Global Ferronickel Holdings, Inc.

(Incorporated with limited liability in the Republic of the Philippines)

Primary Offer of up to **250,000,000** Common Shares
at an Offer Price of up to **₱4.00** per Offer Share

To be listed and traded on the Main Board of
The Philippine Stock Exchange, Inc.

Sole Underwriter and Issue Manager

Abacus Capital & Investment Corporation

The date of this Prospectus is February 1, 2018

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

Global Ferronickel Holdings, Inc.

7th Floor, Corporate Business Center
151 Paseo De Roxas corner Arnaiz St.
Makati City, Metro Manila, Philippines
Telephone Number: (632) 519 7888
Corporate Website: www.gfni.com.ph

This Prospectus relates to the offer and sale of up to a total of 250,000,000 common shares at an Offer Price[1] of up to ₱4.00, with a par value of ₱1.05 per share, of FNI. The Offer Shares will comprise up to 250,000,000 new Shares to be issued and offered by the Company by way of a primary offer.

Pursuant to its latest amended articles of incorporation, approved by the SEC on November 7, 2016, the Company has an authorized capital stock of ₱12,555,020,001.30 divided into 11,957,161,906 Shares with a par value of ₱1.05 per share, of which [5,460,237,399] Shares are outstanding as of [January 25, 2018]. The Offer Period will be from [March 5, 2018] to [March 9, 2018].

The Offer Shares will be offered at a price of up to ₱4.00 per Offer Share. The determination of the Offer Price is further discussed on page 75 of this Prospectus. A total of up to [5,710,237,399] common shares will be outstanding after the Offer. The Offer Shares will comprise up to [4.378]% of the outstanding Shares after the Offer.

Assuming an offer price of ₱4.00, the total proceeds to be raised by the Company from the sale of the Offer Shares will be up to approximately ₱1,000.0 million. Assuming an offer price of ₱4.00, the estimated net proceeds to be raised by the Company from the sale of the Offer Shares (after deducting fees and expenses payable by the Company of approximately ₱35.6 million) will be approximately ₱964.4 million. The Company intends to use the proceeds it receives from the Offer for the partial payment of the outstanding loan of its subsidiary, PGMC from the TCB and for working capital purposes for its operations in the CAGA Mines. For a detailed discussion on the proceeds from the Offer and the Company's proposed use of proceeds, please see "Use of Proceeds" beginning on page 71 of this Prospectus.

The Sole Underwriter will receive a transaction fee from the Company equivalent to 1.5% of the gross proceeds from the sale of the Offer Shares (as defined below), inclusive of the amounts to be paid to the PSE Trading Participants. For a more detailed discussion on the fees to be received by the Sole Underwriter, see "Plan of Distribution" beginning on page 245 of this Prospectus.

Each holder of the Shares will be entitled to such dividends as may be declared by the Company's Board of Directors (the "Board"), provided that any stock dividend declaration requires the approval of shareholders holding at least two-thirds (2/3) of the Company's total outstanding capital stock. *Batas Pambansa Blg. 68*, otherwise known as the Corporation Code of the Philippines (the "Philippine Corporation Code"), has defined "outstanding capital stock" as the total shares of stock issued, whether paid in full or not, except treasury shares. Dividends may be declared only from the Company's Unrestricted Retained Earnings. Both the Company's and PGMC's current dividend policies provide that at least 20.0% of the Unrestricted Retained Earnings of the Company and PGMC, respectively, for the preceding fiscal year will be declared as dividends. See "Dividends and Dividend Policy."

[1] All succeeding capitalized terms are defined in the Glossary of Terms of this Prospectus.

The Offer Shares are being offered and sold by the Company at the Offer Price in the Philippines. The Sole Underwriter will distribute up to 200,000,000 Offer Shares (or 80.0% of the Total Offer Shares) to its institutional or retail clients and the general investing public.

Pursuant to the rules of The Philippine Stock Exchange, Inc. ("PSE"), the Company will make available up to 50,000,000 Offer Shares (or 20.0% of the total Offer Shares) for distribution to the Trading Participants of the PSE. Any Offer Shares allocated to the PSE Trading Participants but not taken up by them, will be distributed by the Sole Underwriter to its institutional or retail clients or the general public. Any Offer Shares not taken up by the Sole Underwriter's institutional or retail clients or the general public shall be purchased by the Sole Underwriter.

All of the Shares issued and to be issued or sold pursuant to the Offer have identical rights and privileges. The Shares may be owned by any person or entity regardless of citizenship or nationality, subject to the nationality limits under Philippine law. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in certain activities. Because the Company is engaged in resource exploitation and mining activities, its foreign shareholdings may not exceed 40.0% of its issued and outstanding capital stock entitled to vote, and 40.0% of its total issued and outstanding capital stock, whether or not entitled to vote. See "Philippine Foreign Exchange and Foreign Ownership Controls."

The Sole Underwriter will underwrite, on a firm commitment basis, the Offer Shares relating to the Offer in the Philippines.

As of the date of this Prospectus, the Company and its subsidiary, PGMC, possess all required permits and licenses for its current businesses. Neither the Company nor PGMC has received any decision or order from the Government for the cessation or suspension of its businesses as of the date of this Prospectus.

The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. To the best of its knowledge and belief, the Company, which has taken reasonable care to ensure that such is the case, confirms that, as of the date of this Prospectus, the information contained in this Prospectus relating to it and its operations is correct, and that there is no material misstatement or omission of fact that will make any statement in this Prospectus misleading in any material respect and that the Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus with respect to the same.

The Company and the Sole Underwriter have exercised due diligence in ascertaining that all material representations contained in this Prospectus are true and correct and that no material information was omitted that was necessary in order to make the statements contained in said documents not misleading.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Shares. These risks include:

- risks relating to the Company's existing business and industry;
- risks relating to the INC Mine (as defined in "Glossaries of Terms – Glossary of Other Terms and Abbreviations");
- risks relating to the Philippines; and
- risks relating to the Offer and the Offer Shares.

Please refer to the section entitled "Risk Factors" beginning on page 36 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

The Shares are (and, upon close of the Offer, the Offer Shares will be) listed on the PSE under the trading symbol "FNI." On [January 25, 2018], the closing price of the Shares on the PSE was [₱2.46]. The Offer Price will be determined by the Company and the Sole Underwriter through a book-building process and not by reference to the historical trading price of the Shares on the PSE. Investors should not rely on the historical market price of the Shares on the PSE as an indicator of the value of the Shares. See "Determination of the Offer Price."

The SEC and the PSE assume no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The SEC and the PSE make no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of this Prospectus. Such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Offer Shares by the PSE or SEC.

An application has been made to the SEC to register the Offer Shares under the provisions of the SRC.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, THEREBY AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

The Offer Shares are offered subject to receipt and acceptance of any order by the Company and subject to its right to reject any order in whole or in part. It is expected that the Offer Shares will be delivered in book-entry form against payment to the PDTC on or about [March 19, 2018].

By:
(original signed)

ATTY. DANTE R. BRAVO
President

THE OFFER SHARES ARE BEING OFFERED IN THE PHILIPPINES ON THE BASIS OF THIS PROSPECTUS ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES IN THE PHILIPPINES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

The Offer Shares have not been and will not be registered under the U.S. Securities Act. The Offer Shares may be subject to certain transfer restrictions as described herein.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company and the Sole Underwriter. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

The operating information used throughout this Prospectus has been calculated by the Company on the basis of certain assumptions made by it. As a result, this operating information may not be comparable to similar operating information reported by other companies.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. The Company and the Sole Underwriter require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or resells the Offer Shares or possesses and distributes this Prospectus and must obtain any consents, approvals or permissions required for the purchase, offer, sale or resale by it of the Offer Shares under the laws, rules and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales, or resales, and none of the Company and the Sole Underwriter shall have any responsibility therefor.

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time, and the Sole Underwriter reserves the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. The Sole Underwriter and certain related entities may acquire for their own account a portion of the Offer Shares.

Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

Conventions that Apply to this Prospectus

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "Group," "we," "our," or "us" are to the Issuer and its subsidiaries (or the Issuer and any one or more of its subsidiaries, as the context may require). All references to the "Philippines" are references to the Republic of the Philippines. All references to the "Government" are to the national government of the Philippines. All references to the "BSP" are references to *Bangko Sentral ng Pilipinas*, the central bank of the Philippines. All references to "United States" or "U.S." are to the United States of America. All references to "Philippine Peso," "Pesos" and "₱" are to the lawful currency of the Philippines, and all references to "U.S. dollars" and "US$" are to the lawful currency of the United States. The Company publishes its financial statements in Pesos.

This Prospectus contains translations of certain Peso amounts into U.S. dollar amounts at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Peso amounts represent such U.S. dollar amounts or could be, or could have been, converted into U.S. dollars at the rates indicated or at all. Unless otherwise indicated, all translations from Pesos to U.S. dollars have been made at a rate of ₱49.813 = US$1.00 for December 31, 2016 amounts and ₱51.073 = US$1.00 for September 30, 2017 amounts, the rates obtained from the BSP. See "Exchange Rates" for further information regarding the rates of exchange between the Peso and the U.S. dollar.

The items expressed in the Glossary of Terms may be defined otherwise by appropriate government agencies or regulations from time to time, or by conventional or industry usage.

Cautionary Note Regarding Reserves and Resources

Information contained in this Prospectus relating to estimates of our ore reserves and mineral resources at the Cagdianao nickel project was prepared by the competent persons identified as such in the PMRC CAGA Report. For more information on these estimates, see the PMRC CAGA Report attached hereto as Annex "A". Information contained in this Prospectus relating to estimates of ore reserves and mineral resources at the INC Mine was also prepared by the competent persons identified as such in the PMRC INC Report. Unless otherwise stated herein, our nickel ore reserves and mineral resources reported in this Prospectus, have been estimated in accordance with the PMRC. Our nickel ore reserves and mineral resources reported under the heading "Business—Ore Reserves and Mineral Resources—PMRC," in the PMRC CAGA Report and PMRC INC Report have been estimated in accordance with the PMRC. The PMRC has been adopted by the PSE as the minimum reporting standard for listed mining companies in the Philippines. See "Risk Factors—Risks Related to Our Existing Business and Industry." Our reserve and resource estimates may not accurately reflect our nickel deposits, and inaccuracies or future reductions in our reserve or resource estimates could have an adverse impact on our business, results of operations, and financial condition, see "Business—Ore Reserves and Mineral Resources."

The differences between reserves and resources are more fully described under "Business—Ore Reserves and Mineral Resources." However, you should be aware that the reserves we declare are estimates of the ore that we believe we will be able to profitably mine taking into account the economic, legal, and technical factors in its extraction and sale, while the resources classification is primarily based on geological factors (although such a declaration implies that there are reasonable prospects for the eventual economic extraction of the resource). However, such classifications are not forecasts of future profitability and you should not assume that we will in fact be able to profitably extract the reserves and resources estimated in this Prospectus, particularly that portion of the estimated resources identified as "inferred resources". When reserves and resources are reported under the PMRC, the ore reserve figures (tonnage and grade) are included within the mineral resource figures (tonnage and grade).

Estimates of ore reserves and mineral resources depend significantly on the interpretation of geological data obtained from drill holes and other sampling techniques, which is extrapolated to produce estimates of the size, shape, depth and grade of ore bodies. In addition, to calculate our reserves, we make estimates and assumptions regarding a number of economic and technical factors, such as production rates, grades, production and transport costs and prices. These economic and technical estimates and assumptions may change in the future in ways that affect the quality and quantity of our reserves. We generate additional geological data as we mine, which may not be consistent with the data on which we based our reserves and resources estimates, resulting in changes to those estimates. No assurance can be given that the reserves and resources presented in this Prospectus will be recovered at the quality or yield presented.

Basis for Certain Industry Data

Certain statistical information and forecasts in this Prospectus relating to the Philippines and other data used in this Prospectus has been extracted from various sources, most of which are publicly available. The industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, industry forecasts, market research, governmental data, publicly available information, and/or industry publications, while believed to be reliable, have not been independently verified, and neither the Company nor the Sole Underwriter make any representation as to the accuracy of such information.

Certain other market data and certain other industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts, and market research, while believed to be reliable, have not been independently verified, and neither the Company nor the Sole Underwriter make any representation as to the accuracy of such information.

Metric Equivalent Table

This Prospectus presents measurements in metric units. The table below shows the applicable calculations for converting imperial measurement units to metric units.

Imperial Measurement Units	Multiply by	To Metric Measurement Units
Tons	1.1023	Tonnes

Presentation of Financial Information

The Company's financial statements are reported in Pesos and are prepared based on its accounting policies, which are in accordance with the PFRS issued by the Financial Reporting Standards Council of the Philippines.

The financial information of the Company for the six (6) months ended December 31, 2014, the years ended December 31, 2015 and 2016, and the nine (9) months ended September 30, 2017 represent the historical accounts of the Company on a consolidated basis. Unless otherwise stated, all financial information relating to the Company contained herein is stated in accordance with PFRS.

The Company's fiscal year began on July 1 and ended on June 30 prior to the acquisition of PGMC by the Company on December 22, 2014. On December 22, 2014, the SEC approved the amendment of the fiscal year of the Company to commence on the first day of January and end on the last day of December beginning in calendar year 2015. SGV, a member firm of Ernst & Young Global Limited, has audited and rendered an unqualified audit report on the Company's consolidated financial statements as of the six (6) months ended December 31, 2014 and full years December 31, 2015 and 2016, and has rendered an unqualified review report on the Company's interim condensed consolidated financial statements for the nine (9) months ended September 30, 2017.

Certain production and shipment data shown in this Prospectus is shown using a calendar year ended December 31, which is in line with the Company's mine plan and the mining season, which runs from April to October of each year.

In this Prospectus, references to "EBITDA" are to gross profit less operating expenses plus depreciation, depletion, and amortization. EBITDA is not a measure of performance under IFRS or PFRS, and investors should not consider EBITDA in isolation or as alternatives to net profit as an indicator of the Company's operating performance or to cash flow from operating, investing, and financing activities as a measure of liquidity or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures that totals may not be an arithmetic aggregate of their components.

Forward-Looking Statements

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- business prospects (including the timing and development of new deposits and the success of exploration activities);
- uncertainties and other factors that may cause the Company's actual results, performance, or achievements to be materially different from expected future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance, or achievements to differ materially from those in the forward-looking statements include, among other things:

- erroneous interpretation and implementation of the laws by the regulators;
- changes in policies and guidelines of the National Government of the Philippines and other regulators which may affect the mining industry in general;
- nickel prices and fluctuations in supply and demand for nickel;
- lack of a spot market for nickel ore;
- reserve and resource estimates, production estimates, and replacement of our reserves through acquisitions and exploration and development activities;
- competition in acquiring additional mineral resources and in selling nickel ore;
- new mining activities that we may engage in;
- the Company's ability to successfully complete the acquisition and operation of INC;
- the Company's ability to successfully integrate the INC Mine into its operations;
- political and other risks associated with our operations in the Philippines;
- operational and environmental risks and opposition from environmental advocates;
- disruption of the weather cycle when it is viable to conduct mining operations;
- decommissioning and rehabilitation estimates;
- the Company's ability to successfully implement its current and future strategies, including project design, customer targeting, expansion plans, operations, or other capital expenditure plans;
- the Company's ability to anticipate and respond to local and regional trends, including demand for minerals the Company may offer;
- the Company's ability to successfully manage its future business, financial condition, results of operations, and cash flow;
- the Company's ability to secure additional financing and manage its capital structure and dividend policy;
- cancellation of MPSA and land access agreements;
- unscheduled shut-downs of our customers' processing plants;

- our ability to attract and retain qualified personnel;
- fluctuations in commodity prices;
- general political, social, and economic conditions in the Philippines;
- regional geopolitical dynamics involving the Philippines and/or its neighbors;
- the discontinuation of the export ban on nickel ore by the Indonesian government;
- the condition of and changes in the Philippine, Asian, or global economies;
- changes in interest rates, inflation rates, and the value of the Peso against the U.S. dollar and other currencies;
- changes to the laws, regulations, and policies applicable to or affecting the Company, including changes to laws, regulations, and policies relating to the mining industry (such as, but not limited to nationality restrictions on mining) and taxation of mining revenues and/or profits;
- legal or regulatory proceedings in which the Company is or may become involved;
- uncontrollable events, such as war, civil unrest, or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents, and natural disasters;
- price volatility of our Shares; and
- development of an active market for our Shares.

Additional factors that could cause the Company's actual results, performance, or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under "Risk Factors" and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Company and the Sole Underwriter expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Prospectus includes statements regarding the Company's expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "could," and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Company accurately reflect in all material respects the opinions, beliefs and intentions of its management as to such matters as of the date of this Prospectus, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section "Risk Factors" and elsewhere, important factors that could cause actual results to differ materially from the Company's expectations

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GLOSSARIES OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms have the meanings set out below.

Glossary of Terms Related to the Offer

Application	An application to subscribe for Offer Shares pursuant to the Offer
Banking Day	A day, other than a Saturday or Sunday on which banks are open for business in Makati City, Metro Manila
BI	Bureau of Immigration
BIR	Philippine Bureau of Internal Revenue
Board	Our Board of Directors
BSP	*Bangko Sentral ng Pilipinas*, the central bank of the Philippines
BSP Rate	The weighted average rate for a specific date for the purchase of U.S. dollars with Pesos
Company or FNI or Issuer	Global Ferronickel Holdings, Inc.
DOJ	Department of Justice
DOLE	Department of Labor and Employment
EMB	Environmental Management Bureau
Financial Advisor to the Issuer or SCCM	Soochow Securities Capital Markets (SEA) Private Limited
Group or We or Us	The Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
Government	The Government of the Republic of the Philippines
IFRS	International Financial Reporting Standards
IPRA	Indigenous People's Rights Act
Issue Manager	Abacus Capital and Investment Corporation
Listing Date	The date, expected to be on or about [March 19, 2018], on which the Offer Shares are listed and from which dealings therein are permitted to take place on the PSE
Main Board	The Main Board of The Philippine Stock Exchange
MPO	Minimum Public Ownership

NBI	National Bureau of Investigation
NCIP	National Commission on Indigenous People
Offer	The offer and sale of up to 250,000,000 common shares by the Company
Offer Period	The period commencing at 9:00 a.m., Manila time, on [March 05, 2018] and ending at 12:00 p.m., Manila time, on [March 09, 2018], unless extended by agreement between the Company and the Sole Underwriter with the approval of the SEC and the PSE.
Offer Shares	250,000,000 common shares
PCD	Philippine Central Depository
PCNC	PCD Nominee Corporation
PCSD	Palawan Council for Sustainable Development
PDS	The Philippine Dealing System
PDTC	The Philippine Depository & Trust Corp., the central securities depository of, among others, securities listed, and traded on the PSE
Peso, Pesos, or ₱	The lawful currency of the Philippines
PFRS	Philippine Financial Reporting Standards
Philippine Constitution or Constitution	The 1987 Constitution of the Republic of the Philippines
Philippine Corporation Code	Batas Pambansa Blg. 68, otherwise known as "The Corporation Code of the Philippines"
Philippine National	As defined under Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of the Philippines, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60.0% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100.0% of the capital stock outstanding and entitled to vote is wholly owned by citizens of the Philippines or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60.0% of the funds will accrue to the benefit of Philippine Nationals
Philippines	Republic of the Philippines
PMRC	The Philippine Mineral Reporting Code

PMRC CAGA Report	Technical report on the Cagdianao Mine as of June 23, 2017, prepared by Mr. Edgardo G. Garcia (Competent Person) dated October 1, 2017 in accordance with the PMRC
PMRC INC Report	Technical report on the INC Mine as of October 3, 2014, prepared by Mr. Edgardo G. Garcia (Competent Person) dated October 14, 2014 in accordance with the PMRC
PSE	The Philippine Stock Exchange, Inc.
PSE Trading Participants	The trading participants of the PSE in the Philippines
Receiving Agent	Stock Transfer Service, Inc.
SCCP	Securities Clearing Corporation of the Philippines
SEC	The Securities and Exchange Commission of the Philippines
SGV	SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited
Shares	Our shares of common stock, with a par value ₱1.05 per share
Sole Underwriter	Abacus Capital and Investment Corporation
SRC	Republic Act No. 8799, otherwise known as "The Securities Regulation Code of the Philippines," as amended from time to time, and including the rules and regulations issued thereunder
Subsidiary	A company in which the Company owns, directly or indirectly, at least a majority of the outstanding capital stock
TRAIN Act	Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion, which envisions to correct a number of deficiencies in the tax system to make it simpler, fairer, and more efficient, characterized by low rates on a broader base.
Underwriting Agreement	Agreement to be dated on or about [●] between the Company and the Sole Underwriter
United States or U.S	The United States of America
US$ or U.S. dollar	The lawful currency of the United States of America
USGS	U.S. Geological Survey, a scientific agency of the United States government. It is a fact finding research organization with no regulatory responsibility. Its major science disciplines include biology, geography, geology, and hydrology.

Unrestricted Retained Earnings	The amount of accumulated profits and gains realized out of the normal and continuous operations of the Company after deducting therefrom distributions to stockholders and transfers to capital stock or other accounts, and which is: (a) not appropriated by the Board of Directors for corporate expansion projects or programs; (b) not covered by a restriction for dividend declaration under a loan agreement; and (c) not required to be retained under special circumstances obtaining in the corporation such as when there is a need for a special reserve for probable contingencies.
VAT	Value-added tax

GLOSSARY OF OTHER TERMS AND ABBREVIATIONS

200 Series, 300 Series	Categories of stainless steel products
4K	4K Development Corporation, a corporation organized under the laws of the Philippines
AAB	Authorized Agent Bank
Aguilo	Aguilo Builders
Anseca	Anseca Development Corporation
assay	The chemical analysis of mineral samples to determine their metal content
ATB	Amsterdam Trade Bank
basalt	A dark brown or green igneous rock, formed by the cooling and solidification of molten lava on or near the Earth's surface
Baiyin	Baiyin Nonferrous Group Company Limited
BDO	BDO Unibank, Inc.
beneficiate	A process whereby extracted ore from mining is reduced to particles that can be separated into mineral and waste, the former being suitable for further processing or direct use
BTTPI	Best Trucking and Transport Phil., Inc.
BNVI	Brooks Nickel Ventures, Inc.
CAGA Mine or Cagdianao Mine	A mine located at Cagdianao, Claver, Surigao del Norte, the Philippines
CCCS	Central Clearing and Central Settlement

CEO	Chief Executive Officer
CKDI	Cagdianao Konstruct Development, Incorporated
CLNMI	Cagdianao Lateritic Nickel Mining, Inc.
CME	China Media Express Holdings, Inc.
CMDC	Case Mining and Development Corporation, a corporation organized under the laws of the Philippines (formerly known as Case Construction and Development Corporation)
CNMEC	Celestial Nickel Mining Exploration Corporation
Co	Cobalt
contained nickel	The amount of nickel contained in a given quantity of nickel ore
Cretaceous	Of or relating to the last period of the Mesozoic era of geologic time, lasting from approximately 144 to 66 million years ago
CTB	CTB Engineering Construction
CTPCMC	CTP Construction and Mining Corporation
DENR	Department of Environment and Natural Resources of the Philippines
dilution	Waste, which is unavoidably mined with ore
DMT	Dry metric ton
DSO	Direct shipped ore
ECC	Environmental Compliance Certificate
EPEP	The Environmental Protection and Enhancement Program
ETF	Exchange Traded Funds
fault	The surface of a fracture along which movement has occurred
Fe	Iron
FeNi	Ferronickel - alloy containing nickel and iron—approximately 35.0% nickel and 65.0% iron
FMRDP	Final Mine Rehabilitation and/or Decommissioning Plan
FOB	Free on board
FRASEC	Frasec Ventures Corporation

FRI	Ferrochrome Resources, Inc.
FTAA	Financial or technical assistance agreement
gabbro	A coarse-grained intrusive igneous rock composed of greenish- white feldspar and pyroxene
GMORI	GHGC Metallic Ore Resources, Inc.
grade	The measure of concentration of metal within mineralized rock
GSP	Geological Society of the Philippines
HG	High grade
igneous rock	Primary crystalline rock formed by the solidification of magma
INC	Ipilan Nickel Corporation
INC Mine	Ipilan Nickel Project in Palawan
IPM	IPM Construction and Development Corporation
JLEC	JL Earthmoving Corporation
kT	Kiloton, equal to 1,000 tons
Landstar	Landstar Earthmoving Corporation
laterite	A red-colored soil rich in iron and clay, originally formed by the deep weathering of bedrock in tropical and subtropical regions and containing a mixture of hydrated iron and aluminum oxides. As used in this Prospectus, the term includes both limonite and saprolite.
LCT	Landing Craft Transport. A welded steel vessel designed for direct on-the-beach loading and unloading. Equipped with a bow ramp, the bottom is especially designed for beaching—docking facilities are not required.
LGHF	Low grade high iron
LGLF	Low grade low iron
LGMF	Low grade medium iron
limonite	Limonite is a widespread and common hydrated iron oxide mineral having no crystalline form, containing variable amounts of water and representing the product of a very advanced alteration process. As used in this Prospectus, limonite generally has 20.0% or greater iron content. We classify our limonite ore as high grade limonite ore,

	containing 1.4% to 1.5% nickel and low grade limonite ore, containing 0.9% to 1.3% nickel.
LME	London Metal Exchange, a futures exchange having the world's largest market in options and futures contracts on base and other metals, including nickel.
Loufran	Loufran Minerals and Development
m	Meter
MacroAsia	MacroAsia Corporation
MCIT	Minimum Corporate Income Tax
MEMR	The Indonesian Minister of Energy and Mineral Resources
MGB	The Mines and Geosciences Bureau of the DENR
MGLF	Medium grade low iron
MGMF	Medium grade medium iron
mineral resource	A concentration or occurrence of natural solid inorganic material or natural solid fossilized organic material including base and precious metals, coal and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge
MMT	Multipartite Monitoring Team is a multi-sector group headed by a representative from the Regional MGB and representatives of local government units, other government agencies, non-government organizations, people's organizations, the church sector and us. Funds for mine rehabilitation and other environmental guarantee funds are established and deposited in trust funds, as required by the Philippine Mining Act of 1995.
MPO	Minimum Public Ownership
MPSA	Mineral Production Sharing Agreement
MRMJ	MRMJ Earth Movers Corporation
NASDAQ	The National Association of Securities Dealers Automated Quotations stock market
Ni	Nickel
nickel ore	As used in this Prospectus, saprolite ore and limonite ore

Nickelbase	Nickelbase Incorporated
NLRI	Nickel Laterite Resources, Inc.
NPI	Nickel pig iron, a low grade FeNi invented in China as a cheaper alternative to pure nickel for the production of stainless steel. The production process of NPI utilizes laterite nickel ores instead of pure nickel sold on the world market.
olivine	A group of minerals, the composition of which is a magnesium iron silicate
ophiolite	A sequence of rock that is interpreted as representing oceanic lithosphere (the ocean portion of a tectonic plate). The ophiolite sequence, from bottom to top, includes peridotite, gabbro (often layered), mafic dikes, and pillow basalt.
ore	A mineral or an aggregate of minerals from which a valuable constituent, especially a metal, can be profitably mined or extracted
ore reserve	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. An ore reserve includes diluting materials and allowances for losses that may occur when the material is mined. A "*probable reserve*" is the economically mineable part of an indicated, and in some circumstances a measured, mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A "*proved reserve*" is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
OSD	Optional Standard Deduction

payable nickel	The portion of nickel metal contained in the nickel ore that is shipped or delivered to a customer and recognized as sales. The amount varies depending on the customer, the ore type, the nickel grade and the prevailing SMM nickel price
PCSSC	PGMC-CNEP Shipping Services Corporation, a subsidiary of PGMC
peridotite	A course-grained ultramafic rock formed mainly of olivine and pyroxene
PGMC	Platinum Group Metals Corporation, a subsidiary of the Company
PhilEXIM	Trade and Investment Development Corporation (formerly Philippine Export-Import Credit Agency)
PIL	PGMC International Limited
PSEM	Philippine Society of Mining Engineers
PVTSI	Pazifik Ventures Trucking Services, Incorporated
P&A	Punongbayan & Araullo, the Philippine member firm within Grant Thornton International, an accounting and consulting firm
QNI	Queensland Nickel (Philippines), Inc.
RKEF	rotary kiln electric furnaces
RMB	Chinese Yuan, the official currency of the People's Republic of China.
RPM	Runge Pincock Minarco
saprolite	Located below the limonite, saprolite is the product of a less advanced alteration process than limonite. It maintains part of the original rock fabric and is characterized by a low magnesium grade and an enrichment in nickel. As used in this Prospectus, saprolite generally has less than 20.0% iron content, but may have more than 20.0% iron content provided the nickel content is greater than or equal to 1.8%. The Company classifies its saprolite ore as high grade saprolite ore, containing 1.8% or more nickel and medium grade saprolite ore, containing approximately 1.5% nickel
SCAA	Special Civilian Armed Auxiliary
SEP	Strategic Environmental Plan
SMM	Shanghai Metals Market, a non-profit, self-regulation corporation created for trading in non-ferrous metals and

	currently contracts non-ferrous metals including copper, aluminum, lead, zinc, tin, and nickel.
SIRC	Surigao Integrated Resources Corporation, a subsidiary of PGMC, a corporation organized under the laws of the Philippines
SMEP	Society of Metallurgical Engineers of the Philippines
Southeast Palawan or SPNVI	Southeast Palawan Nickel Ventures, Inc.
tailings	Finely ground waste rock from which minerals or metals have been extracted
TCB	Taiwan Cooperative Bank Manila Offshore Banking Branch
TEPO	Temporary Environmental Protection Order
Thirteen Shareholders	Huatai Investment Holding Pty. Ltd., Regulus Best Nickel Holdings, Inc., Bellatrix Star, Inc., Alpha Centauri Fortune Group, Inc., Antares Nickel Capital, Inc., Blue Eagle Elite Ventures, Inc., Ultimate Horizon Capital, Inc., Sohoton Synergy, Inc., Great South Group Ventures, Inc., Red Lion Fortune Group, Inc., Seng Gay Chan, Dante R. Bravo and Wei Ting, collectively
TMC	Toledo Mining Corporation
ultramafic rock	A rock with ferromagnesium content; used to describe a dark igneous rock over 90.0% of whose content consists of ferromagnesium minerals, including olivine and pyroxenes
volcanic rock	Igneous rock that cools and solidifies at or very near the Earth's surface
WMT	Wet metric ton (unless stated otherwise, all conversion from dry metric ton to wet metric ton will assume a moisture content of 35.0%)

SUMMARY

This summary highlights information contained elsewhere in this Prospectus. This summary is qualified in its entirety by more detailed information and consolidated financial statements, including notes thereto, appearing elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating an investment in the Offer Shares, see "Risk Factors." Investors are advised to read this entire Prospectus carefully, including our financial statements and related notes contained herein.

Overview

FNI is a holding company with a 99.98% interest in PGMC. As of September 30, 2017, PGMC is the third largest nickel ore producer in the Philippines by volume of nickel shipped and the largest nickel ore producer in the Philippines by value of shipment, one of the largest single-mine lateritic exporters in the world and one of the largest global suppliers of nickel ore, accounting for 12.6% of the country's nickel ore production as per MGB statistics. We currently operate two deposit sites known as CAGA 2 and CAGA 4 within our lateritic nickel mine in Cagdianao, Claver, Surigao del Norte, Philippines, known as the Cagdianao Mine under a MPSA No. 007-92-X between SIRC and the Government, which was last renewed on June 21, 2016 for another 25 years from its initial term ending in 2017, or until February 14, 2042. The Government approved the appointment by SIRC of PGMC as the operator on July 15, 2011. SIRC and PGMC are both subsidiaries of the Company. We have further identified five (5) additional deposit sites at Cagdianao that have not yet been exploited. We employ a surface mining method that has relatively lower cost compared with other mining methods. We also carry out our mining activities without the need for explosives, chemicals, or complex waste handling. Almost all of PGMC's products sold in the Asia-Pacific region go to the production of stainless steel products, NPI, and nickel cathodes. Low grade ore can be mined from the upper layer of the deposit and generally consists of lower nickel and higher iron content and medium and high grade ore is generally found beneath the low-grade layer and typically consists of higher nickel and lower iron content. Since 2012, we have a low waste to ore ratio of 0.05:1, which means that about 95.0% of what we mine is ore. This shows that PGMC conducts its operations in an efficient manner. Our CAGA 2 and CAGA 4 deposit sites are located approximately two (2) to eight (8) kilometers inland from our loading piers. The short hauling distance from our mine to the piers and the inherent advantage of our mine's location results in greater accessibility and enables us to economically market our ore to a variety of customers in the Asia-Pacific region. Our piers are located within a naturally protected cove with calm waters, which allow for consistent loading. In addition, our piers are relatively large, which helps to minimize congestion and stimulate competition among the barge operators. We believe that having two (2) piers helps minimize delivery risk by not being reliant on only one (1) pier that can become damaged or congested. Our mine is also in relative proximity to our customers in China, as compared to other international mining companies such as those in New Caledonia, Russia and Canada, which we believe minimizes the shipping costs for our customers and the related risks involved with long transit.

As of the date of this Prospectus, we possess all required permits and licenses in our current mining operations in CAGA 2 and CAGA 4. We have not received any decision or order from the Government for the cessation or suspension of our mining operations in CAGA 2 and CAGA 4, as of the date of this Prospectus. For details, please see Risk Factors and Industry.

For CAGA 3, additional confirmation drilling was completed on June 15, 2017. Approval of the special tree cutting permit for CAGA 3 from the DENR was already endorsed to the DENR Undersecretary for field validation and the management expects to obtain this in the first quarter of 2018. Development and production in CAGA 3 are expected to happen in 2018 mining season once the related EPEP and FMRDP have been submitted and subsequently approved by the DENR.

For CAGA 1, drilling has already started on October 14, 2017. Development and mine production will take place in the year 2019 mid-mining season to support CAGA 2 production.

We expect to start the exploration in CAGA 6 and 7 in 2018.

For CAGA 5, this is currently evaluated by the NCIP as this area was recently identified as a sacred ground of the indigenous people. We are expecting that the result of the evaluation of the NCIP would be favorable to us. Also, further exploration activities will be conducted in the future for this area.

Since we began commercial operations in 2007 through to September 30, 2017, we have delivered an aggregate of over 42.0 million WMT of nickel ore to our customers. As of June 23, 2017, our Cagdianao Mine had measured and indicated mineral resources of 54.2 million DMT with an average grade of 1.1% nickel and inferred mineral resources of 24.0 million DMT with an average grade of 1.2% nickel, and have an estimated remaining mine life of about seven (7) years. Our proved and our probable ore reserves are at 36.3 million WMT with an average grade of 1.2% nickel, as estimated in accordance with the PMRC Report dated October 14, 2017. We had sale of ore of ₱4,646.3 million, ₱3,773.7 million, ₱6,533.2 million and ₱9,047.5 million and net income of ₱779.9 million, ₱37.5 million, ₱1,111.8 million and ₱4,817.0 million for nine (9) months ended September 30, 2017 and the years ended December 31, 2016 and 2015 and six (6) months ended December 31, 2014, respectively. In the nine (9) months ended September 30, 2017, we delivered 2.870 million WMT, 2.059 million WMT and nil WMT, of low, medium and high-grade ore, respectively, and generated ₱4,646.3 million in total sales of ore for the period.

