

20 September 2012

Disclosure Department
3/F, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

Please be advised that during the meeting of the Board of Directors of GEOGRACE Resources Philippines, Inc. (the "Company") held on 20 September 2012, Masbate 10 Philippines, Inc. ("Masbate 10") and Masbate 2145 Philippines, Inc. ("Masbate 2145") (collectively the "Masbate Companies") presented the results of the exploration work program done and completed so far by Vale Exploration Philippines, Inc., ("Vale"), a subsidiary of Vale S.A. ("Vale S.A."), for the mineral properties located in the municipalities of Mobo, Milagros, Uson, and Masbate City (the "Masbate Mining Claims"). The Masbate Mining Claims are part of the seven (7) mining claims in Masbate covered by the Exploration and Option Agreement, as amended and previously disclosed, between the Masbate Companies and other tenement holders) the Company, and Vale.

Vale S.A. is a metals and mining company recognized as the world's largest producer of iron ore and iron ore pellets. Vale S.A. also produces nickel, copper, coal, fertilizers, cobalt, platinum group metals (PGMs), manganese ore, ferroalloys, and other products. Vale S.A. operates large logistics systems in Brazil, including railroads, maritime terminals and a port, which are integrated with its mining operations. Directly and through affiliates and joint ventures, it has investments in the energy and steel businesses.

The Masbate Mining Claims are situated in the central and eastern portion of the province of Masbate. The Masbate Mining Claims cover approximately 25,486.11 hectares. The Masbate Mining Claims are approximately 40 kilometers south east from

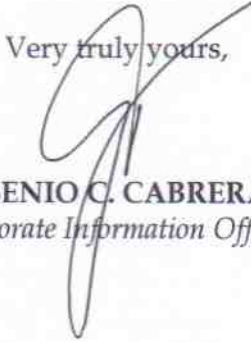
the Masbate Gold Project of Australia's CGA Mining Ltd. in Aroroy, Masbate, Philippines.

In line with the Exploration Program, more than 2,700 soil samples have been collected from the Masbate Mining Claims to date, covering about 70% of the planned soil samples to be collected within Masbate 10 area and 25% of the Masbate 2145 area. 160 rock samples have also been collected. All of the samples were subjected to 30-element ICP analysis by a third party laboratory and most samples were also subjected to further mineralogical interpretation through reflectance spectroscopy using an Analytical Spectral Device (ASD).

In addition, Vale engaged the services of Murphy Geological Services of Ireland to conduct regional structural and alteration interpretation of the area using ASTER Satellite Imagery.

From December 2011 to January 2012, Vale commissioned the services of a third party environmental consultant to conduct an Environmental Baseline Study over the Masbate 10 and 2145 areas and vicinities. The study consisted of soil chemical analysis and classification, terrestrial flora and fauna characterization, ground water (spring) and river/surface water quality.

Very truly yours,


ARSENIO C. CABRERA, JR.
Corporate Information Officer