

# COVER SHEET

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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 ( f o r m e r l y

G L O B A L E Q U I T I E S I N C . )

(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 S T . M A K A T I

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

ANNABEL P. YU

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

SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2008
2. Commission identification number 41004 3. BIR Tax Identification No 000-000-718-626
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:  (Use Only)

7. Address of issuer's principal office Postal Code  
Suite 2002, The Peak Tower, 107 L.P. Leviste Street, Legaspi Village, Makati City

8. Issuer's telephone number, including area code (632)-856-2013

9. Former name, former address and former fiscal year, if changed since last report

GLOBAL EQUITIES, INC. 2295 Pasong Tamo Extension, Makati City

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 |
|---------------------|---|
|---------------------|---|

|                                      |                      |
|--------------------------------------|----------------------|
| <u>Common stock, P1.00 par value</u> | <u>2,522,105,615</u> |
|--------------------------------------|----------------------|

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

Yes  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 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes  No

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

Yes  No

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

Financial Statements for the first quarter ending March 31, 2008 was presented in conformity with accounting principles generally accepted in the Philippines. This 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.

#### FINANCIAL PERFORMANCE AND RESULTS OF OPERATION

#### Financial Performance In Pesos Thousands

| Key Financial Indicator    | March 2008 |          | %     | March 2007 |          | %     |
|----------------------------|------------|----------|-------|------------|----------|-------|
|                            | Mining     | Total    |       | Mining     | Total    |       |
| Gross Revenues             | 2,593      | 2,593    | -     | -          | -        |       |
| Cost and Expenses          | 19,773     | 19,773   | 100   | 14,713     | 14,713   | 100   |
| Net Income (Loss)          | (17,180)   | (17,180) | (100) | (14,713)   | (14,713) | (100) |
| Segment Current Assets     | 447,519    | 447,519  |       | 1,921      | 1,921    |       |
| Unallocated Current Assets | 7,477      | 7,477    |       | 4,525      | 4,525    |       |
| Total Current Assets       | 454,996    | 454,996  | 96    | 6,446      | 6,446    | 77    |
| Segment Assets             | 462,547    | 462,547  |       | 3,849      | 3,849    |       |
| Unallocated Assets         | 7,477      | 7,477    |       | 4,525      | 4,525    |       |
| Total Assets               | 470,024    | 470,024  | 100   | 8,374      | 8,374    | 100   |
| Current Liabilities        | 26,710     | 26,710   | 6     | 137        | 137      | 2     |
| Segment Liabilities        | 27,820     | 27,820   | 7     | 21,805     | 21,805   |       |
| Unallocated Liabilities    | -          | -        |       | -          | -        |       |
| Total Liabilities          | 27,820     | 27,820   | 7     | 21,805     | 21,805   | 260   |
| Total Stockholders' Equity | 442,204    | 442,204  | 93    | (13,431)   | (13,431) | (160) |
| Current Ratio              | 17.0347    | 17.0347  |       | 47.0511    |          |       |
| Debt to Equity             | 0.06       | 0.06     |       | (1.62)     | (1.62)   |       |
| Gross Profit Margin        | NA         | NA       |       | NA         | NA       |       |
| Net Operating Margin       | NA         | NA       |       | NA         | NA       |       |
| Return on Assets           | (0.04)     | (0.04)   |       | (1.76)     | (1.76)   |       |
| Return on Equity           | NA         | NA       |       | NA         | NA       |       |

Cost and expenses and net income are computed as a percentage of Gross Revenues.

Current asset, current liabilities, total liabilities and stockholders equity are computed as a percentage of total assets.

As in previous year, no revenues was posted by the Company during first quarter of 2008. As a result, gross profit margin and net operating margin are not applicable.

Return on Assets is derived by dividing net income (loss) from total assets.

Financial results showed ₱ 17.18 million operating loss attributable to:

- 1) Exploration Costs
- 2) Professional fees of management and technical consultants, legal counsel and transfer agent;
- 3) Salaries and salary related expenses of key management personnel;
- 4) Rent and utilities
- 5) PSE listing fees for year 2007;
- 6) Depreciation of Property and Equipment;
- 7) Other overhead expenses.

