by Vale, with Geograce providing them exclusive access to its existing data on the claims and facilitating Vale's activities in the local areas. Under Phase 1 and 2 of the "Exploration and Option Agreement", Vale has committed to fund exploration expenditures of up to Six Million U.S. Dollars (US$6,000,000.00). Phase 1 will comprise reconnaissance geochemical and geological sampling, aeromagnetic-radiometric survey, and detailed ground geophysics. Phase 2 will comprise of drilling and other exploration activities leading towards commencement of a Pre-Feasibility Study on the project. Phase 1 shall be completed within twelve months following the grant of the Masbate Claims, while Phase 2 shall be completed within two years following the completion of Phase 1.

   After completing Phase 2, Vale shall have the option to create a joint venture with Geograce to own, develop and operate the Masbate Claims. The terms and conditions of Vale and Geograce's relationship after the exercise of the option will be governed by a joint venture agreement to be signed at a later date. The joint venture company shall be the vehicle used by Vale and Geograce to conduct its pre-feasibility and bankable feasibility studies for the implementation of a mining project on the Masbate Claims and eventually develop and operate the mine.

4. July 25, 2008 – The Company entered into a Heads of Agreement with Masbate13 Philippines, Inc. ("M13 Agreement") and Supplements to the Heads of Agreement entered into on 9 January 2008 with NiHAO, Nickeloadeon Mines, Inc., and Ophiolite Mining, Inc.:

   (1) Heads of Agreement with Masbate13 Philippines, Inc.

Masbate13 Philippines, Inc. (“M13”) is a mining company that has valid and subsisting exploration permit application denominated as EPA-V-13 covering approximately 16,129 hectares of property located in Mandaon, Masbate.

Pursuant to the M13 Agreement, the Company shall be granted the exclusive right to explore, develop and operate its mining tenement in Mandaon, Masbate.

The Company’s exclusive right to explore, develop and operate the mining tenement covered by the M13 Agreement shall be conditional upon the fulfillment of the following conditions precedent: (a) satisfactory legal and technical due diligence on M13 and its mining tenement; (b) the issuance of the exploration permit for the mining tenement; and (c) the approval of the terms and conditions of the Operating Agreements by the appropriate regulatory agencies. Subject to such other terms and conditions as the parties may agree upon in the Operating Agreement, the Company shall be entitled to receive at least eighty percent (80%) of the net profits arising from or relating to the operation of the mining tenements.
In addition, the Heads of Agreement grant the Company the option to purchase the shares of M13 or its mining tenement, subject to the requisite due diligence on the companies and their respective mining tenements, fair valuation of the mining tenements and the approval of the appropriate regulatory agencies.

(2) Supplement to the Heads of Agreement with NiHAO.

The Supplement to the Heads of Agreement executed on 9 January 2008 with NiHAO provides for the inclusion of the mining tenement held by its wholly owned subsidiary, Visayas Ore Philippines, Inc. covering approximately 11,441.25 hectares of nickel property in Antipas, North Cotobato with a valid and subsisting Exploration Permit Application denominated as EPA-95-XII.

(3) Supplements to the Heads of Agreement with Nickeloadeon Mines, Inc. and Ophiolite Mining, Inc.

The Company entered into Supplements to the Heads of Agreement executed on 9 January 2008 with the following companies: (a) Nickeloadeon Mines, Inc. (“Nickeloadeon”); and (b) Ophiolite Mining, Inc. (“Ophiolite”). The Supplements to the Heads of Agreement with each of the aforementioned companies provide for the inclusion of following mining tenements of Nickeloadeon and Ophiolite not covered by the previous Heads of Agreement dated 9 January 2008. The mining tenements are more particularly described below:

Applicant	EPA #	Location	Area (has)
NICKELOADEON MINES, INC.	EPA-000088-X	East of St. Peter, Malaybalay, Bukidnon	4,698
OPHIOLITE MINING, INC.	EPA-106-III	Masinloc, Zambales	1,996

5. August 6, 2008 – The Company executed an Operating Agreement with Mr. Alfredo F. San Miguel, Jr., Ms. Dolores Z. Hassal, Ms. Ma. Cristina Z. Cuenca, Ms. Ma. Trinidad Z. Tan, Heirs of Jose Marino A. Zayco, Heirs of Arturo A. Zayco, Jr. and Ms. Josephine Marie Z. Litares, to explore, develop and operate the latter’s gold and copper property represented by a Mineral Production Sharing Agreement (“MPSA”) denominated as MPSA-218-2005-VII, which covers an area of approximately 505.4626 hectares situated in Ayungon, Negros Oriental.

6. August 7, 2008 – The Company signed together with NiHAO Mineral Resources International, Inc. (“NiHAO”), a Cooperation Agreement with Jiangxi Rare Earth and Rare Metals Tungsten Group Co. (“Jiangxi”). The agreement is to form a strategic partnership to jointly explore and develop the nickel mining tenements, directly and indirectly, held by NiHAO and GEOGRACE located in the province of Zambales, more particularly described below:

A. GEOGRACE Tenements:

Affiliate Company	EPA No.	Location	Area (has.)
Nickelodeon Mines, Inc.	AEP-III-08-07	Palauig and Tarlac	9,958
Ophiolite Mining, Inc.	EPA-106-III	Masinloc, Zambales	1,996
Garnierite Mining, Inc.	AEP-III-16-06	Botolan and	

	EPA-000063-III	Cabangan	12,957
Saprolite Mining, Inc.	AEP-III-17-06 EPA-000064-III	San Felipe and San Narciso	2,029
Saprolite Mining, Inc.	AEP-III-22-06 EPA-000069-III	Cabangan and San Felipe	3,474
		Total	30,414

B. NiHAO Tenement;

Affiliate Company	EPA No.	Location	Area (has.)
Mina Tierra Gracia, Inc.	EP-001-2008-III	Botolan	5,081.6410

The Cooperation Agreement likewise provided for the following cooperation arrangements among the Parties:

1. the formation of a Joint Venture (JV) company to conduct venture exploration on the nickel mining tenements, directly or indirectly, held by NiHAO or GEOGRACE, subject to such equity ownership and other terms and conditions as may be subsequently agreed upon by the parties;

2. the establishment of a joint venture processing plant for nickel and cobalt in the Philippines, subject to a detailed exploration work program and feasibility study; and

3. the execution of an Offtake Agreement subject to terms and conditions to be agreed upon by the parties.

These proposed cooperation arrangements shall be covered by definitive agreements upon completion by the Parties of their technical and legal due diligence on the respective mining tenement described above.

Jiangxi is one of the major non-ferrous metals producers in China mainly focusing on exploration, mining, beneficiation, smelting, and downstream processing of tungsten, molybdenum, rare earth & rare metals, and other metals.

7. September 23, 2008 – The Company signed an Operating Agreement with Platinum Group Metals Corporation ("PGMC") whereby the latter grants the Company the exclusive right to operate and develop approximately 45 hectares of mineral property in Dinapigue, Isabela (the "Mineral Property"). The Mineral Property covers a total of approximately 2,391 hectares with a valid and subsisting Mineral Production and Sharing Agreement ("MPSA") denominated as MPSA No. 258-2007-II.