Since we began commercial operations in 2007 through September 30, 2017, we have shipped the following from each CAGA mine site per year:

Total Volume Shipped from 2007 to September 30, 2017 (in WMT)

	CAGA 2	CAGA 4	TOTAL
2007	–	470,207	470,207
2008	–	506,477	506,477
2009	–	1,954,343	1,954,343
2010	–	3,406,802	3,406,802
2011	–	4,353,698	4,353,698
2012	–	5,928,637	5,928,637
2013	–	4,501,229	4,501,229
2014	2,724,513	3,578,479	6,302,992
2015	2,263,814	3,088,009	5,351,823
2016	738,154	3,570,485	4,308,639
September 30, 2017	933,691	3,995,634	4,929,325
TOTAL	**6,660,172**	**35,354,000**	**42,014,172**

On November 27, 2014, we entered into a Memorandum of Agreement with the shareholders of GMORI and eight (8) individuals for the purchase of 100.0% of the outstanding capital stock of FRI. However, the Company's Board of Directors approved the termination of the Memorandum of Agreement for the acquisition of FRI on March 16, 2015 due to non-fulfillment of pre-conditions.

On November 27, 2014, we also entered into a Memorandum of Agreement with the shareholders of Southeast Palawan to purchase 100.0% of the outstanding capital stock of Southeast Palawan, which owns directly and indirectly 97.6% of the outstanding capital stock of INC as well as the control of CNMEC, the holder of the MPSA No. 017-93-IV over the mineral production rights at the INC Mine. INC was granted the right to operate the INC Mine under an operating agreement with CNMEC. The

MGB's approval for this operating agreement was issued in April 20, 2015. Currently, both CNMEC and INC are our affiliated companies that are beneficially wholly-owned by our Chairman, Mr. Joseph C. Sy. On February 26, 2015, during a special stockholders' meeting of the Company, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock approved the acquisition of 100.0% of the outstanding shares of Southeast Palawan for US$50,000,000.00, or its Philippine Peso equivalent approximately in the amount of ₱2.2 billion. On August 6, 2015, the Company and the shareholders of Southeast Palawan signed the Contract to Sell and Subscription Contract for the acquisition of Southeast Palawan. As of December 31, 2016, and the nine (9) months ended September 30, 2017, the Company has made various cash advances for the acquisition of Southeast Palawan and treated these advances for the future acquisition of Southeast Palawan amounting to ₱2,217.4 million. We believe that our expanded portfolio of mines will reduce the risks of our single operating mine, extend our overall mining season and extend the life of our mining operations. The INC Mine contains an estimated proved and probable ore reserve of 28.6 million WMT with an average grade on 1.4% nickel, in accordance with the PMRC. See "Business—Mine to be acquired."

We supply different grades of saprolite ore and limonite ore to multiple customers, primarily comprising a combination of trading companies and end users. Our customers mainly use the ore we provide to produce intermediate products for the manufacture of stainless steel, NPI and for the production of nickel cathodes. High grade nickel ore are purchased by our customers for the production of higher grade stainless steel such as the 300 Series, and low grade nickel ore is used by our customers for the production of lower grade stainless steel such as the 200 Series. Our margins on sales of nickel ore vary depending on the type and grade of nickel ore that we sell, with high grade saprolite ore providing higher margins than medium grade saprolite ore and limonite ore. See "Business—Further Exploration and Development—Production Data" and "Business—Sales and Marketing". In terms of volume, we sold approximately 80.0%, 79.0%, 80.0% and 73.0% of our nickel ore to our five (5) largest customers, comprising of Chinese and Australian companies, in the nine (9) months ended September 30, 2017, the years ended December 31, 2016 and 2015 and the six (6) months ended December 31, 2014, respectively. In the six (6) months ended December 31, 2014, 90.8% of sales were from China and 9.2% from Australia, contributing ₱8,218.7 million and ₱828.8 million of sale of ore, respectively. In the year ended December 31, 2016 and 2015, 100.0% of sales were from China contributing ₱3,773.7 million and ₱6,533.2 million of sale of ore, respectively. In the nine (9) months ended September 30, 2017, 100.0% of sales were from China contributing ₱4,646.3 million of sale of ore.

In the six (6) months' period ended December 31, 2014, we delivered 2.1 million WMT, 2.0 million WMT and 0.1 million WMT, of low, medium and high-grade ore, respectively, and generated ₱9,047.5 million in total sale of ore for the period. In the year ended December 31, 2015, we delivered 0.6 million WMT, 4.4 million WMT, and 0.4 million WMT, of low, medium, and high-grade ore, respectively, and generated ₱6,533.2 million in total sales of ore for the year then ended. In the year ended December 31, 2016, we delivered 2.4 million WMT, 1.9 million WMT, and 0.1 million WMT, of low, medium, and high-grade ore, respectively, and generated ₱3,773.7 million in total sales of ore for the period. In the nine (9) months ended September 30, 2017, we delivered 2.870 million WMT, 2.059 million WMT and nil WMT, of low, medium and high-grade ore, respectively, and generated ₱4,646.3 million in total sales of ore for the period. Our production target for the Cagdianao Mine is 5.0 million WMT of nickel ore each for the years 2017, 2018, and 2019. After the completion of the acquisition of the INC Mine and completion of infrastructure development and obtaining all necessary government approvals, permits, and licenses, the INC Mine is planned or projected to produce 0.5 million WMT for 2018 and 1.5 million WMT of nickel ore each for the years 2019 and 2020, after the completion of the acquisition for the INC Mine and completion of infrastructure development and obtaining all necessary government approvals, permits, and licenses. See "Business—Further Exploration and Development——Production Plans" and "Business—Mine to be acquired."

The final selling price of our nickel ore is determined through an internal evaluation process including an assessment of nickel ore prices in the Chinese market and international mineral price indicators such as the SMM and LME, as well as prices set by our local competitors. We set our fixed prices each month after careful consideration of the market demand for our products. The greater the demand for our

products, the higher the fixed price we set for that particular month. Because of the high demand for our products in the Chinese market, we believe that there is limited room for negotiation from our customers. This is especially evident after the implementation of the mineral export ban by the Indonesian government in January 2014, which, we believe, is advantageous for the demand of our ore. See "Business—Sales and Marketing - Market developments: Export ban of nickel ore by the Indonesian government." However, our average realized nickel price has decreased from US$48.78 as of December 31, 2014 to US$26.69 as of December 31, 2015 to US$17.93 as of December 31, 2016 to US$18.77 as of September 30, 2017 following the trend in world nickel prices. The lower nickel prices are a main factor in deciding whether we will sell, or we wait for the prices to improve. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Key Strengths

We believe that our key strengths include the following:

Leading nickel ore producer with significant resources and reserves and high exploration potential

As of September 30, 2017, PGMC is the third largest nickel ore producer in the Philippines by volume of nickel shipped and the largest nickel ore producer in the Philippines by value of shipment, one of the largest single-mine lateritic exporters in the world and one of the largest global suppliers of nickel ore, accounting for 12.6% of the country's nickel ore production as per MGB statistics. As of June 23, 2017, our Cagdianao Mine had PMRC compliant measured and indicated mineral resources of 54.2 million DMT with an average grade of 1.1% nickel and additional inferred mineral resources of 24.0 million DMT with an average grade of 1.2% nickel. Our proved and probable ore reserves are at 36.3 million WMT with an average grade of 1.2% nickel, as estimated in accordance with the PMRC Report dated October 14, 2017. See "—Ore Reserves and Mineral Resources" for further details. The current resources and reserves are contained in mining areas CAGA 1 to 5. We believe that the mining areas have further ore resource potential; we have yet to conduct exploration in CAGA 6 and 7 areas, which have similarities to the CAGA 3 and 5 deposits, and there is further resource potential from peripheral and infill extension drilling in existing CAGA 1 to 5 deposits. We have a defined drilling program in place which, we believe, will over time increase the overall mineral resource and ore reserve inventory at Cagdianao and significantly extend the mine life of the project.

Flexible ore supply to optimize revenues and profitability while serving our customer base

We believe our ore supply is highly flexible in terms of the quality and nickel content we can mine, giving us a natural competitive advantage compared to other mining companies with more uniform ore resources. We are able to mine a range of low grade ore (with high iron and low nickel content), which accounted for a majority of our sales by volume in the past three (3) years. At the same time, our Cagdianao Mine produces a significant supply of high and medium grade ore, which accounted for 15.7% of our ore sales volume in the last three (3) fiscal years. The flexibility in the ore that we can supply is important for our core customers in China, many of whom require a range of nickel grades and iron contents in their specific products. Sales of high and medium grade ore provide us with higher margins, and we aim to optimize our production schedule over time in light of relative market prices and relative demand from our customers. During the year ended December 31, 2016, our average realized price for low grade ore was US$12.41 per WMT, for medium grade ore it was US$24.56 per WMT, and for high grade ore it was US$34.50 per WMT. In the year ended December 31, 2016, revenues from sale of ore were ₱3,773.7 million, a decline of 42.2% over the same period in 2015. This decrease was due to the decline of nickel ore price and the reduction in shipments brought about by intermittent rainfall, which was three times (3.0x) higher than the same period in 2015.

Cost efficient operations with relatively low operational risk

We benefit from favorable geologic conditions at our Cagdianao Mine. Our lateritic nickel deposits are near-surface, blanket-like layered deposits with minimal overburden and generally five (5.0) to thirty (30.0) meters thick. This allows us to conduct simple surface mining using trucks and excavators without blasting, the use of chemicals or complex waste handling. Since 2012, we have a low waste to ore ratio of 0.05:1, which means that about 95% of what we mine is ore. The nickel deposits at our Cagdianao Mine are located within two (2) to eight (8) kilometers from the applicable tidewater loading area, enabling easy hauling and transportation by barges and LCTs to our customers' ships. The short hauling distance from our mining operations to our loading facilities substantially contributes to our favorable cost position. Because our lateritic nickel deposits are relatively shallow, we also expect the progressive rehabilitation of our mining areas to be relatively low cost. Going forward, upon completion of the acquisition of the INC Mine, the two (2) mines will have complementary mining season patterns, with INC production expected during the months that CAGA is not in operation due to wet weather. Hence, we expect to enjoy a steady ore supply throughout the year.

Starting 2016, our operating expenses have been reduced to make our mining operations as efficient as it has ever been. We have appointed a total of eleven (11) different service contractors to do different facets of the mining operations in the CAGA Mine. We continuously review the performance of our service contractors to ensure that our operations will continue to be cost-efficient. The service contractors are evaluated annually based on the following factors: (a) minimum production per day; (b) stockpile inventory; (c) volume of ore shipped; (d) equipment efficiency; (e) environment policies; and (f) safety policies.

Experienced management and technical team

Our management and technical teams have many years of relevant experience. On average, our senior management team has approximately 16 years of experience in the mining industry, which we believe is a key asset for our operations, marketing and strategic development. The management is led by our Chairman, Mr. Joseph C. Sy, who is a Filipino-Chinese entrepreneur with long-standing experience in nickel and commodity trading, and who has developed trusted relationships with key nickel customers in China.

Our technical team comprises experienced mining engineers, geologists and mechanics with significant experience in their respective fields, including leading technical positions at international mining companies. Given our long history of mining in the Philippines, we have steadily hired individuals into our team who possess relevant skills and have been exposed to other types of mining operations that we believe enhances our operations framework. As an example of this, our environmental compliance team has effectively utilized their experience to improve our environmental protection and rehabilitation programs.

Established partnerships with service contractors to optimize capital investment

We have entered into arrangements with numerous Philippine service contractors: three (3) contractors for operations at our CAGA 2 deposit, and eight (8) contractors for operations at our CAGA 4 deposit. Each of these contractors is well-established in the Philippines and brings experience, manpower and expertise to conduct our operations in an efficient manner. These contractors have further added value through proactively participating in the continuing refinement of our operations, as well as providing expertise in ancillary aspects of the business. We believe that by utilizing these contractors rather than operating all aspects of the mines ourselves, we have more flexibility in our operations and reduce our overall capital outlay and operational risk. We believe that this flexibility has led to cost savings and reductions in asset intensity, increased mining efficiency and an increase in overall production.

Key Strategies

Our strategy is designed to maximize the profitability of our existing base of operations while driving growth through the acquisition of the INC Mine and potentially other suitable properties, continued exploration and development of the Cagdianao Mine, expansion of our customer base, and ongoing monitoring of value-added opportunities, particularly in downstream processing. The key elements of our strategy are:

Maintain compliance with all applicable environmental laws

As far as the Company is concerned, the Company is compliant with all laws, rules and regulations applicable to its mining operations, including environmental laws.

On August 3-11, 2016, a multi-sectoral team formed by DENR conducted a mine audit for PGMC's Nickel Project under its MPSA No. 007-92-X covering 4,376 hectares located in Brgy. Cagdianao, Claver, Surigao del Norte, which covers CAGA 1 to 5. On October 28, 2016, PGMC received the "DENR Mine Audit Team 10 Report for Platinum Group Metals Corporation," (the "Audit Team Report") that contains a "final" recommendation stating that the "company should continue to operate" because: "(a) The company is ISO 14001 certified; (b) The company is compliant with the policies, environmental laws, rules and regulations of the Philippine Mining Act and on the issued ECC particularly on the establishment of adequate environmental protection and enhancement measures including safety and housekeeping, and implementation of progressive rehabilitation of mined-out areas; and (c) Social acceptability of the mine operation is high with several social development projects in place, which are all well implemented. In addition, PGMC was awarded in July 13, 2016 with an ISO 14001 certification showing that its operations are environmentally compliant even based on international standards.

Furthermore, the Company won three (3) Presidential Mineral Industry Environmental Awards from the DENR last November 2016 further proving that the Company is compliant with all environmental laws.

The Company will continue to maintain its compliance with all laws, including environmental laws, so that its operations in the CAGA Mine will not be cancelled or suspended by any valid order from the Government after observance of the required due process.

Complete the acquisition of INC Mine and commence production and development

In November 2014, we entered into a Memorandum of Agreement for the acquisition of Southeast Palawan and control of CNMEC, the shareholder and MPSA holder of the INC Mine in south-eastern Palawan. We expect to complete the acquisition after the closing of this Offer. As of October 14, 2014, the INC Mine had PMRC-compliant measured and indicated mineral resources of 50.0 million DMT with an average grade of 1.23% nickel, which includes PMRC proved and probable ore reserves of 28.6 million WMT with an average grade of 1.43% nickel. In addition, the INC Mine has inferred mineral resources of 7.0 million DMT with an average grade of 1.09% nickel.

We believe that the INC Mine will be a critical part of our future growth trajectory. We plan to mine the INC Mine using the same surface mining method at the Cagdianao Mine during the mining season in Palawan, which is between November and July. The mining season of the INC Mine very well complements the mining season of the Cagdianao Mine, i.e. the INC Mine is expected to produce when the Cagdianao Mine is in off-season. This will provide FNI with a steady supply of nickel ore all year around, which is expected to increase and stabilize our revenue streams throughout the year.

As of date of this Prospectus, the Group has not completed the acquisition of the INC Mine because there are still pending conditions precedent that must be complied with under the Contract to Sell.

Develop and upgrade existing resources and reserves within, and adjacent to, the Cagdianao Mine site

Our existing mine site in Cagdianao has several additional areas with mine deposits, from which we believe we can efficiently extract a steady supply of low, medium and high grade ore. Although each of these additional deposits is in varying stages of development, we intend to commence production of these deposits in 2018, subject to market conditions. In addition, we aim to explore additional mine sites on an 843-hectare parcel of land adjacent to our existing mine. The application for an exploration permit (EPA-000101-XIII) for this parcel of land was held by an individual Filipino citizen and has been assigned to CLNMI, a company that is 70.0% owned by our Chairman, Mr. Joseph C. Sy, through a deed of assignment entered into on August 31, 2013. On June 15, 2016, CLNMI has assigned its rights to exploration and mining to SIRC, as approved by MGB on June 27, 2016. A new MPSA will not be required as we believe we will be able to extend our existing MPSA to include this area. An application for the amendment of our existing MPSA to include this area has been filed with the MGB on June 22, 2016. As of the date of this Prospectus, the MGB has not issued its approval on the said application. In the event that the amendment of the MPSA to include the additional area will not be granted, we will not be able to mine in the additional area.

A preliminary assessment of this area was conducted last April 1 to May 15, 2016 by virtue of a DENR-MGB issued memorandum dated March 28, 2016 giving the Company with an "Authority to Verify Minerals." A potential for a Nickel ("Ni") -laterite deposit exists at the tenure area as verified by the reconnaissance survey and discussed in the Exploration Results Report dated May 16, 2016. We believe that the acquisition of this additional parcel of land presents a significant opportunity to enhance our nickel ore resources without requiring significant expenditures for mine infrastructure development.

Strengthen our customer base in China, including direct sales to smelters in China

We intend to further develop the existing relationship in our key market of China, and also explore new opportunities in other countries. We believe that there is currently a favorable economic and business climate for mining companies such as ours, and we aim to take full advantage of our flexible and large nickel ore supply, as well as our proximity to key markets to progressively expand our customer base. We also intend to increase our proportion of direct sales to end users, most notably smelters in China, as we believe that this will generate consistent demand for our products while minimizing our overall credit risk.

Evaluate and selectively pursue value-added opportunities

We currently evaluate, and will continue to evaluate, opportunities for value-added process, including but not limited to acquiring or entering into further mining agreements and/or joint ventures, as well as downstream processing / vertical integration opportunities. The longer term objective is to increase the scale and scope of our operations and to potentially further expand the variety of our ore.

One of these opportunities is the proposed development of a stainless steel plant in the Philippines. On October 21, 2016, the Company signed a Memorandum of Cooperation with China's state-owned enterprise, Baiyin, to evaluate the economic feasibility of providing trade financing to the Company's operations in the INC Mine and of constructing an integrated 200-series stainless steel plant in the Philippines with an annual capacity of 1.0 million tons using lower grade nickel ore sourced in the Philippines (an estimated total investment of around USD$500.0 to USD$700.0 million).

With regard to upstream operations, we may seek to acquire additional mining assets that are located in regions other than our existing mine. We will also consider potential downstream acquisitions, including smelters, which would allow us to vertically integrate our operations and potentially increase margins. We may use debt, cash, equity, or a combination of all three, in order to finance any mining or downstream acquisitions.

Diversify into other minerals

We believe that there are opportunities to acquire additional mines in the Philippines containing other minerals, such as chromite and other platinum group metals, which we are continuing to examine as part of our future expansion strategy. However, the commercial viability of the other potential acquisition targets is uncertain and we would be required to invest time and resources to determine which particular mineral mine is feasible for acquisition. We intend to continue to evaluate any potential acquisition and diversify into other mineral varieties if suitable opportunities arise. We believe that we and our contractors have the technological know-how to exploit the additional mineral resources in other mines in the future.

Consider opportunities in mineral processing

We are currently exploring opportunities in mineral processing. On November 13, 2017, we signed an agreement with Vi Holding LLC, a member of an international investment and industrial group of companies from Russia with interests in mineral exploration and processing, real estate, energy and in innovative solutions, for the implementation of joint business projects in the processing of lateritic ores. We signed the agreement alongside Philippines and Russia bilateral meetings in the framework of the 31st ASEAN Summit and Related Summits being hosted by the Philippines in 2017. The signing of the foregoing agreement was witnessed by President Duterte and Prime Minister Medvedev. As of the date of the Prospectus, the parties are working on a feasibility study for the proposed processing plant.

We hope to take advantage of Vi Holding LLC's patented technology of processing nickel-bearing ore that requires significantly lower capital investment coupled with lower production costs. This technology makes it possible to quickly and efficiently build mining and metallurgical complexes comprising independent coal-fired power supply facilities. The two companies are now in the process of forming a Joint Working Group to undertake initial testing of ore samples and conduct feasibility studies.

Risks of Investing

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Shares. These risks include:

- risks relating to the Company's existing business and industry,
- risks relating to the INC Mine (as defined in "Glossaries of Terms – Glossary of Other Terms and Abbreviations");
- risks relating to the Philippines; and
- risks relating to the Offer and the Offer Shares.

Please refer to the section entitled "Risk Factors" which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

SUMMARY OF THE OFFER

Issuer	Global Ferronickel Holdings, Inc. (the "Company" or "FNI" or the "Issuer"), a corporation organized under Philippine law. The trading symbol for the Company's Shares in the PSE is "FNI."
Financial Adviser to the Issuer	SCCM
Sole Underwriter	Abacus Capital & Investment Corporation
The Offer / Offer Shares	Offer of up to 250,000,000 Common Shares.
Offer Price	Up to ₱4.00 per Offer Share.
Offer Period	The Trading Participants and Retail Offer Period shall commence at 9:00 a.m., Manila time, on [March 05, 2018] and end at 12:00 p.m., Manila time, on [March 09, 2018]. The Company and the Sole Underwriter reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE. Applications must be received by the Receiving Agent by 12:00 p.m., Manila time on [March 09, 2018], whether filed through a participating PSE Trading Participant or filed directly with the Sole Underwriter. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to a participating PSE Trading Participant or the Sole Underwriter, and shall be subject to the terms and conditions of the Offer as stated in this Prospectus and in the application. The actual purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE and upon the obligations of the Sole Underwriter under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled on or before the Listing Date in accordance with the provisions of such agreement.
Restrictions on Ownership	The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies engaged in certain activities. Because the Company is engaged in resource exploitation and mining activities indirectly through its subsidiaries, its foreign shareholdings may not exceed 40.0% of its issued and outstanding capital stock entitled to vote, and 40.0% of its total issued and outstanding capital stock, whether or not entitled to vote. For more information relating to restrictions on the ownership of the Shares, see "Philippine Foreign Exchange and Foreign Ownership Controls."

Use of Proceeds	The proceeds of the Offer Shares will be used to pay part of the outstanding loan of the Company's subsidiary, PGMC, from TCB and for working capital purposes for its operations in the CAGA Mines. See "Use of Proceeds" for details of how the total net proceeds are expected to be applied.
Minimum Subscription	Each application must be for a minimum of 5,000 Offer Shares, and thereafter, in multiples of 1,000 Offer Shares. Applications for multiples of any other number of Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion.
Listing and Trading	The Company's application for the listing of the Offer Shares is expected to be approved by the PSE approximately on [February 14, 2018]. All of the Offer Shares in issue or to be issued are expected to be listed on the PSE under the symbol "FNI." See "Description of the Shares." All of the Offer Shares are expected to be listed on the PSE on or about [March 19, 2018].
Dividends	Each holder of the Shares will be entitled to such dividends as may be declared by the Board of Directors, provided that any stock dividend declaration requires the approval of shareholders holding at least two-thirds (2/3) of the Company's total outstanding capital stock. The Philippine Corporation Code has defined "outstanding capital stock" as the total shares of stock issued to subscribers or stockholders under binding subscription agreements, whether paid in full or not, except treasury shares. Both the Company's and PGMC's current dividend policies provide that at least 20.0% of the Unrestricted Retained Earnings of the Company and PGMC, respectively for the preceding fiscal year will be declared as dividends. Upon completion of the acquisition of 100.0% of the outstanding capital stock of Southeast Palawan, the Company will cause its nominee directors in INC to adopt the same dividend policy. See "Dividends and Dividend Policy."
Refunds for the Offer	In the event that the number of Offer Shares to be received by an applicant, as confirmed by the Sole Underwriter, is less than the number covered by its application, or if an application is rejected by the Company, then the Sole Underwriter shall refund, without interest, within five (5) banking days from the end of the Offer period, all or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving Agent with whom the applicant has filed the application, at the applicant's risk.
Registration and Lodgment of Shares with PDTC	The Offer Shares are required to be lodged with the PDTC. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Offer Shares will be lodged with the PDTC at least two (2) trading days prior to the Listing Date. The applicant may request to receive share certificates evidencing such applicant's investment in

the Offer Shares through his/her broker after the full payment, lodgment and listing of the Offer Shares. Any expense to be incurred by such issuance of certificates shall be borne by the applicant.

Registration of Foreign Investments

The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP only if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See "Philippine Foreign Exchange and Foreign Ownership Controls."

Tax Considerations

See "Philippine Taxation" for further information on the Philippine tax consequences of the purchase, ownership and disposal of the Offer Shares.

Procedure for Application for the Offer

Application forms and signature cards may be obtained from the Sole Underwriter or from any participating PSE Trading Participant. Applicants shall complete the application form, indicating all pertinent information such as the applicant's name, address, taxpayer's identification number, citizenship and all other information as may be required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of Offer Shares. Failure to complete the application form may result in the rejection of the application.

If the applicant is a corporation, partnership or trust account, the application must be accompanied by the following documents:

- a certified true copy of the applicant's latest articles of incorporation and by-laws (or articles of partnership in the case of a partnership) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or managing partner in the case of a partnership);
- a certified true copy of the applicant's SEC certificate of registration or certificate of filing amended articles of incorporation or by-laws, as the case may be, duly certified by its corporate secretary (or managing partner in the case of a partnership); and
- a duly notarized corporate secretary's certificate (or certificate of the managing partner in the case of a partnership) setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying the percentage of the applicant's capital or capital stock held by Philippine Nationals. Foreign corporate and institutional applicants who qualify as

Eligible Investors, in addition to the documents listed above, are required to submit in quadruplicate, a representation and warranty stating that their purchase of the Offer Shares to which their application relates will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed, under such laws, to acquire, purchase and hold the Offer Shares.

Payment Terms for the Offer

The purchase price must be paid in full in Pesos upon the submission of the duly completed and signed application form and signature card together with the requisite attachments. Payment for the Offer Shares shall be made either by: (a) a personal or corporate check drawn against an account with a BSP authorized bank at any of its branches located in Metro Manila; or (b) a manager's or cashier's check issued by an authorized bank. All checks should be made payable to "[FNI FOO]," crossed "Payee's Account Only," and dated the same date as the application. The applications and the related payments will be received at any of the offices of the Sole Underwriter or the PSE Trading Participants.

Acceptance or Rejection of Applications for the Offer

"Application to Purchase" forms are subject to confirmation by the Sole Underwriters and the final approval of the Company. The Company and the Sole Underwriter reserve the right to accept, reject or scale down the number and amount of Offer Shares covered by any application. The Company and the Sole Underwriter have the right to reallocate available Offer Shares in the event that the Offer Shares are insufficient to satisfy the total applications received. The Offer Shares will be allotted in such a manner as the Company and the Sole Underwriter may, in their sole discretion, deem appropriate, subject to distribution guidelines of the PSE. Applications with checks dishonored upon first presentation and "Application to Purchase" forms which do not comply with terms of the Offer will be automatically rejected. Notwithstanding the acceptance of any "Application to Purchase" forms, the actual subscription of the Offer Shares by the applicant will be effective only upon the listing of the Offer Shares at the PSE.

Expected Timetable

The timetable of the Offer is expected to be as follows:

Pricing and allocation of the Offer Shares	[February 19, 2018]
Notice of final Offer Price to the SEC and PSE	[February 19, 2018]
PSE Trading Participants' Commitment Period	[March 05, 2018] to [March 07, 2018]
Sole Underwriter's Offer Period	[March 05, 2018] to [March 09, 2018]

Offer Settlement Date	[March 09, 2018]]
Listing Date	[March 19, 2018]

The dates included above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.

Risks of Investing

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. Certain of these risks are discussed in the section entitled "Risk Factors" and include: risks relating to the Company's business and industry, risks relating to the Philippines, risks relating to the Offer.

The PSE Revised Consolidated Listing and Disclosure Rules require that if there is any issuance or transfer of shares or securities such as private placements, assets for shares swap or a similar transaction or instruments which lead to the issuance of shares or securities such as convertible bonds, warrants or a similar instrument that are completed within 180 days prior to the start of the offer period, and the transaction price is lower than the offer price in the initial public offering, all such shares or securities shall be subject to a lock-up period of at least 365 days from full payment of such shares or securities.

The PSE rules also require that, for related party transactions, whereby the rights or public offering requirement has been waived by a majority vote of the minority stockholders, the related party subscriber must enter into an agreement with the PSE not to sell, assign, or in any manner dispose of their shares for a minimum period of 180 days after the listing of the shares subscribed in the transaction.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables present summary consolidated financial information for the Company and should be read in conjunction with the auditors' reports and with the Company's consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary consolidated financial information presented below as of September 30, 2017 and for the nine months ended September 30, 2016 and 2017 was derived from the unaudited interim condensed consolidated financial statements of the Company, prepared in accordance with the Philippine Accounting Standards (PAS) 34, Interim Financial Reporting, and reviewed by SGV in accordance with Philippine Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and included elsewhere in the Prospectus. The summary consolidated financial information presented below as of December 31, 2014, 2015 and 2016 and for the six (6) months ended December 31, 2014 and years ended December 31, 2015 and 2016 were derived from the audited consolidated financial statements of the Company, prepared in compliance with PFRS and audited by SGV in accordance with Philippine Standards of Auditing and included elsewhere in this Prospectus. The information below is not necessarily indicative of the results of future operations. Furthermore, the translation of Peso amounts to U.S. dollars is provided for convenience only and is unaudited. For readers' convenience only, the translation of September 30, 2017 and December 31, 2016 Peso amounts to U.S. dollars is calculated based on the BSP Rate on September 29, 2017 and December 29, 2016, of ₱51.073= US$1.00 and ₱49.813= US$1.00, respectively. For additional information regarding financial information presented in this Prospectus, see "Presentation of Financial Information."

Consolidated Statements of Comprehensive Income

	For the six months ended December 31, 2014	For the year ended December 31, 2015	For the year ended December 31, 2016		For the nine months ended September 30, 2017	
		(Audited)		**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
		(₱ thousands)		**(US$ thousands)**	**(₱ thousands)**	**(US$ thousands)**
Sale of ore	9,047,476	6,533,218	3,773,669	75,757	4,646,263	90,973
Cost of Sales	2,463,831	3,509,917	2,308,220	46,338	2,277,034	44,584
Gross Profit	6,583,645	3,023,301	1,465,449	29,419	2,369,229	46,389
Operating Expenses						
Excise taxes and royalties	1,351,555	972,546	503,275	10,103	595,247	11,655
General and administrative	237,316	628,271	460,914	9,253	445,098	8,715
Shipping and distribution	63,749	166,472	290,405	5,830	326,430	6,391
	1,652,620	1,767,289	1,254,594	25,186	1,366,775	26,761
Finance Costs	(73,323)	(88,891)	(67,696)	(1,359)	(52,076)	(1,020)
Finance Income	3,465	9,431	6,505	131	4,929	97
Share in Net Loss of an Associate	–	–	(184)	(4)	(116)	(2)
Other Income (Charges)- net	(77,424)	(115,500)	(32,373)	(650)	49,991	979
Income Before Income Tax	4,783,743	1,061,052	117,107	2,351	1,005,182	19,681
Provision for (Benefit From) Income Tax						
Current	6,673	4,081	35,406	711	247,216	4,840
Deferred	(39,977)	(54,779)	44,207	887	(25,652)	(502)
	(33,304)	(50,698)	79,613	1,598	221,564	4,338
Net Income	4,817,047	1,111,750	37,494	753	783,618	15,343
Other Comprehensive Income (Loss)						

	For the six months ended December 31, 2014	For the year ended December 31, 2015 (Audited) (₱ thousands)	December 31, 2016	December 31, 2016 (Unaudited) (US$ thousands)	For the nine months ended September 30, 2017 (Unaudited) (₱ thousands)	September 30, 2017 (Unaudited) (US$ thousands)
Item that may be reclassified to profit or loss in subsequent periods:						
Cumulative translation adjustment	–	–	(14,106)	(283)	17,995	352
Valuation loss on AFS financial assets	(337)	(506)	–	–	(42)	(1)
Item that will not be reclassified to profit or loss in subsequent periods:						
Remeasurement gain (loss) on retirement obligation	(4,357)	600	3,065	62	–	–
	(4,694)	94	(11,041)	(221)	17,953	352
Total Comprehensive Income	4,812,353	1,111,844	26,453	532	801,571	15,695

Summary Consolidated Statements of Financial Position

	As of December 31				As of September 30	
	2014	2015 (Audited) (₱ thousands)	2016	2016 (Unaudited) (US$ thousands)	2017 (Unaudited) (₱ thousands)	2017 (Unaudited) (US$ thousands)
Current assets	3,181,492	3,670,086	3,383,713	67,928	4,492,709	87,966
Noncurrent assets	4,473,379	5,414,927	6,042,981	121,313	5,221,689	102,240
Total assets	7,654,871	9,085,013	9,426,694	189,242	9,714,398	190,206
Current liabilities	2,076,816	2,440,566	2,227,747	44,722	2,340,259	45,822
Noncurrent liabilities	152,025	106,573	652,388	13,097	662,979	12,981
Total liabilities	2,228,841	2,547,139	2,880,135	57,819	3,003,238	58,803
Total equity	5,426,030	6,537,874	6,546,559	131,423	6,711,160	131,403
Total liabilities and equity	7,654,871	9,085,013	9,426,694	189,242	9,714,398	190,206

Summary Consolidated Statements of Cash Flow

	For the Six months ended December 31, 2014	For the Year ended December 31, 2015 (Audited) (₱ thousands)	December 31, 2016	December 31, 2016 (Unaudited) (US$ thousands)	Nine months ended September 30, 2017 (Unaudited) (₱ thousands)	September 30, 2017 (Unaudited) (US$ thousands)
Net cash flows from operating activities	3,308,321	776,154	603,946	12,124	1,255,808	24,588
Net cash flows used in investing activities	(2,103,286)	(1,593,944)	(531,309)	(10,666)	(274,032)	(5,365)
Net cash flows from (used in) financing activities	(757,923)	602,883	(43,305)	(869)	(930,949)	(18,228)
Net increase (decrease) in cash	447,112	(214,907)	29,332	589	50,827	995
Effect of exchange rate changes on cash	11,593	25,914	19,734	396	37,478	734
Cash at beginning of year/period	233,164	691,869	502,876	10,095	551,942	10,807

	For the					
	Six months ended December 31, 2014	**Year ended** December 31, 2015	December 31, 2016		Nine months ended September 30, 2017	
		(Audited)		**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
		(₱ thousands)		**(US$ thousands)**	**(₱ thousands)**	**(US$ thousands)**
Cash at end of year/period	691,869	502,876	551,942	11,080	640,247	12,536

Key Performance Indicators

	For the			
	Six months ended	**Year ended**		**Nine months ended**
	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
	Thousands of ₱ (unless otherwise stated)			
Sale of ore	9,047,476	6,533,218	3,773,669	4,646,263
Average realized nickel price (US$ Sales/WMT)	48.78	26.69	17.93	18.77
Volume of ore sold (m WMT)	4.19	5.35	4.31	4.93
EBITDA[1]	5,023,708	1,850,495	598,963	1,340,915
Net income (loss)	4,817,047	1,111,750	37,494	783,618
Return on average equity (%)[2]	88.8%	18.6%	0.57%	11.80%
Return on average assets (%)[3]	62.9%	13.3%	0.41%	8.2%

Notes:

1. *EBITDA is calculated as gross profit less operating expenses plus depreciation, depletion and amortization.*
2. *Return on equity is calculated as net income divided by the average of the beginning and the ending balance of total equity. For the six (6) months ended December 31, 2014, net income is calculated by using net income of the last 12 months from January 1, 2014.*
3. *Return on assets is calculated as net income divided by the average of the beginning and the ending balance of total assets. For the six (6) months ended December 31, 2014, net income is calculated by using net income of the last 12 months from January 1, 2014.*

RISK FACTORS

An investment in the Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, in order of importance (from most important to least important), before deciding to invest in the Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on our business, financial condition and results of operations and cause the market price of the Shares to decline. All or part of an investment in the Shares could be lost.