As of March 31, 2008, total Current Assets amounted to Php455 million, compared to Php6.45 million for the same period last year, mainly because of the increase in cash and cash equivalents, receivables and advances to related parties. The increase in these accounts resulted from the proceeds of stock rights offer of Php560.47 million in May 2007. Non Current assets increased by Php11.8 million due to purchase of various project site equipment, transportation equipment to be used for out of town trips to project sites, and office equipment and furniture and fixtures. Rental deposit of Php1.30 million was also disbursed for the period.

Total Stockholders' equity stood at Php442.2 million, a complete turnaround from the same period last year of negative Php13.43 million due to the issuance of shares arising from the stock rights offer last May 2007, reduced by net loss last year of Php102.36 million and the loss incurred for the current period of Php17.18 million.

**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 19, 2007 – Memorandum of Agreement with Gamierite Mining, Inc. ("Gamierite") to acquire 100% of the issued and outstanding capital stock of Gamierite or the latter's mining rights over the 12,957 hectares of nickel property located in the Province of Zambales covered by Exploration Permit Application No. III-16-06.
2. January 24, 2007 – Memorandum of Agreement with Saprolite Mining, Inc. ("Saprolite") to acquire 100% of the issued and outstanding capital stock of Saprolite or the latter's mining rights over 5,503 hectares of nickel property located in the Province of Zambales covered by Exploration Permit Application Nos. AEP-III-17-06 and AEP III-22-06.
3. February 1, 2007 – Memorandum of Agreement with Gamierite Mining, Inc. to acquire 100% of the issued and outstanding capital stock of Gamierite or the latter's mining rights over 6,726 hectares of nickel property located in the municipality of Aborlan, province of Palawan lodged as EPA-B-P120.
4. February 20, 2007 – Memorandum of Agreement with Gamierite Mining, Inc. to acquire 100% of the issued and outstanding capital stock of Gamierite or the latter's mining rights over 6,804 hectares of nickel property located in Malaybalay, Bukidnon covered by EPA-00006-X.

5. March 1, 2007 – The Company engaged the services of J. P. Morgan Securities Asia Private Limited (“JPMorgan”) as its financial advisor in connection with possible transactions relating to the Company’s mining tenements including joint ventures, partnerships or other business combinations or arranges pursuant to which one or more investors makes a contribution to the development of one or more of the Company’s mining assets. JPMorgan is part of JPMorgan Chase & Co., a leading global financial services firm with assets of \$1.4 trillion and operations in more than 50 countries.
6. August 14, 2007 – Operating and Development Agreement with CDO International Metal (“CDO”) whereby Geograce has the right to operate the Opol Properties and Manticao Properties in Misamis Oriental, totaling 1,863 hectares. CDO is engaged in the buying, collection and export of ferrous/non ferrous scrap materials on a wholesale basis.
7. September 17, 2007 – The Company acquired 100% of the issued and outstanding capital stock of Gamierite Mining, Inc. and Saprolite Mining, Inc. in exchange for the issuance by the Company of an aggregate 173,736,363 common shares from its authorized but unissued portion at the par value of P1.00 to the shareholders of Gamierite and Saprolite, respectively. The Company still has to obtain the approval of the SEC and the Philippine Stock Exchange for the issuance and listing of the aforementioned shares.

Through its acquisition of one hundred percent (100%) interest in Gamierite and Saprolite, the Company obtained mining rights covering an aggregate area of approximately Thirty One Thousand Three Hundred Fifteen (31,315) hectares in various parts of Zambales (the “Zambales Mining Rights”), Bukidnon (the “Bukidnon Mining Rights”) and Palawan (the “Palawan Mining Rights”).

Applications for exploration permits have been filed with and are currently pending before the Mines and Geosciences Bureau (“MGB”). The details of the aforementioned mining rights are more particularly described below:

| Location | Application Number                             | Claimant                             | Area (Hectares) |
|----------|--|--------------------------------------|-----------------|
| Zambales | EPA-000064-III (San Felipe/San Narciso)        | Saprolite Mining, Inc. (“Saprolite”) | 2,029           |
|          | EPA-000065-III (Botolan/Cabangan)              | Gamierite Mining, Inc. (“Gamierite”) | 12,957          |
|          | EPA-000069-III (Cabangan/San Felipe)           | Saprolite                            | 3,474           |
|          |  |                                      | <b>18,460</b>   |
| Bukidnon |  |                                      |                 |
|          | EPA-000065-X (St. Peter, Malaybalay, Bukidnon) | Gamierite                            | <b>6,804</b>    |
| Palawan  |  |                                      |                 |
|          | EPA-IVB-120                                    | Gamierite                            | <b>6,051</b>    |
| Total:   |  |                                      | <b>31,315</b>   |