8. November 10, 2008 - the Company signed separate Agreements with the following companies: (a) Negros745 Philippines, Inc.; (b) Orex Mindanao, Inc., (c) Nickeloreon Mining, Inc.; (d) Nickeloadeon Mines, Inc.; and (e) Ophiolite Mining, Inc. The Agreements with each of the aforementioned companies grant the Company the exclusive right to explore, develop and operate the mining tenements of said companies.

   These rights are conditional upon the fulfillment of the following conditions precedent: (a) satisfactory legal and technical due diligence on the aforementioned companies and their respective mining tenements; (b) the issuance of the exploration permits for the mining tenements; and (c) the approval of the terms and conditions of the Operating Agreements by the appropriate regulatory agencies. Subject to such other terms and conditions as the parties may agree upon in the Operating Agreements, the Company shall be entitled to receive at least eighty percent (80%) of the net profits arising from or relating to the operation of the mining tenements.

   In addition, the Agreements grant the Company the option to purchase the shares of the aforementioned companies or the mining tenements owned by said companies, subject to the requisite due diligence on the companies and their respective mining tenements, fair valuation of the mining tenements and the approval of the appropriate regulatory agencies.

   These Agreements supersede the earlier Heads of Agreement signed on January 9, 2008 and Supplements to the Heads of Agreement signed on July 25, 2008 by and between the Company and the concerned mining companies.

9. February 17, 2009 - the Company signed an Operating Agreement with GEOGEN Corporation ("GEOGEN"). GEOGEN is the successor-in-interest of PGMC with respect to the Isabela Mining Claim. This Operating

Agreement supersedes the Operating Agreement entered into by and between the Company and PGMC on 23 September 2008.

10. February 25, 2009 - the Company and the shareholders of GMI and SMI executed a Cancellation Agreement to formalize the termination of the Share Swap Agreements dated September 17, 2007. The parties agreed to cancel the Share Swap Agreements in view of the prevailing market conditions and the drop in the market price of the Company's shares. As of 23 February 2009, the average market price for the last thirty (30) trading days dropped at P0.46 per share which is lower than the issue price of P1.00 per share

11. On May 6, 2011, the Board of Directors of the Company approved the amendment of the Exploration and Option Agreement (the "Vale Agreement") entered into on June 24, 2008 by and among Vale Exploration Philippines, Inc. ("Vale"), the Company, Masbate10 Phils., Inc., Masbate 2145 Phils., Inc., Masbate 109 Philippines, Inc., Richground Phils, Inc., Minevault Inc., Ecogeo Mineral Resources, Inc. and GEO8 Resources, Inc. (collectively, the seven preceding corporations shall be referred to as the "Tenement Holders"). The Board likewise authorized Mr. Jerry C. Angping, as President of the Company, to sign for and in behalf of the Company the amendment to the Vale Agreement and the Service Agreement required to be executed by virtue thereof.

    The Company had previously disclosed to this Exchange that under the Vale Agreement, Vale was, subject to government approvals, granted the exclusive exploration and mining right to conduct exploration and mineral resource and reserve valuation over seven (7) mining claims located in Masbate Island and Ticao Island in Masbate Province (collectively, the "Masbate Mining Claims") with an aggregate area of approximately 84,046 hectares. The Vale Agreement also granted Vale the option to form a joint venture for the development and operation of mining activities on the Masbate Mining Claims.

    In connection with the Vale Agreement, please be informed that the parties executed an agreement entitled Amendments to the Option Agreement (the "Amendment Agreement") by virtue of which the parties agreed to amend the Vale Agreement in order to reflect their subsequent agreement on obtaining the appropriate approvals of the Vale Agreement and to appoint Vale as an independent contractor pending the approval of the Vale Agreement. Pursuant to the counterparts provision in the Amendment Agreement, Vale executed the Amendment Agreement on 5 April 2011 while the Company executed the Amendment Agreement on 6 May 2011. The parties also executed a Service Agreement dated 6 May 2011 whereby Vale was appointed as an independent contractor for the purpose of conducting exploration in the areas covered by the Masbate Mining Claims, pending the approval of the Vale Agreement by the appropriate regulatory authorities.

12. On May 6, 2011, the Company entered into various Subscription Agreements with the following investors involving a private placement transaction covering Nine Hundred Fifty Two Million Four Hundred Eighteen Thousand Five Hundred Seventy One (952,418,571) shares (the "Shares") of the Company at One Peso (PHP1.00) per share. The subscription price of One Peso (PhP1.00) per share represents a premium over the closing price over the PHP .63 closing price of the Company's shares as of May 5, 2011. The payment terms were as follows: (a) twenty-five percent (25%) of the subscription price shall be paid upon the execution of the Subscription Agreements; and (b) the balance of the subscription price shall be paid upon call by the Board.

Name of Investor	Number of Shares Subscribed	Amount of Subscription
· Garry Lincoln Calixtro Taboso	200,000,000	₱200,000,000.00
· Daniel C. Go	120,000,000	120,000,000.00
· Zandro L. Zulueta	60,000,000	60,000,000.00
· Antonio Victoriano F. Gregorio III	220,000,000	220,000,000,.00
· Delfin S. Castro, Jr.	72,418,571	72,418,571.00
· Jose Francisco E. Miranda	60,000,000	60,000,000.00
· Jose M. Crisostomo	120,000,000	120,000,000.00
· David M. Dela Cruz	100,000,000	100,000,000.00
TOTAL	952,418,571	₱ 952,418,571.00

As of September 30, 2011, the Company has received a total of ₱238,104,642.75 from the aforementioned investors representing 25% of their total subscriptions.

b. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation. None.

c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period. None except items discussed above.

d. Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources and uses of funds for such expenditures. None.

e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. None.

f. Any significant elements of income or loss that did not arise from the Company's operations. None.

g. The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.

Balance Sheet items (September 30, 2011 versus December 31, 2010)

314.43% increase in Cash and Cash Equivalents
Due to receipt of 25% cash payments for subscriptions by made by various investors in a private placement transaction in May 2011.

48.14% increase in Receivables
Primarily due to increase of advances to employees.

158.79% increase in Advances to Related Parties
Primarily due to increase of advances to AC&D.

0.07% increase in Other Current Assets
Input tax on purchases.

27.80% decrease in Property and Equipment
Primarily due to disposal of transporation equipments.

47.49% decrease in Finance Lease Obligation
Payment of finance lease amortizations.

Income Statement items (nine months ended September 2011 versus December 2010)

29.02% decrease in Interest Income
Due to decrease in money market placements.

43.40% decrease in General and Administrative Expenses
Primarily due to the decrease in professional and management fees paid

h. Any seasonal aspect that will have a material effect on the financial condition or results of operation of the Company. None.

PART II--OTHER INFORMATION

Item 3. Assessment of the financial risk exposures of the Company particularly on currency, interest, credit, market and liquidity risks.

Please refer to Notes to Financial Statements No. 15.