This section entitled "Risk Factors" does not purport to disclose all of the risks or other significant aspects of investing in the Shares. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and on the Shares and the investors may lose all or part of their investment. Investors may request publicly available information on the Shares and the Company from the SEC and PSE.

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of this offer or the nature of risks involved in purchasing, holding and trading the Shares. Each investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Shares.

Risks Related to our Existing Business and Industry

Risk of the Government summarily ordering the closure of any mine

Mine Audit Report

Upon assumption of office of the Secretary of the DENR in June 2016, Ms. Regina Paz L. Lopez ordered an audit on all mining companies. Sometime in September 2016 and following the said orders from the DENR Secretary, DENR came out with recommendations to suspend the operations of 20 mining companies engaged in the mining of metallic ores.

Only five (5) nickel mining sites passed the said DENR mining audit, including the PGMC CAGA Mines. On October 21, 2016, PGMC received the results of the said DENR Mine Audit for the CAGA Mines for the audit conducted for the period from August 3-11, 2016, which report recommended allowing the continued operations of PGMC CAGA Mines, citing the following reasons:

(a) PGMC is ISO 14001 certified, which means that the Company's systems and policies on environmental compliance have passed the international standards set by the ISO;

(b) PGMC is compliant with: (i) the policies, environmental laws, rules, and regulations of the Philippine Mining Act; and (ii) the terms and conditions of its issued ECC for CAGA Mines, such as the establishment of adequate environmental protection and enhancement measures including safety and housekeeping, and implementation of progressive rehabilitation of mined-out areas; and

(c) The social acceptability of the mine operations is high with several social development projects in place which are well implemented.

On February 2, 2017, the DENR announced the issuance of the 2017 Final Mine Audit Results which listed: (a) 23 mining companies for closure of mining operations; and (b) six (6) mining companies for suspension of the mining operations. Initially, the name of PGMC was not included among those mines for suspension or for closure but the name "Platinum Development Corporation" was included among those mines for closure.

On February 3, 2017, the DENR posted in its official website the list of the mining companies for closure and/or suspension. The said list already included PGMC for closure of mining operations. However, based on the latest list of companies whose mines are for suspension or closure uploaded in the DENR's website as of March 24, 2017, PGMC is no longer included in the list of the mining companies for suspension or for closure. On April 4, 2017, the Officer-In-Charge Director of the Legal Service of the DENR issued a letter to the PGMC confirming that the said list of companies posted in the DENR website contains the names of mining companies which were issued Orders of Cancellation or Suspension.

To date, PGMC has not received any order or official communication from the MGB or DENR directing the closure of the CAGA Mines.

On May 3, 2017, the Commission on Appointments rejected for the second time the appointment of Ms. Gina Lopez as DENR Secretary. Former Armed Forces of the Philippines Chief Roy Cimatu was appointed to replace Ms. Lopez as DENR Secretary.

Based on news reports, DENR Secretary Roy Cimatu will allow mining companies to operate as long as they do not destroy the environment and are properly managed. However, there is no assurance that the mining policy will change under the new DENR Secretary's term.

The possible issuance of a DENR order directing the closure of the PGMC CAGA Mines would have an adverse effect on: (a) the financial prospects of PGMC, and which in turn may significantly affect the financial results of the Company; (b) the marketability of the Company's shares if the PGMC CAGA Mines should continue to be the substantial source of income of the Company; and (c) the stock price of PGMC's parent company, FNI.

PGMC has been taking steps to clarify with the DENR the results of the final mine audit report and whether or not PGMC's mining operations is indeed subject of a closure order. As mentioned above, PGMC passed the August 3-11, 2016 Mine Audit. PGMC was even awarded by the MGB on November 18, 2016 with: (a) Most Improved Safety Performance; (b) Best Surface Mine Supervisor; and (3) Presidential Mineral Industry Environmental Award (PMIEA) Selection Committee's Titanium Award Surface Mining Operation Category. These awards are being conferred every year to mining companies that showed exemplary practices in safety and health; environmental protection and rehabilitation; and community and social development and management. The Company is also taking steps to diversify its mining operations, through its subsidiaries, in other areas within the Philippines.

Despite the change in the leadership in the DENR, there is no assurance or guarantee that the DENR will not issue an order directing the closure of PGMC's CAGA Mines, or any portion thereof, or that the courts will not uphold such DENR order if any. The closure of a mining operation is within the prerogative of the DENR. It has the power to close a specific mining site or operation which is found, after observance of due process in violation of the mining laws, rules and regulations.

Industry Concerns

On February 4, 2017, the then Chairman of the Chamber of Mines of the Philippines, Mr. Artemio Disini, said that the closure and suspension of 29 mines placed 67,000 jobs at risk, with about ₱66.6 billion worth of annual production expected to be lost. The financial impact was also likely to be huge, with the government seen to lose ₱16.7 billion in taxes.

On February 9, 2017, the Chairpersons of the Mining Industry Coordinating Council issued Resolution No. 6, which among others, directed the observance of due process to all mining companies affected and to penalize all those found guilty violating the relevant Philippine mining laws.

Further, on March 14, 2017, President Duterte raised the possibility of a total ban on mining in the country in view of the alleged destructive effects of the operations of the mining companies. As of date, however, there has been no official mining ban in the country.

With the recent developments, the stock prices of listed companies (which were listed for closure or suspension, or those with subsidiaries, which were listed for closure or order, under the 2017 Final Mine Audit Results) have been adversely affected.

Recently, in July 2017, President Duterte invited all stakeholders in the mining industry to draft a new mining law that will attempt to address the concerns of environmental advocates.

Show Cause Notice

On February 20, 2017, PGMC received a Show Cause Notice ("SCN") from the DENR directing PGMC to show cause why it should not be held liable for violation of Section 71 of the Philippine Mining Act, which mandates the establishment of a mine rehabilitation fund. Based on the SCN, PGMC has only deposited ₱56,490,098.00 out of a commitment of ₱1,259,670,677.00 for the FMRDF.

In a letter reply to the DENR dated February 23, 2017, PGMC refuted DENR's allegations, and pointed out that:

(a) PGMC's FMRDF commitment is only ₱74,593,674.00 and not ₱1,259,670,677.00. In 2013, the DENR Contingent Liability and Rehabilitation Fund Steering Committee issued a Certificate of Approval approving the amount of ₱74,593,674.00 as the FMRDP for the Cagdianao Nickel Expansion Project. As set forth in the Schedule of Deposits for the FMRDF under the Certificate of Approval, PGMC is required to deposit prescribed amounts following the schedule of deposits until the end of 2021. The said schedule of deposits was later on accelerated to require PGMC to complete the funding for FMRDF by end of 2017.

(b) The August 3-11, 2016 Mine Audit Report confirmed that the amount for FMRDF approved by the Contingent Liability and Rehabilitation Fund Steering Committee is ₱74,593,674.00.

(c) The approved EPEP of PGMC is ₱1,259,670,677.00. EPEP is a mandate of Section 69 of RA No. 7942. Unlike the FMRDF, the EPEP is not a fund created and deposited for the final mine plan.

(d) PGMC is compliant with the required funding following the Schedule of Deposits for the FMRDF. As of February 6, 2017, PGMC has a total deposit of ₱68,654,777.08 with the Development Bank of the Philippines, Surigao Branch, Surigao City. However, to show good faith, PGMC has already paid its commitment in full, well ahead of the deadline to fund at the end of 2017.

As of date, the DENR has not responded to the said letter-reply by PGMC.

On March 9, 2017, PGMC received another SCN from the DENR directing PGMC to show cause why its operation should not be suspended and/or the pertinent mining contract with the Government should not be cancelled within seven (7) days from receipt thereof. The SCN raises the following: (a) review of the classification of the alleged "thickly forested unmined areas covered by CAGA 5," which is part of the mining area of PGMC, "for declaration of potential conservation/protected landscape;" and (b) "extensive siltation of coastal waters" as found by the "field validation conducted by this Office on January 26, 2017 and the review of records."

In a letter reply to the DENR dated March 28, 2017, PGMC refuted DENR's allegations, and pointed out that:

(a) In a letter reply to the DENR Mine Audit Report dated November 11, 2016, PGMC has already clarified that the CAGA 5 area is not within the mountain ranges of Mount Hilong-Hilong based

on the Tenement Map of Caraga R-XIII of the MGB. The recommendation to discontinue clearing and mine development in this or other areas within the mining tenement would violate the prior and vested rights of the holder of the MPSA because the areas have already been thoroughly studied, reviewed and delineated as part of the contract that the Government must uphold in good faith.

(b) On the second issue, PGMC contends that it is contrary to law and science. First, PGMC is unaware of any field validation conducted by the DENR on January 26, 2017. This is contrary to the department's policy and practice. Second, assuming that there was such a field validation, PGMC has not been furnished with any written result. The DENR did not disclose the composition, scope and purpose of this validation. The SCN does not attach any documentary support either. Third, on February 2, 2017, DENR prejudged PGMC by including the company on DENR's so-called "Closure" list due to "siltation of coastal waters" as posted on DENR Facebook account. But it is only now that the Company is being asked to explain the issue. Fourth, in 2003, the environmental baseline study of the mining area confirmed the high volume of sediments along coastlines, which is traced to years of natural erosion and landslides. The sediments in the upland and coastal areas are made of limonite formed by the lateritic soil. Nearly all laterites are rusty-red because of rich iron oxide in this declared mineral reservation area. During rainy season (like the weeks of January this year) or tidal disruptions, the discoloration of waters occurs even without mining activities. This is why the body of water across PGMC's causeway is also called The Red Bay. But on stretches of fine weather, the sea and the river are clear. In 2007, aware of this background, the DENR allowed PGMC to begin operations. PGMC has since then built erosion and sediment control structures like settling ponds, silt traps, dams, sumps, canals and gabions. The DENR Mine Audit Team, aside from many other validation teams, found them "compliant with the policies, environmental laws, rules and regulations of the Philippine Mining Act and the ECC." Also, the Technical Review Committee that the DENR formed to evaluate the Audit Report did not find any violation or liability on the part of PGMC and did not recommend any penalty.

DENR's technical review committee upheld the August 2016 Mine Audit Report without finding of any violation or imposition of penalty. Further, the MGB of the DENR has issued the Issuer's subsidiary, PGMC, Ore Transport Permits and Mineral Ore Export Permits, which are required permits for the transport of all mineral/mineral products and by-products, in relation to its shipments in 2017. Based on the latest list of companies whose mines are for suspension or closure uploaded in the DENR's website as of March 24, 2017, the Issuer's subsidiary, PGMC, is not included in the list of the mining companies for suspension or for closure. On April 4, 2017, the Officer-In-Charge Director of the Legal Service of the DENR issued a letter to the PGMC confirming that the said list of companies posted in the DENR website contains the names of mining companies which were issued Orders of Cancellation or Suspension.

There is no assurance or guarantee that DENR will not in the future issue a notice of violation or an order imposing fines or penalties or directing the suspension or closure of operations of PGMC due to the alleged failure to fund the FMRDF. To the extent that the notice of violation or order may subject PGMC to heavy fines or closure of the PGMC CAGA Mines or a portion thereof, or suspension orders, the issuance of said DENR notice or order may have an adverse effect on: (a) the financial prospects of PGMC, and which in turn may significantly affect the financial results of the Company; (b) the marketability of the Company's shares if the PGMC CAGA Mines should continue to be the substantial source of income of the Company; and (c) the stock price of PGMC's parent company, FNI.

To address the foregoing risks, we employ a team of legal and operating personnel, who exercise the requisite due diligence with respect to the compliance with the mining laws, rules and regulations as well as the conditions for the related government permits.

Our business is sensitive to the volatility of nickel prices, which can result in volatility in our earnings. If the sale price of our nickel ore falls and remains below our production costs, we will sustain losses, and may need to curtail or suspend some or all of our mining and exploration activities, which would have an adverse impact on our business, results of operations and financial condition.

Our sale of nickel ore is dependent on the world market price of nickel in general, and the market price of nickel in China in particular. The sales price of saprolite ore and limonite ore is correlated with the world market price of nickel. The nickel ore price is subject to volatile price movements over time and is affected by numerous factors that are beyond our control. These factors include global supply and demand; regulatory policies of other nickel ore producing countries; expectations for the future rate of inflation; the level of interest rates; the strength of, and confidence in, the U.S. dollar; market speculative activities; and global or regional political and economic events, including changes in the global economy. See "Industry—Ore pricing" for description on the fluctuation in nickel prices. Furthermore, 100.0% of PGMC's sales in the period ended December 31, 2016 and for the year ended December 31, 2015 were sold to our customers in China and we expect that China will continue to be a large contributor to our sale of nickel ore in the future. See "Economic, political and other conditions in China, as well as government policies, could adversely affect our business and prospects".

A growing world nickel market and increased demand for nickel worldwide have attracted new entrants to the nickel industry, spurred the development of new mines and expansion of existing mine in various regions, including Canada, Russia, Australia, South Africa, South America and New Caledonia, and resulted in added production capacity throughout the industry worldwide. A generally increasing trend in nickel prices since early 2003 has encouraged new or existing international nickel ore producers to expand their production capacity. An increased rate of expansion and an oversupply of nickel in world nickel markets in the future could reduce future nickel prices and the prices we receive under our nickel ore supply agreements.

If the sales price of our nickel ore falls below our production costs, we will sustain losses and, if those losses continue, we may curtail or suspend some or all of our mining and exploration activities. We would also have to assess the economic impact of any sustained lower nickel prices on recoverability and, therefore, the cut-off grade and level of our nickel reserves and resources. These factors could have an adverse impact on our business, results of operations, and financial condition.

To manage this risk, we constantly review our contracts with our service contractors.

Nickel mining is subject to a number of inherent risks such as natural catastrophes that are beyond our control. The occurrence of any of these risks could result in disruptions in our production, which may have an adverse impact on our business, results of operations and financial condition.

Our mining operations in the CAGA Mine are usually conducted during the period from April to October of each year where the weather is fair in the said area, which is different from the rainfall cycle in Luzon. A disruption of weather cycle will affect our mining operations in the CAGA Mine.

Our mining operations are influenced by changing conditions that can affect production levels and costs for varying periods, materially disrupt our operations, and as a result, diminish our revenues and profitability. Prolonged disruption of production at our mine or transportation of our nickel ore to customers would result in an increase in our costs and a decrease in our revenues and profitability, which could have a material adverse effect on our business, results of operations and financial condition. The inability to obtain equipment necessary to conduct our operations, increases in replacement or repair costs, prices for fuel and other supplies and unexpected geological conditions could have a significant impact on the productivity of our mine, the resulting number of days we are able to mine and our operating results.

Other factors affecting the production and sale of our nickel ore that could result in increases in our costs and decreases in our revenues and profitability include:

- inclement weather conditions, including a prolonged monsoon season;
- equipment failures and unexpected maintenance problems;
- interruption of critical supplies, including spare parts and fuel;
- earthquakes or landslides;
- environmental hazards;
- industrial accidents;
- increased or unexpected rehabilitation costs;
- work stoppages or other labor difficulties; and
- changes in laws or regulations, including permitting requirements, the imposition of additional taxes and fees and changes in the manner of enforcement of existing laws and regulations.

Last February 10, 2017, a magnitude-6.7 earthquake struck the province of Surigao del Norte. After a thorough inspection, the CAGA Mine was unaffected by the earthquake. All safety systems and protocols were observed. There were no reported injuries among employees and the mining facilities of the Company and infrastructure surrounding the area sustained no damage.

Also, the loading/unloading dock facilities in our CAGA Mine are built on reclaimed land. Earthquakes, tidal waves and other natural calamities may disturb the ground conditions where said dock facilities are located.

The realization of any of these risks could result in damage to our mining properties, nickel ore production or transportation facilities, personal injury or death, environmental damage to our properties, the properties of others or the land or marine environments, delays in mining ore or in the transportation of ore, monetary losses and potential legal liability. Surface mining and related activities present risks of injury to personnel and damage to equipment. The occurrence of any of these risks, conditions or events could have a significant impact on our business, results of operations, and financial condition.

We mitigate our exposure to these risks by exercising prudent management and using up-to-date technology. We also maintain a disaster response team which we can dispatch to provide assistance to our personnel located in the CAGA Mine as well as to assist the communities affected by the natural catastrophes.

Failure to obtain, sustain or renew our mineral agreements, operating agreements, currently outstanding approvals and permits and other regulatory approvals, permits and licenses necessary for our business could have an adverse effect on our business, results of operations, and financial condition.

We rely on regulatory approvals, permits, licenses (including MPSAs), operating agreements with third-party claim owners and land access agreements to conduct our mining operations. See "Regulation".

Cagdianao Mine

Prior to its expiration, MPSA No. 007-92-X for the Cagdianao Mine, was renewed on June 21, 2016 for another twenty-five years from its initial term ending in 2017, or until February 14, 2042. On the other hand, under Section 32 of the Philippine Mining Act of 1995, the term of an MPSA is renewable under the same terms and conditions thereof but without prejudice to changes mutually agreed upon by the parties. Further, according to the Section 9 of DENR Administrative Order No. 2012-07 or the Implementing Rules of Executive Order No. 79, in case the mining agreement is renewed, it shall be subject to new terms and conditions pursuant to the laws, and rules and regulations that are existing at the time of renewal.

DENR has also renewed Cagdianao Mine's Discharge Permit and the Permits to Operate Air Pollution Sources and control installations in January 2015 and are effective until January 2020. Further, we have

been complying with the applicable reportorial requirements of the DENR such as quarterly Self-Monitoring Reports (SMRs).

Special Tree Cutting Permits (STCPs) were likewise secured for the Cagdianao Mine as follows: STCP for 26.74 has. dated November 10, 2014, STCP for 77 has. dated January 6, 2015 and STCP for 150 has. dated June 30, 2016.

For our mining operations in Cagdianao Mine, we believe that we currently hold all the necessary regulatory approvals, licenses, permits, operating agreements and land access agreements to carry on the activities that we are currently conducting under applicable laws and regulations, approvals, licenses, permits, operating agreements and land access agreements. We have not received any decision or order from the Government for the cessation or suspension of our mining operations in CAGA 2 and CAGA 4, as of the date of this Prospectus.

INC Mine

We discuss below certain risks surrounding the INC Mine which may have a material impact on the business, operations and financial prospects of the Company.

Renewal of the INC MPSA

For the new mine to be acquired, we plan to extend the term of the MPSA for the INC Mine. Under the MPSA for the INC mine, the renewal of the MPSA shall be under such terms and conditions as may be mutually agreed upon by the parties.

In 2013, the DENR imposed a ₱100.0 million minimum authorized capital stock and a ₱6.25 million minimum paid-in capital requirement for applicants for mineral agreements such as an MPSA and renewal of existing MPSAs.

Despite compliance with such minimum capitalization requirement for renewal of MPSA by INC, there is no assurance that the MPSA will be renewed by the Philippine government through the DENR. Further, we also discuss below regulatory concerns which may impact on the renewal of the MPSAs.

INC Environmental Compliance Certificate

On October 8, 2010, the DENR issued in favor of INC Environmental Compliance Certificate No. 1006-0017, with a maximum production volume of 1.0 million DMT or 1.5 million WMT of ore each year.

In December 2016, the DENR cancelled the ECC for the INC Mine allegedly due to INC's failure to launch the Ipilan Nickel Project within the five-year period from the issuance of the ECC. INC has filed with the Office of the DENR Secretary a letter seeking to have the order of cancellation reconsidered stating the significant programs and activities were implemented and are being implemented to pursue the project. INC also discussed in the said letter the timeline of major approvals INC has obtained from the different DENR offices and other pertinent agencies in relation to the INC Mine. INC believes that the basis for the cancellation of INC's ECC has no factual basis.

On May 26, 2016, DENR issued in favor of INC Special Tree Cutting and Earth-Balling Permit No. DENR IV-B MIMAROPA-2016-014 authorizing INC to earth-ball 14,439 trees and cut 13,490 trees in an area covering 52 has. located at Barangay Maasin, Brooke's Point, Palawan. The said permit was valid until May 25, 2017.

Prior to the expiration of Special Tree Cutting and Earth-Balling Permit No. DENR IV-B MIMAROPA-2016-014, INC coordinated with the Community Environment and Natural Resources Office and began tree-cutting operations during the first week of February 2017.

However, on May 17, 2017, DENR issued an order addressed to INC requesting the latter to explain why no criminal charges should be filed against INC over its alleged tree- cutting activities in Brooke's Point, Palawan. DENR asserted that notwithstanding the validity of Special Tree Cutting and Earth-Balling Permit No. DENR IV-B MIMAROPA-2016-014, the same was deemed no longer effective since December 14, 2016 when the DENR, under then Secretary Gina Lopez, cancelled the INC's ECC. INC explained that the filing of a motion for reconsideration suspends the effectivity of the cancellation of the ECC under the Revised Administrative Code.

Due to the inordinate delay of the DENR in resolving the motion for reconsideration filed by INC, INC filed a Notice of Appeal on 18 October 2017 and an Appeal Memorandum on 16 November 2017 before the Office of the President. The motion and the appeal remain pending.

INC Business Permit

The INC Mine is also in the process of securing a Business Permit from the Office of the Mayor of Brooke's Point, Palawan. While INC believes that there is no valid reason for the Mayor's Office to withhold the issuance of the Business Permit, there is no assurance or guarantee that the mine to be acquired will be able to secure it given the current leadership in the municipality. In any case, the absence of such permit is not a hindrance to the development of the project as this is granted by the national government.

In securing, maintaining, and renewing the regulatory approvals, permits, licenses for the INC Mine, we may be required to prepare and present to Government authorities data pertaining to the impact that any proposed exploration or production of ore may have on the environment, as well as efficient resource utilization. The process of obtaining environmental approvals, including the completion of any necessary environmental impact assessments, can be lengthy, subject to public input and expensive. Regulatory authorities can exercise considerable discretion in the terms and the timing of permit issuances, or ECC amendments or whether a permit may be issued or an ECC amended, if at all. New laws or regulations, or changes in the enforcement or interpretation of existing laws or regulations, may require substantial increases in our equipment and operating costs in order to obtain approvals required by, or to otherwise comply with the conditions imposed by, such new or revised laws and regulations. The need to obtain such new or revised approvals or to comply with additional conditions may cause delays or interruptions of one or more of our current or planned operations or developments.

In addition, the local governments where our mine or exploration properties are located may impose additional restrictions on our operations. There can be no assurance that circumstances that interrupt our current or planned operations will be successfully resolved in the future. The failure to successfully resolve any such situations could have an adverse effect upon our business, results of operations and financial condition. However, INC has other legal remedies like arbitration under the MPSA, and will pursue them if needed, to protect its business interests.

If the requisite regulatory approvals, permits or licenses to undertake the exploration and development of the INC Mine are not secured, the expected ore reserves from this mine will not be realized and may have a material adverse effect on our operations and financial results. In this case, we will explore options to mitigate losses in our investments in the INC mine.

To address the foregoing risks, we employ a team of legal and operating personnel, who exercise due diligence in protecting our mining rights. We have also advised the government authorities of our compliance with all legal requirements. In the event that INC Mine will not be able to: (a) renew its MPSA or secure a Business Permit from the Office of the Mayor or maintain the validity of its ECC, and (b) the acquisition of INC Mine does not push through, we will look for other viable opportunities in the Philippines or abroad.

There is currently no centralized exchange for trading nickel ore and as a result, our failure to source purchasers of our nickel ore would materially and adversely affect our business, results of operations and financial condition.

Our business involves the production and sale of nickel ore. Nickel ore is not a finished metal product and there is no established spot market where our product can be sold. We must sell our nickel ore through negotiated contractual arrangements with third parties. We may not be able to find purchasers who will buy our nickel at terms acceptable to us, or at all. Accordingly, our failure to find purchasers for our nickel ore would have a material adverse effect on our business, results of operations and financial condition.

To manage this risk, we have maintained relationships with our customers and asked that they involve introduce us to other good-paying customers.

We encounter risks in the peace and order and security of our CAGA Mine.

In 2011, several militants attacked our CAGA Mine burning our properties and causing damage to a number of our trucks and equipment. The failure to prevent such damages to properties may have an adverse effect on the financial results of the Company and eventually, the Group.

To prevent such events, we engage a third-party contractor to provide security services at our mine site. In addition, all of the contractors also engage their own security force. We have engaged Chevron Security and Investigation Agency Inc. since December 2011. The original term of the security service contract expired on November 30, 2012; however, the contract is automatically renewed every year, until a notice of termination is served to the other party. All armory and equipment are provided for by the contractor itself, and comprehensive training is also provided to the security guards stationed at our mine by the contractor.

In addition to our security force and that of our contractors, a Special Civilian Armed Auxiliary (SCAA) force comprised of approximately 120 para-military trained personnel managed by the Philippine Army, are tasked with securing the perimeter of our mining operation. Under the Memorandum of Agreement of the Group with the Philippine Army, PGMC has the obligation to provide allowances, uniform and equipment, any claims arising from personal damages caused by or to any of the SCAA when the related injury or damage is incurred in the course of lawful performance of the SCAA's duty.

Each of the neighboring mining companies in the area of our mine also cooperates and shares information pertaining to the security situation in the vicinity.

Our CAGA 5 might be declared by the NCIP as a sacred ground. We might not be able to explore and develop CAGA 5 in the event that NCIP declares it as a sacred ground.

CAGA 5 is currently being evaluated by the NCIP as this area was recently identified as a sacred ground of the indigenous people. A negative finding of the NCIP might result in us losing CAGA 5 and the potential revenue that we might earn in exploring and producing CAGA 5.

To mitigate this risk, we have employed a team of legal experts who actively negotiate with the NCIP to resolve this matter.

Our largest shareholder, Mr. Joseph C. Sy, was the subject of complaints filed with the DOJ, BI, and the SEC questioning his Filipino citizenship. Although the said cases were decided in favor of Mr. Joseph C. Sy, there is no assurance that Mr. Joseph C. Sy will no longer be the subject of cases questioning his Filipino citizenship filed before administrative bodies or courts in the Philippines. In the event that Mr. Joseph C. Sy is found not to be a Filipino citizen, it could potentially result in a breach of the foreign ownership limitations for mining companies in the Philippines.

Mr. Joseph C. Sy was the subject of a letter-complaint for deportation filed before the BI. Mr. Joseph C. Sy was also the subject of a complaint filed by the NBI with the DOJ for Falsification of Public Document, violation of the Philippine Passport Act of 1996 (R.A. No. 8239) and violation of the Anti-Dummy Law (P.D. No. 715). A similar complaint was also filed against Mr. Joseph C. Sy for violation of the Philippine Immigration Act of 1940, Anti-Dummy Law, Philippine Mining Act of 1995, and Revised Penal Code on simulation of birth, falsification of public documents and perjury, and Section 17 of the Corporation Code before the SEC. In supporting the allegations against Mr. Joseph C. Sy, the complainant questioned the Filipino citizenship of Mr. Joseph C. Sy. Mr. Joseph C. Sy has received favorable resolutions from both the BI and the SEC. However, in the BI deportation case, the complainant filed a belated motion for reconsideration in October 2014. Mr. Joseph C. Sy then submitted a motion to expunge the complainant's motion for reconsideration in November 2014. The BI decided to entertain the motion for reconsideration of the complainant and the original complaint was reinstated. On February 26, 2015, the BI issued a resolution dismissing the said case against Mr. Joseph C. Sy. The dismissal of the case was endorsed by all panel members of the Board of Special Inquiry and unanimously approved by the Board of Commissioners led by Commissioner Siegfred B. Mison. The complainant filed an appeal with the Office of the President. The appeal is pending resolution at the Office of the President

Despite the favorable decisions from the BI and the SEC, there can be no assurance that Mr. Joseph C. Sy's citizenship will no longer be contested before administrative bodies or courts in the Philippines. See "Business —Legal Proceedings". In the unlikely event that courts or administrative bodies in the Philippines make a determination against the Filipino citizenship of Mr. Joseph C. Sy, the Company's subsidiaries may be found to be in breach of the foreign ownership restrictions (a) relating to mining companies in the Philippines which could result in disqualification to conduct mining operations under MPSAs in the Philippines and/or the cancellation, revocation, and termination or the non-renewal of MPSAs and its corresponding operating agreements or (b) relating to the ownership of lands. Such cases may have an adverse effect on: (a) the financial prospects of PGMC, and which in turn may significantly affect the financial results of the Company; (b) the marketability of the Company's shares if the PGMC CAGA Mines should continue to be the substantial source of income of the Company; and (c) the stock price of PGMC's parent company, FNI.

To address the foregoing risks, we employ a team of legal counsels, who exercise the requisite expertise with respect to citizenship of a person and the ownership of our mining rights.

Economic, political and other conditions in China, as well as government policies, could adversely affect our business and prospects.

Our business depends on the general economic conditions in China, as well as its political and social conditions. Our entire revenues for the periods ended December 31, 2015 and December 31, 2016 was derived from sales of nickel ore to China. The Chinese market has become a significant source of global demand for commodities and China represented approximately 52.0% of the global primary nickel demand in the year of 2015[2]. China's annual consumption of primary nickel has also increased by more than 5.0% since 2008 from 367,000 tonnes to an estimated 1.0 million tonnes in 2015. However for the six (6) months ended December 31, 2014, 90.8% and 9.2% of our revenue was derived from China and Australia, respectively.

The economy of China differs in many respects from the economies of most developed countries, including with respect to:

- the amount and degree of government involvement;
- growth rate and degree of development;
- government control over capital investment;
- government control of foreign exchange; and

[2] INSG Report dated September 26, 2016.

- government allocation of resources.

The Chinese economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. For approximately three (3) decades, the Chinese government has implemented economic reform measures to utilize market forces in the development of the economy. However, the Chinese government continues to play a significant role in regulating industries and the economy through policy measures.

Any political tension between the Chinese and Philippine governments may also have an adverse effect on our business and operations if such tension escalates and has effects on commerce and economic relations. See "—Risks Related to the Philippines—Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment." For example, such tension may result in policy directives restricting free trade between China and the Philippines or increase in the cost of doing business between the two (2) countries, such as with respect to shipping and freight costs, which at present constitutes a significant competitive advantage for us against international competitors. We cannot predict the extent of any adverse effect on our current or future business, financial condition or results of operations that could be caused by any changes in Chinese economic, political or social conditions and in Chinese laws, regulations and policies.

Moreover, particularly related to our business, China, in response to its increased demand for commodities, is increasingly seeking self-sufficiency in key commodities, including nickel, through investments in nickel mining operations in other countries. In addition, nickel ore is used in the production of stainless steel and a slowdown in the stainless steel industry in China, or China's economic growth in general, could result in lower Chinese demand for our products and therefore reduce our revenue. In the event that the demand for our nickel ore from our Chinese customers materially decreases and we are unable to find new customers to replace these customers, our business, results of operations, and financial condition could be materially and adversely affected.

Partial lifting of the export ban of nickel ore by the Indonesian government could adversely impact our business, results of operations, and financial condition.

As of date of this Prospectus, Indonesia has partially lifted the ban on nickel ore exports. It has allowed approximately 20 million tonnes of nickel ore exports in 2017 as compared to the 47.0 million tonnes that the country exported prior to the implementation of the export ban.

Despite the conditional relaxation on ore exports, the nickel market was largely unaffected. Average prices at metal markets such as the LME and SMM were higher this year, while our average realized nickel ore price for the nine months ended September 30, 2017 improved by 12.3% to US$18.77/WMT from US$16.71/WMT of the same period last year.

To mitigate such risk, we continue to build our ability to withstand nickel price shocks as we optimize our operations and improve our cost structures.

The loss of certain tax exemptions and incentives will, and any change in existing or imposition of new taxes may, increase our tax liability and decrease any profits we might have in the future.

Local and national government units may amend existing taxes for which we are liable, such as municipal taxes and excise taxes. These agencies are also free to impose new taxes or levies affecting our operations. If any of the taxes applicable to us are modified unfavorably, or if new taxes at the local or national level are imposed on us or on our operations, our income margins may be lessened and our results of operations and financial condition may be adversely affected.

Implementation of export ban or export taxes on nickel ore or increased revenue sharing scheme by the Philippine government would materially and adversely affect our business, results of operations, and financial condition.

There are two (2) bills relating to the adoption of a mineral ore ban in the Philippines, which have been filed and are currently pending in the Philippine Congress to adopt a mineral ore export ban in the Philippines, in part to force miners to build processing facilities and to create employment for the local population; one of the filed bills provide that the ban should be implemented starting January 1, 2021, while the other filed bill provides that the ban should be implemented starting January 1, 2019. In case of the passage of the bills and the implementation of such ban, we would be forced to terminate our trade with all international customers, which would materially affect our revenue stream, results of operations and financial condition. One of the main factors hampering the development of processing facilities in the Philippines is the shortage of electricity supply in the country. The substantially high cost of electricity is hindering the momentum for investments in developing high-energy consumption industries in the Philippines, such as rotary kiln electric arc furnace smelting plants and processing facilities.

Alternatively, export taxes on nickel ore may instead be considered by the Philippine government to deter the exportation of mineral resource. We believe that an export tax is the more probable scenario rather than a complete export ban of nickel ore. In any event, the implementation of either an export ban or export taxes on nickel ore will have a material adverse impact on our business, results of operations, and financial condition.

We rely to a significant degree on third-party contractors and failure of any such contractor to comply with its contractual obligations or the loss of any such contractor's services could increase our costs or disrupt our operations and we may be held liable for costs or delays caused by them.

We could be held liable for any problems caused by our independent third-party contractors, including associated costs, delays, or other issues, any of which may have a material adverse effect on our business, results of operations, and financial condition. We depend upon independent third-party contractors to perform our mining operations including earthmoving, loading, transportation and certain other services at our Cagdianao Mine for us. The performance of the independent third-party contractors may be constrained by labor disputes or actions, or damage to or failure of equipment and machinery or financial difficulties. In addition, failure by our contractors to comply with applicable laws could adversely affect our reputation.

In addition, there can be no assurance that our monitoring of the work and performance of our independent third-party contractors will be sufficient to control the quality of their work or their adherence to safety or environmental standards. In the event that our independent third-party contractors fail to meet the quality, safety, environmental, and other operating standards that are required by the relevant laws and regulations, our operations may suffer and we may be liable to third parties. In particular, given the dangers inherent with operating heavy machinery and mining activities, we cannot guarantee our current safety measures and monitoring activities could successfully prevent any accidents or casualties caused by the operation of our independent third-party contractors.