## THE MINING RIGHTS

### *Zambales Mining Rights*

The Zambales Mining Rights in the name of Garnierite are located in the towns of Cabangan and Botolan lying along the regional N-S layering of ultramafic formation bearing nickeliferous mineral belt of Zambales Ophiolite. Due diligence exploratory activities disclosed wide sizeable horizon of lateritic zone over serpentinite periodotite-dunite. Recent rapid assessment by ridge and spur soil sampling resulted in nickel zone ranging from 0.30 to 1.2% Ni, encompassing approximately eight (8) kilometers in length of lateritic belt. In connection with the Zambales Mining Rights, the Company shall continue its field exploration consisting of geological survey supplemented by auger drilling down to eight (8) meters in depth to further probe the likelihood of nickel-cobalt zone laterally and subsurface. The objective of this endeavor would be to estimate inferred ore resource of the deposit. Thereafter, a grid auger drilling program will proceed.

The Zambales Mining Rights in the name of Saprolite are located in the towns of Cabangan, San Felipe and San Narciso. The chromite-nickel deposits are situated within the Zambales Ophiolite Complex specially located in the eastern central segment of Zambales. The nickel-cobalt deposit of Zambales occurs both as magmatic nickel sulfide and as laterite in limonite and saprolite with tenor in the order of 0.50% Ni to 1.74% Ni.

Based on the latest test pitting results on the Botolan property, samples from the surface reveal a nickel grade ranging from 0.40% to 0.60%. Further test pitting up to three (3) meters deep indicates a higher nickel grade ranging from 0.70% to as much as 1.13% Ni. The results of analysis clearly indicate that nickel ore zones of higher grade are found in the saprolitic zone.

Nickel laterite grades of 1.0% Ni and above are normally considered in the mine model for moving up the inferred resource to the mineable reserve status. The economic parameters like metal prices, mining costs and the like have a direct bearing on the overall-all financial viability of the mine. Current market for nickel laterite grades ranges from 1.2% to 1.5%.

The Geological Report on the Zambales Mining Rights pertinently states:

"The Zambales Range in western Luzon constitutes the largest exposure of ophiolite-derived mafic-ultramafic units in the Philippines. It has been a major source for both metallurgical and refractory-grade chromite ores in Asia since the early 1940's up to the early 1990's and has seen the resurgence of production in recent times. Nickeliferous laterite deposits, and lately chromiferous laterites as well, have also been recognized to occur in areas in northern Zambales Range. During the 1970's, Ni-sulfide deposits bearing appreciable amounts of Platinum Group Elements (PGE) associated with primary metallurgical chromite layers at the Acoje mine were exploited. With the increasing demand by China, India and other industrial countries for ferrous materials beginning late 1990's, interest has again focused on the redevelopment of known chromite, as well as undeveloped nickel laterite resources in the region. The rejuvenation of exploration activities at the formerly abandoned Acoje Chromite Mine by Crau Minerals- Rusina Mining since 2003 best exemplifies the bullish trend for mining investment in the Zambales Range.

The prospectivity of the Zambales Range for chromite is fairly well established and based on the statistically-based resource assessment carried out in the present study, there is still a projected 100 to 150 million metric tons of combined (refractory plus metallurgical) chromite resource in the area. Much of this would be found as remnant ore bodies of formerly exploited chromite deposits. There are at least 99 deposits and prospects identified in the region and most of these had not been systematically explored for or assessed in terms of volume and grade ranges.

Sporadically worked on during the past, a lot of the deposits were abandoned when the access to the deeper sections were made difficult by the unsystematic and small-scale mode of mining employed.

Although the occurrence of nickel laterite mineralization in the Zambales Range had been confirmed as far back as the eighties when Acoje Mining was still actively mining in the area, it is only fairly recently that the systematic assessment and characterization of these deposits was given impetus. All of the established nickel laterite deposits in Zambales are found in the northern portions of the range. The reported total reserves of nickel laterites in the north is roughly 65 Million metric tons at 1.5 to 1.76 percent nickel grade. The total projected resource estimate is from 40 to 100 million tons.