Item 4. Evaluation of Financial Instruments

a. A description of the financial instruments of the Company and the classification and measurement applied for each. If material in amount, provide detailed explanation on complex securities particularly on derivatives and their impact on the financial condition of the Company. Please refer to Notes to Financial Statements No. 16.

b. The amount and description of the Company's investments in foreign securities. Not applicable, the Company has no investment in foreign securities.

c. The significant judgments made in classifying a particular financial instrument in the fair value hierarchy. Please refer to Notes to Financial Statements No. 16.

d. An explanation of how risk is incorporated and considered in the valuation of assets or liabilities. Please refer to Notes to Financial Statements No. 16.

e. A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods. Please refer to Notes to Financial Statements No. 16.

f. The criteria used to determine whether the market for a financial instrument is active or inactive. Not applicable, the Company has no AFS investments.

SIGNATURES

Pursuant to the requirements of the Securities Regulations Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Signature/Date:

JERRY C. ANGPING

Date Signed 10/24/11

DELFIN S. CASTRO, JR.

Date Signed 10/24/11

GEOGRACE RESOURCES PHILIPPINES, INC.
INDEX TO FINANCIAL STATEMENTS

FORM 17-Q, Item 1

Financial Statements

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GEOGRACE RESOURCES PHILIPPINES, INC.
BALANCE SHEETS
(in Philippine Pesos)

	Note	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	2, 4	299,700,640	72,316,762
Receivables	2, 5	20,679,932	13,959,394
Advances to related parties	2, 6	10,303,919	3,981,614
Inventory - net	2, 3, 7	40,160,255	40,160,255
Other current assets		12,314,890	12,306,383
Total Current Assets		383,159,637	142,724,408
Noncurrent Assets			
Property and Equipment - net	2, 3, 8	2,337,020	3,236,701
Rental Deposits and others		1,321,971	1,321,971
Total Noncurrent Assets		3,658,992	4,558,672
		386,818,629	147,283,080
LIABILITIES & STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	2, 9	3,320,365	2,616,597
Finance lease obligation- current portion	2, 10	396,142	481,430
Total Current Liabilities		3,716,508	3,098,027
Noncurrent Liabilities			
Finance lease obligation- net of current portion	2, 10	25,801	322,094
Total Noncurrent Liabilities		25,801	322,094
Stockholder's Equity			
Capital Stock	11	2,785,686,072	2,547,581,429
Deficit		2,402,609,752	2,403,718,470
Total Stockholders' Equity		383,076,320	143,862,959
		386,818,629	147,283,080

GEOGRACE RESOURCES PHILIPPINES, INC.
INCOME STATEMENTS
Unaudited
(in Philippine Pesos)

	Note	2011		2010	
		July 1 to Sept. 30	Jan. 1 to Sept. 30	July 1 to Sept. 30	Jan. 1 to Sept. 30
REVENUES					
Service income	2	-	5,700,000	3,700,000	3,700,000
Interest income	2	612,535	1,850,802	565,278	1,968,375
		612,535	7,550,802	4,265,278	5,668,375
EXPENSES					
General and administrative	12	509,542	6,442,470	419,544	7,615,694
Mine development costs	2, 13		-	-	-
Exploration costs		-	-	-	96,912
Other (income) charges	14	(732)	(384)	(227,074)	(919,853)
		508,810	6,442,086	192,470	6,792,753
INCOME (LOSS) BEFORE NET EARNINGS (LOSSES)		103,725	1,108,716	4,072,808	(1,124,378)
PROVISION FOR INCOME TAX		-	-	-	-
NET INCOME (LOSS)		103,725	1,108,716	4,072,808	(1,124,378)
Weighted Average No. of Shares-Common		2,522,105,615	2,522,105,615	2,522,105,615	2,522,105,615
Income (Loss) Per Share		0.000	0.000	0.002	(0.000)

GEOGRACE RESOURCES PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in Philippine Pesos)

	Unaudited September 30, 2011	Audited December 31, 2010	Unaudited September 30, 2010	Audited December 31, 2009
CAPITAL STOCK - P 1 par value				
Authorized - 3,500,000,000 shares				
Issued - 2,522,105,615 shares	2,522,105,615	2,522,105,615	2,522,105,615	2,522,105,615
Subscribed - 25,475,814 shares	25,475,814	25,475,814	25,475,814	25,475,814
Subscribed - 952,418,571 shares	952,418,571			
75% Unpaid Subscription	(714,313,928)			
Issuance via stock rights	-	-	-	-
	2,785,686,072	2,547,581,429	2,547,581,429	2,547,581,429
DEFICIT				
Balance at beginning of period	2,403,718,468	2,408,317,785	2,408,317,785	2,158,563,799
Net Income (loss)	(1,108,716)	(4,599,317)	1,124,378	249,753,986
Balance at end of period	2,402,609,752	2,403,718,468	2,409,442,163	2,408,317,785
STOCKHOLDERS' EQUITY, END	383,076,320	143,862,961	138,139,266	139,263,644

GEOGRACE RESOURCES PHILIPPINES, INC.
STATEMENT OF CASH FLOWS
(in Philippine Pesos)

	2011		2010	
	July 1 to Sept 30	Jan. 1 to Sept. 30	July 1 to Sept 30	Jan. 1 to Sept. 30
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	103,725	1,108,716	4,072,809	(1,124,378)
Adjustment to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization				
Loss on decline in market value of inventory	-	-		
Interest Income	(612,535)	(1,850,802)	(565,278)	(1,968,375)
Interest paid	14,305	53,767	28,311	138,142
Changes in operating assets and liabilities				
Decrease (increase) in :				
Receivables	242,475	(6,720,538)	(2,599,632)	(5,085,914)
Inventory	-	-		
Other current assets	(3,835)	(8,507)	-	(203,098)
Increase (decrease) in :				
Accounts payable and accrued expenses	58	703,769	121,431	(576,090)
Finance lease obligation	(130,811)	(381,581)	(116,805)	(1,732,588)
Net cash used for operations	(386,618)	(7,095,175)	940,836	(10,552,301)
Interest received	612,535	1,850,802	565,278	1,968,375
Net cash used in operating activities	225,916	(5,244,373)	1,506,114	(8,583,926)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to related parties	(1,380,805)	(6,322,305)	(1,468,086)	(3,755,155)
Disposals (acquisitions) of property and equipment	304,660	899,681	-	7,696,773
Decrease (increase) in other assets	-	-	-	-
Net cash used in investing activities	(1,076,145)	(5,422,624)	(1,468,086)	3,941,618
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(14,305)	(53,767)	(28,311)	(138,142)
Payables to stockholders and affiliates	-	-	-	-
Additional Subscription	-	238,104,643	-	-
Net cash provided by (used in) financing activities	(14,305)	238,050,875	(28,311)	(138,142)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(864,533)	227,383,878	9,717	(4,780,450)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	300,565,174	72,316,762	72,066,611	76,856,777
CASH AND CASH EQUIVALENTS AT END OF PERIOD	299,700,640	299,700,640	72,076,327	72,076,327

1. Corporate Information and Status of Operations

Corporate Information

Geograce Resources Philippines Inc. (the Company) is a stock corporation incorporated under the laws of the Philippines. The Company is engaged in exploration, exploitation and development of mineral resources. The registered office address of the Company is Suite 2002 The Peak Tower, 107 L.P. Leviste Street, Salcedo Village, Makati City. The Company's shares are publicly traded in the Philippine Stock Exchange (PSE).