Furthermore, any contractual disputes with our contractors, the inability of any of our contractors to comply with their contractual obligations to us, including shipment volume guarantees, or our inability to maintain a cooperative relationship with any of our independent third-party contractors or obtain alternative providers on comparable or more favorable terms in a timely manner, or at all, may delay our production schedule and we may breach our supply contracts with our customers, any or all of which may substantially increase our costs and may have a material adverse effect on our business, results of operations, and financial condition.

In addition, we cannot assure you that we will not be involved in any legal claims with respect to such outsourced activities or will not be liable to third parties for losses or damages caused by our independent third-party contractors. In any such instance, we may be required to devote funds and resources to defend ourselves. Costs and expenses incurred as a result of our being implicated or held liable for any acts or omissions of our independent third-party contractors or of any failure in the

services they provided to us may have a material adverse effect on our business, results of operations, and financial condition. See "Business—Contractors."

To mitigate this risk, we continue to review the performance of our service contractors on a regular basis.

In case the contract with a mining contractor is cancelled, the Company may ask the other contractors to step-in and take over the services of the outgoing contractor. The existence of the eleven (11) service contractors lessens the reliance of the Company on any single mining contractor. The Company does not expect that all eleven (11) service contracts will be cancelled at the same time.

Historically, a large proportion of our revenue has been derived from a small group of customers, and the loss of, or significant reduction in purchases by, any one or a combination of these customers could adversely affect our business, results of operations, and financial condition.

Approximately 79.54% and 80.32% of our revenue in the year ended December 31, 2016 and 2015, respectively, were derived from sales of nickel ore to our top five (5) largest customers. We sell nickel ore to these customers under both monthly and annual agreements. There can be no assurance that such agreements will be renewed at the end of their respective terms. Any of these customers may decide to purchase less tonnage of our ore than in the past or to purchase ore on different terms, including under different pricing terms. Our business, cash flows, earnings, results of operations, and financial condition could be adversely affected if these customers do not renew their sales agreements with us under favorable terms or at all and we are unable to find new customers to replace them.

To mitigate this risk, in the event that the Company loses one of its largest customers, the Company will reallocate the available ore that it delivers to the other remaining customers.

If we are unable to supply our customers with nickel ore in the agreed volume or with the agreed characteristics, our business, results of operations, and financial condition would be adversely affected.

Sales of our nickel ore are made through contractual arrangements with third parties. These ore supply agreements typically contain provisions requiring us to deliver nickel ore with certain specified characteristics, such as nickel content, iron content, moisture content and volume. Failure to meet any of these specifications or other quality thresholds could result in economic penalties, including price adjustments, rejection of deliveries or termination of such agreements. In addition, we may not be able to deliver the agreed quantities of nickel ore to our customers under our agreements with them because of adverse weather conditions, which could affect our ability to mine the nickel ore or to load our nickel ore onto barges and LCTs, equipment and machinery failures and operational difficulties, difficulties in acquiring essential machinery, equipment and spare parts or disputes with our employees or contractors. If we are unable to supply our customers with nickel ore in the agreed volume or with the agreed characteristics in the future, our business, results of operations, and financial condition could be adversely affected.

Our reserve and resource estimates may not accurately reflect our nickel deposits, and inaccuracies or future reductions in our reserve or resource estimates could have an adverse impact on our business, results of operations, and financial condition.

Reserve and resource figures are estimates and no assurances can be given that the indicated levels of nickel ore will be produced or that we will receive the price assumed in determining our reserves. These estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While we believe that the reserve and resource estimates included in this Prospectus are well established, by their nature reserve and resource estimates depend, to a certain extent, upon statistical inferences that may ultimately prove inaccurate and require adjustment.

Furthermore, fluctuations in the market price of nickel, increased capital or production costs or reduced recovery rates, change to life of mine plans and changes in applicable laws and regulations, including environmental laws and regulations, may render ore reserves uneconomic and may ultimately result in a reduction of reserves. The extent to which resources may ultimately be reclassified as proved or probable reserves is dependent upon the determination of their profitable recovery, which determination may change over time based on economic and technological factors. Accordingly, no assurances can be given that any reserve estimates will not be reduced in the future or that any resource estimates will ultimately be reclassified as proved or probable reserves.

The mineral ore reserve estimates included in this Prospectus are calculated in accordance with the PMRC, based on mineral resource estimation data and modifying factors data provided to the competent persons who rendered the PMRC report by us. We have commissioned technical reports under the PMRC for the Cagdianao Mine and the INC Mine.

If our reserve or resource figures are reduced in the future, this could have an adverse impact on our business, results of operation, financial condition and prospects.

Our actual production may not meet our estimates, which could have an adverse impact on our business, results of operations, and financial condition.

We prepare estimates of future production and future production costs for operations. No assurance can be given that production estimates will be achieved. The accuracy of these production estimates are based on, among other things, the following factors: reserve estimates; assumptions regarding ground conditions and physical characteristics of ore materials, such as the presence or absence of particular metallurgical characteristics; and estimated rates and costs of mining.

Actual production may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the nickel ore reserves, such as the need for sequential development of nickel ore bodies and the processing of new or different nickel ore grades; risk and hazards associated with mining; natural phenomena, such as inclement weather conditions, earthquakes, landslides and erosion; and unexpected inability to obtain spare parts, labor shortages or strikes.

Failure to achieve production estimates could have an adverse impact on our business, results of operations, and financial condition.

Our future exploration and development activities may not be successful, and, even if we make economic discoveries of nickel ore deposits, unexpected problems during the start-up phase of any new operations could have an adverse impact on our business, results of operations, and financial condition.

We can provide no assurance that our current exploration and development programs will result in profitable commercial mining operations or will replace production at our existing mining operations. Also, we may incur expenses on exploration projects that are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically. In addition, we may compete with other mining companies to acquire rights to exploit attractive mining properties.

The economic feasibility of development projects is based upon many factors, including the accuracy of reserve estimates; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental protection; and nickel prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proved and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. We also conduct feasibility studies that derive estimates of capital and operating costs based upon many factors, including anticipated tonnage and grades of nickel ore to be mined, the configuration of the mine, ground and mining conditions and anticipated environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of current and new mining operations may differ materially from our best estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. These additional costs could have an adverse impact on our business, results of operations, and financial condition. If our exploration program is not successful, our business, results of operations, and financial condition would be adversely affected.

We require a significant amount of funding, and any difficulty in obtaining future financing at acceptable terms or at all, could cause us to postpone development plans, forfeit rights in our properties or joint ventures or reduce or terminate certain mine operations, any of which could have an adverse impact on our business, results of operations, and financial condition.

We require a significant amount of funds to meet our capital expenditure requirements; our capital expenditures amounted to ₱92.3 million, ₱413.0 million, and ₱0.3 million for nine (9) months ended September 30, 2017, the years ended December 31, 2016 and 2015, respectively. In addition, the further development and exploration of mineral properties in which we hold interests or which we acquire may depend upon our ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is no assurance that we will be successful in obtaining required financing as or when needed. Volatile nickel markets may make it difficult or impossible for us to obtain debt financing or equity financing on favorable terms or at all. Our principal operations are located in, and our strategic focus is on, the Philippines, a country that has experienced past economic and political difficulties and may be perceived as unstable. This may make it more difficult for us to obtain debt or equity financing. Failure to obtain additional financing on a timely basis may cause us to postpone development plans and modify capital expenditure budgets, forfeit rights in our properties or joint ventures or reduce or terminate our operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on our business, results of operations, and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Debt Obligations and Facilities" for information with respect to our historical financing activities.

We may continue to pursue strategic acquisitions; if we are unable to successfully identify and execute such acquisitions, we would be unable to realize the anticipated benefits of such acquisitions, and our growth strategy may not be achieved.

We intend to expand our business through selective, complementary acquisitions, and to continue to evaluate acquisition opportunities with complementary mining operations or exploration and development prospects as they arise. Acquisitions involve a number of risks, including misevaluation of acquired assets, especially with respect to the quantity and quality of ore reserves and resources, diversion of management's attention, failure to retain key acquired personnel and clients, unanticipated events or circumstances, legal liabilities and amortization of acquired intangible assets, some or all of which could harm our results of operations and financial condition.

Our reserves may not be replaced, and failure to identify, acquire and develop additional reserves could have an adverse impact on our business, results of operations, and financial condition.

Our source of nickel ore is currently limited to the Cagdianao Mine. Our profitability depends substantially on our ability to mine, in a cost-effective manner, nickel ore that possesses the quality characteristics desired by our customers. Because our reserves decline as we mine our nickel ore, our future success and growth depend upon our ability to identify and acquire additional nickel ore resources that are economically recoverable. We currently have one (1) mining exploration property and plan to acquire another mining exploration property in the Philippines and if we fail to identify or utilize additional reserves at our existing or future property, our existing reserves will eventually be depleted. Failure to commercialize our additional nickel resources and identify reserves on such resources, enhance our existing reserves or maintain or continue to grow our reserves could materially and adversely affect our business, results of operations, and financial condition.

We face competition in selling nickel ore.

We compete with foreign nickel ore suppliers (primarily from New Caledonia and Australia) in world nickel ore markets, as well as other Philippine players. Notable domestic competitors include CTPCMC, Nickel Asia Corporation, Marcventures Mining, and Development Corporation, Carrascal Nickel Corporation and Oriental Peninsula Resources Group, Inc. We compete with other nickel ore suppliers primarily on the basis of ore quality, price, transportation cost and reliability of supply. Our inability to maintain our competitive position based on these or other factors could materially and adversely affect our business, results of operations, and financial condition.

Fluctuations in transportation costs and disruptions in transportation could adversely affect the demand for our nickel ore.

Transportation costs may vary for a number of reasons, including changes in global demand for commodities, the size of the global shipping fleet and fuel costs. Under the terms of certain of our ore supply agreements, the customer is responsible for paying transportation costs including shipping and related insurance costs. Any future increases in freight costs could result in a significant decrease in the volume of nickel ore that customers outside the Philippines purchase from us.

We depend upon ships to deliver nickel ore to our international customers. While these customers typically arrange and pay for transportation of nickel ore from transshipment areas to the point of use, disruptions to these transportation services because of weather-related problems, distribution problems, labor disputes or other events could temporarily restrict the ability to supply nickel ore to customers or could result in demurrage claims by ship-owners for loading delays. Any of the foregoing events could materially and adversely affect our business, results of operations, and financial condition.

We may encounter difficulties regarding the land access channels to our mine.

We cannot guarantee that immediate land access to and from our mine or future exploration sites will be available. We may be required to seek consent of land holders or other persons or groups with an interest in real property encompassed by or adjacent to our mine. Compensation may be required to be paid by us to land holders in order that we may carry out exploration or mining activities. Indigenous titles exist in the Philippines and are governed by law. Where applicable, agreements with indigenous groups have to be in place before a mineral tenement can be granted. Government policy, impassible or difficult access as a result of the terrain, seasonal climatic effects or inclement weather can also adversely impact our operation. For the CAGA Mine, our right to access the land is covered by the MPSA we have with the Government.

Continued compliance with safety, health and environmental laws and regulations may adversely affect our business, results of operations, and financial condition.

We expend significant financial and managerial resources to comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, collectively referred to as "laws") drawn from a number of different jurisdictions. We anticipate that we will be required to continue to do so in the future as the recent trend towards stricter environmental laws is likely to continue. The possibility of more stringent laws or more rigorous enforcement or new judicial interpretation of existing laws exists in the areas of worker health and safety, the disposition of waste, the decommissioning and rehabilitation of mining sites and other environmental matters, each of which could have a material adverse effect on our exploration, operations or the cost or the viability of a particular project.

Our facilities operate under various operating and environmental permits, licenses and approvals that contain conditions that must be met and our right to continue operating our facilities is, in a number of instances, dependent upon compliance with these conditions. Failure to meet certain of these conditions could result in interruption or closure of exploration, development or mining operations or material fines or penalties, all of which could have an adverse impact on our business, results of operations, and financial condition. See "Regulation."

On February 3, 2017, the DENR ordered the closure of 23 mines and suspension of six (6) mines. On February 14, 2017, the DENR Secretary ordered the cancellation of 75 MPSAs due to mining within protected watershed areas. Our CAGA Mine is not within the protected watershed area designated by the Government.

An unequal application and implementation of the laws and without due process will have an adverse effect on the Company.

Changes in, or more aggressive enforcement of laws and regulations could adversely impact our business.

Mining operations and exploration activities are subject to extensive laws and regulations. These relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and rehabilitation, mine safety, toxic substances, transportation safety and emergency response and other matters. See "Regulation."

Further, there is a risk that mining laws and regulations could change and adversely impact our business. On July 21, 2017, President Duterte has announced that new mining legislation is being prepared by his administration.

Compliance with these laws and regulations involve substantial costs. It is possible that the costs, delays and other effects associated with these laws and regulations may impact our decision as to whether to continue to operate an existing mine, refining and other facilities or whether to proceed with exploration or development of properties. Since legal requirements change from time to time, are subject to interpretation and may be enforced to varying degrees in practice, we are unable to predict the ultimate cost of compliance with these requirements or their effect on operations should any of these increases or be modified in any material respect. Furthermore, and more importantly, changes in governments, regulations and policies and practices could have an adverse impact on our business, results of operations, and financial condition.

Our operations are hazardous and are subject to risks that could lead to unexpected production delays, increased costs, damage to property, or injury to persons or casualties.

Our mining operations, like those of other companies engaged in mining operations, are subject to all of the hazards and risks normally associated with the exploration, development and production of natural resources, any of which could result in production shortfalls or damage to persons or properties. Hazards associated with our surface mining operations include collapse of the wall, accidents associated with the operation of large surface mining and ore handling equipment and production disruptions due to inclement weather. In the past three (3) years, we have had one (1) isolated fatal accident at our mine that was related to the operation of a dump truck.

We are at risk of experiencing any, some or all of these hazards. The occurrence of any of these hazards could result in material damage to, or the destruction of, mineral properties, human exposure to pollution, personal injury or casualty, environmental or natural resource damage, delays to production or shipping, reduced sales, increased costs and losses associated with remedying the situation, as well as potential legal liability for us. The liabilities resulting from any of these risks may not be adequately covered by insurance, and no assurance can be given that we will be able to obtain additional insurance coverage at rates we consider to be reasonable. We may therefore incur significant costs that could have material adverse effect on our business, results of operations, and financial condition.

Our insurance coverage may not be sufficient to fully cover the risks related to our operations and losses.

We are not fully insured against all potential hazards incident to our business and if any or all of our mining facilities are damaged and our operations are interrupted for a sustained period, there can be no assurance that our insurance policies would be adequate to cover any or all of the losses that may be incurred as a result of such interruptions or the costs of repairing or replacing the damaged facilities.

Our property insurance does not cover acts of terrorism and, in the event of a terrorist attack, our facilities could be damaged or destroyed and our operations curtailed. In recent years, most insurers have created exclusions for losses from terrorism from "all risk" property insurance policies. In the event of a terrorist attack, explosion or other accident impacting our properties, we could lose sales from the mine and the properties themselves. We do not carry business interruption insurance. Losses incurred or associated liabilities not covered by our insurance policies could have a material and adverse effect on our business, results of operations, and financial condition. See "Business—Insurance."

For example, in 2011, 73 of our privately-owned hauling trucks were destroyed in a fire that was caused by the New People's Army, the armed wing of the Communist Party of the Philippines. The total loss of property was valued at approximately US$4.0 million to US$5.0 million. Our insurance claims relating to the loss of property have been denied by the insurance company for reasons that this was an act of "terrorism," which our insurance company claims were not covered by our policy. On August 30, 2013, we filed legal proceedings against the insurer to dispute their denial of coverage and as of date of this Prospectus, we are still awaiting resolution of this matter.

However, we have put in place the following mitigants to help manage this risk:

(a) We minimize our costs and expenses during business interruptions - Our service contractors are paid only when we have revenues from shipment. Other major costs and expenses of our operations, such as payment of excise taxes and royalties, are also contingent on shipments; and

(b) All our major assets/properties are insured.

Failure to accurately estimate the decommissioning and rehabilitation costs we face could have an adverse effect on our business, results of operations, and financial condition.

Under the terms of the MPSAs with the Government, we are required to establish a decommissioning and rehabilitation plan at our mine sites. The costs of performing the decommissioning and rehabilitation can be significant and are subject to change. These costs increase as our mining sites expand. We cannot predict what level of decommissioning and rehabilitation may be required in the future by regulators. If we are required to comply with significant additional regulations or if the actual cost of future decommissioning and rehabilitation is significantly higher than current estimates, this could have an adverse impact on our business, results of operations, and financial condition. As of date of this Prospectus, we are compliant with our final mine rehabilitation and decommissioning plan as approved by MGB.

The Company is effectively controlled by one (1) shareholder.

As of November 30, 2017, approximately 49.67% of the outstanding shares of the Company were effectively controlled indirectly by our Chairman, Mr. Joseph C. Sy, through his direct and indirect shareholdings in Sohoton Synergy, Inc., Blue Eagle Elite Ventures, Inc., Ultimate Horizon Capital, Inc., Red Lion Fortune Group, Inc. and Great South Group Ventures, Inc. The next largest shareholder is Huatai Investment Holding Pty. Ltd., which owns 16.74 % of the Company. Thus, Mr. Joseph C. Sy effectively controls the Company, as well as having significant beneficial ownership in affiliated companies such as INC and CNMEC. The interests of Mr. Joseph C. Sy may differ from the interests of the Company and the Company's other shareholders, and there can be no assurance that Mr. Joseph C. Sy will exercise influence over the Company in a manner that is in the best interest of the Company and the Company's other shareholders. In addition, there can be no assurance that the Company's business, financial position and results of operations will not be adversely affected in the event Mr. Joseph C. Sy reduces part of, or disposes all of, his shareholding in the Company.

Our success depends on our ability to attract and retain qualified personnel, contractors and to maintain satisfactory labor relations.

Recruiting and retaining qualified personnel is critical to our success. The number of persons skilled in the acquisition, exploration and development of mining properties in the Philippines is limited and competition for such personnel is intense both from within and outside the Philippines. The majority of the members of our senior management team have been involved in our business operations for many years and the loss of key executives could adversely impact our business. For instance, our Chairman, Mr. Joseph C. Sy has close ties with a large portion of our Chinese customers. We rely on Mr. Joseph C. Sy's business relations with Chinese customers and he is the key personnel for our business development in the Chinese market.

In addition, nickel mining is a labor-intensive industry. The Company and our mining contractors employ a significant number of workers. As of November 30, 2017, we had 731 employees. Out of these employees, 86 are employed at our head office, while the remaining 645 are employed in our mining operations at our existing mines in Cagdianao. Of these, 145 are involved in mining operations, engineering, and mine planning, 142 are employed on grade and quality control, 5 are handling port operations, 177 are taking care of the environment, health, and safety concerns of the Company, and 176 are performing administrative, human resource, accounting & finance, maintenance and mechanic functions, mine security, audit, and office of the vice president. The Company has employed the best all-Filipino professional and technical personnel. Further, there are six (6) technical personnel who are members of our senior and junior management.

Our service contractors had deployed an aggregate workforce of 450 employees at our Cagdianao site. In addition, we have chartered five (5) LCTs utilized for shipside loading operations and have about 70 personnel. We do not currently anticipate any significant increase or decrease in the number or allocation of our employees at our Cagdianao Mine for the next mining season. For INC Mine, it has

less than 30 employees engaged in community relations, survey, and other preparatory activities. The rest of the manpower required for the operation of the INC Mine will come from the contractors that will be engaged by the Company for the mining operations.

Although historically we have not experienced any work stoppages, strikes or industrial actions, there can be no assurance that work stoppages or other labor-related disputes, demands for increased wages or other terms or other developments will not occur in the future. Any significant dispute between the contractors and us or labor disputes between the contractors and their employees could have a material adverse effect on our business, results of operations, and financial condition. As our business grows, we will require additional key financial, administrative and mining personnel as well as additional operations staff.

There are no labor unions within the Group.

As of November 30, 2017, the following is the breakdown of the Company's employees:

Position Level	HEAD OFFICE		TOTAL FOR HEAD OFFICE	CAGDIANAO MINE SITE			TOTAL FOR CAGDIA NAO	GRAND TOTAL
	R	P		R	P	FT		
Executives	7	–	7	1	–	–	1	**8**
Managerial	16	–	16	11	–	–	11	**27**
Supervisory	14	1	15	39	7	5	51	**66**
Technical	6	–	6	42	2	177	221	**227**
Rank & File	36	6	42	5	–	356	361	**403**
Total	**79**	**7**	**86**	**98**	**9**	**538**	**645**	**731**

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Figure was based on manpower compliment of PGMC H.O, GFNI, Surigao mine site, PCSSC H.O & mine site
Legend
R - Regular
P - Probationary
FT - Fixed Term

Any changes in labor laws and regulations could result in the Company having to incur substantial additional costs to comply with the new laws and regulations

The current President of the Philippines has announced at the beginning of his administration his sentiments against labor-only contracting and contractualization in general. In fact, in early 2017, DOLE issued Department Order No. 174 revising the implementing rules and regulations on contractualization.

There is a risk that Philippine Congress will enact new laws prohibiting contractualization. This will, in effect, increase the cost of the Company as it heavily relies on its service contractors.

To mitigate this risk, the Company has employed various legal experts to ensure its compliance with the current laws and rules and regulations on contractualization. The Company has also started exploring new technology as to lessen its reliance on manpower agencies.

We are exposed to exchange rate fluctuations. In particular, fluctuations in the exchange rate between the Peso and the U.S. dollar could have an adverse effect on our results of operations and financial condition.

Our nickel ore sales are denominated in U.S. dollars while some of our costs are incurred in Pesos. The appreciation of the Peso against the United States dollar reduces our revenue in Peso terms. Accordingly, fluctuations in exchange rates can have an impact on our financial results. While our current policy is not to hedge our exposure to foreign currency exchange risk or invest in derivative instruments, the Company closely monitors the exchange rate fluctuations to determine if there is a need to hedge our exposure to foreign currency exchange risk or invest in derivative instruments. The recent depreciation of the Peso relative to the U.S. dollar could result in a translation gain on our U.S. dollar-denominated revenue.

We, and our officers and directors, may, from time to time, be involved in legal and other proceedings arising out of our operations and construction of our mine sites and properties.

We (and our officers and directors) may, from time to time, be involved in disputes with various parties involved in the operation and construction of our mine sites and properties, including disputes with contractors and suppliers, or property damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in our mine plan, and the diversion of resources and management's attention. We (and our officers and directors) may also have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties. In such cases, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

PGMC's previous chairman, Mr. Lin Ou Wen, is currently involved in fraud-related legal proceedings in the U.S., which may result in the Group's reputation being adversely effected.

Mr. Lin Ou Wen was appointed as chairman of PGMC on February 14, 2011 and subsequently stepped down from his chairmanship position on July 31, 2014. Mr. Lin Ou Wen was also a significant shareholder of PGMC until his shares were transferred to Mr. Peter Lin in 2014 as consideration for the conversion of advances into equity of PGMC. In December 2012, Mr. Peter Lin advanced funds to Mr. Lin Ou Wen in his personal capacity under an agreement whereby the advances could convert into Mr. Lin Ou Wen's equity of PGMC, or be paid in cash, at the option of Mr. Peter Lin. As of the date of this Prospectus, Mr. Lin Ou Wen does not have any shareholding in any of the entities within the Group, nor does he hold any directorship or position within the Group.

Mr. Lin Ou Wen is a significant shareholder of CME, a company whose stock was delisted from the NASDAQ by the U.S. Securities and Exchange Commission on May 19, 2011 for a failure to timely file required financial reports. There are several on-going legal proceedings in the U.S. against CME, its senior management, and its significant shareholders, including Mr. Lin Ou Wen. CME and certain of its senior management and significant shareholders are alleged to have committed significant financial fraud, resulting in substantial losses to its shareholders. CME and its founding shareholders, including Mr. Lin Ou Wen, were also involved in a legal proceeding in Hong Kong. The Hong Kong case was settled through arbitration in 2013, whereby the defendants, including Mr. Lin Ou Wen, were ordered to pay US$77.0 million in damages to the plaintiff.

Despite Mr. Lin Ou Wen no longer having any shareholding or directorship relationships with any of the entities within the Group, there can be no assurance that the on-going cases against CME and Mr. Lin Ou Wen will not adversely affect the reputation of PGMC or the Group. Public sentiment toward the management of PGMC or the Group may be indirectly affected by the legal proceedings or future judgments against CME or Mr. Lin Ou Wen.

On September 10, 2014, Mr. Lin Ou Wen sold the shares under his name in PGMC to Huatai Investment Holding Pty. Ltd., Regulus Best Nickel Holdings, Inc. Bellatrix Star, Inc., Alpha Centauri Fortune Group, Inc., Ultimate Horizon Capital, Inc., Sohoton Synergy, Inc. Great South Group Ventures, Inc., Great South Group Ventures, Inc., Red Lion Fortune Group, Inc., Dante R. Bravo, Seng Gay Chan and Wei Ting. The certificates authorizing registration of the said shares sold under the name of Mr. Lin Ou Wen have already been issued by the Bureau of Internal Revenue.

Previously, Mr. Joseph C. Sy and Mr. Lin Ou Wen were business partners in a smelting plant in China (the "Plant") to which we are currently selling our nickel ore. On July 11, 2016, Mr. Lin Ou Wen sold his 27.6% stake in the said smelting plant. As of the date of this Prospectus, Mr. Joseph C. Sy is the General Manager of the Plant and owns 62.4% of the Plant's share capital. We may, as part of our future growth strategy, seek to increase our vertical integration through the acquisition of smelter operations, including the Plant. See "Business—Key Strategies."

SIRC's MPSA is the subject of a legal proceeding.

On August 18, 2016, in a Letter-Petition, CMDC asked the DENR to modify the renewal of the MPSA granted to SIRC and alleged that the MPSA should have been renewed under the name of CMDC. The administrative proceeding is entitled In Re: Renewal of MPSA No. 007-92-X Granted to Surigao Integrated Resources Corporation and docketed as DENR Case No. 9768. On October 28, 2016, SIRC filed its Answer. SIRC argued that the petition is frivolous and must be dismissed because: (a) CMDC has transferred all its rights and interests in the MPSA to SIRC through an Assignment Agreement, making SIRC the real party who has the right to seek a renewal of the MPSA; (b) the petition is essentially an opposition to the renewal of the MPSA in the name of SIRC, which, in turn, amounts to a mining dispute that falls within the original and exclusive jurisdiction of the DENR Panel of Arbitrators; (c) the renewal of MPSA in favor of SIRC became incontrovertible as CMDC failed to appeal from the prior denial of its own request for renewal; and (d) the authority of the signatory to the Letter-Petition to act for CMDC was not properly established. The case is pending resolution.

There is a risk that the case would be resolved in favor of CMDC. In such instance, SIRC would not be able to continue its mine operations in the areas covered by such MPSA.

To manage the foregoing risk, we employ a team of legal personnel who closely monitors the development in the case.

Certain information contained herein is derived from unofficial publications.

Certain information in this Prospectus relating to the Philippines, the industry in which our business competes, and the markets in which we develop our business and operations, including statistics relating to market size, are derived from various government and private publications. The section of this Prospectus under the heading "Industry" was based on various sources, most of which are publicly available. The Sole Underwriter's overview of the nickel mining industry and all industry forecasts included therein are based on information from their own independent research, as well as publicly available third-party sources identified therein, including government agencies. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, any industry forecasts and market research, including those contained or extracted herein, have not been independently verified by us and may not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines. Prospective investors are cautioned accordingly.

There is no assurance that the Company will be able to sufficiently finance future capital requirements.

The further development and exploration of mineral properties in which the Company holds interests or which it will acquire may depend upon its ability to obtain financing the project cost through joint ventures, debt financing, equity financing or other means. Although the Company has credit facilities with banks that can be tapped by the Company, there is no assurance that the Company will be successful in obtaining the required and sufficient financing as and when needed to meet the project cost. Volatile nickel prices may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms or at all. The Company's principal operations are located in, and its strategic focus is on, the Philippines, a country that has experienced past economic and political difficulties and may be perceived as unstable. This may make it more difficult for the Company to obtain debt or equity financing. Failure to obtain additional financing on a timely basis may cause the Company to postpone or delay development plans, forfeit rights in its properties or reduce or terminate operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on the Company's business, financial condition, results of operations and prospects.

The Company tempers its exposure to this risk by exercising prudent management.

Risk of Malfunction and Failure of Equipment to Operate

Mining operations are subject to all the hazards and risks normally encountered in the exploration, development and production of the mineral properties. The machines and equipment of our service contractors used in the mining operations may malfunction or breakdown in the course of the operations. Additional costs may also be incurred if the equipment necessary to the exploration and mining operations of the Company becomes damaged.

To mitigate the risks, we require our service contractors to have their mining equipment undergo periodic maintenance and checking to ensure that the equipment are in absolute running condition. In addition, we require that the machines and equipment are covered by insurance.

Risk on Delay or Failure to Acquire Equipment

Our service contractors may experience a delay in acquiring certain equipment or machinery, especially after an equipment breaks down and is no longer capable of repair.

To mitigate this risk, we require our service contractors to maintain an adequate inventory of its equipment so that in case certain equipment becomes damaged, there will still be equipment available for use by the service contractors.

Interest Rate Risk

The Group has financial obligation that are subject to interest rates.

The Group's exposure to the risk for changes in interest relates primarily to its loan with banks with floating interest rate, instead of loans subject to fixed rates.

The Group regularly monitors interest rates movements to assess exposure impact. Management believes that cash generated from operations is sufficient to pay its obligations under the loan agreements as they fall due.

Risk on failure or delay to pay loan obligation

The Group may encounter difficulties in raising funds to meet commitments from financial instruments.

The Group's objective is to maintain sufficient funding to finance mining activities through internally generated funds, advances from customers and availment of existing credit lines with banks. The Group considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debts. The Group regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets.

Risk of lower net income because of new tax law

On December 19, 2017, President Rodrigo Duterte signed into law Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("TRAIN") Act. The TRAIN Act amended certain provisions of the National Internal Revenue Code ("NIRC") including the increase of the excise tax on mineral products. This increase in excise tax on mineral products may affect the income margins and the results of operations and financial condition of the Company.

To mitigate this risk, the Company will continue to pursue programs to improve operational productivity and reduce costs as what it has done in past years.

Risks Related to the INC Mine

Risk that the cancellation of the ECC for the INC Mine would not be reconsidered by the DENR.

In December 2016, the DENR cancelled the ECC for the INC Mine allegedly due to INC's failure to launch the Ipilan Nickel Project within the five (5)-year period from the issuance of the ECC. INC has filed with the Office of the DENR Secretary a letter seeking to have the order of cancellation reconsidered stating the significant programs and activities INC has implemented and continues to implement to pursue the project. INC also discussed in the said letter the timeline of major approvals that INC obtained from the different DENR offices and other pertinent agencies in relation to the INC Mine. INC believes that the basis for the cancellation of INC's ECC has no factual basis.

However, there is a risk that the DENR would deny INC's request to have the order of cancellation of the ECC reconsidered, which would have significant adverse effect on INC's ability to continue implementing the project and eventually conduct operations in the INC Mine.

Due to the inordinate delay of the DENR in resolving the motion for reconsideration filed by INC before it, INC filed a Notice of Appeal on October 18, 2017 and an Appeal Memorandum on November 16, 2017 before the Office of the President. The motion and the appeal remain pending.

To address the foregoing risks, INC has employed a team of legal and operating personnel that coordinates with the DENR and assesses INC's possible courses of action in case the DENR denies INC's request for consideration.

Issues with Regulators can affect the operations at the INC Mine.

In May 2017, the DENR asked INC why it should not be held responsible for the massive tree cuttings in Brooke's Point, Palawan where the INC Mine is located. Upon the directive of new DENR Secretary Roy A. Cimatu, the DENR Regional Director Natividad Bernardino issued the show-cause order to INC, which was personally served to INC by DENR Secretary Roy A. Cimatu. The DENR said that although INC had an existing one (1)-year tree cutting permit expiring on May 26, 2017, the same was deemed no longer effective since December 14, 2016 when the former DENR Secretary Gina Lopez cancelled INC's ECC. INC explained that the filing of a motion for reconsideration suspends the effectivity of the cancellation of the ECC under the Revised Administrative Code.

In 2017, a complaint was filed by the Palawan Council for Sustainable Development Staff against INC. The complaint used Brooke's Point Environmentally-Critical Areas Network ("ECAN") Board

Resolution No. 03, Series of 2016 (the "ECAN Resolution"), in accusing INC of: (i) possible damage to the Filantropia watershed, (ii) tolerating illegal cutting of forest trees, (iii) starting a forest fire sometime in April 2016, and (iv) leaving test pits uncovered with no warning or safety signs. According to the complaint, these constitute violations of items 8 and 17 of the terms and conditions of INC's SEP Clearance No. MODP-122110-001 and Section 22.1 of PCSD Administrative Order No. 06.

On June 6, 2017, the PCSD issued an Order denying INC's Motion to Dismiss and ordered the ECAN to conduct further investigation. INC then filed a Motion for Reconsideration on June 21, 2017 and a Supplemental Motion for Reconsideration with Motion for Voluntary Inhibition dated August 31, 2017.

In July 2017, DENR Regional Director Natividad Bernardino stated that DENR would probe into bribery allegations against INC. Further, she stated that INC might be cited for another violation for illegally constructing a mine yard without clearance from the DENR. As of date, no formal complaint has been filed against INC or any of its personnel. We believe that the reported illegality appears to be merely a case of harassment.

A Cease and Desist Order dated July 21, 2017 was issued by the EMB in MIMAROPA following reports that Ipilan Mine is still operating in Brooke's Point in Palawan without a valid ECC. INC filed an Appeal before the DENR and is still pending as of date.

In September 2017, INC received from PCSD resolutions recalling the SEP Clearance No. MODP-122110-001 and its recommendation to the Secretary of the DENR for the cancellation of the Mineral Production Sharing Agreement of INC for the Ipilan Nickel Project mining operation and development located in Brooke's Point, Palawan claiming that the project was 80% inside the core zone or the area of maximum environmental protection. Both PCSD resolutions were not preceded by any form of notice to INC or proceedings to hear it out. INC will exhaust all legal means to protect its rights, property and interests which are prejudiced by such unjust pronouncements. In December 15, 2017, a Petition to reinstate the SEP Clearance was filed with the PCSD.

The imposable penalties in case a project proponent is found to have violated the terms and conditions of its SEP Clearance are as follows: (a) PCSD may call the attention of the permitting agency to suspend the operation project and recommend for the cancellation of permits issued to the project proponent; (b) PCSD may cancel the SEP Clearance; and (c) in addition, the PCSD shall impose the penalty of fine of not less than Php50,000 for every violation.

On August 7, 2017, a Palawan court has also issued a 72-hour TEPO compelling INC to stop all its mining activities and start rehabilitating the forest areas that it had recently cleared. This TEPO has already lapsed as of the date of this Prospectus and no permanent injunction was issued by the Palawan court against INC.

In addition to the foregoing, INC is facing strong opposition from some politician in Palawan. Mr. Eduardo Modesto Rodriguez called on the DENR to revoke INC's mining permit allegedly for "violating environmental protection laws and disrespecting local government officials.