As most of the chromite deposits and prospects in the Zambales Range had been identified or delineated, the systematic detailed exploration and assessment of these deposits/prospects is the logical direction to take. In the case of the nickel laterite resources, emphasis must be placed on the systematic exploration of the central and southern portions of the region where very little work had actually been done.

For both commodities, the acquisition of tenements over the identified prospective site should be pursued. Getting contiguous promising areas should be emphasized as nickel laterite deposits, particularly, are mantle or blanket-type deposits and the larger the area, the greater the chance of having sizable deposits.

The success of any exploration or resource assessment program is greatly dependent on the application of the most cost-effective and suitable techniques or systems for the particular deposit being explored for. It is therefore essential that the exploration programs be seriously studied and analyzed before being implemented."

### *Palawan Mining Rights*

The Palawan Mining Rights of Garnierite consist of nickel-bearing property underlain by ultramafic rocks composed mainly of serpentinized dunite, peridotite and pyroxenite from which under favorable weather conditions such as warm, humid climate and in a landscape of low relief could form residual lateritic soil with enriched concentration of nickel at depth.

A large portion of the prospect area had varied thickness of nickel bearing lateritic soil with nickel values ranging from 0.40% Ni to as much as 1.2% Ni. Iron in the soil ranges from 15% to 30% Fe. Boulders in the lateritic soil also had nickel values ranging from 0.84% Ni to more than 1.0% Ni. This reveals the tenor of ore at depth would increase as it reaches the enriched zone.

The prospective nickel-bearing zone appears to be widespread as the area near and within the vicinity of Aborlan, Palawan, is bounded by numerous nickel projects, namely, (1) MBMI Toronto area of Olympic Mining, approximately four (4) kilometers north; (2) Berong area of Toledo Mining Corporation, approximately seven (7) kilometers west; and (3) Citinickel approximately four (4) kilometers north. All of these areas are in the advanced stage of exploration and development.

In the nickel report of Toledo Mining Corporation, the owner of the Berong Nickel Project, the three (3) properties that they own which are located near Garnierite's mining tenement have resources as follows: (1) Long Point -120M at 1.25% Ni; (2) Berong - 140M at 1.41 Ni; and (3) Celestial - 77M at 1.25% Ni.

### *Bukidnon Mining Rights*

The Bukidnon Mining Rights of Garnierite, also known as "St. Peter's Project" is located within a laterite belt traceable for about fifteen (15) meters in length and approximately three (3) kilometers across. It is underlain by intensely serpentinized peridotite-dunite hosted by the Pantaron Ultramafic Complex. The Pantaron Ultramafic Complex of Cretaceous age is described by the MGB as those ultramafic rocks forming the Pantaron Range dividing Bukidnon, Agusan del Sur and Davao. It is composed of peridotite, gabbro, dunite, basalt and serpentinite.

The latest exploration activity by the manual auger drill disclosed laterite depth down to eight (8) meters and still persisting down to hole bottom. Available assays showed 1,000 ppm to 7,000 ppm.

10. November 19, 2007- The Company signed a Management Services Agreement with GEO Management (Hongkong) Limited, a corporation duly organized and existing under the laws of Hong Kong, whereby the latter will provide specialized management and technical services in the field of mining to Geograce and to its affiliated group of mining companies.
11. January 09, 2008 - The Company's Board of Directors authorized the Company to enter into Heads of Agreement with other mining companies 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 Heads of Agreement 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.

The purpose of the Heads of Agreements entered into by and among GEOGRACE, NiHAO Mineral Resources International, Inc. ("NiHAO"), another mining company publicly listed at the Philippine Stock Exchange, and other mining companies is for GEOGRACE to obtain the exclusive right to explore, develop and operate various Mining Claims throughout the country. 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 HEADS OF AGREEMENT**

#### **(1) Heads of Agreement with NiHAO Mineral Resources International, Inc (NiHAO Agreement)**

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 exploration permit ("EP")/ exploration permit applications ("EPAs") over mining tenements as more particularly described below (collectively, the "**Mining Tenements**")



| Applicant          | Tenement            | Location                                   | EPA No.         | Hectares                |
|--------------------|---------------------|--|-----------------|-------------------------|
| Mina Tierra        | "Botolan Tenement"  | Botolan, Zambales                          | EP-001-2008-III | 6,828.5750 <sup>1</sup> |
| Bountiful Geomines | "Manticao Tenement" | Opol, Manticao, Misamis Oriental           | EPA-000093-X    | 2,187.0000              |
| Visayas Ore        | "Antique Tenement"  | Potnongon, Valderama, San Remigio, Antique | EPA-000077-VI   | 2,374.3100              |
|                    |                     |  | <b>Total</b>    | <b>11,389.885</b>       |