Status of Operations

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The operation of the Company in prior years were affected by the downturn in the real estate industry (a previous business of the Company until October 2006 when the stockholders approved the change in business to mining exploration and development), resulting in continuous losses and inability to settle maturing obligations.

The Company seeks to acquire mining claims/tenements from third parties in various provinces under certain terms and conditions provided under a Heads of Agreement (HOA). The purpose of the HOA is to enable the Company to obtain exclusive rights to explore, develop and operate various mining claims throughout the country. The HOA grants the Company the option to purchase the shares of the mining companies or the mining tenements owned by said companies, subject to the requisite due diligence on the companies and their respective mining tenements, fair valuation of the mining tenements and the approval of the appropriate regulatory agencies. This arrangement allows the Company to expand its potential mineral resource base and mitigates the risks inherent in exploration by diversifying the areas available to it.

The following are the developments in the mining exploration and operating activities:

1) The Company entered into HOA with the following companies:

a. NiHAO Mineral Resources International, Inc. (NiHAO)

Pursuant to the NiHAO Agreement, the Company shall be granted the exclusive right to explore, develop and operate various mining tenements which are controlled by or shall be controlled by NiHAO through Mina Tierra Gracia, Inc. (Mina Tierra), its wholly-owned subsidiary, as well as through Bountiful Geomines, Inc. (Bountiful Geomines) and Visayas Ore Philippines, Inc. (Visayas Ore), which shall become wholly-owned subsidiaries of NiHAO.

Mina Tierra, Bountiful Geomines and Visayas Ore have valid and subsisting exploration permit applications over various mining tenements.

Subject to compliance with applicable laws, the parties intend to execute the necessary Operating Agreements within sixty (60) days from the date Exploration Permits and/or Small Scale Mining Permits are secured for the various mining tenements covered by the NiHAO Agreement. Subject to such other terms and conditions as may be agreed upon by the parties in the Operating Agreements, the Company shall be entitled to receive at least fifty percent (50%) of the net profits arising from or relating to the operation of the mining tenements.

The NiHAO Agreement also granted the Company the option to purchase any, some or all of the Mining Tenements by way of cash or through property-for-share swaps whereby the Company shall issue unissued shares in exchange for the target mining tenements. The option to purchase granted to the Company is subject to the completion of satisfactory due diligence, the fair valuation of the target mining tenements and the approval of said transactions by the appropriate regulatory agencies.

b. HOA with Other Mining Companies

The Company's BOD also approved the execution of separate HOA with the following companies: Negros745 Philippines, Inc., Orex Mindanao, Inc., Nickeloreon Mining, Inc., Nickeloadeon Mines, Inc., and Ophiolite Mining, Inc.

On November 10, 2008, the Company signed separate agreements with these companies. The agreements grant the Company the exclusive right to explore, develop and operate the mining tenements of said companies.

These rights are conditional upon the fulfillment of the following conditions precedent: (a) satisfactory legal and technical due diligence on the aforementioned companies and their respective mining tenements; (b) the issuance of the exploration permits for the mining tenements; and (c) the approval of the terms and conditions of the Operating Agreements by the appropriate regulatory agencies. Subject to such other terms and conditions as the parties may agree upon in the Operating Agreements, the Company shall be entitled to receive at least eighty percent (80%) of the net profits arising from or relating to the operation of the mining tenements.

2) On June 24, 2008, the Company entered into an Exploration and Option Agreement with Vale Exploration Philippines, Inc. (Vale). Under the agreement, the Company and Vale agree to cooperate on the exploration of seven mining claims located in Masbate province (the Masbate Claims). The BOD simultaneously approved the execution of an Exclusive Option Agreement and Irrevocable Special Power of Attorney with the seven mining companies, namely, Masbate 10 Philippines, Inc., Masbate2145 Philippines, Inc., Masbate109 Philippines, Inc., Richground Philippines, Inc., Minevault, Inc., Ecogeo Mineral Resources, Inc. and Geo8 Resources, Inc. (collectively the 7 mining companies) which grant the Company the exclusive right to purchase all outstanding shares of the seven mining companies from their current owners. The 7 mining companies appointed the Company as their attorney-in-fact to sign, execute and deliver the Exploration and Option Agreement with Vale for the exploration of the Masbate Claims.

3) On August 6, 2008, the Company executed an Operating Agreement with several individuals to explore, develop and operate the gold and copper property represented by a Mineral Production Sharing Agreement situated in Ayungon, Negros Oriental.

4) On August 7, 2008, the Company signed together with NiHAO, a Cooperation Agreement with Jiangxi Rare Earth and Rare Metals Tungsten Group Co. (Jiangxi). The agreement is to form a strategic partnership to jointly explore and develop the six mining tenements directly and indirectly held by the Company and NiHAO located in the province of Zambales.

5) On September 23, 2008, the Company signed an Operating Agreement with Platinum Group Metals Corporation (PGMC) which grants the Company exclusive right to operate and develop a mineral property in Dinapigue, Isabela. PGMC is currently operational with infrastructure consisting of a motor pool, causeway, haul road, assay laboratory, nursery, pier yard, administration office and airstrip.

On February 17, 2009, the Company signed an Operating Agreement with GEOGEN Corporation (GEOGEN) which supersedes the agreement entered into by and between the Company and PGMC. GEOGEN is the successor-in-interest of PGMC with respect to the mineral property.

6) On September 8, 2010, the Company was engaged by Dwell Asia Philippines, Inc. (DAP) to undertake a study on the mineral potential assessment of Masbate Island. The engagement aims to provide preliminary values of gold and copper deposits on the island, which will help the client in obtaining partnerships for acquisition and development of mining tenements available in Masbate Island. Service income related to the engagement amounted to P8.5 million in 2010.

7) On May 6, 2011, the Board of Directors of the Company approved the amendment of the Exploration and Option Agreement (the "Vale Agreement") entered into on June 24, 2008 by and among Vale Exploration Philippines, Inc. ("Vale"), the Company, Masbate10 Phils., Inc., Masbate 2145 Phils., Inc., Masbate 109 Philippines, Inc., Richground Phils, Inc., Minevault Inc., Ecogeo Mineral Resources, Inc. and GEO8 Resources, Inc. (collectively, the seven preceding corporations shall be referred to as the "Tenement Holders"). The Board likewise authorized Mr. Jerry C. Angping, as President of the Corporation, to sign for and in behalf of the Company the amendment to the Vale Agreement and the Service Agreement required to be executed by virtue thereof.

The Company had previously disclosed to this Exchange that under the Vale Agreement, Vale was, subject to government approvals, granted the exclusive exploration and mining right to conduct exploration and mineral resource and reserve valuation over seven (7) mining claims located in Masbate Island and Ticao Island in Masbate Province (collectively, the "Masbate Mining Claims") with an aggregate area of approximately 84,046 hectares. The Vale Agreement also granted Vale the option to form a joint venture for the development and operation of mining activities on the Masbate Mining Claims.