On July 18, 2017, a Joint Resolution was issued by Associate Prosecution Attorney John Andrew M. Madriñan and the corresponding criminal information was filed in court for alleged violation of RA 9175 (The Chainsaw Act of 2002). It was filed after the joint operatives of CIDG Palawan, PCSDS Wildfire Traffic Monitoring Unit -Enforcement Team, Bantay Palawan Task Force and CAFGU conducted a surveillance operation inside the Contract Area of INC. They seized chainsaws as well as arrested respondents who are contractors, employee and consultant of INC, allegedly for illegal possession of unregistered chainsaws. The respondents then filed a Motion for Reconsideration on August 18, 2017 with the Provincial Prosecution Office and a motion to defer arraignment in court, which reset the arraignment to November 7, 2017 due to the pendency of the Motion for Reconsideration. As of the date of this Prospectus, there is no new development on the status of this case.

The Company asserts that its affiliate, INC, has complied with all applicable laws and regulations in its tree-cutting activities in Brooke's Point, Palawan. The DENR order cancelling INC's ECC is the subject of a pending motion for reconsideration, which stops the effectivity of the order pursuant to the Revised Administrative Code. Hence, the ECC remains effective unless the cancellation becomes final and executory.

The ECC is a legal document separate and distinct from the tree-cutting permit that was issued by the DENR to INC on May 25, 2016. The permit has not been cancelled or recalled by the DENR. The DENR only suspended the tree-cutting permit on May 19, 2017. This permit allowed INC to earth-ball 14,439 trees and cut 13,490 trees in an area covering 52 hectares. INC coordinated with the Community Environment and Natural Resources Office of the DENR in the process of implementing the permit that began last year. INC will respond to the show cause orders of the DENR or any investigation on the issue in due course.

There is no assurance that INC will not be held responsible for the massive tree cuttings in Brooke's Point, Palawan. There is also no assurance that the Office of the Mayor of Brooke's Point, Palawan will issue the business permit for the operation of the INC Mine. An unequal application and implementation of the laws and without due process will have an adverse effect on the INC Mine.

To manage the foregoing risks, INC has employed a team of legal personnel who closely monitors the development in the case.

We have not yet completed the acquisition of any additional mining assets including, the indirect acquisition of shares in INC, which has the right to operate the INC Mine, and the estimated expenditures on the exploration and development of additional mining assets may not be accurate. Substantial expenditure may be incurred in the development of the new acquisition and the investment in the new acquisition may not be profitable in the future.

As at the date of this Prospectus, we have not completed the acquisition of shares in INC that has the right to operate the INC Mine under an operating agreement with the relevant MPSA holder. There can be no assurance that significant losses will not occur in the near future or that the INC Mine will be profitable in the future. Our operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel, infrastructure and equipment associated with advancing exploration, development and commercial production of the INC Mine are employed, added or installed. The amount and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, our acquisition of the mining rights for the INC Mine and other factors, many of which are beyond our control. We expect to incur losses unless and until such time as the INC Mine or other additional mining assets enter into commercial production and generate sufficient revenues to fund its continuing operations, which could be a number of years away in the future. The development of our mining assets will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that we will generate any revenue or achieve profitability. We cannot guarantee that the underlying assumed levels of expenses will prove to be accurate or adequate to develop the INC Mine into a commercially viable and profitable project after the completion of the acquisitions.

Our plan to acquire additional mineral reserves, including the INC Mine, may not succeed.

We intend to expand our resources and reserves base by acquiring additional mine assets. We may encounter intense competition from other companies seeking to acquire the same assets and we may fail to select or value targets appropriately. Our intention to complete the acquisition of shares in INC, which has the right to operate the INC Mine, may not be successful. Important factors that we consider when valuing additional mining assets are the mines' resource and reserve estimates. Resource and reserve estimates involve professional judgments based on factors such as technical data, experience

and industry practices. The accuracy of these estimates may be affected by many factors, including the quality of the results of exploration drilling, sampling of the ore, analysis of the ore samples, estimation procedures and the technical expertise and experience of the persons making the estimates. There are also many assumptions and variables beyond our control that may result in inherent uncertainties in estimating reserves. As a result, resource and reserve estimates may be inaccurate and may lead to a failure to value additional mining assets, including the INC Mine appropriately, which may in turn affect our ability to effectively implement our expansion plans at a reasonable cost, or at all.

In addition, the costs of our expansion plans with respect to the acquisition of additional mining assets may exceed our investment budget. It takes substantial time and resources to:

- comprehensively establish mineral resources through drilling;
- determine an appropriate mining plan and production processes for optimizing the recovery of nickel and iron contained in ore;
- obtain required licenses and approvals for our expansion;
- construct mining and processing facilities for greenfield properties; and
- obtain the ore or extract lateritic nickel and iron content from the mines.

If a project does not prove to be economically feasible by the time we are able to exploit it, we may incur substantial losses or write-offs. In addition, potential changes or complications involving metallurgical and other technological processes arising during the life of a project may result in cost overruns that may render the project not economically feasible. We also face risks in relation to changes to applicable laws and regulations, compliance with which may make extracting the ore more expensive than estimated. Furthermore, even if our expansion plans are successful, we may have to allocate additional capital and human resources to integrate acquired businesses. We therefore cannot assure you that new mining assets will be successfully developed or integrated with our existing operation at a reasonable cost, within a reasonable period of time, or at all, or that they will generate the expected economic returns. If our expansion plans are delayed or fail to deliver the expected economic benefits, we would not be able to sustain our current level of production beyond the remaining life of our existing mine, and our business, results of operations, and financial condition would be materially and adversely affected.

In the event that the acquisition of new mineral reserves does not push through, we will look for other viable opportunities in the Philippines or abroad.

We may lose operational control over part of the mine site covered by the MPSA relating to the INC Mine, as there is a potential dispute over an area that overlaps with the MPSA of the land adjacent to the INC Mine.

The current MPSA area for the INC Mine overlaps with MacroAsia's MPSA No. 220-2005-IV. We believe that the area in question is under the administration of the MPSA granted to CNMEC, as the MPSA of CNMEC was approved in 1993 over such area prior to the approval of the MPSA of MacroAsia in 2005. The total area potentially in dispute is 50.77 hectares and we plan to settle this matter with MacroAsia prior to commencing production at the INC Mine, which we are currently targeting to commence after we complete the acquisition and the development of the INC Mine. According to the PMRC Competent Person, the proved and probable ore reserve in the overlapping area contains a total of 0.7 million DMT. If the final settlement for this potential dispute is not resolved in our favor, we may lose the right to operate 50.77 hectares of mine area containing approximately 1.8 million WMT of ore reserves, which could adversely affect our future prospects. See "Business – Mine to be acquired."

We may not be able to commence production at the INC Mine within 2018 and achieve our projected production.

We may not be able to achieve the production plan of 0.5 million WMT in 2018 because there is no useable infrastructure currently in place at the INC Mine and INC has not engaged any mining contractor to prepare for the commencement of operations. In order to achieve the 0.5 million WMT production plan for 2018, expedited planning and monitoring of infrastructure construction is required. We would also need to fast track the applications for approvals and obtain the necessary permits for the construction of infrastructure and mining operations. The aforementioned factors, coupled with the mining season at the INC Mine being limited to the months between November to July each year, mean that we only have November and December of each year to achieve our production target of 0.5 million WMT. Therefore, we may not be able to meet our production plan for the INC Mine for 2018. Furthermore, due to the unforeseeable uncertainty in the construction of infrastructure and preparation work for the mine site prior to commencement of mining operations, the production projections contained in this Prospectus may not be accurate. In the event that we fail to reach the production target for in 2018 or for subsequent years, our future prospectus may be adversely affected.

Our right to mine the INC Mine may be affected by the MPSA holder or counterparty to the operating agreement.

Should we be successful in acquiring Southeast Palawan, our right to mine the INC Mine will be derived from an operating agreement with, CNMEC, the MPSA holder. CNMEC may not be able to secure the extension of the MPSA before its expiration in 2018. See "Business—Mine to be acquired—INC Mine." Our right to mine the INC Mine could be affected if any breach is committed by the MPSA holder, or if the MPSA holder withdraws from the MPSA. Further, our ability to mine the INC Mine could be affected if the counterparty to the relevant operating agreement terminates the agreement.

Risks Related to the Philippines

Any political instability in the Philippines may adversely affect us.

In the last few years, the political diversity in the Philippines has resulted in public and military protests and claims and investigations of misconduct of previous administrations.

In addition, there can be no assurance that acts of election-related or other political violence will not occur in the future, and any such events could negatively impact the Philippine economy. Philippine presidential elections were held on May 9, 2016 and Mr. Rodrigo Duterte took his oath as President of the Philippines on June 30, 2016. On May 23, 2017 Philippine President Rodrigo Duterte has declared martial law for a period of 60 days in Mindanao following clashes between government forces and the Maute Group in downtown Marawi City, Lanao del Sur. During the special joint session of the Senate of the Philippines and the House of Representatives (collectively, the "Philippine Congress") held on July 22, 2017, the Philippine Congress has extended the martial law in Mindanao for another five months or until December 31, 2016 to authorize government forces to enforce continued offensives against the Maute terror group in Marawi City, Mindanao. Any potential instability could have an adverse effect on the Philippine economy and the Company's business, prospects, financial condition and results of operations.

There can be no assurance that the political environment in the Philippines will stabilize and any political instability, acts of terrorism, violent crime and similar events could have a material adverse effect on the Company's business, financial conditions, results of operations and prospects. Further, while the Company has stringent internal control systems in place, the high level of corruption and relatively low levels of absolute income in some of its areas of operation make it vulnerable to fraud by its employees and counterparties.

There is no guarantee that future events will not cause political instability in the Philippines. Such instability may disrupt the country and its economy, as well as commercial traffic into and out of the Philippines, which could materially and adversely affect our business, results of operations, and financial condition. Acts of terrorism, clashes with separatist groups, and violent crimes could destabilize the country and could have a material adverse effect on our business, results of operations, and financial condition.

The Philippines has been subject to a number of terrorist attacks since 2000. In recent years, the Philippine army has also been in conflict with the Abu Sayyaf organization, which has ties to the Al-Qaeda terrorist network, and has been identified as being responsible for certain kidnapping incidents and other terrorist activities particularly in the southern part of the Philippines. Moreover, isolated bombings and have taken place in the Philippines in recent years, mainly in regions in the southern part of the Philippines, such as the province of Maguindanao. On September 2, 2016, a bomb was detonated in a crowded night market area in Davao City, killing fourteen persons. The Abu Sayyaff claimed responsibility for this incident. Also, on May 23, 2017, an ongoing armed conflict in Marawi, Lanao del Sur started between the Philippine government security forces and alleged affiliated militants of the Islamic State of Iraq and the Levant, including the Maute and Abu Sayyaf Salafi jihadist groups. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines and adversely affect the country's economy.

Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused one another of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal during the late spring and summer of 2012. These actions threatened to disrupt trade and other ties between the two (2) countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under the United Nations Convention on the Law of the Sea. China has rejected and returned the notice sent by the Philippines requesting arbitral proceedings. Chinese vessels have also recently confronted Philippine vessels in the area, and the Chinese government has warned the Philippines against what it calls provocative actions. Recent talks between the Government of the Philippines and the United States of America about increased American military presence in the country, particularly through possible American forays into and use of Philippine military installations, may further increase tensions.

In February 2013, several hundred armed Filipino-Muslim followers of Sultan Jamalul Kiram III, the self-proclaimed Sultan of Sulu from the south of the Philippines, illegally entered Lahad Datu, Sabah, Malaysia in a bid to enforce the Sultan of Sulu's historical claim on the territory. As a result of the illegal entry, these followers engaged in a three (3) -week standoff with the Malaysian armed forces, resulting in casualties on both sides. Clashes between the Malaysian authorities and followers of the Sultan of Sulu have killed at least 98 Filipino-Muslims and 10 Malaysian policemen army since March 1, 2013. In addition, about 4,000 Filipino-Muslims working in Sabah have reportedly returned to the southern Philippines.

On May 9, 2013, a Philippine Coast Guard ship opened fire on a Taiwanese fisherman's vessel in a disputed exclusive economic zone between Taiwan and the Philippines, killing a 65-year old Taiwanese fisherman. Although the Philippine government maintained that the loss of life was unintended, Taiwan imposed economic sanctions on the Philippines in the aftermath of the incident. Taiwan eventually lifted

the sanctions in August 2013 after a formal apology was issued by the Government of the Philippines. However, the incident has raised tensions between the two (2) countries in the recent year.

On March 30, 2014, the Philippines invoked the compulsory settlement of dispute clause under the U.N. Convention on the Law of the Seas and submitted a case to the Permanent Court of Arbitration in The Hague against China over the territorial dispute in the West Philippine Sea. On July 12, 2016, the international tribunal issued a decision stating among others that there was no legal basis for China to claim historic rights to resources within the sea-areas falling within the nine-dash line and that China violated the Philippines' sovereign rights in its exclusive economic zone by: a) interfering with Philippine fishing and petroleum exploration; b) constructing artificial islands; and c) failing to prevent Chinese fishermen from fishing in the zone. However, the international tribunal found that it lacked jurisdiction to consider the implications of a stand-off between Philippine marines and Chinese naval and law enforcement vessels holding that the dispute involved military activities and was therefore excluded from compulsory settlement. However, as of date, China has yet to recognize and comply with the rulings of the international tribunal.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and our operations could be adversely affected as a result. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or overseas foreign worker permits. Any impact from these disputes in countries in where we export our products could materially and adversely affect our business, results of operations, and financial condition.

We believe that we may be more susceptible than other Filipino companies to the possible adverse effects mentioned above, when disputes between the Philippines and China intensify. As the majority of our customers are Chinese nationals, any negative sentiments among our Chinese customers may result in non-payments, suspension of trade or termination of purchase agreements, which would cause possible loss of business, and have a material adverse effect on our results of operations.

In October 2016, the new President, Rodrigo Duterte conducted a state visit to China and has taken a warmer and friendlier approach to China as compared to the previous administration. The warmer relations between the Philippines and China will help alleviate the risk of any possible loss of business of the Company from its Chinese customers.

Investors may face difficulties enforcing judgments against us.

It may be difficult for investors to enforce judgments against us obtained outside of the Philippines. We are organized under the laws of the Philippines and all or a substantial portion of our assets are located in the Philippines. In addition, substantially all of our directors and officers are residents of the Philippines, and all or a substantial portion of the assets of such persons are located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is party to the United Nations Convention on the Enforcement and Recognition of Arbitral Awards, though it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, the Philippine Rules of Civil Procedure provide that a judgment or final order of a foreign court is, through the institution of an independent action, enforceable in the Philippines as a general rule, unless there is evidence that: (a) the foreign court rendering judgment did not have jurisdiction; (b) the judgment is contrary to the laws, public policy, customs or public order of the Philippines; (c) the party against whom enforcement is sought did not receive notice; or (d) the rendering of the judgment entailed collusion, fraud, or a clear mistake of law or fact.

Corporate governance and disclosure standards in the Philippines may be less stringent than those in other countries.

There may be less publicly available information about Philippine public companies than that which is regularly made available by public companies in certain other countries. SEC and PSE requirements with respect to corporate governance standards may also be less stringent than those applicable in certain other jurisdictions. For example, the SEC requires publicly listed companies to have at least two (2) independent directors or such number of independent directors as is equal to 20.0% of its board of directors, whichever is lower, but in no case less than two (2) independent directors. We historically have had two (2) independent directors and, as of the date of this Prospectus, have two independent directors. Many other countries require significantly more independent directors. Furthermore, rules against self-dealing and those protecting minority shareholders may be less stringent or developed in the Philippines. Such potentially lower standards in certain areas of disclosure and corporate governance may materially and adversely affect the interests of our shareholders, particularly those of minority shareholders.

The sovereign credit ratings of the Philippines may adversely affect our business.

Historically, the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. Although the Philippines' long-term foreign currency-denominated debt was recently upgraded by each of Standard & Poor's, Fitch Ratings and Moody's to investment-grade, no assurance can be given that Standard & Poor's, Fitch Ratings or Moody's or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

The occurrence of natural catastrophes could adversely affect our business, results of operations, and financial condition.

The Philippines has experienced a number of major natural catastrophes over the years, including volcanic eruptions and earthquakes, which may materially disrupt and adversely affect our business operations. In particular, damage caused by natural catastrophes could result in cancellation of flights, temporary closure of major roads and highways or other disruptions to transportation, which would prevent us from mining and extracting the nickel ore from our mining sites in a timely manner or at all. There can be no assurance that we are fully capable to deal with such natural catastrophes or that the insurance coverage we currently maintain will fully compensate us for all the damages and economic losses resulting from these catastrophes.

Foreign exchange regulations in the Philippines may limit our access to foreign currency for service of foreign-currency denominated debts.

Under existing foreign exchange controls in the Philippines, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. Restrictions exist on the sale and purchase of foreign exchange in the Philippine banking system. In the past, the Government has instituted restrictions on the ability of Philippine companies to use foreign exchange revenues or to convert Philippine Pesos into foreign currencies to satisfy foreign currency- denominated obligations, and no assurance can be given that the Government will not institute such or other restrictive exchange policies in the future.

Risks Related to the Offer and the Offer Shares

The market price of securities can and does fluctuate. The Offer Shares have not been publicly traded and the relative volatility and illiquidity of the securities market may substantially limit investors' ability to sell the Offer Shares at a suitable price or at a time they desire.

The market prices of securities can and do fluctuate, and it is impossible to predict whether the price of the Offer Shares will rise or fall. An individual security may experience upward or downward movements, and may even lose all its value. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. There may be a substantial difference between the buying price and the selling price of such securities. Trading prices of the Offer Shares will be influenced by, among other things:

- variations in our operating results;
- success or failure of our management team in implementing business and growth strategies;
- gain or loss of an important business relationship;
- changes in securities analysts' recommendation, perceptions or estimates of our financial performance;
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- differences between our actual financial operating results and those expected by investors and analysts;
- additions or departures of key personnel;
- changes in general market conditions and broad market fluctuations; and
- involvement in litigation.

These fluctuations may be exaggerated if the trading volume of our Shares is low.

The securities market is substantially smaller, less liquid, and more volatile than major securities markets in other jurisdictions, and is not as highly regulated or supervised as some of these other markets. The Offer Price will be determined by us in consultation with the Sole Underwriter and could differ significantly from the price of the existing shares of the Company that are currently listed on the PSE or the price at which the Offer Shares will trade subsequent to completion of the Offer.

There can be no assurance that after the Offer Shares have been approved for listing on the PSE, an active trading market for the Offer Shares will develop or be sustained after the Offer, or that the Offer Price will correspond to the price at which the Offer Shares will trade in the Philippine public market subsequent to the Offer. There is no assurance that investors may sell the Offer Shares at prices or at times deemed appropriate.

There may be a delay or failure in trading of the Shares, which could cause the Offer to be terminated and investors may not be allocated the Offer Shares for which they initially subscribed.

There is approximately a 14-day gap between the dates on which the Offer Price is determined and the date on which trading of the Shares is expected to commence on the PSE. During this period, a delay in or termination of the trading of the Shares on the PSE may result from the occurrence of any one or more events, including the Sole Underwriter exercising its right pursuant to the Underwriting Agreement, to discharge itself from its obligations thereunder. In the event the commencement of trading on the PSE does not occur, the Offer may be terminated and investors may not be allocated the Offer Shares for which they initially subscribed.

Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.

In order to finance the expansion of our business and operations, our Board will consider the funding options available to us at the time, which may include the issuance of new Shares. If additional funds are raised through the issuance of new equity or equity-linked securities by us other than on a pro rata basis to existing shareholders, the percentage ownership of the shareholders may be reduced, shareholders may experience subsequent dilution and/or such securities may have rights, preferences and privileges senior to those of the Shares.

Further, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares in the public market or the issuance of new Shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Shares or our ability to raise capital in the future at a time and at a price we deem appropriate.

Future changes in the value of the Peso against the U.S. dollar or other currencies will affect the foreign currency equivalent of the value of the Shares and any dividends.

Fluctuations in the exchange rate between the Peso and other currencies will affect the foreign currency equivalent of the Peso price of the Shares on the PSE. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in Pesos by us on, and the Peso proceeds received from any sales of, the Shares.

We are a holding company and rely on dividend payments from our subsidiaries for funding and for paying dividends on our Shares.

We are a holding company incorporated in the Philippines and operate our business through our subsidiaries in the Philippines. Therefore, the availability of funds to us to pay dividends to our Shareholders and to service our indebtedness depends upon dividends received from these subsidiaries. If our subsidiaries incur debt or losses, such indebtedness or loss may impair their ability to pay dividends or other distribution to us. As a result, our ability to pay dividends and to service our indebtedness will be restricted.

Our ability to declare dividends in relation to our Shares will also depend on our future financial performance, which, in turn, depends on successfully implementing our strategy and on financial, competitive, regulatory, and other factors, general economic conditions, demand and prices for our ore, costs of raw materials and other factors specific to our industry or specific projects, many of which are beyond our control. The receipt of dividends from our subsidiaries may also be affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of existing laws and regulations and other events outside our control. Philippine laws require that dividends be paid only out of Unrestricted Retained Earnings calculated according to Philippines accounting principles. In addition, restrictive covenants in bank credit facilities, convertible bonds instrument or other agreements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to make contributions to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our shareholders.

Our Shares are subject to Philippine foreign ownership limitations.

The Philippine Constitution, related statutes and recent jurisprudence set forth restrictions on foreign ownership of companies engaged in certain activities including, among others, mining activities.

In connection with the conduct of mining activities, Article XII, Section 2 of the Constitution states that "the exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-

production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens."

Considering the foregoing, as long as our subsidiaries or their affiliates conduct mining activities involving the exploration, development, and utilization of natural resources of the Philippines, foreign ownership in us is limited to a maximum of 40.0% of our capital stock outstanding, whether or not entitled to vote. As of September 30, 2017, the Company's level of foreign ownership is 29.44% of its equity. We cannot allow the issuance or the transfer of shares to persons other than Philippine Nationals and cannot record transfers in our books if such issuance or transfer would result in us ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above.

Recent cases by the Philippine Supreme Court have called into question what constitutes "control" for purposes of determining this 40.0% ownership threshold. Should ownership of the Company be challenged, it is unclear how Philippine courts would interpret the law on foreign ownership as this area of the law remains unsettled.

For more information, see "Philippine Foreign Exchange and Foreign Ownership Controls."

Investors in our Shares will face immediate and substantial dilution in the net asset value per Share and may experience future dilution.

The Offering Price is substantially higher than our net book value per Common Share of ₱1.231 as at September 30, 2017. Thus, there will be an immediate and substantial dilution in the net asset value per Share to new investors. See "Dilution."

The rights of minority shareholders may be limited.

In the Philippines, the rights of minority shareholders to assert their rights as such and the fiduciary obligations of directors and majority shareholders may not be as extensive as those in the United States or other countries, and the ability of any of our shareholders to assert any such rights or to enforce any such fiduciary obligation may be limited.

The Philippine Corporation Code provides for minimum minority shareholders protection in certain instances wherein a vote by the shareholders representing at least two-thirds (2/3) of the Company's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Derivative actions, while permitted under the Corporation Code and governed by the Interim Rules of Procedure Governing Intra-Corporate Controversies (A.M. No. 01-2-04-SC), are rarely brought on behalf of Philippine companies. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

There is no guarantee that the Offer Shares will be listed on the PSE

The PSE may or may not approve the Company's listing application.

Purchasers of the Offer Shares are required to pay the Offer Price of the Offer Shares so subscribed upon submission of their Applications during the Offer Period. Although the PSE has approved the Company's application to list the Offer Shares, because the Listing Date is scheduled after the Offer Period, there can be no guarantee that the listing of the Offer Shares will occur on the anticipated Listing Date. Delays in the admission and the commencement of trading of shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares for listing on the PSE, the market for these will be illiquid and holders may not be able to trade the Offer Shares. However, they would be able to sell these by negotiated sale. This may materially and adversely affect the value of the Offer Shares.

EXCHANGE RATES

The PDS, a computer network supervised by the BSP, through which the members of the Bankers Association of the Philippines effect spot and forward currency exchange transactions, was introduced in 1992. The PDS was adopted by the BSP as a means to monitor foreign exchange rates. The BSP Rate is the closing spot rate for the purchase of U.S. dollars with Pesos, which is quoted on the PDS and published in the BSP's Reference Exchange Rate Bulletin and major Philippine financial press on the following business day. On December 29, 2015, the BSP Rate was ₱47.166= US$1.00. On December 29, 2016, the BSP Rate was ₱49.813= US$1.00. On September 29, 2017, the BSP Rate was ₱51.073=US$1.00.

The following table sets forth certain information concerning the BSP Rate between the Peso and the U.S. dollar for the periods and dates indicated, expressed in Pesos per US$1.00:

		Peso/U.S. dollar exchange rate		
Year	**Period end**	**Average[1]**	**High[2]**	**Low[3]**
2010	43.885	45.248	46.983	42.516
2011	43.928	43.313	44.585	41.955
2012	41.192	42.229	44.246	40.862
2013	44.414	42.446	44.660	40.569
2014	44.617	44.395	45.406	43.280
2015	47.166	45.503	47.490	44.020
2016	49.813	47.493	49.984	45.9890
2017				
January	49.814	49.736	49.953	49.466
February	50.267	49.961	50.305	49.671
March	50.194	50.275	50.379	50.145
April	49.699	49.863	50.219	49.530
May	49.867	49.860	50.054	49.651
June	50.466	49.850	50.466	49.404
July	50.582	50.638	50.883	50.449
August	51.166	50.875	51.494	50.185
September	51.073	51.009	51.242	50.629

(1) Simple average of daily closing exchange rates for the period.
(2) Highest closing exchange rate for the period.
(3) Lowest closing exchange rate for the period.

Source: Reference Exchange Rate Bulletin, Treasury Department of the BSP.

USE OF PROCEEDS

Assuming an offer price of ₱4.00, the total proceeds to be raised by the Company from the sale of the Offer Shares will amount to ₱1,000.0 million. The estimated net proceeds to be raised by the Company from the sale of the Offer Shares (after deducting fees and expenses payable by the Company of approximately ₱35.6 million) will be approximately ₱964.4 million, which will be infused as capital to its subsidiary, PGMC, through additional subscription by the Company of PGMC's shares. Of the ₱964.4 million net proceeds, the amount of ₱510.0 million shall be used by PGMC to pay part of the its outstanding loan from TCB, while the remaining amount of ₱454.4 million will be used for the working capital requirements of its CAGA Mine Operations.

The following are the estimated expenses to be incurred in relation to the Offer:

	Offer (₱0.00)
Gross proceeds from the Offer	1,000,000,000.00
Expenses	
Issue Management, underwriting, and selling fees	15,000,000.00
SEC registration, filing, and research fees	8,411,336.71
Estimated professional fees (including legal, accounting, and financial advisory fees)	6,050,000.00
Taxes to be paid to the Government	2,626,000.00
PSE listing and processing fees	1,050,000.00
Estimated receiving and escrow bank fees	876,250.00
Estimated PDTC processing fees	55,400.00
Estimated other related expenses	1,501,013.29
Total estimated expenses	**35,570,000.00**
Estimated net proceeds from the Offer	**964,430,000.00**

The net proceeds will not be used to refinance any loan or advance to any officer, director, employee, or shareholder of the Company for service rendered or assets previously transferred or otherwise. The net proceeds shall be infused by the Company to PGMC through additional subscription of shares. The additional subscription will occur upon release of the proceeds of the FOO. In the event that the net proceeds exceed the unissued capital stock of PGMC, PGMC will either apply for an increase in authorized capital stock with the SEC or such excess proceeds will be advanced by FNI to PGMC Company, subject to the approval of the Management and the Board of Directors of the Company, if applicable.

Taiwan Cooperative Bank Manila Offshore Banking Branch

The amount of ₱510.0 million shall be used by PGMC to pay part of its outstanding loan from TCB, which will be due in May 2018, with interest rate of 3.75% plus LIBOR per annum. In the event that less than the estimated net proceeds are obtained, PGMC will service the loan using its internally generated funds. On April 17, 2016, PGMC was granted by TCB a loan facility in the amount of US$20.0 million. On May 17, 2017, PGMC repaid the US$20.0 million loan to TCB. On the same date, TCB extended a new loan in the amount of US$15.0 million to PGMC, which shall be due in May 2018. The proceeds of the new loan from TCB were used for working capital purposes of its operations in the CAGA Mines such as payments of contractor's fees, royalty and excise taxes, and various permits.

A copy of the Loan Agreement with TCB has been submitted to the SEC. The Company, PGMC, the Sole Underwriter, and any of its directors and officers are not related to TCB.

Working Capital Requirements

The remaining amount of ₱454.4 million will be devoted by the Company for working capital and/or additional capital purposes for the conduct of its mining operations in CAGA 2 and CAGA 4 . In the previous years, the working capital requirements of the Company were financed by credit lines or borrowings from different local banks.

The breakdown and the estimated timeline of disbursement of the said amount for working capital purposes are as follows:

Purpose	Amount (₱0.00)	Estimated Timetable
Advance payments to contractors for the second quarter shipments	333,928,500.00	2nd quarter of 2018
Advances for royalties and taxes for the second quarter shipments	120,501,500.00	2nd quarter of 2018
Total	454,430,000.00	

Distribution and Undertaking

The net proceeds from the Offer of the Primary Offer Shares are expected to be disbursed immediately after Offer and through 2018. In the event that less than the estimated net proceeds are obtained, the priority for the use of the proceeds will be for repayment of the TCB loan. To the extent that the Offer proceeds are insufficient to finance the above-mentioned purposes, additional financing from internally generated funds, loans, such as the Company's credit line with BDO Unibank, Inc. ("BDO") in the amount of ₱20,000,000.00, and internally-generated cash flows will be utilized as necessary.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed above. However, the Company's plans may change, based on various factors including changing macroeconomic and market conditions. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to reallocate the net proceeds within the categories described above, or to alter its plans. In the event of any significant deviation, material adjustment, or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment, or reallocation and promptly make the appropriate disclosures to the SEC and the PSE. The Company shall regularly disclose to the PSE, through its PSE Electronic Disclosure Generation Technology ("PSE EDGE"), any disbursements from the proceeds generated from the Offer.

Any proceeds or any excess thereof that are not yet to be used by the Company may be invested in safe investments such as Government securities.

DIVIDENDS AND DIVIDEND POLICY

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation, which have not been allocated for any managerial, contractual, or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends. However, stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100.0% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (a) when justified by definite expansion plans approved by the board of directors of the corporation; (b) when the required consent of any financing institution or creditor to such distribution has not been secured; or (c) when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies.

Record Date and Payment Date

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date of declaration. For stock dividends, the record date should not be less than 10 nor more than 30 days from the date of the shareholders' approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

For corporations, the shares of which have been lodged with the PCD, all stock dividends and all cash dividends shall be remitted to PCD for immediate distribution to its Participants no later than 18 trading days from record date (the "Payment Date") provided, that in case of stock dividends, the credit of the stock dividend shall be on the Payment Date, which in no case shall be later than the stock dividends listing date.

Dividend Policy

Both the Company's and PGMC's current dividend policy provides that at least 20.0% of the Unrestricted Retained Earnings of the Company and PGMC, respectively, for the preceding fiscal year will be declared as dividends. The Company and PGMC intend to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances that may restrict the payment of such dividends. The Company's subsidiary PGMC, has adopted the same dividend policy of declaring at least 20.0% of its Unrestricted Retained Earnings.

Restriction from Declaring Dividends

Under the Loan Agreement between TCB and PGMC, without the prior written consent of said bank (which consent shall not be unreasonably withheld), PGMC cannot declare or pay dividends to its stockholders (other than dividends payable solely in shares of its capital stock) if payment of any sum due to said bank is in arrears. As of date, PGMC's obligations to TCB are all current. Part of the proceeds of this Offer will be used to pay off the loan from TCB.

Dividend History

Below is the history of the recent dividend declarations made by the Company and PGMC:

	For the year ended December 31, 2013	For the six months ended December 31, 2014	For the year ended December 31, 2015	For the year ended December 31, 2016	For the nine months ended September 30, 2017
			(₱ in millions)		
The Company (cash dividend)	10,500[1]		–		–
				–	
Subsidiaries		–	–	–	
PGMC (cash dividend)		6,154	–	–	–
Total	**10,500**	**6,154**	–	–	–

Note 1: This dividend declaration was made prior to the Company's acquisition of PGMC in October 2014.

Note 2. On December 26, 2017, PGMC declared cash dividends of ₱480.00 per share to stockholders of record as of December 31, 2017 or for a total of ₱4,365,119,520.00 and paid its stockholders on January 15, 2018. On the same day, PGMC declared stock dividend amounting to ₱1,200,000,000.00 dividend into 12,000,000 shares at the par value of ₱100.00 per share, or on or about 1.32 common shares for every common shares held.

Other than as set forth above, none of our other subsidiaries declared any dividends for the year ended December 31, 2013, six (6) months ended December 31, 2014, the years ended December 31, 2015 and 2016, and the nine (9) months ended September 30, 2017, respectively. Declarations of dividends in previous years are not indicative of future dividend declarations.

DETERMINATION OF THE OFFER PRICE

The Company's Shares are currently traded on the Main Board of the PSE under the symbol "FNI." The Company will apply for the Offer Shares to be listed and traded on the PSE under the same symbol. For a description of the PSE, see "The Philippine Stock Market."

The Offer Price will be determined through a book-building process and discussions between the Company and the Sole Underwriter.

The factors that will be considered in determining the Offer Price are a mixture of, among others, the Company's ability to generate earnings and cash flow, its short and long-term prospects, overall market conditions at the time of launch, the market price of listed comparable companies, and general valuation multiples such P/E, EV/EBITDA and P/B. Note that the Offer Price will be finally determined depending on the results of the book-building exercise.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

The PSE imposed a trading suspension of the shares of the Company (called Southeast Asia Cement Holdings, Inc. at the time, trading under the symbol "CMT") effective January 1, 2013 until June 30, 2013 when it fell below the mandatory public ownership requirement. In order to comply with the mandatory public ownership requirement, the Company issued to Christopher Chua Go and Socorro P. Lim 277,000,000 common shares each, or an aggregate 554,000,000 common shares of stock of the Company at a total subscription price of ₱96,950,000.00 for each or ₱0.35 per share, which brought the percentage of public ownership up to 10.13%.

On June 11, 2013, the Company filed Notices of Exempt Transaction under Section 10.1 (k) of the SRC, or sale of securities by an issuer to fewer than 20 persons in the Philippines during any 12-month period, with the SEC for the issuance of the aforementioned 554,000,000 common shares.

On September 10, 2014 and October 22, 2014, the Board of Directors and the stockholders of the Company, respectively, approved the increase in the authorized capital stock of the Company to ₱12,555,000,000.20 divided into 35,871,428,572 common shares with a par value of ₱0.35 per share. The Board also approved the issuance of 10,463,093,371 new common shares of the Company resulting from the increase in the authorized capital stock to the Thirteen Shareholders who are also the stockholders of PGMC in exchange for the sale and transfer to the Company of 99.85% of the outstanding capital stock of PGMC under a Deed of Exchange dated October 23, 2014. As of the date of this Prospectus, the BIR has already issued the Certificate Authorizing Registration of the transfer of shares from the Thirteen Shareholders to the Company.