As of the execution date of the NiHAO Agreement, Mina Tierra has acquired 100% of the issued and outstanding capital stock of three (3) mining companies, namely, Minedomain, Inc., ("Minedomain"), Companhia Nube Minerale, Inc. ("Nube Minerale") and Companhia Minera Tierra, Inc. ("Minera"), which have applied for small-scale mining permits ("**ASSMPs**") covering approximately five (5) hectares each, as more particularly described below (collectively, the "**Small-Scale Mining Tenements**"):

| Company Name  | Target Tenement   | ASSMP No.           |
|---------------|-------------------|---------------------|
| Minedomain    | Botolan Tenement  | ASSMP-Z-346-BT      |
| Nube Minerale |                   | ASSMP-Z-347-BT      |
| Minera        |                   | ASSMP-Z-348-BT      |
| Minedomain    | Manticao Tenement | (not yet available) |

The Company's exclusive right to explore, develop and operate any, some or all of the mining tenements covered by the NiHAO Agreement shall be conditional upon the fulfillment of the following conditions precedent: (a) satisfactory legal and technical due diligence on NiHAO; (b) satisfactory legal and technical due diligence on Mina Tierra, Bountiful Geomines and Visayas Ore and their respective mining tenements; (c) satisfactory legal and technical due diligence on Minedomain, Nube Minerale and Minera and their respective Small-Scale Mining Tenements; (d) the issuance of Exploration Permits for the Botolan Tenement, the Manticao Tenement and the Antique Tenement and the Small-Scale Mining Permits for each of the Small-Scale Mining Tenements; and (e) the approval of the terms and conditions of the Operating Agreements for any, some or all of the mining tenements by the appropriate regulatory agencies.

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, 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.

<sup>1</sup>The size of the Botolan Tenement was reduced from the original 7,102 hectares upon the recommendation by the Forest Management Service of the Department of Energy and Natural Resources.

(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) Nickelodeon 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              | 3,807            |
|                             | 2  | EXPA-000075VII  | Ayungon, Negros Oriental              |                  |
| OREX MINDANAO               | 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           |
| <b>Total</b>                |    |                 |                                       | <b>73,583.25</b> |

As in the case of the NiHAO Agreement, the Company's exclusive right to explore, develop and operate the mining tenements covered by the Heads of Agreement with the aforementioned companies is 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 a share in the net profits arising from or relating to the operation of the mining tenements.

- b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation
- c. There are no 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, except items previously discussed above.

- d. There are no material commitments for capital expenditures, not reflected in the Company's financial statements.
- e. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's financial statements
- f. There are no significant elements of income or loss that did not arise from the Company's operations.
- g. There are no causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.

## **PART II--OTHER INFORMATION**

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

**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**  
President / Director

Date signed: 5/20/08



**DELFIN S. CASTRO, JR.**  
Treasurer / Director

Date signed: 5/20/08



**GEOGRACE RESOURCES PHILIPPINES, INC.  
INDEX TO FINANCIAL STATEMENTS**

**FORM 17-Q, Item 1**

**Financial Statements**

Balance Sheets as of March 31, 2008 and December 31, 2007

Statements of Income for the first quarter ending March 31, 2008 and March 31, 2007

Statements of Changes in Stockholders Equity

Statements of Cash Flows For the First Quarter Ending March 31, 2008 and March 31, 2007