In connection with the Vale Agreement, please be informed that the parties executed an agreement entitled Amendments to the Option Agreement (the "Amendment Agreement") by virtue of which the parties agreed to amend the Vale Agreement in order to reflect their subsequent agreement on obtaining the appropriate approvals of the Vale Agreement and to appoint Vale as an independent contractor pending the approval of the Vale Agreement. Pursuant to the counterparts provision in the Amendment Agreement, Vale executed the Amendment Agreement on 5 April 2011 while the Company executed the Amendment Agreement on 6 May 2011. The parties also executed a Service Agreement dated 6 May 2011 whereby Vale was appointed as an independent contractor for the purpose of conducting exploration in the areas covered by the Masbate Mining Claims, pending the approval of the Vale Agreement by the appropriate regulatory authorities.

8) On May 6, 2011, the Company entered into various Subscription Agreements with the following investors involving a private placement transaction covering Nine Hundred Fifty Two Million Four Hundred Eighteen Thousand Five Hundred Seventy One (952,418,571) shares (the "Shares") of the Company at One Peso (PHP1.00) per share. The subscription price of One Peso (PhP1.00) per share represents a premium over the closing price over the PHP .63 closing price of the Company's shares as of May 5, 2011. The payment terms were as follows: (a) twenty-five percent (25%) of the subscription price shall be paid upon the execution of the Subscription Agreements; and (b) the balance of the subscription price shall be paid upon call by the Board.

Name of Investor	Number of Shares Subscribed	Amount of Subscription
· Garry Lincoln Calixtro Taboso	200,000,000	₱200,000,000.00
· Daniel C. Go	120,000,000	120,000,000.00
· Zandro L. Zulueta	60,000,000	60,000,000.00
· Antonio Victoriano F. Gregorio III	220,000,000	220,000,000,.00
· Delfin S. Castro, Jr.	72,418,571	72,418,571.00
· Jose Francisco E. Miranda	60,000,000	60,000,000.00
· Jose M. Crisostomo	120,000,000	120,000,000.00
· David M. Dela Cruz	100,000,000	100,000,000.00
TOTAL	952,418,571	₱ 952,418,571.00

As of September 30, 2011, the Company has received a total of ₱238,104,642.75 from the aforementioned investors representing 25% of their total subscriptions.

2. Summary of Significant Changes in Accounting Policies and Disclosures

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine peso, which is the Company's functional currency under Philippine Financial Reporting Standards (PFRS). Amounts are rounded off to the nearest peso unit, except when otherwise indicated.

Statement of Compliance

The accompanying financial statements have been prepared in compliance with PFRS.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new, revised and amended PFRS/PAS and Philippine Interpretations based on IFRIC which were adopted as of January 1, 2010.

New, Revised and Amended Standards and Interpretations

§ Revised PFRS 3, "Business Combinations" and Amendment to PAS 27, "Consolidated and Separate Financial Statements";
§ Philippine Interpretation IFRIC 17, "Distributions of Non-cash Assets to Owners";
§ Amendment to PFRS 2, "Group Cash-settled Share-based Payment Transactions";
§ Amendments to PAS 39, "Financial Instruments: Recognition and Measurement - Eligible Hedged Items"; and
§ Improvements to PFRSs Effective 2010
  - PFRS 2, "Share-based Payment"
  - PFRS 5, "Noncurrent Assets Held for Sale and Discontinued Operations"
  - PFRS 8, "Operating Segments"
  - PAS 1, "Presentation of Financial Statements"
  - PAS 7, "Statement of Cash Flows"
  - PAS 17, "Leases"
  - PAS 36, "Impairment of Assets"
  - PAS 38, "Intangible Assets"
  - PAS 39, "Financial Instruments: Recognition and Measurement"
  - Philippine Interpretation IFRIC 9, "Reassessment of Embedded Derivatives"
  - Philippine Interpretation IFRIC 16, "Hedge of a Net Investment in a Foreign Operation"

The adoption of these new standards, amendments and IFRIC interpretations did not have a significant impact on the financial statements.

3.1 Standards Issued but not yet Effective

The Company will adopt the following standards and interpretations, when these become effective. The Company does not expect the adoption of these new and amended PFRSs/ PAS and Philippine Interpretations to have a significant impact on its financial statements.

Effective in 2011

§ Amendment to PAS 24, "Related Party Disclosures." The amendment to PAS 24 simplifies the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarifies the definition of a related party to simplify the identification of related party relationships, particularly in relation to significant influence and joint control.

§ Amendment to PAS 32, "Financial Instruments: Presentation – Classification of Rights Issues." The definition of a financial liability has been amended to classify rights issues (and certain options or warrants) as equity instruments if the rights are given pro rata to all of the existing owners of the same class of an entity's nonderivative equity instruments and they are used to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

§ Amendment to Philippine Interpretation IFRIC 14, "Prepayments of a Minimum Funding Requirement." The amendment provides guidance on assessing the recoverable amount of a net pension asset. It permits an entity to treat the prepayment of a minimum funding requirement as an asset.

§ Philippine Interpretation IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments." The interpretation provides guidance on accounting for debt for equity swaps. It clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with PAS 39. The equity instruments issued are measured at their fair value, unless these cannot be reliably measured, in which case, they are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in the statement of comprehensive income.

Effective in 2012

§ Amendment to PAS 12, "Income Taxes – Deferred Tax: Recovery of Underlying Assets." The amendment provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will normally be through sale.

§ Amendments to PFRS 7, "Financial Instruments: Disclosures – Transfers of Financial Assets." This amendment allows users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting date.

§ Philippine Interpretation IFRIC 15, "Agreement for Construction of Real Estate." The interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. It requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, "Construction Contracts," or involves rendering of services, in which case, revenue is recognized based on the stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

Effective in 2013

§ PFRS 9, "Financial Instruments: Classification and Measurement." The first phase of the standard addresses the classification and measurement of financial assets within the scope of PAS 39. At initial recognition, all financial assets are measured at fair value. For subsequent measurement, financial assets that are debt instruments are classified at amortized cost or fair value on the basis of both: (1) the entity's business model for managing the financial assets; and (2) the contractual cash flow characteristics of the financial assets. Debt instruments may be subsequently measured at amortized cost if the asset is held within a business model whose objective is to hold the assets to collect the contractual cash flows and the contractual terms of the financial assets give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value. All financial assets that are equity investments are measured at fair value either through other comprehensive income or profit or loss. This is an irrevocable choice the entity makes by instrument unless the equity investments are held from trading, in which case, they must be measured at fair value through profit or loss (FVPL).

Improvements to PFRS (issued in May 2010)

The FRSC issued improvements to PFRS, an omnibus of amendments to its PFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either July 1, 2010 or January 1, 2011. The amendments listed below, are considered to have no possible impact on the Company financial statements:

§ PFRS 3, "Business Combinations";
§ PFRS 7, "Financial Instruments: Disclosures";
§ PAS 1, "Presentation of Financial Statements";
§ PAS 27, "Consolidated and Separate Financial Statements"; and
§ Philippine Interpretation IFRIC 13, "Customer Loyalty Programmes."