On December 1, 2014, the Company filed a Notice of Exempt Transaction under Section 10.1 (e) and (i) of the SRC, or pursuant to the sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock and pursuant to the subscription for shares of the capital stock of a corporation prior to the incorporation thereof or in pursuance of an increase in its authorized capital stock under the Philippine Corporation Code, when no expense is incurred, or no commission, compensation or remuneration is paid or given in connection with the sale or disposition of such securities, and only when the purpose for soliciting, giving or taking of such subscriptions is to comply with the requirements of such law as to the percentage of the capital stock of a corporation, which should be subscribed before it can be registered and duly incorporated, or its authorized capital increased, with the SEC for the issuance of the aforementioned 10,463,093,371 new common shares. An amended Notice of Exempt Transaction for the same issue was filed on February 18, 2015.

On December 22, 2014, the SEC approved the Company's application for the increase in the authorized capital stock of the Company to ₱12,555,000,000.20 divided into 35,871,428,572 common shares with a par value of ₱0.35 per share, and the issuance of 10,463,093,371 to the Thirteen Shareholders of PGMC who transferred their shares in PGMC to the Company, as well as the amendment of its articles of incorporation and by-laws to reflect the change in the corporate name, principal address, number of directors and fiscal year.

As of the date of this Prospectus, the BIR has already issued the Certificate Authorizing Registration of the transfer of shares from the Thirteen Shareholders to the Company.

On February 26, 2015, the Company's stockholders representing 71.64% of the total outstanding shares unanimously approved and ratified the planned acquisition of Southeast Palawan.

On May 19, 2015, SEC approved PGMC's increase of authorized capital stock from ₱715,375,046.80 to ₱1,515,375,046.80. Out of the increase in the authorized capital stock of ₱800,000,000.00 divided into 80,000,000,000 Class A Common Shares with a par value of ₱0.01 per share, the Company subscribed to 20,000,000,000 Class A Common Shares or 61.51% of PGMC.

On August 6, 2015, the Board of Directors of the Company approved the following:

- the execution of the Contract to Sell for the purchase of 500,000 common shares and 6,250,000,000 preferred shares or 100.0% interest of Southeast Palawan for US$50.0 million or its Philippine peso equivalent; and
- subscription of the company to the remaining unissued and unsubscribed shares of Southeast Palawan consisting of Three Hundred Thousand (300,000) common shares with a par value of One Peso (₱1.00) per share, and Three Billion Seven Hundred Fifty Million (3,750,000,000) preferred shares with a par value of One Centavo (₱0.01) per share, for a total subscription price of Thirty-Seven Million Eight Hundred Thousand Pesos (₱37,800.000.00).

On September 1, 2016, the Company subscribed to 300,000 common shares of Southeast Palawan with a total par value of ₱300,000.00 by converting its earlier advances to equity.

On November 7, 2016, the SEC approved the increase in the authorized capital stock to ₱12,555,020,001.30 divided into 11,957,161,906 common shares with the increased par value of ₱1.05 per share.

As of date, the acquisition of Southeast Palawan has not yet been completed due to some conditions precedent that need to be fulfilled such as the conduct by the Company of the follow-on offering. In addition, the parties have to resolve and clarify issues with the local government and the DENR.

CAPITALIZATION AND INDEBTEDNESS

The following table sets out the Company's consolidated debt, shareholders' equity and capitalization as of September 30, 2017, and as adjusted to reflect the issuance and sale of a total of 250,000,000 Firm Shares at the Offer Price of ₱4.00 per Offer Share. The table should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the notes thereto, included elsewhere in this Prospectus. Other than as described below, there has been no material change in the Company's capitalization since September 30, 2017.

	Actual as of September 30, 2017		**As Adjusted for the Offer**	
	(₱ millions)	**(US$ millions)[1]**	**(₱ millions)**	**(US$ millions)[1]**
	(Audited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Total debt [2]	3,003.24	58.80	3,003.24	58.80
Equity:				
Capital stock	6,113.48	119.70	6,375.98	124.84
Additional paid-in capital	–	–	708.00	13.86
Valuation loss on available-for-sale financial assets	(0.04)	(0.00)	(0.04)	(0.00)
Remeasurement gain on retirement obligation	5.34	0.10	5.34	0.10
Cumulative translation adjustment	3.89	0.08	3.89	0.08
Retained earnings	1,243.27	24.34	1,243.27	24.34
Treasury stock	(654.78)	(12.82)	(654.78)	(12.82)
Total equity	**6,711.16**	**131.40**	**7,681.66**	**150.41**
Total capitalization	**9,714.40**	**190.20**	**10,684.90**	**209.21**

Notes:

(1) The translations from Pesos to U.S. dollars have been made on the basis of the BSP Rate on September 29, 2017 of ₱51.073= US$1.00.

(2) Interest-bearing loans and borrowings (current and non-current), which includes bank loans, trade and other payables, amounts owed to related parties, dividends payable, finance lease liabilities, income tax payable, provision for mine rehabilitation and decommissioning, retirement obligation, deferred income tax liability and other noncurrent liabilities.

DILUTION

Through the Offer, the Company will offer 250,000,000 Offer Shares to the public. The Offer Shares will be sold at the Offer Price, which is substantially higher than the adjusted book value per share of the outstanding Shares, which will result in an immediate material dilution of the new investors' equity interest in the Company. The net book value attributable to the Company's common shareholders, based on the Company's unaudited interim condensed consolidated financial statements as of September 30, 2017 was ₱6,711.2 million, while the net book value per Common Share was at ₱1.231. The net book value attributable to the Company's common shareholders represents the amount of the Company's total equity attributable to equity holders of the Company. The Company's net book value per share is computed by dividing the net book value attributable to the Company's common shareholders by the equivalent number of Shares outstanding. Without taking into account any other changes in such net book value after the Offer, other than to give effect to the sale of 250,000,000 Shares at the Offer Price of ₱4.00 per Share and after deduction of the underwriting discounts and commissions and estimated offering expenses of the Offer payable by the Company, the Company's net book value would increase to ₱7,681.7 million, or ₱1.320 per Common Share. This represents an immediate increase in net book value of ₱0.116 per Common Share to existing shareholders, and an immediate dilution of ₱2.680 per Common Share to purchasers of Shares at the Offer Price of ₱4.00.

Dilution in pro forma book value per share to investors of the Offer Shares represents the difference between the Offer Price and the pro forma net book value per share immediately following the completion of the Offer. The pro forma net book value per share immediately following the completion of the Offer represents the net book value per share as of September 30, 2017 after giving effect to the equity transactions subsequent to the Offer.

The following table illustrates dilution on a per share basis based on the Offer Price of ₱4.00 per Offer Share and the Offer of 250,000,000 Shares:

Offer Price per Offer Share	₱4.00
Net book value per Common Share as of September 30, 2017	₱1.205[1]
Difference in Offer Price per Offer Share and book value per Offer Share as of September 30, 2017	₱2.795
Pro forma net book value per Common Share immediately following the completion of the Offer	₱1.320
Dilution in Pro forma net book value per Common Share to investors of the Shares	₱2.680

Note:
1. Net Book Value per share is computed based on the following:

   Book Value per Share = (Shareholders' Equity – Preferred Shares)/ Total Number of Outstanding Shares
   Total outstanding shares = Total Number of Shares Issued less Treasury Shares.

   As of September 30, 2017, total outstanding shares are as follows:

Issued Shares	5,822,357,151
Treasury Shares	251,404,752
Total Outstanding Shares	5,570,952,399

   While book value as of September 30, 2017 is as follows:

Total Stockholders' Equity	6,711,160,000
Outstanding Shares	5,570,952,399
Book Value per Share	1.205

The following table sets forth the shareholdings and percentage of Shares outstanding of existing shareholders as of September 30, 2017 and new shareholders of the Company immediately after completion of an Offer of 250,000,000 Shares:

	Shares	
	Number	**%**
Existing shareholders	5,570,952,399	95.7
New investors	250,000,000	4.3
Total	5,820,952,399	100.0

As of September 30, 2017, the shares held by the public amounted to 26% of the total outstanding shares. After the offer, the Company will maintain the minimum public float as required by the PSE and SEC rules.

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present selected consolidated financial information for the Company and should be read in conjunction with the auditors' reports and with the Company's consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary consolidated financial information presented below as of The summary consolidated financial information presented below as of September 30, 2017 and for the nine months ended September 30, 2016 and 2017 was derived from the unaudited interim condensed consolidated financial statements of the Company, prepared in accordance with the Philippine Accounting Standards (PAS) 34, Interim Financial Reporting and reviewed by SGV in accordance with Philippine Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity and included elsewhere in the Prospectus. The summary consolidated financial information presented as of December 31, 2014, 2015 and 2016 and for the six (6) months ended December 31, 2014 and years ended December 31, 2015and 2016 were derived from the audited consolidated financial statements of the Company, prepared in compliance with PFRS and audited by SGV and included elsewhere in this Prospectus. The information below is not necessarily indicative of the results of future operations. Furthermore, the translation of Peso amounts to U.S. dollars is provided for convenience only and is unaudited. For readers' convenience only, the translation of September 30, 2017 and December 31, 2016 Peso amounts to U.S. dollars is calculated based on the BSP Rate on September 29, 2017 and December 29, 2016 of ₱51.073= US$1.00 and ₱49.813 = US$1.00, respectively. For additional information regarding financial information presented in this Prospectus, see "Presentation of Financial Information."

Summary Consolidated Statements of Comprehensive Income

	For the six months ended December 31, 2014	For the year ended December 31, 2015	For the year ended December 31, 2016		For the nine months ended September 30, 2017	
		(Audited)		**(Unaudited)**	**Unaudited**	**(Unaudited)**
		(₱ thousands)		**(US$ thousands)**	**(₱ thousands)**	**(US$ thousands)**
Sale of ore	9,047,476	6,533,218	3,773,669	75,757	4,646,263	90,973
Cost of Sales	2,463,831	3,509,917	2,308,220	46,338	2,277,034	44,584
Gross Profit	6,583,645	3,023,301	1,465,449	29,419	2,369,229	46,389
Operating Expenses						
Excise taxes and royalties	1,351,555	972,546	503,275	10,103	595,247	11,655
General and administrative	237,316	628,271	460,914	9,253	445,098	8,715
Shipping and distribution	63,749	166,472	290,405	5,830	326,430	6,391
	1,652,620	1,767,289	1,254,594	25,186	1,366,775	26,761
Finance Costs	(73,323)	(88,891)	(67,696)	(1,359)	(52,076)	(1,020)
Finance Income	3,465	9,431	6,505	131	4,929	97
Share in Net Loss of an Associate	–	–	(184)	(4)	(116)	(2)
Other Income Charges - net	(77,424)	(115,500)	(32,373)	(650)	49,991	979
Income Before Income Tax	4,783,743	1,061,052	117,107	2,351	1,005,182	19,681
Provision for (Benefit From) Income Tax						
Current	6,673	4,081	35,406	711	247,216	4,840
Deferred	(39,977)	(54,779)	44,207	887	(25,652)	(502)
	(33,304)	(50,698)	79,613	1,598	221,564	4,338
Net Income	4,817,047	1,111,750	37,494	753	783,618	15,343

	For the six months ended December 31, 2014	For the year ended December 31, 2015 (Audited) (₱ thousands)	December 31, 2016	(Unaudited) (US$ thousands)	For the nine months ended September 30, 2017 Unaudited (₱ thousands)	(Unaudited) (US$ thousands)
Other Comprehensive Income (Loss)						
Item that may be reclassified to profit or loss in subsequent periods:						
Cumulative translation adjustment	–	–	(14,106)	(283)	17,995	352
Valuation loss on AFS financial assets	(337)	(506)	–	–	(42)	(1)
Item that will not be reclassified to profit or loss in subsequent periods:						
Remeasurement gain (loss) on retirement obligation	(4,357)	600	3,065	62	–	–
	(4,694)	94	(11,041)	(221)	17,953	352
Total Comprehensive Income	4,812,353	1,111,844	26,453	532	801,571	15,695

Summary Consolidated Statements of Financial Position

	As of December 31 2014	2015 (Audited) (₱ thousands)	2016	2016 (Unaudited) (US$ thousands)	As of September 30, 2017 (Unaudited) (₱ thousands)	(Unaudited) (US$ thousands)
Current assets	3,181,492	3,670,086	3,383,713	67,928	4,492,709	87,966
Noncurrent assets	4,473,379	5,414,927	6,042,981	121,313	5,221,689	102,240
Total assets	7,654,871	9,085,013	9,426,694	189,242	9,714,398	190,206
Current liabilities	2,076,816	2,440,566	2,227,747	44,722	2,340,259	45,822
Noncurrent liabilities	152,025	106,573	652,388	13,097	662,979	12,981
Total liabilities	2,228,841	2,547,139	2,880,135	57,819	3,003,238	58,803
Total equity	5,426,030	6,537,874	6,546,559	131,423	6,711,160	131,403
Total liabilities and equity	7,654,871	9,085,013	9,426,694	189,242	9,714,398	190,206

Summary Consolidated Statements of Cash Flow

	Six months ended December 31, 2014	For the Year ended December 31, 2015 (Audited) (₱ thousands)	December 31, 2016	(Unaudited) (US$ thousands)	Nine months ended September 30, 2017 (Unaudited) (₱ thousands)	(Unaudited) (US$ thousands)
Net cash flows from operating activities	3,308,321	776,154	603,946	12,124	1,255,808	24,588
Net cash flows used in investing activities	(2,103,286)	(1,593,944)	(531,309)	(10,666)	(274,032)	(5,365)
Net cash flows from (used in) financing activities	(757,923)	602,883	(43,305)	(869)	(930,949)	(18,228)
Net increase (decrease) in cash	447,112	(214,907)	29,332	589	50,827	995
Effect of exchange rate changes on cash	11,593	25,914	19,734	396	37,478	734
Cash at beginning of year/period	233,164	691,869	502,876	10,095	551,942	10,807

	For the					
	Six months ended December 31, 2014	**Year ended** December 31, 2015	December 31, 2016		Nine months ended September 30, 2017	
		(Audited)		**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
		(₱ thousands)		**(US$ thousands)**	**(₱ thousands)**	**(US$ thousands)**
Cash at end of year/period	691,869	502,876	551,942	11,080	640,247	12,536

Key Performance Indicators

	For the			
	Six months ended	**Year ended**		**Nine months ended**
	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
	Thousands of ₱ (unless otherwise stated)			
Sale of ore	9,047,476	6,533,218	3,773,669	4,646,263
Average realized nickel price (US$ Sales/WMT)	48.78	26.69	17.93	18.77
Volume of ore sold (m WMT)	4.19	5.35	4.31	4.93
EBITDA[1]	5,023,708	1,850,495	598,963	1,340,915
Net income (loss)	4,817,047	1,111,750	37,494	783,618
Return on average equity (%)[2]	88.8%	18.6%	0.57%	11.80%
Return on average assets (%)[3]	62.9%	13.3%	0.41%	8.2%

Notes:

1. EBITDA is calculated as gross profit less operating expenses plus depreciation depletion and amortization.
2. Return on equity is calculated as net income divided by the average of the beginning and the ending balance of total equity. For the six (6) months ended December 31, 2014, net income is calculated by using net income of the last 12 months from January 1, 2014.
3. Return on assets is calculated as net income divided by the average of the beginning and the ending balance of total assets. For the six (6) months ended December 31, 2014, net income is calculated by using net income of the last 12 months from January 1, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Company's historical financial condition and results of operations and certain trends, risks and uncertainties that may affect our business and should be read in conjunction with the independent auditor's reports and our reviewed and audited consolidated financial statements and notes thereto contained in this Prospectus. The critical accounting policies section discloses certain accounting policies and management judgments that are material to the results of operations and financial condition for the periods presented in this report. The discussion and analysis of the Company's results of operations is presented in three comparative sections: the nine (9) months ended September 30, 2017 compared with the nine (9) months ended September 30, 2016, the year ended December 31, 2016 compared with the year ended December 31, 2015, the year ended December 31, 2015 compared with the six (6) months ended December 31, 2014. Disclosure relating to liquidity and financial condition and the trends, risks and uncertainties that have had or that are expected to affect revenues and income complete the management's discussion and analysis.

Prospective investors should read this discussion and analysis of the Company's financial condition and results of operations in conjunction with the Company's consolidated financial statements and the notes thereto set forth elsewhere in this Prospectus.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

Overview

FNI is a holding company with a 99.98% interest in PGMC. As of September 30, 2017, PGMC is the third largest nickel ore producer in the Philippines by volume of nickel shipped and the largest nickel ore producer in the Philippines by value of shipment, one of the largest single-mine lateritic exporters in the world and one of the largest global suppliers of nickel ore, accounting for 12.6% of the country's nickel ore production as per MGB statistics. We currently operate two (2) deposit sites known as CAGA 2 and CAGA 4 within our lateritic nickel mine in Cagdianao, Claver, Surigao del Norte, Philippines, known as the Cagdianao Mine. We have further identified five (5) additional deposit sites at Cagdianao that have not yet been exploited. We employ a surface mining method that is relatively lower cost compared with other mining methods and we carry out our mining activities without the need for explosives, chemicals or complex waste handling. Almost all of PGMC's products sold in the Asia-Pacific Region go to the production of stainless steel products, NPI, and nickel cathodes. Low-grade ore can be mined from the upper layer of the deposit and generally consists of lower nickel and higher iron content and medium and high-grade ore is generally found beneath the low-grade layer and typically consists of higher nickel and lower iron content. Since 2012, we have a low waste to ore ratio of 0.05:1, which means that about 95% of what we mine is ore.

Our CAGA 2 and CAGA 4 deposit sites are located approximately two (2) to eight (8) kilometers inland from our loading piers. The short hauling distance from our mine to the piers and the inherent advantage of our mine's location results in greater accessibility and enables us to economically market our ore to a variety of customers in the Asia-Pacific region. Our piers are located within a naturally protected cove with calm waters that allow for consistent loading. In addition, our piers are relatively large, which helps to minimize congestion and stimulate competition among the barge operators. We believe that having two (2) piers helps minimize delivery risk by not being reliant on only one (1) pier that can become damaged or congested. Our mine is also in relative close proximity to our end customers in China, as compared to other international mining companies such as those in New Caledonia, Russia, and Canada, which, we believe, minimizes the shipping costs for our customers and the related risks involved with long transit.

Since we began commercial operations in 2007 through to September 30, 2017, we have delivered an aggregate of over 42.0 million WMT of nickel ore to our customers. As of June 23, 2017, our Cagdianao Mine had measured and indicated mineral resources of 54.2 million DMT with an average grade of 1.1% nickel and inferred mineral resources of 24.0 million DMT with an average grade of 1.2% nickel, and have an estimated remaining mine life of about seven (7) years. Our proved and our probable ore reserves are at 36.3 million WMT with an average grade of 1.2% nickel, as estimated in accordance with the PMRC Report dated October 14, 2017. We had ore sales of ₱4,646.3 million, ₱3,773.7 million, ₱6,533.2 million, and ₱9,047.5 million and net income of ₱779.9 million, ₱37.5 million, ₱1,111.8 million and ₱4,817.0 million for the nine (9) months ended September 30, 2017, the years ended December 31, 2016 and 2015 and the six (6) months ended December 31, 2014, respectively.

Since we began commercial operations in 2007 through September 30, 2017, we have shipped the following from each CAGA mine site per year:

Total Volume Shipped from 2007 to September 30, 2017 (in WMT)

	CAGA 2	CAGA 4	TOTAL
2007	-	470,207	470,207
2008	-	506,477	506,477
2009	-	1,954,343	1,954,343
2010	-	3,406,802	3,406,802
2011	-	4,353,698	4,353,698
2012	-	5,928,637	5,928,637
2013	-	4,501,229	4,501,229
2014	2,724,513	3,578,479	6,302,992
2015	2,263,814	3,088,009	5,351,823
2016	738,154	3,570,485	4,308,639
September 30, 2017	933,691	3,995,634	4,929,325
TOTAL	**6,660,172**	**35,354,000**	**42,014,172**

On November 27, 2014, we entered into a Memorandum of Agreement with the shareholders of GMORI and eight (8) individuals for the purchase of 100.0% of the outstanding capital stock of FRI. However, on March 16, 2015, the Company's Board of Directors approved the termination of the Memorandum of Agreement for the acquisition of FRI due to non-fulfillment of pre-conditions.

On November 27, 2014, we also entered into a Memorandum of Agreement with the shareholders of Southeast Palawan to purchase 100.0% of the outstanding capital stock of Southeast Palawan, which owns directly and indirectly 97.6% of the outstanding capital stock of INC as well as the control of CNMEC, the holder of the MPSA No. 017-93-IV over the mineral production rights at the INC Mine. INC was granted the right to operate the INC Mine under an operating agreement with CNMEC. The MGB's approval for this operating agreement was issued in 2015. Currently, both CNMEC and INC are our affiliated companies that are beneficially wholly-owned by our Chairman, Mr. Joseph C. Sy. On February 26, 2015, during a special stockholders' meeting of the Company, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock approved the acquisition of 100.0% of the outstanding shares of Southeast Palawan for US$50,000,000.00, or its Philippine Peso equivalent. On August 6, 2015, the Company and the shareholders of Southeast Palawan signed the contract to sell and subscription contract for the acquisition of Southeast Palawan. As of September 30, 2017, the Company has made various cash advances for the acquisition of Southeast Palawan and treated these as "Deposits for Future Acquisition" for the future acquisition of Southeast Palawan amounting to ₱2,217.4 million. We believe that our expanded portfolio of mines will reduce the risks of our single operating mine, extend our overall mining season and extend the life of our mining operations. The INC

Mine contains an estimated proved and probable ore reserve of 28.6 million WMT with an average grade of 1.4% nickel, in accordance with the PMRC. See "Business—Mine to be acquired."

We supply different grades of saprolite ore and limonite ore to multiple customers, primarily comprising a combination of trading companies and end users. Our customers mainly use the ore we provide to produce intermediate products for the manufacture of stainless steel, NPI and for the production of nickel cathodes. High-grade nickel ore are purchased by our customers for the production of higher grade stainless steel such as the 300 Series, and low-grade nickel ore is used by our customers for the production of lower grade stainless steel such as the 200 Series. Our margins on sales of nickel ore vary depending on the type and grade of nickel ore that we sell, with high-grade saprolite ore providing higher margins than medium-grade saprolite ore and limonite ore. See "Business—Further Exploration and Development—Production Data" and "Business—Sales and Marketing." In terms of volume, we sold approximately 80.0%, 79.0%, 80.0% and 73.0% of our nickel ore to our five (5) largest customers, comprising of Chinese and Australian companies, in the nine (9) months ended September 30, 2017, the years ended December 31, 2016 and 2015 and the six (6) months ended December 31, 2014, respectively. In the six (6) months ended December 31, 2014, 90.8% of sales were from China and 9.2% from Australia, contributing ₱8,218.7 million and ₱828.8 million of sale of ore, respectively. In the years ended December 31, 2016 and 2015, 100.0% of sales were from China contributing ₱3,773.7 million and ₱6,533.2 million of sale of ore, respectively. In the nine (9) months ended September 30, 2017, 100.0% of sales were from China contributing ₱4,646.3 million of sale of ore.

In the six (6) months period ended December 31, 2014, we delivered 2.1 million WMT, 2.0 million WMT and 0.1 million WMT, of low, medium and high-grade ore, respectively, and generated ₱9,047.5 million in total sales of ore for the period. In the year ended December 31, 2015, we delivered 0.6 million WMT, 4.4 million WMT and 0.4 million WMT, of low, medium and high-grade ore, respectively, and generated ₱6,533.2 million in total sales of ore for the year then ended. In the year ended December 31, 2016, we delivered 2.4 million WMT, 1.9 million WMT and 0.1 million WMT, of low, medium and high-grade ore, respectively, and generated ₱3,773.7 million in total sales of ore for the period. In the nine (9) months ended September 30, 2017, we delivered 2.870 million WMT, 2.059 million WMT and nil WMT, of low, medium and high-grade ore, respectively, and generated ₱4,646.3 million in total sales of ore for the period. Our production targets for the Cagdianao Mine are 5.0 million WMT, 5.0 million WMT and 5.0 million WMT for 2017, 2018, and 2019, respectively. We also expect the INC Mine to produce 0.5 million WMT, 1.5 million WMT and 1.5 million WMT of ore for 2018, 2019, and 2020, respectively, after the completion of the acquisition for the INC Mine and completion of infrastructure development and obtaining all necessary government approvals, permits and licenses. See "Business –Further Exploration and Development – Production Plans" and "Business – Mine to be acquired."

The final selling price of our ore is determined through an internal evaluation process including an assessment of nickel ore prices in the Chinese market and international mineral price indicators such as the SMM and LME, as well as prices set by our local competitors. We set our fixed prices each month after careful consideration of the market demand for our products. The greater the demand for our products, the higher the fixed price we set for that particular month. Because of the high demand for our products in the Chinese market, we believe that there is limited room for negotiation from our customers. This is especially evident after the implementation of the mineral export ban by the Indonesian government in January 2014, which, we believe, is advantageous for the demand of our ore. See "Business – Sales and Marketing – Market developments: Export ban of nickel ore by the Indonesian government."

Factors Affecting Our Results of Operations

Our results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected our results in the past, and which we expect to affect our results in

the future. Factors other than those discussed below could also have a significant impact on our results of operations and financial condition in the future. See "Risk Factors."

Nickel price

We typically sell nickel ore to our customers under annual agreements. The final selling price of our ore is determined through an internal evaluation process including an assessment of nickel ore prices in the Chinese market and international mineral price indicators such as the SMM and LME as well as prices set by our local competitors. We set our fixed prices each month for the next month's shipment after careful consideration of the market demand for our products. The greater the demand for our products, the higher the fixed price we set for that particular month. We believe that there is limited room for negotiation from our customers, due to the current high demand for our products in the Chinese market. This is especially evident after the implementation of the nickel export ban by the Indonesian government in 2014. We do not use any hedging instruments for the sale of our nickel ore.

Accordingly, prevailing market demand for nickel can have a substantial effect on our revenue received through sales of a substantial portion of our nickel ore. Nickel prices and demand for nickel typically increase during periods of high global demand for stainless steel.

Nickel prices have historically exhibited considerable volatility. Throughout 2008, the LME nickel price traded at an annual average of approximately US$9.56 per pound. During 2009, the price steadily declined to US$6.67 per pound. The LME price rebounded to US$9.89 per pound in 2010, and continued to climb in 2011, reaching an annual average of approximately US$10.36 per pound in 2011. In 2012, prices dropped to US$7.95 per pound and continued their slide in 2013 with an average annual price of US$6.81 per pound. In 2014, prices averaged US$7.65 per pound, and the price as of December 31, 2014 was US$7.16 per pound. In 2015, prices averaged US$5.30 per pound, and the price as of December 31, 2015 was US$4.00 per pound. On December 31, 2016, prices averaged US$4.55 per pound. On September 30, 2017, prices averaged US$4.76 per pound. The sensitivity of our revenues to nickel prices is not completely linear as we are able to manage nickel price volatility by changing the mix of ore that we sell to our customers. For example, when nickel prices are low, we sell lower grade ore. Conversely, when nickel prices are relatively high, we are able to sell larger quantities of medium and high grade ore to our customers. Increases and decreases in the nickel price will have a broadly proportional effect on our revenues from nickel ore sales.

Volume

During the mining season, we extract nickel ore from our mine site in accordance with the mine plan that we set prior to the mining season. The mix between high grade and medium grade ore at our mine coupled with our long-term mining plan determines the quantities of each grade that we extract on an annual basis. The quantity of low grade ore that we mine on an annual basis from our mine depends on the amount of such ore that needs to be removed in order to extract medium grade and high grade ore, as well as market demand. We sell the majority of the ore we extract in a given mining season directly to our customers with a small portion kept at our stockpiles. Changes in the price for nickel ore does not significantly change our production volume, however prices do impact the mix of low, medium grade and high grade ore that we ship to our customers. The volume of our low grade nickel ore that we sell and ship to our customers largely depends on the demand for stainless steel and NPI in China. Our sales of high grade and medium grade ore are typically made to Chinese mineral trading companies and nickel and iron smelters. When we are able to extract more nickel ore than we are able to ship at an attractive price, we generally continue our mining operations and remove the top layer of low grade ore, thereby exposing the medium grade and high grade ore, as well as stockpile the nickel ore for sale when prices rise to more attractive levels. For example, in 2013 when nickel prices were at lower levels and we anticipated the impact of the Indonesian export ban to increase nickel prices in 2014, we shipped relatively lower grade ore and exposed the medium grade and high grade ore for shipping when prices would become more attractive in 2014.

From 2013 to September 30, 2017, 25.4 million WMT out of 26.4 million WMT or about 96.3% of the ore mined by the Group are sold and shipped to customers while the remaining 3.7% of the total production remains in the Group's inventory account.

Cost of Mining

Our cost of mining can vary from year to year due to inflation and its effect on our costs of mining, including labor costs, contractor fees, the costs involved in repairing and maintaining our equipment and fuel costs. Certain terms of the contracts with our service contractors are renegotiated every mining season. Higher fuel costs as well as an increase in the distance of the mine from the piers will likely result in higher fees charged by our contractors. In addition, we are required to spend 3.0% to 5.0% of our operating costs on the annual EPEP. It is part of our progressive rehabilitation plan that includes rehabilitating the mined out areas. As we increase our production and operating costs, this will result in higher rehabilitation costs.

Currency Exchange Rates

We earn substantially all of our revenues in U.S. dollars while approximately 60.0% of our expenses are denominated in U.S. dollars, with the remaining 40.0% of our expenses denominated in Philippine Pesos, which provides us with a natural hedge against the fluctuation of the Peso against the U.S. dollar. Accordingly, appreciation of the Peso against the U.S. dollar effectively reduces our revenue without a corresponding reduction in our expenses and can result in a reduction in our net income in Peso terms. In addition, because a portion of our cash and cash equivalents and other portfolio investments are denominated in U.S. dollars, the appreciation of the Peso against the U.S. dollar reduces the value of these assets in Peso terms in our financial statements. Our current policy is not to hedge our exposure to foreign currency exchange risk.

Seasonality

During the rainy season, mining operations at our mine are suspended and we are unable to load ore onto ships. We only operate the Cagdianao Mine in certain months of the year, typically from April to October of each year, due to the weather conditions at our mine site. This seasonality results in quarter-to-quarter volatility in our operating results with more revenue being earned and more expenses being incurred in the second and third quarters compared to the first and fourth quarters. However, upon completion of the INC acquisition, we expect seasonality to have a diminishing impact on our results of operations as the INC Mine is subject to a different weather pattern than our existing mine, which should allow us to have an extended mining season at the INC Mine. We expect that the mining season for the INC Mine will commence from November each year and ends in July in the subsequent year. The different mining seasons at the Cagdianao Mine and the INC Mine complement each other and provide us with nickel ore production during an entire year.

Critical Accounting Policies and Estimates

Our audited consolidated financial statements included in this Prospectus have been prepared in accordance with PFRS. Our results of operations and financial condition are sensitive to accounting policies, assumptions and estimates that underlie the preparation of our consolidated financial statements.

Critical accounting policies and estimates are those that are both: (a) relevant to the presentation of our financial condition and results of operations; and (b) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding of how our management forms its judgments about future events,

including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, we have identified certain critical accounting policies.

On September 10, 2014 and October 22, 2014, the Board and the Shareholders, respectively, approved to amend the fiscal year of the Company to begin on the first day of January and end on the last day of December of the same calendar year beginning in fiscal year 2015. On December 22, 2014, the SEC approved the said change in fiscal year.

Description of Selected Statement of Comprehensive Income Line Items

Sale of Ore

Substantially all of our revenue is derived from the sale of nickel bearing ore to our customers under short term contracts. See "Business—Sales and Marketing."

Cost of Sales

Our cost of sales is the direct cost of producing nickel ore for sale. It includes payments to our contractors for services provided by such contractors, including ore extraction and beneficiation, hauling and equipment rental. Our cost of sales also includes depreciation on our mining equipment, which is calculated on a straight line method with an average life of five (5) to 10 years, and depletion of our mining assets, which is calculated using the unit-of-production method based on the estimated economically recoverable reserves to which they relate. Moreover, our cost of sales includes other contract hires such as security contractors, fuel and oil, personnel costs consisting of salaries and wages, among others. In addition, cost of sales includes net changes in our inventories of stockpiled ore, a positive net change representing the cost of mining nickel ore in prior periods that is sold out of our inventories and a negative net change representing the cost of mining nickel ore in the current period that is not sold and is added to our inventories. The net changes in our inventories of stockpiled ore are included in the contract hire cost.

Operating Expenses

General and Administrative

General and administrative expenses are the costs of operating our Company other than the direct costs of producing and selling ore. They include marketing and representation costs relating to the food and travel for our customers, personnel costs including wages, salary and employee benefits, taxes and licenses, outside services, travel and transportation, consultancy fees, depreciation, power and utilities, communication, rentals and other charges. The major components of general and administrative expenses include marketing and representation costs, management salaries and bonuses, taxes and licenses fees paid to the local government, outside services, including accounting and legal services and depreciation on our real properties and fittings.

Excise Taxes and Royalties

This line item aggregates four (4) types of payments that we make based on our sale of ore:

Royalties to Claim-Owners

We operate Cagdianao Mine under an operating agreement with SIRC that was assigned to them by a former claim owner, CMDC. Under the agreement we have the right to operate the mine, subject to the payment of a royalty to CMDC, which is on average an approximate rate of 3.0% to 7.0% of gross receipts.

Royalties to Government

Because the Cagdianao Mine is located within the Surigao Mineral Reservation, we are obliged to pay a royalty of 5.0% of our market value of the gross output of the minerals/mineral products extracted or produced from each mine to the DENR-MGB.

Excise Taxes

An excise tax of 2.0% of the market value of the gross output of the minerals/mineral products extracted or produced is payable to the BIR. Under the recently signed TRAIN Act, the excise tax would increase to 4.0% of the market value of the gross output of the minerals/mineral products extracted or produced by January 1, 2018.

Royalties to Indigenous People

We are also obliged to pay a royalty fee of 1% of the gross output from the mining operations.

Shipping and Distribution

Our shipping and distribution expenses are costs relating to distribution and barging charges arising from the operation of our Cagdianao Mine. This line item also includes any stevedoring charges, shipping expenses, government fees, fuel, oil and lubricants.

Finance Income and Finance Costs

The main recurring items recorded under finance income are the gains resulting from interest earned from cash deposits in banks and finance leases. For finance costs, interest expense, bank charges and accretion interest on provision for mine rehabilitation and decommissioning are also recurring items. We also record gains and losses from recognition of interest expense, amortization of discount on bank loans, provision for impairment loss on trade and other receivables, bank charges, commission expense and accretion interest on provision for mine rehabilitation and decommissioning.

Other Income - Net

The main recurring items recorded under other income - net are foreign exchange gains and losses on advances to related parties, bank loans, trade and other payables and amounts owed to related parties.