Notes to Financial Statements

**GEOGRACE RESOURCES PHILIPPINES, INC. FORMERLY GLOBAL EQUITIES, INC.  
BALANCE SHEETS**

|   | <u>March 31, 2008</u><br><u>(Unaudited)</u> | <u>December 31, 2007</u><br><u>(Audited)</u> |
|---|---|--|
| <b>ASSETS</b>   |   |  |
| Current Assets  |   |  |
| Cash and cash equivalents                               | P 355,698,828                               | P 410,390,199                                |
| Receivables (Note 3)                                    | 1,824,240                                   | 415,925                                      |
| Advances to related parties                             | 89,996,697                                  | 55,071,002                                   |
| Other current assets (Note 4)                           | <u>7,476,529</u>                            | <u>7,066,486</u>                             |
| <b>Total Current Assets</b>                             | <b><u>454,996,294</u></b>                   | <b><u>472,943,612</u></b>                    |
| Noncurrent Assets                                       |   |  |
| Property and Equipment - net                            | 13,721,926                                  | 13,763,358                                   |
| Rental Deposits   | <u>1,305,900</u>                            | <u>1,778,400</u>                             |
| <b>Total Noncurrent Assets</b>                          | <b><u>15,027,826</u></b>                    | <b><u>15,541,758</u></b>                     |
|   | <b>P <u>470,024,120</u></b>                 | <b>P <u>488,485,370</u></b>                  |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>           |   |  |
| Current Liabilities                                     |   |  |
| Accounts payable and other current liabilities (Note 5) | P 26,667,831                                | P 27,862,309                                 |
| Finance lease obligation- current portion               | <u>41,695</u>                               | <u>127,981</u>                               |
| <b>Total Current Liabilities</b>                        | <b><u>26,709,526</u></b>                    | <b><u>27,990,290</u></b>                     |
| Noncurrent Liabilities                                  |   |  |
| Finance lease obligation- net of current portion        | <u>1,110,455</u>                            | <u>1,110,455</u>                             |
| <b>Total Noncurrent Liabilities</b>                     | <b><u>1,110,455</u></b>                     | <b><u>1,110,455</u></b>                      |
| Stocholder's Equity                                     |   |  |
| Capital Stock - P1 par value                            |   |  |
| Authorized - 3,500,000,000 shares                       |   |  |
| Issued - 2,522,105,615 shares                           | 2,522,105,615                               | 2,522,105,615                                |
| Deficit   | <u>(2,079,901,476)</u>                      | <u>(2,062,720,990)</u>                       |
| <b>Total Stockholders' Equity</b>                       | <b><u>442,204,139</u></b>                   | <b><u>459,384,625</u></b>                    |
|   | <b>P <u>470,024,120</u></b>                 | <b>P <u>488,485,370</u></b>                  |

**GEOGRACE RESOURCES PHILIPPINES, INC. FORMERLY GLOBAL EQUITIES, INC.**  
**INCOME STATEMENTS**  
**(Unaudited)**

|  | <u>March 31, 2008</u> | <u>March 31, 2007</u> |
|--|-----------------------|-----------------------|
| REVENUES                                   |                       |                       |
| Interest Income                            | P 2,592,863           | P 16                  |
|  | <u>P 2,592,863</u>    | <u>P 16</u>           |
| EXPENSES                                   |                       |                       |
| General and administrative                 | P 18,088,067          | P 3,736,711           |
| Exploration Costs                          | 2,083,707             | 10,976,000            |
| Other (income) charges                     | (398,424)             |                       |
|  | <u>19,773,349</u>     | <u>14,712,711</u>     |
| INCOME (LOSS) BEFORE NET EARNINGS (LOSSES) | (17,180,486)          | (14,712,695)          |
| PROVISION FOR INCOME TAX                   | -                     | -                     |
| <b>NET INCOME (LOSS)</b>                   | <u>P (17,180,486)</u> | <u>P (14,712,695)</u> |
| WEIGHTED AVE. NUMBER OF<br>COMMON SHARES   | <u>2,522,105,615</u>  | <u>1,961,637,701</u>  |
| Income (Loss) Per Share                    | <u>P (0.007)</u>      | <u>P (0.008)</u>      |