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

Date of Recognition. Financial instruments are recognized in the balance sheet when it becomes a party to the contractual provisions of the instrument. Regular way 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 settlement date.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs.

Categories of Financial Instruments. The Company classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) investments, and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of September 30, 2011 and December 31, 2010, the Company has no financial assets at FVPL, HTM investments, AFS investments and financial liabilities at FVPL.

Determination of Fair Value. The fair value of financial instruments traded in active markets at balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking 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. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques and comparison to similar instruments for which market observable prices exist.

Loans and receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within twelve months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

This category includes cash in banks and cash equivalents, receivables and advances to related parties.

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or noninterest-bearing loans and borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes accrued expenses and other current liabilities (see Note 9).

<u>Impairment of Financial Assets</u>
The Company assesses at each balance sheet 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 use of an allowance account. The amount of the loss shall be recognized in statement of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. The Company 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. 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 group of financial assets is collectively assessed for impairment. 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 the statement of income.

Derecognition of Financial Assets and Liabilities

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

§ the rights to receive cash flows from the asset have expired;

§ the Company 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" arrangement; or

§ the Company 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 Company 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 Company'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 Company could be required to repay.

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

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

Inventories
Ore stockpiles are physically measured or estimated and valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product. Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs.

Materials and supplies are valued at the lower of cost or NRV. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

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. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the useful lives of the property and equipment. The useful life of each of the Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

The property and equipment's residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each financial year-end.

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 the statement of income in the year the item is derecognized.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that the property and equipment may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company 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 costs 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Any impairment loss is recognized in the statement of income 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. 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
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Service income. Revenue is recognized upon rendering of service.

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

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

A reassessment is made after inception of the lease only if one of the following applies:

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

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the statement of income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

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

Income Tax

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or 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 balance sheet date.

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

Deferred tax assets are recognized for all deductible temporary differences and carry-forward benefits of unused 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 carry-forward benefits of unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 balance sheet 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 expected to apply to the year 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 balance sheet 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 the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions, if any, are recognized when the Company 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. 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.

Contingencies

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

Earnings Per Share

Basic earnings per common share is computed by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during each year after giving retroactive effect to stock dividends declared during the year.

Diluted earnings per common share is computed in the same manner, adjusted for the effect of the any potential dilutive shares.

Where the effect of the exercise of stock options is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Events after the Balance Sheet Date

Post year-end events that provide additional information on the Company's financial position at the balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgment and Estimates

Judgments

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

§ Legal Contingencies

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Company's defense in these matters and is based upon an analysis of potential results.

§ Leases

The Company has entered into commercial property leases related to its office spaces. The Company has determined that it does not retain the significant risks and rewards of ownership of these properties which are being leased by the Company under operating lease arrangements. For the finance lease arrangements entered into by the Company on certain transportation equipment, the Company has determined that it retains the significant risks and rewards of ownership of the transportation equipment.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

§ Allowance for Doubtful Accounts

The level of allowance is evaluated by management based on experience and other factors that may affect the recoverability of these assets. The allowance for doubtful accounts is estimated using two methods namely, the specific and collective assessment. The total of the amounts calculated using the two methods determine the total allowance to be maintained as of the reporting date.

Under the specific assessment, if there is an objective evidence that an impairment loss on receivables 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. In collective assessment, the Company groups the receivables according to the credit risk profile of counterparties and provide allowance based on historical loss experience.

The carrying amount of the asset shall be reduced through the use of allowance account. The allowance is established by charges to income in the form of provision for doubtful accounts. The amount and timing of recorded expenses for any period would therefore differ based on the judgments or estimates made. An increase in provision for doubtful accounts would increase the Company's recorded expenses and decrease current assets.

The carrying values of receivables amounted to ₱21 million and ₱14 million as of September 30, 2011 and December 31, 2010, respectively (see Note 5). Advances to related parties amounted to P10 million and ₱4.0 million as of September 30, 2011 and December 31, 2010, respectively (see Note 6).

§ Net Realizable Value of Inventory

The Company 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 flourescence results, confirmed thru colorimetric and current wet analyses. Quantity is measured using volumetric survey. Net selling price is computed based on the spot price of the commodity at balance sheet date.

The NRV of ore inventory as of September 30, 2011 amounted to ₱40.0 million.

§ Estimated Useful Lives of Property and Equipment

The useful life of each item of the Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and 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 asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets.

The carrying values of the Company's property and equipment as of September 30, 2011 and December 31, 2010 amounted to ₱2.3 million and ₱3.2 million, respectively (see Note 8).

§ Impairment of Non-financial Assets

An impairment review is performed when certain impairment indicators are present.

Determining the value in use of property and equipment, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment and other assets associated with an acquired business are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Company believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

There were no provision for impairment losses recognized as of September 30, 2011 and December 31, 2010. The carrying values of the Company's property and equipment as of September 30, 2011 and December 31, 2010 amounted to ₱12.8 million and ₱12.8million, respectively (see Note 8).

§ Deferred tax assets

The Company's assessment on the recognition of deferred tax assets on nondeductible temporary differences is based on the forecasted taxable income of the following reporting period. This forecast is based on the Company's past results and future expectations on revenues and expenses.

4. Cash and Cash Equivalents

This account consists of:

	September 30, 2011	December 31, 2010
Cash on hand and in banks	1,795,998	816,762
Cash equivalents	297,904,643	71,500,000
	299,700,640	72,316,762

Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term investments, which are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term investment rates.

Interest income as of September 30, 2011 and December 31, 2010 is ₱1,850,802and ₱2,607,363, respectively.

5. Receivables

This account consists of:

		September 30, 2011		December 31, 2010
Trade	₱	-	₱	10,520,000
Advances to:				
Employees		2,253,659		3,230,693
Others		18,791,292		573,721
	₱	21,044,952	₱	14,324,414
Less allowance for doubtful accounts		365,020		365,020
	₱	20,679,932	₱	13,959,394

Trade receivables are generally settled on 30-days' term. Advances are non-interest bearing and are settled throughout the financial year.

6. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

Terms and Conditions of Transactions with Related Parties
Settlements of balances of transactions with related parties are made in cash. For the year ended September 30, 2011 and December 31, 2010, the Company has not impaired advances relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In considering each possible related party transaction, attention is directed to the substance of the relationship, and not merely the legal form.