Provision for (Benefit from) Income Tax

Starting 2016, the current provision for income tax represents regular corporate income tax and minimum corporate income tax whichever is higher. Effective November 2007, PGMC, a subsidiary, was entitled to income tax holiday as one of the incentives granted by the Board of Investment as a new producer of beneficiated nickel ore on a non-pioneer status. Therefore, we have not recorded a full provision for income tax for the six (6) months period ended December 31, 2014 and the year ended December 31, 2015. Our income tax holiday incentive expired on November 15, 2015. Thus, in 2016 we recognized an excess minimum corporate income tax of ₱2.8 million.

Results of Operations

The following discussion and analysis is based on the interim consolidated financial statements for the nine (9) months periods ended September 30, 2017 and 2016, as prepared in conformity with PAS 34, *Interim Financial Reporting,* and reviewed by SGV, the six (6) months period ended December 31, 2014 and the years ended December 31, 2015 and 2016, as prepared in conformity with PFRS and audited by SGV, and should be read in conjunction with those consolidated financial statements.

Nine (9) months ended September 30, 2017 compared with the nine (9) months ended September 30, 2016

Export Revenues

The Group's third quarter 2017 mining operations generated total export revenues of ₱2,784.6 million, bringing to date revenues of ₱4,646.3 million compared to ₱2,700.7 million in the nine months ended September 30, 2016, an increase of ₱1,945.6 million or 72.0% due to the increase in the volume shipped, higher prices of nickel ore, better product mix and favorable exchange rate compared to the same period in 2016.

The breakdown of our export sale of nickel ore for the nine months ended September 30, 2017 and 2016 follows:

SALE OF ORE BREAKDOWN
(Amounts in Thousands)

PIL	September-16	September-17
High-grade	₱–	₱–
Medium-grade	500,175	512,878
Low-grade	116,188	1,611,547
TOTAL	₱616,363	₱2,124,425

PGMC	September-16	September-17
High-grade	₱87,480	₱–
Medium-grade	819,971	1,953,650
Low-grade	1,176,889	568,188
TOTAL	₱2,084,340	₱2,521,838
TOTAL CONSOLIDATED SALE OF ORE	**₱2,700,703**	**₱4,646,263**

The sale of nickel ore for the nine (9) months ended September 30, 2017 was 4.929 million wet metric tons (WMT), up by 1.480 million WMT or 42.9%, compared to 3.449 million WMT of nickel ore in the nine (9) months ended September 30, 2016. The Group were able to ship 90 vessels of nickel ore during the nine (9) months period ended September 30, 2017 as against 63 vessels of nickel ore during the same period last year. The increase in the number of vessels loaded and consequently in the volume of nickel ore shipped was mainly due to equipment productivity and improved business management during the period compared to the same period last year. These shipments sold solely to Chinese customers consisted of 2.870 million WMT low-grade nickel ore and 2.059 million WMT medium-grade nickel ore compared to 2.231 million WMT low-grade nickel ore, 1.162 WMT medium-grade nickel ore and 0.056 million WMT high-grade nickel ore of the same period in 2016.

The average realized nickel ore price for the nine (9) months ended September 30, 2017 was United States dollar (US$)18.77/WMT compared to US$16.71/WMT of the same period last year, higher by US$2.06/WMT or 12.3%.

The average realized Peso over US$ exchange rate for the Group's export revenues was ₱50.23 compared to ₱46.87 of the same period last year, higher by ₱3.36 or 7.2%.

Service Revenues

The service income earned for the landing craft tanks (LCT) chartered by Platinum Group Metals Corporation (PGMC) from its subsidiary, PGMC-CNEP Shipping Services Corp., amounted to ₱77.2 million for the nine (9) months period ended September 30, 2017 as compared to ₱78.1 million for the same period last year.

Cost and Expenses

The cost and expenses includes cost of sales, excise taxes and royalties, general and administrative expenses and shipping and distribution. The cost and expenses amounted to ₱3,643.8 million for the nine (9) months ended September 30, 2017 compared to ₱2,628.6 million for the nine (9) months ended September 30, 2016, an increase of ₱1,015.2 million or 38.6%. The increase was primarily due to higher tonnage produced and volume shipped compared to the same period of last year. However, the average cash operating cost (which includes cost of sales, general and administrative expenses, and shipping and distribution) per volume sold decreased to ₱549.83 per WMT for the nine (9) months ended September 30, 2017 from ₱574.05 per WMT for the nine months ended September 30, 2016, which is, lower by ₱24.22 per WMT or 4.2%. For the nine (9) months ended September 30, 2017, the total aggregate cash costs and total sales volume were ₱2,710.1 million and 4.929 million WMT, respectively. For the nine (9) months ended September 30, 2016, the total aggregate cash costs and total sales volume were ₱1,979.9 million and 3.449 million WMT, respectively.

Cost of Sales

The cost of sales went up from ₱1,781.7 million for the nine (9) months ended September 30, 2016 to ₱2,277.0 million for the same period this year, an increase by ₱495.3 million, or 27.8%. Contract hire increased by ₱468.0 million (from ₱1,201.3 million in 2016 to ₱1,669.3 million in 2017), or 39.0%.

Depreciation and depletion increased by ₱33.4 million (from ₱292.0 million in 2016 to ₱325.4 million in 2017), or 11.4%. The increase in contract hire and depreciation and depletion was mainly due to increase in production volume in relation to the increase in volume shipped compared to prior period.

Excise Taxes and Royalties

The excise taxes and royalties were ₱595.2 million and ₱343.7 million during the nine (9) months period ended September 30, 2017 and 2016, respectively. Since these expenses were computed and paid based on the percentage of the revenues, the increase in nickel ore price and volume shipped consequently increased the excise taxes and royalties taken up.

General and Administrative

The general and administrative expenses were ₱445.1 million in the nine (9) months ended September 30, 2017 compared to ₱295.5 million in the nine (9) months ended September 30, 2016, an increase of ₱149.6 million, or 51%. The consultancy fees and marketing and entertainment increased by ₱0.7 million and ₱9.5 million, respectively, due to the additional costs incurred during the period in relation to the Group's planned follow-on offering. In addition, taxes and licenses increased by ₱45.1 million mainly due to the payment of additional tax assessment for the calendar year 2012, and local business tax which was minimal in 2016 compared to 2017 as the Board of Investments (BOI) Income Tax Holiday of its subsidiary, PGMC, already expired. Moreover, the Group's personnel costs increased during the period as the Group hired additional manpower to complement the growing business requirements of the Group.

The change in account is also attributable to the provision for impairment losses on trade receivables which was recognized by the Group in 2017 amounting to ₱77.8 million

Shipping and Distribution

The shipping and loading costs were ₱326.4 million for the nine (9) months ended September 30, 2017 compared to ₱207.8 million in the same period last year, up by ₱118.6 million, or 57.1%. The increase was mainly due to the increase in production volume during the period.

Finance Costs

Finance costs amounted to ₱52.1 million in the nine (9) months ended September 30, 2017 compared to ₱51.5 million in the nine months ended September 30, 2016, a minimal increase of ₱0.6 million, or 1.2%.

Other Income – net

The net other income amounted to ₱50.0 million in the nine (9) months ended September 30, 2017 compared to ₱17.7 million in the nine (9) months ended September 30, 2016. The change in the account pertains mainly to the movement in the foreign exchange related transactions resulting to higher net foreign exchange gains during the period compared to the prior period.

Provision for Income Tax

The net provision for income tax was ₱221.6 million for the nine (9) months ended September 30, 2017 compared to ₱35.1 million in the same period last year, an increase of ₱186.5 million or 531.3%.

The current provision for income tax for the nine (9) months ended September 30, 2017 was ₱247.2 million compared to ₱25.1 million in the same period last year, an increase of ₱222.1 million due to the higher taxable income earned during the period compared to the same period in 2016.

Net Income

As a result of the foregoing, the Group's consolidated net income amounted to ₱783.6 million from January to September 2017, an increase by ₱776.6 million, from ₱7.0 consolidated net income for the same period of 2016.

Total Comprehensive Income – net of tax

Cumulative Translation Adjustment

The Group had recognized cumulative translation adjustment amounting to ₱3.9 million and (₱14.1 million) as of September 30, 2017 and December 31, 2016, respectively, which pertained to the exchange differences arising on the translation of a subsidiary's functional currency to the presentation currency of the Parent Company.

Valuation Loss on AFS Financial Assets

The Group recognized valuation loss on AFS financial assets amounting to ₱0.04 million and ₱2.1 million for the nine (9) months period ended September 30, 2017 and 2016, respectively.

Year ended December 31, 2016 compared with year ended December 31, 2015

Sale of Ore

Our sales of nickel ore for the year ended December 31, 2016 generated total export revenues of ₱3,773.7 million compared to ₱6,533.2 million in the year ended December 31, 2015, a decline of

₱2,759.5 million or 42.2%. The decrease was attributable to the lower volume shipped, change in product mix and decline in the selling price of nickel ore.

The breakdown of our export sale of nickel ore for the years ended December 31, 2016 and 2015 and the six (6) months ended December 31, 2014 is as follows:

SALE OF ORE BREAKDOWN
(Amounts in Thousands)

PIL	**December-14**	**December-15**	**December-16**
High-grade	–	–	–
Medium-grade	–	–	528,622
Low-grade	–	–	123,336
TOTAL	–	–	651,958

PGMC	**December-14**	**December-15**	**December-16**
High-grade	558,094	631,103	89,291
Medium-grade	5,344,279	5,525,360	1,681,188
Low-grade	3,145,103	376,755	1,351,232
TOTAL	9,047,476	6,533,218	3,121,711
TOTAL CONSOLIDATED SALE OF ORE	**9,047,476**	**6,533,218**	**3,773,669**

The sale of nickel ore for the year ended December 31, 2016 was 4.31 million WMT of nickel ore, declined by 1.04 million WMT or 19.4%, compared to 5.35 million WMT of nickel ore in the year ended December 31, 2015. We were able to ship only 80 vessels of nickel ore during the year ended December 31, 2016 as against 99 vessels of nickel ore in 2015. These shipments sold solely to Chinese customers consisted of 2.45 million WMT low-grade nickel ore, 1.80 million WMT medium-grade nickel ore, and 0.06 million WMT high-grade nickel ore compared to 0.61 million WMT low-grade nickel ore, 4.37 million WMT medium-grade nickel ore, and 0.38 million WMT high-grade nickel in 2015. The reduction in shipments was brought about by unfavorable weather conditions, which affected production and loading operations.

The decrease in the export revenues was aggravated by the decline of nickel ore price from last year's average of US$26.69/WMT to only US$17.93/WMT average for the year ended 2016 lower by US$8.76/WMT or 32.8%.

Cost of Sales

Our cost of sales was ₱2,308.2 million for the year ended December 31, 2016 as compared to ₱3,509.9 million in 2015, a decrease by ₱1,201.7 million, or 34.2%. The decrease in cost of sales was due to decline in the volume shipped, change in product mix as lower grade ores were shipped in 2016 as compared to the shipment in 2015 and as the result of cost rationalizations and greater operational efficiencies.

The significant factor in the decline in the cost of sales was due to the decrease by ₱840.5 million in contract hire from ₱2,388.9 million in 2015 to ₱1,548.4 million in 2016, or 35.2%. Moreover, there was a decrease in equipment rentals by ₱35.6 million or 50.3%, from ₱70.8 million in 2015 to ₱35.2 million in 2016 due to non-renewal of equipment lease (as all heavy equipment are now provided in full by the Contractors) and Group-owned equipment previously allowed to be used by one of the service contractors were returned upon expiration of the mining contract. Furthermore, depreciation, depletion and amortization went down by ₱209.1 million or 36.1% as a result of the change in depletion rate. For the year ended December 31, 2015 and for the period January 1 to June 30, 2016, the depletion rate used was ₱60.48 per WMT computed based on the previous Joint Ore Reserve Committee Report

received from Runge Pincock Minarco in February 2015 with an indicated mineral reserve estimate of 13.2 million DMT for CAGA 2 and 0.6 million DMT for CAGA 4. For the period July 1 to December 31, 2016, the rate used in computing depletion was ₱31.71 per WMT based on the PMRC Report dated September 15, 2016 with an indicated mineral reserve estimate of 25.6 million WMT for Cagdianao Areas 2 and 4. For fuel, oil and lubricants, it went down by ₱140.5 million, from ₱151.5 million for the year ended December 31, 2015 to ₱11.0 million in 2016. However, the decrease was partially offset by the increase in personnel costs by ₱28.0 million or 22.3% as the Group re-embarked its in-house operations on the control and monitoring of contracted activities to ensure quality of work, which translated to hiring of additional local manpower in 2016.

Operating Expenses

General and Administrative

General and administrative expenses were ₱460.9 million in 2016 compared to ₱628.3 million in 2015, a decrease of ₱167.4 million, or 26.6%. The decline was mainly due to the decrease in consultancy fees and outside services, marketing and entertainment, and SEC and listing fees, which pertained to the cost incurred in 2015 related to the Group's planned follow-on offering. The decrease was partially offset by the increase in rent expense related to office rentals of PIL, new subsidiary in 2016 and increase in personnel costs as the Group hired additional manpower to complement the management team of the Group and employees of PIL.

Excise Taxes and Royalties

Our excise taxes and royalties were ₱503.3 million and ₱972.5 million in 2016 and 2015, respectively, a decrease of ₱469.3 million, or 48.3%. Since these expenses were computed and paid based on the percentage of gross sales, the decline in nickel ore price and volume shipped and change in product mix consequently lowered the excise taxes and royalties taken up.

Shipping and Distribution

Our shipping and loading costs were ₱290.4 million in 2016 compared to ₱166.5 million in 2015, an increase of ₱123.9 million, or 74.4%. Although the actual volume of nickel ore shipped for the year 2016 was lower compared to the same period last year, the shipping and distribution costs incurred rose as the Group embarked in directly handling full port operations in 2016 compared to 2015 where the Group only operated one of the two causeways.

Finance Income

Our finance income was ₱6.5 million in 2016 compared to ₱9.4 million in 2015, a decrease of ₱2.9 million, or 30.9%. Our finance income in 2016 was primarily consisted of the interest income related to finance lease arising from JLEC lease of our transportation and handling equipment.

Finance Costs

Our finance costs were ₱67.7 million and ₱88.9 million for the years ended December 31, 2016 and 2015, respectively, a decrease of ₱21.2 million, or 23.8%. The decline was primarily due to the retirement of long-term loans with ATB, and PhilEXIM.

Other Charges -Net

Our other charges were ₱32.4 million for the year ended December 31, 2016 as compared to other charges amounted to ₱115.5 million in 2015, a decrease of ₱83.1 million, or 71.9%. The decrease was brought about by the recognition of foreign exchange gains in 2016 compared to foreign exchange loss in 2015 and significant amount of loss on modification finance lease recognized in the prior year.

Income before Income Tax

As a result of the foregoing, we earned a net income before income tax of ₱117.1 million for the year ended December 31, 2016, compared to the net income of ₱1,061.1 million realized in 2015.

Provision for (Benefit from) Income Tax

Current

The current provision for income tax represents minimum corporate income tax (MCIT) for the years ended December 31, 2016 and 2015. Effective November 2007, the Company was entitled to income tax holiday as one of the incentives granted by the Board of Investments as a non-pioneer enterprise. The Company's income tax holiday incentive expired on November 15, 2015.

Deferred

Our provisions for income tax - deferred were ₱44.2 million for the year ended December 31, 2016 as compared to benefit from income tax of ₱54.8 million for the year ended December 31, 2015. The reversal of the deferred tax benefit was brought about by the expiration of the income tax holiday incentive of the Group towards the end of 2015.

Net Income

As a result of the foregoing, our net income was ₱37.5 million in the year ended December 31, 2016 as compared to ₱1,111.8 million in the year ended December 31, 2015, a decrease of ₱1,074.3 million, or 96.6%.

Other comprehensive income – Net of Tax

Cumulative translation adjustment

We had recognized cumulative translation adjustment amounting to ₱14.1 million, which pertained to the exchange differences arising on the translation of a subsidiary's functional currency to the presentation currency of the Company.

Valuation loss on AFS financial assets

The Company had a net valuation loss on AFS financial assets of ₱0.5 million in the year ended December 31, 2015 and none in 2016.

Total comprehensive income – Net of Tax

As a result of the foregoing, our total comprehensive income - net of tax was ₱26.5 million and ₱1,111.8 million for the years ended December 31, 2016 and 2015, respectively, a decrease of ₱1,085.3 million, or 97.6%.

Year ended December 31, 2015 compared with six (6) months ended December 31, 2014 compared with fiscal year ended June 30, 2014

The Company's fiscal year began on July 1 and ended on June 30 prior to the acquisition of PGMC by the Company on December 22, 2014. SGV has audited and rendered an unqualified audit report on the Company's consolidated financial statements as of December 31, 2015 and 2014 and for the year ended December 31, 2015, for the six (6) months ended December 31, 2014 and for the fiscal year ended June 30, 2014. On December 22, 2014, the Philippine SEC approved the amendment of the fiscal year of the

Company to commence on the first day of January and end on the last day of December beginning in fiscal year 2015.

Total comprehensive income

For the year ended December 31, 2015, the Group has total comprehensive income of ₱1,111.8 million, compared to ₱4,812.4 million for the six (6) months ended December 31, 2014 and ₱1,674.6 for the fiscal year ending June 30, 2014.

The foregoing result was due to the decrease in the volume shipped and decline in the selling price of nickel ore. The Company's mining operations encountered unusually heavy rainfall during the months of June and August that slowed down ship loading activities and necessitated longer time to reduce moisture content to the acceptable and desired level of 33.0%. This brought down total shipments to 99 vessels as compared to 117 vessels in the previous year. In addition, the decrease in the value of the ores shipped was exacerbated by the decline in nickel ore prices from 2014 average of US$43.30/WMT to US$26.69/WMT average for 2015, lower by US$16.61/WMT or 38.4%.

Financial Position

As at September 30, 2017 compared with as at December 31, 2016

As at September 30, 2017, total assets of the Group stood at ₱9,714.4 million, an increase of ₱287.7 million or 3.0%, from ₱9,426.7 million as at December 31, 2016. The increase was due to the net effect of the increase in current assets by ₱859.9 million or 23.7% and decrease in noncurrent assets by ₱572.2 million or 9.9%. The increase in current assets was mainly attributable to the increase in trade and other receivables by ₱493.7 million as some nickel ore buyers opted to pay through a 90-day letters of credit (LC) this year instead of the LC after sight credit in the prior year and increase in advances to related parties by ₱275.3 million. In addition, restricted cash under prepayments and other current assets decreased by ₱57.4 million due to the reduction in the debt service reserve account required on the TCB loan in May 2017.

The decrease in noncurrent assets from ₱5,793.9 million to ₱5,221.7 million was mainly due to the sale of the Group's investment property amounting to ₱319.9 million to JSY6677 Landholdings, Inc. in March 2017. The sale of investment property was offset against the outstanding amounts owed to a related party. In addition, property and equipment decreased by ₱217.0 million as a result of the additional depreciation and depletion during the period amounting to ₱303.1 million, net of ₱92.3 million acquisitions of machineries and other equipment, and others. Moreover, mining rights decreased by ₱35.4 million due to the amortization during the period.

Total liabilities of the Group stood at ₱3,003.2 million as at September 30, 2017, an increase of ₱123.1 million or 4.3%, from ₱2,880.1 million as at December 31, 2016. The net increase was due to the increase in trade and other payables by ₱514.6 million, repayment of bank loans amounting to ₱1,398.4 million, net of ₱1,137.3 million availments during the period, and decrease in amounts owed to related parties amounting to ₱348.6 million. Furthermore, income tax payable increased by ₱181.6 million due to higher taxable income during the period compared to the prior period.

As at December 31, 2016 compared with as at December 31, 2015

Cash

Cash increased by ₱49.0 million or 9.7% (from ₱502.9 million as at December 31, 2015 to ₱551.9 million as at December 31, 2016). Movements in the Group's cash balance were due to the net effect of the following:

- Net cash flows from operating activities amounting to ₱603.9 million consists of (1) the Group's income before tax adjusted for noncash expenses, mainly depreciation, depletion, and amortization, which amounted to ₱388.1 million, and (2) the net decrease in the Group's working capital amounting ₱37.4 million, which resulted from the increase in trade and other receivables, prepayments and other current assets, trade and other payables and the decrease in inventories.
- Net cash flows used in investing activities amounting to ₱531.3 million, mainly consisting of cash used for additions to property and equipment and mine exploration costs amounting to ₱270.3 million and ₱83.0 million, respectively; and effect of changes in advances to related parties and other noncurrent assets amounting to ₱15.7 million and ₱152.4 million, respectively.
- Net cash flows used in financing activities amounting to ₱43.3 million, attributed to the net effect of the Group's loan payments and availments amounting to ₱875.0 million and ₱832.4 million, respectively.

Trade and other receivables

An increase of ₱146.4 million or 20.9% (from ₱700.8 million as at December 31, 2015 to ₱847.2 million as at December 31, 2016) was mainly attributable to the net effect of total credit export sales and total collection amounting to ₱21.9 million and increase of receivable from contractors amounting to ₱114.9 million.

Finance lease receivable

Finance lease receivable decreased by ₱254.5 million or 52.2% (from ₱487.5 million as at December 31, 2015 to ₱233.0 million as at December 31, 2016) due to the mutual agreement between the Group and FRASEC to terminate the mining contract, which resulted to the termination of the finance lease. As a result, the property and equipment subjected to finance lease amounting to ₱179.7 million was returned to the Group and the corresponding finance lease receivable was derecognized.

Advances to related parties

The decrease of ₱25.1 million or 1.5% (from ₱1,639.2 million as at December 31, 2015 to ₱1,614.1 million as at December 31, 2016) was mainly attributable to the decrease on the advances to shareholders during the period.

Inventories

The decrease of ₱367.8 million or 57.1% (from ₱643.8 million as at December 31, 2015 to ₱276.0 million as at December 31, 2016) resulted mainly from the usage of inventory in the construction of roads and trails in the mining area.

Prepayments and other current assets

The increase of ₱6.7 million or 43.2% (from ₱15.5 million as at December 31, 2015 to ₱22.2 million as at December 31, 2016) was a result of the increase in prepaid excise and royalty taxes representing advanced payments made to MGB and BIR necessary for the processing of shipments.

Other noncurrent assets

The increase of ₱150.9 million or 28.2% (from ₱535.1 million as at December 31, 2015 to ₱686.0 million as at December 31, 2016) was mainly due to the increase in restricted cash for the establishment of the Debt Service Reserve Account in relation to the loan from TCB.

Mining rights

The decrease of ₱36.7 million or 12.2% (from ₱301.6 million as at December 31, 2015 to ₱264.9 million as at December 31, 2016) was due to the amortization of mining rights during the period.

On June 15, 2016, SIRC and CLNMI executed a Deed of Assignment wherein CLNMI assigned all of its rights to exploration and mining to SIRC, as approved by MGB on June 27, 2016. The consideration in relation to the assignment of the foregoing rights is not yet indicated in the Deed of Assignment.

Mine exploration costs

The increase of ₱83.0 million or 58.9% (from ₱140.8 million as at December 31, 2015 to ₱223.8 million as at December 31, 2016) in the mine exploration costs was attributable to the exploration activities of the Cagdianao Nickel Expansion Project in CAGAs 1, 3 and 5 conducted by the Group during the period.

Deferred income tax assets - net

The decrease of ₱39.5 million or 40.4% (from ₱97.8 million as at December 31, 2015 to ₱58.3 million as at December 31, 2016) in net deferred income tax assets was mainly due to the application of net operating loss carryover amounting to ₱145.0 million during the period.

AFS financial assets

The decrease of ₱1.4 million or 23.7% (from ₱5.9 million as at December 31, 2015 to ₱4.5 million as at December 31, 2016) was attributable mainly to the decrease in the market value of Oriental Peninsula Resources Group, Inc. shares of stock.

Bank loans

Bank loans increased by ₱4.8 million or 0.5% (from ₱994.6 million as at December 31, 2015 to ₱999.4 million as at December 31, 2016) due to payments made during the period amounting to ₱875.0 million, net of proceeds from availment of loans amounting to ₱832.4 million.

Finance lease liabilities

The decrease of ₱9.4 million or 62.7% (from ₱15.0 million as at December 31, 2015 to ₱5.6 million as at December 31, 2016) was attributable to the partial settlement of the finance lease during the period.

Income tax payable

Movement pertains to the income tax payable under the regular corporate income tax for the period ended December 31, 2016.

Retirement obligation

The increase in the retirement obligation amounting to ₱7.9 million or 19.8% (from ₱40.0 million as at December 31, 2015 to ₱47.9 million as at December 31, 2016) was attributable mainly to the additional retirement benefits costs during the period.

Deferred income tax liability

The amount pertains to the deferred income tax liability on currency translation adjustment, arising from the foreign subsidiary, PIL.

Other noncurrent liabilities

The increase of ₱532.4 million (from ₱1.1 million as at December 31, 2015 to ₱533.5 million as at December 31, 2016) was the result of assignment of liabilities of Southeast Palawan to BNVI and the previous stockholders of CNMEC to the Company.

Cumulative translation adjustment

Cumulative translation adjustment amounting to ₱14.1 million represents the exchange differences arising on the translation of a subsidiary's functional currency to the presentation currency of the Company.

Treasury stock

The increase was due to the buyback of 6.3 million common shares at an average price of ₱2.81 per share during the period.

As at December 31, 2015 compared with as at December 31, 2014

Cash

Cash of the Group consists of cash with various bank accounts denominated in Philippine peso and in United States dollar and cash on hand. Decrease of ₱189.0 million or 27.3% (from ₱691.9 million as at December 31, 2014 to ₱502.9 million as at December 31, 2015) was primarily due to the net effect of the following:

- Net cash flows from operating activities amounting to ₱776.2 million primarily due to the net effect of the net operating income, increase in trade and other receivables, increase in inventories, decrease in trade and other payables and interest paid amounting to ₱1,827.7 million, ₱403.4 million, ₱397.7 million, ₱210.4 million and ₱73.8 million, respectively.
- Net cash flows used in investing activities amounting to ₱1,596.5 million primarily due to the Group's advances to related parties amounting to ₱1,499.6 million.
- Net cash flows from financing activities amounting to ₱657.2 million primarily due to the net effect of net inflows from bank loans and decrease in finance lease liabilities amounting to ₱403.7 million and ₱26.5 million, respectively.

Trade and other receivables

The increase of ₱376.3 million or 116.0% (from ₱324.5 million as at December 31, 2014 to ₱700.8 million as at December 31, 2015) was attributable to the decrease in receivables turnover. Receivables turnover decreased from 54 days in 2014 to 13 days in 2015. Nickel ore buyers shifted the terms of payment to documentary letters of credit from cash deposit basis.

Finance lease receivable

The decrease amounting to ₱379.2 million or 43.7% (from ₱866.7 million as at December 31, 2014 to ₱487.5 million as at December 31, 2015) was a result of the modification of finance lease terms during the year resulting to lesser minimum lease payments due to lower assessed value of the finance leased assets transferred to JLEC from FRASEC.

Inventories

The increase of ₱397.8 million or 161.7% (from ₱246.0 million as at December 31, 2014 to ₱643.8 million as at December 31, 2015) was mainly attributable to higher quantities of unsold nickel ore as at end of 2015 compared to end of 2014.

Prepayments and other current assets

The decrease of ₱39.9 million or 72.0% (from ₱55.3 million as at December 31, 2014 to ₱15.5 million as at December 31, 2015) pertains mainly to the decrease in deferred transaction costs amounting to ₱50.2 million expensed in 2015 since the Company did not push through with the follow-on offering of new shares due to the decreasing nickel market price that resulted to a decrease in stock prices.

Deposits for future acquisition

In 2015, ₱1,651.2 million were advanced as deposits for future acquisition broken down as follows:

- Advances made to PIL amounting to ₱23.1 million.
- Advances amounting to ₱1,628.1 million for the planned acquisition of Southeast Palawan and Subsidiaries in connection with the Memorandum of Agreement entered into by the Company in 2014.

Property and equipment

The decrease amounting to ₱256.9 million or 11.1% (from ₱2,305.9 million as at December 31, 2014 to ₱2,049.0 million as at December 31, 2015) was due to the recognition of additional depletion expense of the Group's mining properties amounting to ₱265.7 million as a result of change in estimate used based on the latest Joint Ore Reserve Committee (JORC) Report received in February 2015.

Mining rights

The decrease of ₱94.9 million or 23.9% (from ₱396.5 million as at December 31, 2014 to ₱301.6 million as at December 31, 2015) pertains to the related amortization of mining rights.

Deferred income tax assets - net

A net increase of ₱54.5 million or 125.9% (from ₱43.3 million as at December 31, 2014 to ₱97.8 million as at December 31, 2015) in deferred income tax assets was mainly attributable to the net loss carry over resulting from the net loss calculated for the periods no longer covered under the income tax holiday incentive of the Group. The ITH incentive of the Group expired on November 15, 2015.

Trade and other payables

The decrease of ₱315.1 million or 28.4% (from ₱1,107.8 million as at December 31, 2014 to ₱792.7 million as at December 31, 2015) in trade and other payables was mainly attributable to the net effect of payment of final withholding taxes amounting to ₱506.8 million and increase in withholding taxes, excise and royalty taxes amounting to ₱138.5 million.

Bank loans

A net increase in bank loans amounting to ₱374.4 million or 60.4% (from ₱620.2 million as at December 31, 2014 to ₱994.6 million as at December 31, 2015) was the net effect of payments of maturing loans and the availment of additional service vehicle loans and short-term dollar loan from TCB amounting to US$20.0 million or ₱941.2 million.

Amounts owed to related parties

A net increase of ₱279.9 million or 81.3% (from ₱344.3 million as at December 31, 2014 to ₱624.2 million as at December 31, 2015) was attributable mainly to the amounts owed to GMORI related to the deposits for future acquisition.

Finance lease liabilities

The decrease of ₱26.5 million or 64% (from ₱41.4 million as at December 31, 2014 to ₱15.0 million as at December 31, 2015) was attributable to the payments made during the year.

Retirement obligation

The increase in the retirement obligation amounting to ₱9.9 million or 32.9% (from ₱30.1 million as at December 31, 2014 to ₱40.0 million as at December 31, 2015) was attributable mainly to the additional retirement benefits costs during the year.

Retained earnings

The increase of ₱1,119.2 million was mainly attributable to the net income earned during the year.

Liquidity and Capital Resources

In the six (6) months ended December 31, 2014 and the years ended December 31, 2015 and 2016, our principal source of liquidity was cash from operations. We incurred long and short-term debt from Amsterdam Trade Bank N.V. and Trade and Investment Development Corporation of the Philippines, (formerly known as Philippine Export Import Credit Agency), BDO, Bank of China, and TCB Offshore Unit. The revenue that we receive from the sale of ore has typically been sufficient to service both our long and short-term debts.

As of December 31, 2016 and 2015 our working capital, defined as the difference between our current assets and current liabilities, was ₱1,156.0 million and ₱1,229.5 million, respectively. As of December 31, 2016 and 2015, we had ₱3,383.7 million and ₱3,670.1 million of current assets, respectively, and ₱2,227.7 million and ₱2,440.6 million of current liabilities, respectively. Cash, trade and other receivables, advances to related parties and inventories - at cost, prepayments and other current assets, in the amounts of ₱3,311.4 million and ₱3,502.1 million as of December 31, 2016 and 2015, respectively, comprised the bulk of our current assets. Trade and other payables, current portion of bank loans, amounts owed to related parties and dividends payable, in the amounts of ₱2,213.4 million and ₱2,424.5 million as of December 31, 2016 and 2015, respectively, comprised the bulk of our current liabilities.

We expect to meet our working capital, capital expenditure and investment requirements primarily from the proceeds of the Offer, cash flows from operations and approximately US$20.0 million in the availment of export packing credit line from BDO and the outstanding amount from the short-term loan from TCB Offshore Unit. We may also from time to time seek other sources of funding, which may include debt or equity financings, depending on our financing needs and market conditions. We believe that we have sufficient working capital for the operations of the Group for the next 12 months.

Cash Flows

The following discussion of our cash flows for the six (6) months ended December 31, 2014, the years ended December 31, 2015 and 2016 and the nine (9) months ended September 30, 2017 should be read in conjunction with the statements of cash flows included in the consolidated financial statements included herein. The table below summarizes the Company's consolidated statements of cash flows for the six (6) months ended December 31, 2014, the years ended December 31, 2015 and 2016 and the nine (9) months ended September 30, 2017:

	For the					
	Six months ended	**Year ended**			Nine months ended	
	December 31, 2014	December 31, 2015	December 31, 2016		September 30, 2017	
		(Audited)		**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
		(₱ thousands)		**(US$ thousands)**	**(₱ thousands)**	**(US$ thousands)**
Net cash flows from operating activities	3,308,321	776,154	603,946	12,124	1,255,808	24,711
Net cash flows used in investing activities	(2,103,286)	(1,593,944)	(531,309)	(10,666)	(274,032)	(5,392)
Net cash flows from (used in) financing activities	(757,923)	602,883	(43,305)	(869)	(930,949)	(18,319)
Net increase (decrease) in cash	447,112	(214,907)	29,332	589	50,827	994
Effect of exchange rate changes on cash	11,593	25,914	19,734	396	37,478	737
Cash at beginning of year/period	233,164	691,869	502,876	10,095	551,942	10,861
Cash at end of year/period	691,869	502,876	551,942	11,080	640,247	12,598

Cash flows from Operating Activities

The net cash flows from operating activities resulted to ₱1,255.8 million for the nine (9) months ended September 30, 2017 compared to ₱474.6 million of the same period last year. The increase in the cash generated from operations was due to higher sale of ore during the period compared to the prior period as a result of the increase in volume shipped and realized nickel price.

Our net cash flows from operating activities was ₱776.2 million for the year ended December 31, 2015, primarily comprising operating income before changes in working capital of ₱1,827.6 million adjusted for changes in working capital of ₱971.7 million, and interest paid of ₱73.8 million.

Our net cash flows from operating activities was ₱3,308.3 million in the six (6) months ended December 31, 2014, primarily resulted from operating income before changes in working capital of ₱4,937.9 million, adjusted for changes in working capital and interest paid of ₱1,569.4 million and P58.3 million, respectively.

Cash flows from Investing Activities

The net cash flows used in investing activities for the nine (9) months ended September 30, 2017 and 2016 amounted to ₱274.0 million and ₱580.8 million, respectively. The net cash outflows in 2017 arise mainly to the net acquisitions of property and equipment amounted to ₱7.2 million, additional mine exploration costs incurred amounted to ₱16.4 million, additional advances to related parties amounted to ₱249.5 million and increase in other noncurrent assets by ₱21.1 million. The net cash outflows in 2016 arise mainly to the net acquisitions of property and equipment amounted to ₱264.0 million, additional mine exploration costs incurred amounted to ₱68.9 million, additional advances to related parties amounted to ₱141.7 million and increase in other noncurrent assets amounted to ₱121.2 million.

Our net cash used in investing activities for the year ended December 31, 2015 was ₱1,593.9 million, which primarily consisted of an increase of ₱1,499.6 million in advances to related parties for shareholder advances, ₱31.1 million increase in property and equipment and partially offset by a ₱41.6 million increase in other non-current assets.