**GEOGRACE RESOURCES PHILIPPINES, INC. FORMERLY GLOBAL EQUITIES, INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

|                                      | <u>Unaudited</u><br><u>March 31, 2008</u> | <u>Audited</u><br><u>December 31, 2007</u> | <u>Unaudited</u><br><u>March 31, 2007</u> | <u>Audited</u><br><u>December 31, 2006</u> |
|--------------------------------------|---|--|---|--|
| <b>CAPITAL STOCK - P 1 par value</b> |   |  |   |  |
| Authorized - 3,500,000,000 shares    |   |  |   |  |
| Issued - 2,522,105,615 shares        | P 2,522,105,615                           | P 1,961,637,701                            | P 1,961,637,701                           | P 1,961,637,701                            |
| Issuance via stock rights            | -   | 560,467,914                                | -   | -  |
|                                      | <u>2,522,105,615</u>                      | <u>P 2,522,105,615</u>                     | <u>P 1,961,637,701</u>                    | <u>P 1,961,637,701</u>                     |
| <b>DEFICIT</b>                       |   |  |   |  |
| Balance at beginning of period       | 2,062,720,990                             | 1,960,356,038                              | 1,960,356,038                             | 2,217,048,627                              |
| Net Income (loss)                    | <u>(17,180,486)</u>                       | <u>(102,364,952)</u>                       | <u>(14,712,695)</u>                       | <u>256,692,589</u>                         |
| Balance at end of period             | <u>2,079,901,476</u>                      | <u>2,062,720,990</u>                       | <u>1,975,068,733</u>                      | <u>1,960,356,038</u>                       |
| <b>MINORITY INTEREST</b>             | <u>-</u>                                  | <u>-</u>                                   | <u>-</u>                                  | <u>-</u>                                   |
| <b>STOCKHOLDERS' EQUITY, END</b>     | <u><u>P 442,204,139</u></u>               | <u><u>P 459,384,625</u></u>                | <u><u>P (13,431,032)</u></u>              | <u><u>P 1,281,663</u></u>                  |



**GEOGRACE RESOURCES PHILIPPINES, INC. FORMERLY GLOBAL EQUITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**(Unaudited)**

|   | <u>Jan 1 to<br/>March 31, 2008<br/>(Three Months)</u> | <u>Jan 1 to<br/>March 31, 2007<br/>(Three Months)</u> |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |   |   |
| Income (loss) before income tax   | P (17,180,486)  | P (3,736,695)   |
| Adjustment to reconcile net loss to net cash provided by operating activities |   |   |
| Depreciation and amortization   | 41,432  | 49,851  |
| Amortization of goodwill  | -   | -   |
| Interest Income   | (2,592,863)   | -   |
| Changes in operating assets and liabilities                                   |   |   |
| Decrease (increase) in :  |   |   |
| Accounts receivable   | (1,408,315)   | (765,709)   |
| Inventories   | -   | -   |
| Other current assets  | (410,043)   | (68,310)  |
| Increase (decrease) in :  |   |   |
| Accounts payable and accrued expenses   | (1,194,478)   | (44,247)  |
| Finance lease obligation  | (86,286)  | -   |
| Net cash used for operations  | <u>(22,831,039)</u>                                   | <u>(4,565,110)</u>                                    |
| Interest received   | 2,592,863   | -   |
| <b>Net cash used in operating activities</b>                                  | <b>P <u>(20,238,176)</u></b>                          | <b>P <u>(4,565,110)</u></b>                           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |   |   |
| Advances to related parties   | P (34,925,695)  | P -   |
| Disposals (acquisitions) of property and equipment                            | -   | (1,977,343)   |
| Decrease (increase) in rental deposits  | 472,500   | -   |
| <b>Net cash used in investing activities</b>                                  | <b>P <u>(34,453,195)</u></b>                          | <b>P <u>(1,977,343)</u></b>                           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |   |   |
| Bank loans  | P -   | P -   |
| Payables to stockholders and affiliates                                       | -   | 7,672,721   |
| Long-term borrowings  | -   | -   |
| <b>Net cash provided by (used in) financing activities</b>                    | <b>P <u>-</u></b>                                     | <b>P <u>7,672,721</u></b>                             |
| <b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>               | <b>P (54,691,371)</b>                                 | <b>P 1,130,268</b>                                    |
| <b>CASH AND CASH EQUIVALENTS AT<br/>BEGINNING OF PERIOD</b>                   | <u>410,390,199</u>                                    | <u>24,943</u>   |
| <b>CASH AND CASH EQUIVALENTS AT<br/>END OF PERIOD</b>                         | <b>P <u><u>355,698,828</u></u></b>                    | <b>P <u><u>1,155,211</u></u></b>                      |

**GEOGRACE RESOURCES PHILIPPINES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

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**1. Corporate Information and Status of Operations**

Corporate Information

GEOGRACE Resources Philippines, Inc. formerly Global Equities, Inc. (the Company) is a stock corporation incorporated under the laws of the Philippines. The Company's primary purpose is to engage, for itself and for others and/or in conjunction with interested parties, in the exploration, exploitation and development of the country's mineral resources consisting of precious metals, base metals, ferrous and non ferrous metals and other industrial minerals such as copper, nickel, gold, silver, platinum, tin, mercury, chromium, iron, magnesium, lead, zinc, precious stones, fuels, minerals of all kinds and all products and by-products of the foregoing. The Company has fifty two (52) employees including management staff. The registered office address of the company is Unit 2002 20F The Peak Tower, 107 L.P. Leviste St. Salcedo Village, Makati City.