In the normal course of business, transactions with related parties include the following:

a. The Company entered into HOA with NiHao where the Company shall be granted exclusive right to various mining tenements controlled by NiHao. The Company, together with NiHao, also signed a Cooperation Agreement with Jiangxi. The Company and NiHao have common stockholders.

b. The Company grants non-interest bearing advances to OYEZ!!! Corporation (OYEZ!!!). The advances were fully collected in 2009. OYEZ!!! and the Company have common directors and stockholders.

c. On June 24, 2008, the Company entered into an Exclusive Option Agreement and Irrevocable Special Power of Attorney with the seven mining companies which own Masbate Claims. The seven mining companies appointed the Company as their attorney-in-fact to sign, execute and deliver the Exploration and Option Agreement with Companhia Vale de Rio Doce for the exploration of the Masbate Claims (see Note 1). As of September 30, 2011 and December 31, 2010, outstanding advances to the Masbate Claims amounted to nil. The seven mining companies and the Company have common directors and stockholders.

d. The Company also granted noninterest bearing advances to AC & D Corporate Partners, Inc. (AC&D), a related party, for working capital requirements. As of December 31, 2010, the outstanding advances to AC&D were fully settled. AC&D and the Company have common directors and stockholders.

e. On November 16, 2007, the Company executed a Management Services Agreement with Geo Management (Hongkong), Limited (GMHK), whereby GMHK shall provide the Company with specialized management services and technical assistance, particularly in the field of mining. GMHK is a private limited company, incorporated in Hongkong. The Company and GMHK have common management personnel.

In 2008, GMHK- Philippine Branch was established, to which, the contract with GMHK has been transferred.

f. The Company leases office spaces from companies owned by a stockholder. The related rent expense amounted to ₱0. as of September 2011 and ₱0.8 million in 2010.

g. As of September 30, 2011 and December 31, 2010, the advances from officers and a stockholder amounted to P0.5 million and ₱0.5 million, respectively.

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7. Inventory

As of September 30, 2011, this account consists of:

	September 30, 2011	December 31, 2010
Nickel ore – at net realizable value	₱40,000,000	₱40,000,000
Supplies	160,255	160,255
Fuel – at cost		-
	₱40,160,255	₱40,160,255

The cost of nickel ore amounted to P40.0 million as of September 30, 2011.

In 2008, the Company entered into an Operating Agreement with PGMC. As part of the undertakings in the Operating Agreement, the Company acquired for P40.0 million the nickel ore stockpile of PGMC. In 2009, the Company recorded reversal of allowance amounting to P6.8 million. From December 31, 2010 to September 30, 2011, the allowance for decline in value of inventories amounted to 4.2 million.

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8. Property and Equipment

This account consists of:

September 30, 2011

	Project Site Equipment	Office Equipment, Furniture and Fixture	Transportation Equipment	Leasehold Improvements	Total
Cost:					
Balance at beginning of year	2,147,904	4,412,191	4,818,627	1,402,802	12,781,524
Additions for the year	-	70,889	-	-	70,889
Disposals	-	-	-	-	-
Balance at end of year	2,147,904	4,483,080	4,818,627	1,402,802	12,852,413
Less accumulated depreciation and amortization					
Balance at beginning	827,566	4,064,071	3,250,404	1,402,782	9,544,823
Depreciation and amortization for the year	169,263	157,461	643,846	-	970,570
Disposals	-	-	-	-	-
Balance at end of year	996,829	4,221,532	3,894,250	1,402,782	10,515,393
Net book value	1,151,075	261,548	924,377	20	2,337,020

December 31, 2010

	Project Site Equipment	Office Equipment, Furniture and Fixture	Transportation Equipment	Leasehold Improvements	Total
Cost:					
Balance at beginning of year	4,011,455	6,215,011	8,110,377	1,402,802	19,739,645
Additions for the year	17,695	25,081	-	-	42,776
Disposals	(1,881,246)	(1,827,901)	(3,291,750)	-	(7,000,897)
Balance at end of year	2,147,904	4,412,191	4,818,627	1,402,802	12,781,524

Less accumulated depreciation and amortization					
Balance at beginning	1,049,828	3,739,274	3,765,670	1,402,782	9,957,554
Depreciation and amortization for the year	333,356	889,008	1,342,088	-	2,564,452
Disposals	(555,618)	(564,211)	(1,857,354)	-	(2,977,183)
Balance at end of year	827,566	4,064,071	3,250,404	1,402,782	9,544,823
Net book value	1,320,338	348,120	1,568,223	20	3,236,701

The estimated useful lives of the property and equipment are as follows:

Project site equipment	5 years
Office equipment, furniture and fixtures	6 years
Transportation equipment	5 years
Leasehold improvements	6 years or the term of the lease, whichever is shorter

9. Accounts Payable and Accrued Expenses

This account consists of:

		September 30, 2011		December 31, 2010
Deferred output VAT	₱	1,704,000	₱	1,020,000
Accrued expenses:				
Rent and utilities		578,133		578,133
Professional fees payable		166,380		166,380
Advances from officers and a stockholder		510,000		510,000
Withholding taxes payable		3,033		4,590
Others		358,819		337,494
	₱	3,320,365	₱	2,616,597

Accrued expenses and other liabilities are normally settled on a 30-day term.

10. Finance Lease Obligation

The Company entered into finance lease arrangements with local banks for the acquisition of certain transportation equipment. These leases have been capitalized using a 6.0% to 12.31% interest rate.

Future minimum payments under the finance lease arrangement are as follows:

		September 30, 2011		December 31, 2010
Within one year	₱	290,232	₱	582,384
After one year to four year		185,479		299,540
Total minimum lease obligation		475,711		881,924
Less interest		53,767		78,400
Finance lease obligation	₱	421,943	₱	803,524
Noncurrent portion of finance lease obligation	₱	25,801	₱	322,094
Current portion of finance lease obligation		396,142		481,430
	₱	421,943	₱	803,524

Interest expense in for the period ended September 30, 2011 and December 31, 2010 amounted to ₱39,462 and ₱ 163,099, respectively.

11. Equity

Authorized and issued shares as of September 30, 2011 and December 31, 2010 are as follows:

	30-Sep-11			31-Dec-10		
	Shares		Amount	Shares		Amount
Authorized - 1 par value	3,500,000,000	P	3,500,000,000	3,500,000,000	P	3,500,000,000
Issued						
Balance at beginning of year	2,522,105,615		2,522,105,615	2,522,105,615		2,522,105,615
Issuances	-		-	-		-
	2,522,105,615	P	2,522,105,615	2,522,105,615	P	2,522,105,615
Subscribed						
Balance at beginning of year	25,475,814		25,475,814	25,475,814		25,475,814
Subscribed during the period/year	952,418,571		952,418,571	-		-
Subscription Receivables (75%)	(714,313,928)		(714,313,928)	-		-
	263,580,457		263,580,457	25,475,814		25,475,814
	2,785,686,072	P	2,785,686,072	2,547,581,429	P	2,547,581,429

In 2008, the SEC certified the valuation of the liability to J.P. Morgan in the amount of ₱25.5 million as payment for the additional shares of 25,475,814 with a par value of ₱1 per share. To date, the Company is still in the process of completing the documentary requirements of the PSE for the listing of the shares to be issued to J.P. Morgan.

On May 6, 2011, the Board of Directors of Geograce Resources Phils., Inc. approved the issuance, via private placement investment, of Nine Hundred Fifty Two Million Four Hundred Eighteen Thousand Five Hundred Seventy One (952,418,571) shares (the "Shares") of the Company at One Peso (PHP1.00) per share. The subscription price of One Peso (PHP1.00) per share represents a premium over the PHP0.63 closing price of the Company's shares as of 5 May 2011. The payment terms are as follows: (a) twenty-five percent (25%) of the subscription price shall be paid upon the execution of the Subscription Agreements; and (b) the balance of the subscription price shall be paid upon call by the Board.

12. General and Administrative Expenses

		September 30, 2011		December 31, 2010
Management fees	₱	-	P	3,934,597
Depreciation and amortization (see Note 8)		1,006,862		2,564,452
Salaries and employee benefits		461,878		1,545,432
Rent (see Note 6)				787,500
Professional fees				587,028
Provision for impairment loss on receivables				365,020
Taxes and licenses		4,899,062		291,434
Communication and utilities				282,366
Travel and transportation				176,158
Entertainment, amusement and recreation				153,800
Research and development and exploration cost				96,912
Membership, association and dues				88,641
Repairs and maintenance				77,888
Office supplies		-		75,845
Outside services		9,078		57,789
Insurance		2,322		18,586
Others		63,267		277,488
	₱	6,442,470	P	11,380,936

This account consists of:

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13. Mine Development Costs

An intensive exploration work program on Mine Development was implemented in the area covered by Mineral Production Sharing Agreement (MPSA) No. 258-2007-II of Platinum Group Metals Corporation (PGMC) located at Dinapigue, Isabela. It was carried out by the Company by virtue of an Operating Agreement entered into by and between PGMC and Geograce, then subsequently with Geogen Corporation, with the end in view of placing the project into development and exploitation stage. Likewise, in line with this objective, the necessary documents and/or permits were filed with the concerned offices and government agencies for approval.

Mine Development Costs consists mainly of geological mapping, sampling, in-fill core drilling, construction, repair and maintenance of access roads, civil works and community relation activities.

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14. Other Income (Expenses)

During the course of earth moving in the construction of haul roads, overburdens was analyzed to contain significant iron which can be marketed to interested buyers. An Ore Transport Permit (OTP) as well as the Mineral Ore Transport Permit (MOEP) was filed and subsequently approved by the concerned government agency, thus authorizing the Operator to mine and sell the incidental "ore" in the overburden. Costs to transport these overburdens are classified in this account.

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15. Financial Risk Management Objectives and Policies

The Company's principal financial instruments are comprise of cash and finance lease obligation. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial assets and liabilities such as receivables, advances to related parties, and accrued expenses and other current liabilities, which arise directly from its operations.

The main risk risks arising from the Company's financial instruments are liquidity risk and credit risk. The Company has no significant financial instruments that are exposed to interest rate risk and foreign currency rate risk as of September 30, 2011 and December 31, 2010. The BOD reviews and approves policies for managing each of these risks and they are summarized below:

Liquidity Risk

The Company's exposure to liquidity risk relate to raising funds. The Company manages its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Company intends to use internally generated funds and available short-term credit facilities.

As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise.

The table below summarizes the maturity profile of the Company's financial liabilities as of September 30, 2011 and December 31, 2010 based on undiscounted payments:

	30-Sep-11					
	On Demand	30 Days	60 Days	90 Days	120 Days and More	Total
Accrued expenses	₱ 578,133	₱ -	₱ -	₱ -	₱ -	₱ 578,133
Professional fees payable	166,380	-	-	-	-	166,380
Advances from officers and stockholders	510,000	-	-	-	-	510,000

Others		361,852		-		-		-		-		361,852
	₱	1,616,365	₱	-	₱	-	₱	-	₱	-	₱	1,616,365

		31-Dec-10										
		On Demand		30 Days		60 Days		90 Days		120 Days and More		Total
Accrued expenses	₱	578,133	₱	-	₱	-	₱	-	₱	-	₱	578,133
Professional fees payable		166,380		-		-		-		-		166,380
Advances from officers and stockholders		510,000		-		-		-		-		510,000
Others		337,494		-		-		-		-		337,494
	₱	1,592,007	₱	-	₱	-	₱	-	₱	-	₱	1,592,007

Credit Risk

The Company's credit risk relates to other financial assets of the Company, which comprise cash in banks and cash equivalents, receivable and advances to related parties. The exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as stated in the following table. Given that the Company has no significant outstanding trade receivables, it is not exposed to large concentrations of credit risk.

	September 30, 2011	December 31, 2010
Cash in banks and cash equivalents	299,700,640	72,296,762
Receivables	20,679,932	13,959,394
Advances to related parties	10,303,919	3,981,614
Rental deposits	1,321,971	1,321,971

The Company's advances to related parties and receivables are neither past due nor impaired. There were no provisions for impairment as of September 30, 2011 and December 31, 2010.

Cash and cash equivalents are considered good quality as these pertain to deposits in reputable banks. Receivables pertain to advances to employees and suppliers which can be offset directly against their claims and thus, these are also considered good quality. Advances to related parties are fully guaranteed by the owners of the parties involved who have sufficient assets to back up settlement in case of default, which make them good quality.

The Company continuously reviews credit policies and processes and implements various credit actions, depending on assessed risks, to minimize credit exposure.

Capital Management

The primary objective of the Company's management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Company monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as total debt divided by equity. Total debt is the sum of accounts payable and other current liabilities and finance lease obligations. Equity comprises all components of equity.

The Company's debt-to-equity ratio as of September 30, 2011 and December 31, 2010 are as follows:

		September 30, 2011		December 31, 2010
Accrued expenses and other current liabilities	₱	3,320,365	₱	2,616,597
Finance lease obligation		421,943		803,524
Total Liabilities	₱	3,742,308	₱	3,420,121
Equity	₱	383,076,320	₱	143,862,961
Debt to Equity Ratio		0.02:1		0.02:1

16. Financial Instruments

Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial instruments that are carried in the financial statements as of September 30, 2011 and December 31, 2010:

	30-Sep-11				31-Dec-10			
		Carrying Amount		Fair Value		Carrying Amount		Fair Value
Loans and receivables:								
Cash and cash equivalents	₱	299,700,640	₱	299,700,640	₱	72,296,762	₱	72,296,762
Receivables		20,679,932		20,679,932		13,959,394		13,959,394
Advances to related parties		10,303,919		10,303,919		3,981,614		3,981,614
Refundable rental deposits		1,321,971		1,339,047		1,321,971		1,339,047
	₱	332,006,462	₱	332,023,538	₱	91,559,741	₱	91,576,817
Other financial liabilities:								
Accrued expenses and other current liabilities (excluding withholding tax)	₱	1,613,332	₱	1,593,329	₱	1,592,006	₱	1,592,006
	₱	1,613,332	₱	1,593,329	₱	1,592,006	₱	1,592,006

Cash and Cash Equivalents, Receivables, Advances to Related Parties and Accrued Expenses and Other Current Liabilities. Due to the short-term nature of the transactions the carrying values of these financial assets and liabilities approximate their fair values as of balance sheet date.

Rental Deposit and Finance Lease Obligation. The fair values are determined based on discounted cash flows using the risk free rates of 5.7% for rental deposits and 4.2% to 6.0% for finance lease obligation.