Status of Operations

The operations of the Company in prior years were affected by the downturn in the real estate industry, resulting to suspension of development activities on the land and continuous losses. In 2006, the Company changed its primary purpose to that of a mining company with an aim to explore and develop mineral resources in the Philippines. To enable the Company to achieve the shift in its primary purpose to a mining company, the Board of Directors granted management on December 06, 2006 general mandate to acquire mining claims/tenements from third parties. In 2007, the Company has taken initiatives to acquire mining tenements from different provinces as discussed in Item 2, Management's Discussion and Results of Operations.

In January 2008, the Company's Board of Directors authorized the Company to enter into Heads of Agreements (HOA) with other mining companies 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 HOA is for the Company to obtain the exclusive right 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 required due diligence, fair valuation by independent third party appraisers, and 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. HOA's entered into by the Company to date are with Nihao Mineral Resources International, Inc., another publicly listed mining company, Negros 745 Philippines, Orex Mindanao, Inc. Nickeloreon Mining, Inc. Nickelodeon Mines, Inc. and Ophiolite Mining, Inc.

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**2. Summary of Significant Accounting Policies**

Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippines peso, which is the Company's functional currency. 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 Philippines Financial Reporting Standards (PFRS)

### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended Philippine Accounting Standards (PAS), PFRS and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) during the period. Adoption of these revised standards and interpretations did not have any effect on the Company except for the additional disclosures on the financial statements.

- PAS 19, Amendment – Employee Benefits
- PAS 39, Amendments – Financial Instruments Recognition and Measurement and
- Philippine Interpretation IFRIC 4, Determining whether an Arrangement contains a Lease.

### 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.

### Revenue

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

*Sale of real estate.* Revenue from sale of real estate is recognized under the full accrual method.

*Sale of goods.* Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

*Interest.* Revenue is recognized as the interest accrues.

### Operating Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and required an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

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

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



Lease payments under operating lease are recognized as expense on a straight-line basis over the terms of the lease agreements.

#### Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until such time the assets are ready for their intended use. If carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

#### Taxes

*Current Taxes.* 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, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefits of MCIT and NOLCO can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognize only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized .

The carrying amount of deferred tax assets is reviewed at each 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 income will allow the deferred tax asset to be recovered.



Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in 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.

#### Basic Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared.

#### Contingencies

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

#### Subsequent Events

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

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### 3. Receivables

This account consists of:

|                                      | March 31,<br>2008 | December 31,<br>2007 |
|--------------------------------------|-------------------|----------------------|
| Officers and employees               | P1,738,320        | P227,929             |
| Others                               | 85,920            | 187,996              |
|                                      | 1,824,240         | 415,925              |
| Less allowance for doubtful accounts | 0                 | 0                    |
|                                      | P1,824,240        | P 415,925            |

The Receivables from Officers and Employees are cash advances subject for liquidation and are short-term in nature.

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#### 4. Other Current Assets

This account consists of:

|                            | March 31,<br>2008 | December 31,<br>2007 |
|----------------------------|-------------------|----------------------|
| Creditable withholding tax | P2,734,375        | P2,734,375           |
| Input value added tax      | 4,705,838         | 4,295,795            |
| Deferred input tax         | 36,317            | 36,316               |
|                            | <b>P7,476,530</b> | <b>P7,066,486</b>    |

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#### 5. Accounts Payable and Accrued Expenses

This account consists of:

|                   | March 31,<br>2008  | December 31,<br>2007 |
|-------------------|--------------------|----------------------|
| Professional Fees | P25,690,814        | P25,985,814          |
| Accruals:         |                    |                      |
| Withholding tax   | 320,202            | 748,714              |
| Utilities         |                    | 189,258              |
| Others            | 656,815            | 938,523              |
|                   | <b>P26,667,831</b> | <b>P 27,862,309</b>  |

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