Our net cash flows used in investing activities in the six (6) months ended December 31, 2014 was ₱2,103.3 million, which primarily consisted of an increase of ₱2,003.2 million in advances to related parties for shareholder advances, ₱86.2 million increase in property and equipment and ₱34.5 million

increase in other non-current assets, partially offset by the ₱20.3 million cash inflow from acquisition of net assets of FNI.

Cash flows from Financing Activities

For the nine (9) months ended September 30, 2017 and 2016, the net cash flows used in financing activities amounted to ₱930.9 million and ₱46.3 million, respectively. The net cash flows in 2017 arise mainly from the proceeds from availment of bank loans amounting to ₱1,137.3 million, payments of bank loans amounting to ₱1,398.4 million and repurchase of treasury shares amounting to ₱637.0 million. The net cash outflows in 2016 arise mainly from the proceeds from availment of bank loans amounting to ₱837.2 million, payments of bank loans amounting to ₱880.4 million.

Our net cash flows used in financing activities was ₱46.3 million for the year ended December 31, 2016, which reflected net payments of bank loans amounting to ₱43.3 million.

Our net cash flows from financing activities for the year ended December 31, 2015 was ₱602.9 million, which primarily reflected a ₱2,339.0 million proceeds from availment of bank loans, which was partially offset by ₱1,989.6 million payment of bank loans, and a ₱279.9 million increase in amounts owed to related parties for shareholder advances.

Our net cash flows used in financing activities in the six (6) months ended December 31, 2014 was ₱757.9 million, which primarily reflected a ₱1,074.6 million payment of bank loans, which was partially offset by ₱302.9 million proceeds from availment of bank loans, and a ₱24.7 million increase in amounts owed to related parties for shareholder advances.

Capital Expenditure and Investments

Capital expenditures totaled ₱96.4 million, ₱0.3 million, ₱36.1 million, and ₱92.3 million for the six (6) months period ended December 31, 2014, the years ended December 31, 2015 and 2016, and the nine (9) months period ended September 30, 2017, respectively.

We have budgeted capital expenditures of approximately US$6.0 million for the existing Cagdianao Mine for 2017. Other than what has been stated above, we have no other material commitments planned for capital expenditure.

Dividend Distributions

On June 15, 2014, PGMC's Board of Directors approved the declaration of cash dividends in the amount of ₱5,069.1 million to stockholders of record as of June 15, 2014, which was settled on December 29, 2014. On July 15, 2014, PGMC's Board of Directors approved the declaration of cash dividends amounting to ₱1,084.6 million at ₱0.09 per share. The dividends were settled on August 29, 2014.

Aside from the above, the Company has not approved the declaration of other cash dividends as of date.

Debt Obligations and Facilities

We are party to financing arrangements with BDO, TCB, service vehicle loans with BDO.

BDO

On February 14, 2013, the Group obtained a term loan amounting to ₱240.0 million from BDO to finance 75.0% of the purchase price of Aseana property located in Paranaque City. The loan is payable in six (6) semi-annual payments every August and February with an interest of 5.5% subject to monthly

repricing based on the prevailing market rate of interest. The agreement is secured by a real estate mortgage over the Aseana property and other conditions. On December 16, 2013, the Group assigned its title, rights and interest in the Aseana property to JSY6677 Landholdings, Inc. (a company owned by Mr. Joseph C. Sy) and JSY6677 Landholdings, Inc. agreed to assume the outstanding balance for the BDO loan. The loan was fully repaid in February 2015.

In 2014, the Group drew down various short-term loans from BDO amounting to US$4.1 million payable within the year.

In May 2015, the Group was extended an additional US$10.0 million on top of its existing US$10.0 million export packing credit line for working capital purposes granted by BDO in May 2014. As at December 31, 2016 and 2015, the remaining balance of the loan availed to nil.

In 2015, the Group entered into several service vehicle loans with BDO amounting to ₱11.2 million. The loans are payable within three (3) years at an interest rate ranging from seven percent (7.0%) to nine percent (9.0%) per annum.

The Group has an existing US$20.0 million export packing line for working capital purposes. As at September 30, 2017 and December 31, 2016, the remaining balance is nil.

The Group also entered into several service vehicle loans with BDO with a 3-year term at an interest rate ranging from seven percent (7%) to nine percent (9%) per annum.

The terms of the loan are complied by the Group as at December 31, 2014, 2015, and 2016, and September 30, 2017.

Taiwan Cooperative Bank Manila Offshore Banking Branch
On July 4, 2013, PGMC entered into a loan agreement with TCB to obtain a US$10.0 million loan for capital expenditure and general corporate purposes including refinancing of existing obligations. As of the date of this Prospectus, this loan has already been fully paid.

On April 17, 2016, the Group was granted by TCB a loan facility in the amount of US$20.0 million for general corporate purposes, with a maturity date of one (1) year from the date of initial borrowing or date of borrowing in case of there is more than one (1) borrowing.

On May 17, 2017, the Group repaid the US$20.0 million loan extended by TCB on April 17, 2016.

On May 17, 2017, the Group was re-granted by TCB a one-year loan facility in the reduced amount of US$15.0 million or ₱757.0 million for the same general corporate purposes, with the same terms and conditions.

The interest shall be payable quarterly in arrears. The interest rate for the loan is the aggregate of the reference rate plus spread of three point seventy five percent (3.75%) per annum. The reference rate is the applicable London Interbank Offered Rate (LIBOR) displayed on the Bloomberg and Reuters' page for the three (3)-month yield as of approximately 11:15 am on the interest rate setting date. In the event that the LIBOR will be replaced by a new benchmark as determined by the Banker's Association of the Philippines or the BSP, the new benchmark may be adopted as the new reference rate upon mutual agreement of the parties.

The other conditions of the agreement follow:

(a) The Group shall maintain a waterfall account with TCB wherein all amounts collected by TCB from the buyers of nickel ore shall be deposited;

(b) The security is of two (2) kinds and shall amount to an aggregate value, in any combination, at least equal or twice (2x) the amount or equivalent to US$30.0 million as follows:

   i. Accounts receivables from the PGMC's customer; and
   ii. Import letters of credit (LC) issued in favor of PGMC by its customers and clients.
   iii. Demand Deposit Account, which shall be opened and set-up by the collateral provider or pledger acceptable to TCB.
   iv. Guarantee issued by any individual, juridical person or any combination thereof acceptable to TCB.

(c) TCB is irrevocably appointed as the collecting agent for the account receivables from the Group's export orders of nickel ore and as a collecting and advising bank for the import LC opened by the buyers of the nickel ore of the Group. The amount collected shall be deposited in the waterfall account of the Group;

(d) If the Group fails to make payment when due of any sum (whether at the stated maturity, by acceleration or otherwise), the Group shall pay penalty on such past due and unpaid amount/s at the rate of eighteen percent (18%) per annum, in addition to the interest rate from due date until the date of payment in full. The penalty shall be payable from time to time and upon demand by the bank; and

(e) A DSRA shall be opened by the Group, which shall have in deposit an amount of US$3.75 million. The amount in said account may be reduced proportionately as the Group pays the principal and its interest by express agreement of the parties.

Interest expense related to TCB loan amounted to ₱38.7 million, ₱52.2 million, ₱35.1 million, and ₱6.6 million for the nine (9) months ended September 30, 2017, the years ended December 31, 2016 and 2015 and the six (6) months ended December 31, 2014, respectively.

Amortization of discount on bank loan related to TCB loan amounted to nil, ₱0.6 million and ₱2.0 million for the years ended December 31, 2016 and 2015 and six (6) months ended December 31, 2014, respectively.

The terms of the loan are complied with by the Group as at September 30, 2017, December 31, 2016 and December 31, 2015.

Qualitative and Quantitative Disclosures about Market Risk

Commodity price risk

The price of nickel is subject to fluctuations due to factors such as government policies, changes in global demand and global production of similar and competitive mineral products. We are exposed to commodity price risk based on fluctuations in the price of nickel on the SMM. The amounts payable under the contracts that govern our nickel ore sales to our customers are based upon payable nickel delivered with the nickel ore. The percentage varies depending on the customer, the ore type and nickel grade. Although the payments that we receive from sales of nickel ore to our customers are not directly correlated with the market price of nickel, high or low nickel prices can increase or decrease their demand for our limonite ore and thus also have an effect on our revenues.

We are also subject to risk with respect to the market price of coking coal and prevailing shipping rates. The production of NPI using limonite ore requires the use of blast furnaces, which use large amounts of coking coal. Accordingly, high world-wide demand for coal can result in an increase in the market price of coking coal, which can decrease the demand for nickel ore from our customers. Similarly, during periods when dry bulk shipping rates are relatively high, the increased cost of shipping our nickel

ore to China can make the use of our nickel ore by the Chinese customers uneconomical for them, which may also result in a reduction of nickel ore sales to our customers.

Foreign currency risk

Our foreign currency risk results primarily from movements of the Peso against the U.S. dollar and results primarily from the transaction exposure associated with transactions in currencies other than in Philippine Pesos. Such exposure arises from cash and sales of nickel ore denominated in U.S. dollars. Almost all of our revenues are earned in U.S. dollars, and although our contractors are paid in U.S. dollars, approximately half of our expenses are paid in Pesos. Hence, the appreciation of the Peso against the U.S. dollar effectively reduces our revenue without a corresponding reduction in our expenses and can result in a reduction in our net income. In addition, because a portion of our cash is denominated in U.S. dollars, the appreciation of the Peso against the U.S. dollar reduces the value of our total assets in Peso terms in our consolidated financial statements. We are not currently party to any foreign currency swap agreements and our policy is not to hedge or engage in derivative investment to mitigate foreign currency exchange risk.

Off-balance sheet arrangements

We have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

BUSINESS

Overview

FNI is a holding company with a 99.98% interest in PGMC. As of September 30, 2017, PGMC is the third largest nickel ore producer in the Philippines by volume of nickel shipped and the largest nickel ore producer in the Philippines by value of shipment, one of the largest single-mine lateritic exporters in the world and one of the largest global suppliers of nickel ore, accounting for 12.6% of the country's nickel ore production as per MGB statistics. We currently operate two (2) deposit sites known as CAGA 2 and CAGA 4 within our lateritic nickel mine in Cagdianao, Claver, Surigao del Norte, Philippines, known as the Cagdianao Mine. We have further identified five (5) additional deposit sites at Cagdianao that have not yet been exploited. We employ a surface mining method that is relatively lower cost compared with other mining methods and we carry out our mining activities without the need for explosives, chemicals or complex waste handling. Almost all of PGMC's products sold in the Asia-Pacific Region go to the production of stainless steel products, NPI, and nickel cathodes. Low-grade ore can be mined from the upper layer of the deposit and generally consists of lower nickel and higher iron content while medium and high-grade ore is generally found beneath the low-grade layer and typically consists of higher nickel and lower iron content. Since 2012, we have a low waste to ore ratio of 0.05:1, which means that about 95% of what we mine is ore.

Our CAGA 2 and CAGA 4 deposit sites are located approximately two (2) to eight (8) kilometers, respectively, inland from our loading piers. The short hauling distance from our mine to the piers and the inherent advantage of our mine's location results in greater accessibility and enables us to economically market our ore to a variety of customers in the Asia-Pacific region. Our piers are located within a naturally protected cove with calm waters, which allow for consistent loading. In addition, our piers are relatively large, which helps to minimize congestion and stimulate competition among the barge operators. We believe having two (2) piers helps minimize delivery risk by not being reliant on only one (1) pier that could become damaged or congested. Our mine is also in relative close proximity to our end customers in China, as compared to other international mining companies such as those in New Caledonia, Russia, and Canada, which, we believe, minimizes the shipping costs for our customers and the related risks involved with long transit.

Since we began commercial operations in 2007 through to September 30, 2017, we have delivered an aggregate of over 42.0 million WMT of nickel ore to our customers. As of June 23, 2017, our Cagdianao Mine had measured and indicated mineral resources of 54.2 million DMT with an average grade of 1.1% nickel and inferred mineral resources of 24.0 million DMT with an average grade of 1.2% nickel, and have an estimated remaining mine life of about seven (7) years. Our proved and our probable ore reserves are at 36.3 million WMT with an average grade of 1.2% nickel, as estimated in accordance with the PMRC Report dated October 14, 2017. We had ore sales of ₱4,646.3 million, ₱3,773.7 million, ₱6,533.2 million, and ₱9,047.5 million and net income of ₱779.9 million, ₱37.5 million, ₱1,111.8 million and ₱4,817.0 million for the nine (9) months ended September 30, 2017, the years ended December 31, 2016 and 2015 and the six (6) months ended December 31, 2014, respectively.

Since we began commercial operations in 2007 through September 30, 2017, we have shipped the following from each CAGA mine site per year:

Total Volume Shipped from 2007 to September 30, 2017 (in WMT)

	CAGA 2	CAGA 4	TOTAL
2007	–	470,207	470,207
2008	–	506,477	506,477

	CAGA 2	CAGA 4	TOTAL
2009	–	1,954,343	1,954,343
2010	–	3,406,802	3,406,802
2011	–	4,353,698	4,353,698
2012	–	5,928,637	5,928,637
2013	–	4,501,229	4,501,229
2014	2,724,513	3,578,479	6,302,992
2015	2,263,814	3,088,009	5,351,823
2016	738,154	3,570,485	4,308,639
September 30, 2017	933,691	3,995,634	4,929,325
TOTAL	**6,660,172**	**35,354,000**	**42,014,172**

On November 27, 2014, we entered into a Memorandum of Agreement with the shareholders of GMORI and eight (8) individuals for the purchase of 100.0% of the outstanding capital stock of FRI. However, on March 16, 2015, the Company's Board of Directors approved the termination of the Memorandum of Agreement for the acquisition of FRI due to non-fulfillment of pre-conditions.

On November 27, 2014, we entered into a Memorandum of Agreement with the shareholders of Southeast Palawan to purchase 100.0% of the outstanding capital stock of Southeast Palawan, which owns directly and indirectly 97.6% of the outstanding capital stock of INC as well as the control of CNMEC, the holder of the MPSA over the mineral production rights at the INC Mine. INC was granted the right to operate the INC Mine under an operating agreement with CNMEC. The MGB's approval for this operating agreement was issued in 2015. Currently, both CNMEC and INC are our affiliated companies that are beneficially wholly-owned by our Chairman, Mr. Joseph C. Sy. On February 26, 2015, during a special stockholders' meeting of the Company, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock approved the acquisition of 100.0% of the outstanding shares of Southeast Palawan for US$50,000,000.00, or its Philippine Peso equivalent. On August 6, 2015, the Company and the shareholders of Southeast Palawan signed the contract to sell and subscription contract for the acquisition of Southeast Palawan. As of December 31, 2016, the Company has made various cash advances for the acquisition of Southeast Palawan and treated these as "Deposits for Future Acquisition" amounting to ₱2,217.4 million. We believe that our expanded portfolio of mines will reduce the risks of our single operating mine, extend our overall mining season and extend the life of our mining operations. The INC Mine contains an estimated proved and probable reserve of 28.6 million WMT with an average grade of 1.4% nickel, in accordance with the PMRC. See "Business—Mine to be acquired."

We supply different grades of saprolite ore and limonite ore to multiple customers, primarily comprising a combination of trading companies and end users. Our customers mainly use the ore we provide to produce intermediate products for the manufacture of stainless steel, NPI and for the production of nickel cathodes. High grade nickel ore are purchased by our customers for the production of higher grade stainless steel such as the 300 Series, and low grade nickel ore is used by our customers for the production of lower grade stainless steel such as the 200 Series. Our margins on sales of nickel ore vary depending on the type and grade of nickel ore that we sell, with high grade saprolite ore providing higher margins than medium grade saprolite ore and limonite ore. See "—Further Exploration and Development—Production Data" and "—Sales and Marketing." We sold approximately 80.0%, 79.0%, 80.0% and 73.0%, of our nickel ore to our five (5) largest customers, in the nine (9) months ended September 30, 2017, the year ended December 31, 2016 and 2015 and the six (6) months ended December 31, 2014, respectively. In the six (6) months ended December 31, 2014, 90.8% of sales were from China and 9.2% from Australia, contributing ₱8,218.7 million and ₱828.8 million of sale of ore, respectively. In the year ended December 31, 2016 and 2015, 100.0% of sales were from China

contributing ₱3,773.7 million and ₱6,533.2 million of sale of ore, respectively. In the nine (9) months ended September 30, 2017, 100.0% of sales were from China contributing ₱4,646.3 million of sale of ore.

In the six (6) months period ended December 31, 2014, we delivered 2.1 million WMT, 2.0 million WMT and 0.1 million WMT, of low, medium and high grade ore, respectively, and generated ₱9,047.5 million in total sales of ore for the period. In the year ended December 31, 2015, we delivered 0.6 million WMT, 4.4 million WMT and 0.4 million, of low, medium and high grade ore, respectively, and generated ₱6,533.2 million in total sales of ore for the year then ended. In the year ended December 31, 2016, we delivered 2.4 million WMT, 1.9 million WMT and 0.1 million WMT, of low, medium and high grade ore, respectively, and generated ₱3,773.7 million in total sales of ore for the period. In the nine (9) months ended September 30, 2017, we delivered 2.870 million WMT, 2.059 million WMT and nil WMT, of low, medium and high-grade ore, respectively, and generated ₱4,646.3 million in total sales of ore for the period. Our production targets for the Cagdianao Mine are 5.00 million WMT, 5.00 million WMT and 5.00 million WMT for 2017, 2018, and 2019, respectively. We also expect the INC Mine to produce 0.50 million WMT, 1.50 million WMT and 1.50 million WMT of ore for 2018, 2019, and 2020, respectively, upon the completion of the acquisition for the INC Mine and completion of infrastructure development and obtaining all necessary government approvals, permits, and licenses. See "– Further Exploration and Development – Production Plans" and "– Mine to be acquired."

The final selling price of our ore is determined through an internal evaluation process including an assessment of nickel ore prices in the Chinese market and international mineral price indicators such as the SMM and LME, as well as prices set by our local competitors. We set our fixed prices each month after careful consideration of the market demand for our products. The greater the demand for our products, the higher the fixed price we set for that particular month. Because of the high demand for our products in the Chinese markets, we believe that there is limited room for negotiation from our customers. This is especially evident after the implementation of the mineral export ban by the Indonesian government in January 2014, which, we believe, is advantageous for the demand of our ore. See "– Sales and Marketing – Market developments: Export ban of nickel ore by the Indonesian government."

Key Strengths

We believe that our key strengths include the following:

Leading nickel ore producer with significant resources and reserves and high exploration potential

As of September 30, 2017, PGMC is the third largest nickel ore producer in the Philippines by volume of nickel shipped and the largest nickel ore producer in the Philippines by value of shipment, one of the largest single-mine lateritic exporters in the world and one of the largest global suppliers of nickel ore, accounting for 12.6% of the country's nickel ore production as per MGB statistics. As of June 23, 2017, our Cagdianao Mine had PMRC compliant measured and indicated mineral resources of 54.2 million DMT with an average grade of 1.1% nickel and additional inferred mineral resources of 24.0 million DMT with an average grade of 1.2% nickel. Our proved and probable ore reserves are at 36.3 million WMT with an average grade of 1.2% nickel, as estimated in accordance with the PMRC Report dated October 14, 2017. See "—Ore Reserves and Mineral Resources" for further details. The current resources and reserves are contained in mining areas CAGA 1 to 5. We believe that the mining areas have further ore resource potential; we have yet to conduct exploration in CAGA 6 and 7 areas, which have similarities to the CAGA 3 and 5 deposits, and there is further resource potential from peripheral and infill extension drilling in existing CAGA 1 to 5 deposits. We have a defined drilling program in place which, we believe, will over time increase the overall mineral resource and ore reserve inventory at Cagdianao and significantly extend the mine life of the project.

Flexible ore supply to optimize revenues and profitability while serving our customer base

We believe our ore supply is highly flexible in terms of the quality and nickel content we can mine, giving us a natural competitive advantage compared to other mining companies with more uniform ore resources. We are able to mine a range of low grade ore (with high iron and low nickel content), which accounted for a majority of our sales by volume in the past three (3) years. At the same time, our Cagdianao Mine produces a significant supply of high and medium grade ore, which accounted for 15.7% of our ore sales volume in the last three (3) fiscal years. The flexibility in the ore that we can supply is important for our core customers in China, many of whom require a range of nickel grades and iron contents in their specific products. Sales of high and medium grade ore provide us with higher margins, and we aim to optimize our production schedule over time in light of relative market prices and relative demand from our customers. During the year ended December 31, 2016, our average realized price for low grade ore was US$12.41 per WMT, for medium grade ore it was US$24.56 per WMT, and for high grade ore it was US$34.50 per WMT. In the year ended December 31, 2016, revenues from sale of ore were ₱3,773.7 million, a decline of 42.2% over the same period in 2015. This decrease was due to the decline of nickel ore price and the reduction in shipments brought about by intermittent rainfall, which was three times (3.0x) higher than the same period in 2015.

Cost efficient operations with relatively low operational risk

We benefit from favorable geologic conditions at our Cagdianao Mine. Our lateritic nickel deposits are near-surface, blanket-like layered deposits with minimal overburden and generally five (5.0) to thirty (30.0) meters thick. This allows us to conduct simple surface mining using trucks and excavators without blasting, the use of chemicals or complex waste handling. Since 2012, we have a low waste to ore ratio of 0.05:1, which means that about 95% of what we mine is ore. The nickel deposits at our Cagdianao Mine are located within two (2) to eight (8) kilometers from the applicable tidewater loading area, enabling easy hauling and transportation by barges and LCTs to our customers' ships. The short hauling distance from our mining operations to our loading facilities substantially contributes to our favorable cost position. Because our lateritic nickel deposits are relatively shallow, we also expect the progressive rehabilitation of our mining areas to be relatively low cost. Going forward, upon completion of the acquisition of the INC Mine, the two (2) mines will have complementary mining season patterns, with INC production expected during the months that CAGA is not in operation due to wet weather. Hence, we expect to enjoy a steady ore supply throughout the year.

Starting 2016, our operating expenses have been reduced to make our mining operations as efficient as it has ever been. We have appointed a total of eleven (11) different service contractors to do different facets of the mining operations in the CAGA Mine. We have continuously reviewed the performance of our service contractors to ensure that our operations will continue to be cost-efficient. The service contractors are evaluated annually based on the following factors: (a) minimum production per day; (b) stockpile inventory; (c) volume of ore shipped; (d) equipment efficiency; (e) environment policies; and (f) safety policies.

Experienced management and technical team

Our management team and technical team have a combined 19 years' worth of working experience in the mining industry, (with experience in top level government positions and local and foreign private firms). We believe that this is a key asset for operations, marketing and strategic development. The management is led by our Chairman, Mr. Joseph C. Sy, who is a Filipino-Chinese entrepreneur with long-standing experience in nickel and commodity trading, and who has developed trusted relationships with key nickel customers in China.

Our technical team comprises experienced mining engineers, geologists and mechanics with significant experience in their respective fields, including leading technical positions at international mining companies. Given our long history of mining in the Philippines, we have steadily hired individuals into our team who possess relevant skills and have been exposed to other types of mining operations that we

believe enhances our operations framework. As an example of this, our environmental compliance team has effectively utilized their experience to improve our environmental protection and rehabilitation programs.

Established partnerships with service contractors to optimize capital investment

We have entered into arrangements with eleven (11) Philippine service contractors: Nickelbase, CKDI, and MRMJ for operations at our CAGA 2 deposit, and BTTPI, Landstar, IPM, CTB, PVTSI, Anseca, Aguilo, and Loufran for operations at our CAGA 4 deposit. Each of these contractors is well-established in the Philippines and brings experience, manpower and expertise to conduct our operations in an efficient manner. These contractors have further added value through the continuing refinement of our operations, as well as providing expertise in ancillary aspects of the business. We believe that by utilizing these contractors rather than operating all aspects of the mines ourselves, we have more flexibility in our operations and reduce our overall capital outlay and operational risk. We believe this flexibility has led to cost savings and reductions in asset intensity, increased mining efficiency and an increase in overall production.

Key Strategies

Our strategy is designed to maximize the profitability of our existing base of operations while driving growth through the development and operation of the INC Mine and potentially other suitable properties, continued exploration and development of the Cagdianao Mine, expansion of our customer base, and ongoing monitoring of value-added opportunities, particularly in downstream processing. The key elements of our strategy are:

Maintain compliance with all applicable environmental laws

As far as the Company is concerned, the Company is compliant with all laws, rules and regulations applicable to its mining operations, including environmental laws.

On August 3-11, 2016, a multi-sectoral team formed by DENR conducted a mine audit for PGMC's Nickel Project under its MPSA No. 007-92-X covering 4,376 hectares located in Brgy. Cagdianao, Claver, Surigao del Norte, which covers CAGA 1 to 5. In October 28, 2016, PGMC received the "DENR Mine Audit Team 10 Report for Platinum Group Metals Corporation" (the "Audit Team Report"), which contains a "final" recommendation stating that the "company should continue to operate" because: "(a) The company is ISO 14001 certified; (b) The company is compliant with the policies, environmental laws, rules and regulations of the Philippine Mining Act and on the issued ECC particularly on the establishment of adequate environmental protection and enhancement measures including safety and housekeeping, and implementation of progressive rehabilitation of mined-out areas; and (c) Social acceptability of the mine operation is high with several social development projects in place that are all well implemented.. In addition, PGMC was awarded in July 13, 2016 with an ISO 14001 certification showing that its operations are environmentally compliant even based on international standards.

Furthermore, the Company won three (3) Presidential Mineral Industry Environmental Awards from the DENR last November 2016 further proving that the Company is compliant with all environmental laws.

The Company will continue to maintain its compliance with all laws, including environmental laws, so that its operations in the CAGA Mine will not be cancelled or suspended by any valid order from the Government after observance of the required due process.

Complete the acquisition of INC Mine and commence production and development

In November 2014, we entered into a Memorandum of Agreement for the acquisition of Southeast Palawan and control of CNMEC, the shareholder and MPSA holder of the INC Mine in south-eastern Palawan. We expect to complete the acquisition after the closing of this Offer. As of October 3, 2014, the INC Mine had PMRC-compliant measured and indicated mineral resources of 50.0 million DMT with an average grade of 1.23% nickel, which includes PMRC proved and probable reserves of 28.6 million WMT with an average grade of 1.43% nickel. In addition, the INC Mine has inferred mineral resources of 7.0 million DMT with an average grade of 1.09% nickel.

We believe that the INC Mine will be a critical part of our future growth trajectory. We plan to mine the INC Mine using the same surface mining method at the Cagdianao Mine during the mining season in Palawan, which is between November and July. The mining season of the INC Mine very well complements the mining season of the Cagdianao Mine, i.e. INC Mine is expected to produce when the Cagdianao Mine is in off-season. This will provide FNI with a steady supply of nickel ore all year round, which is expected to increase and stabilize our revenue streams throughout the year.

Develop and upgrade existing resources and reserves within, and adjacent to, the Cagdianao Mine site

Our existing mine site in Cagdianao has several additional areas with mine deposits, from which, we believe, we can efficiently extract a steady supply of low, medium, and high grade ore. Although each of these additional deposits is in varying stages of development, we intend to commence production of these deposits in 2018, subject to market conditions. In addition, we aim to explore additional mine sites on the 843-hectare parcel of land adjacent to our existing mine. As of the date of this Prospectus, we have acquired this parcel of land. The application for an exploration permit (EPA-000101-XIII) for this parcel of land was held by SIRC and has been assigned to CLNMI, a company that is 70.0% owned by our Chairman, Mr. Joseph C. Sy, through a deed of assignment entered into August 31, 2013. On June 15, 2016, CLNMI has assigned its rights to exploration and mining to SIRC, as approved by MGB on June 27, 2016. A new MPSA will not be required as we believe we will be able to extend our existing MPSA to include this area. An application for the amendment of our existing MPSA to include this area has been filed with the MGB on June 22, 2016. As of the date of this Prospectus, our application has not yet been approved by the MGB. In the event that the amendment of the MPSA to include the additional area will not be granted, we cannot mine in the additional area.

A preliminary assessment of this area was conducted last April 1 to May 15, 2016 by virtue of a DENR-MGB issued memorandum dated March 28, 2016 giving the company "Authority to Verify Minerals." A potential for a Ni-laterite deposit exists at the tenure area as verified by the reconnaissance survey and discussed in the Exploration Results Report dated May 16, 2016. We believe that the potential acquisition of this additional parcel of land presents a significant opportunity to enhance our nickel ore resources without requiring significant expenditures for mine infrastructure development.

Strengthen our customer base in China, including direct sales to smelters in China

We intend to further develop the existing relationships in our market in China, and also explore new opportunities in other countries. We believe that there is currently a favorable economic and business climate for mining companies such as ours, and we aim to take full advantage of our flexible and large nickel ore supply, as well as our proximity to key markets to progressively expand our customer base. We also intend to increase our proportion of direct sales to end users, most notably smelters in China, as we believe that this will generate consistent demand for our products while minimizing our overall credit risk.

Evaluate and selectively pursue value-added opportunities

We currently evaluate, and will continue to evaluate, opportunities for value-added process, including but not limited to acquiring or entering into further mining agreements and/or joint ventures, as well as downstream processing / vertical integration opportunities. The long term objective is to increase the scale and scope of our operations and to potentially further expand the variety of our ore.

With regards to upstream operations, we may seek to acquire additional mining assets that are located in regions other than our existing mine. We will also consider potential downstream acquisitions, including smelters, which would allow us to vertically integrate our operations and potentially increase margins. We may use debt, cash, equity, or a combination of all three, in order to finance any mining or downstream acquisitions.

One of these opportunities is the proposed development of a stainless steel plant in the Philippines. On October 21, 2016, the Company signed a Memorandum of Cooperation with China's state-owned enterprise, Baiyin, to evaluate the economic feasibility of providing trade financing to the Company's operations in the INC Mine and of constructing an integrated 200-series stainless steel plant in the Philippines with an annual capacity of one million tons using lower grade nickel ore sourced in the Philippines (an estimated total investment of around USD$500.0 to USD$700.0 million).

Diversify into other minerals

We believe that there are opportunities to acquire additional mines in the Philippines containing other minerals, such as chromite and other platinum group metals, which we are continuing to examine as part of our future expansion strategy. However, the commercial viability of the other potential acquisition targets is uncertain and we would be required to invest time and resources to determine which particular mineral mine is feasible for acquisition. We intend to continue to evaluate any potential acquisition and diversify into other mineral varieties if suitable opportunities arise. We believe that we and our contractors, have the technological know-how to exploit the additional mineral resources in other mines in the future.

History and Corporate Reorganization

The Issuer was incorporated in 1994 to invest in, purchase or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, and other securities or obligation of any corporation. The Issuer is a holding company that operates its business through its subsidiaries in the Philippines, primarily PGMC. PGMC was incorporated in 1983 to develop nickel ore deposits and smelting plants in the Philippines.

SIRC (formerly Adlay Mining Corporation) was incorporated in 1999 as a joint venture company between QNI and CTPCMC to operate the Cagdianao and Adlay tenements. The Cagdianao tenement was originally owned by CMDC, while the Adlay tenement was originally owned by CTPCMC. Both of these tenements were assigned to SIRC under royalty arrangements with CMDC and CTPCMC.

In 2006, PGMC acquired 40.0% of SIRC from QNI. In the same year, PGMC signed an operating agreement with SIRC to operate the Cagdianao tenement. CTPCMC subsequently opted out of the joint venture, causing the Adlay tenement to revert to CTPCMC.

In January 2011, the remaining 60.0% of SIRC that was held by CTPCMC was transferred to PGMC. PGMC acquired a 100.0% ownership of SIRC in 2011. In June 2007, PGMC commenced mining operations at the Cagdianao Mine site and made its first commercial shipment in November 2007.

PCSSC was incorporated under PGMC in June 2013 to own and operate the barges at our mine site.

FNI was formed and operated as a cement company under the laws of the Philippines on May 3, 1994 and listed on the PSE on December 14, 1994.

On July 9, 2014, iHoldings, Inc., Kwantlen Development Corporation, and Januarius Resources Realty Corporation entered into a share purchase agreement with the Thirteen Shareholders for the sale of 6,291,132,047 common shares equivalent to 89.82% of the Company's outstanding shares. As part of the share purchase agreement, the buyers assumed receivables of the Company from the sellers in the amount of ₱2,591,855,000.00. On September 4, 2014, an Addendum to the Share Purchase Agreement was entered into, thereby modifying certain terms and conditions affecting the launch of the tender offer to acquire the shares held by the minority stockholders in the Company, among others.

On September 5, 2014, the Thirteen Shareholders filed a tender offer report with the SEC and the PSE offering to purchase the shares held by the minority stockholders. The tender offer period expired on October 10, 2014. Pursuant to the tender offer, the Thirteen Shareholders purchased 6,291,132,047 common shares in the Company.

On September 10, 2014 and October 22, 2014, the Board of Directors and the stockholders of the Company, respectively, approved the increase in the authorized capital stock of the Company to ₱12,555,000,000.20 divided into 35,871,428,572 common shares with a par value of ₱0.35 per share. The Board also approved the issuance of 10,463,093,371 new shares of the Company resulting from the increase in the authorized capital stock to the Thirteen Shareholders who are also the stockholders of PGMC in exchange for the sale and transfer to the Company of 99.85% of the outstanding capital stock of PGMC. On December 22, 2014, the SEC approved the Company's application to increase its authorized capital stock as well as the amendment of its articles of incorporation and by-laws to reflect the change in the corporate name, principal address, number of directors and fiscal year. As of the date of this Prospectus, the BIR has already issued the Certificate Authorizing Registration of the transfer of the shares from the Thirteen Shareholders to the Company.

On October 23, 2014, a deed of exchange was entered into between PGMC and the Thirteen Shareholders for the acquisition of a 99.85% ownership interest in PGMC. Currently, FNI and PGMC have secured the certificate authorizing registration for the PGMC shares that were transferred in the name of FNI. Effectively, SIRC and PCSSC are our subsidiaries.

On the same day, the Thirteen Shareholders filed and paid for the capital gains tax due on the transaction in the total amount of ₱56,718,055.00. As of the date of this Prospectus, the BIR has already issued the Certificate Authorizing Registration of the transfer of the shares from the Thirteen Shareholders to the Company.

On November 27, 2014 we entered into a Memorandum of Agreement with Giantlead Prestige, Inc., Alpha Centauri Fortune Group, Inc., Antares Nickel Capital Inc., and Huatai Investment Holding Pty Ltd., the shareholders of Southeast Palawan, to purchase a 100.0% shareholding in Southeast Palawan, which directly and indirectly owns a 97.6% shareholding in INC as well as the control of CNMEC, the holder of the MPSA No. 017-93-IV over the mineral production rights at the INC Mine. INC was granted the right to operate the INC Mine under an operating agreement signed between INC and CNMEC. The MGB's approval of the operating agreement was issued in 2015. Although Mr. Joseph C. Sy has controlling shareholding interests in Southeast Palawan, our acquisition in the shareholdings in Southeast Palawan was negotiated at arm's length and under comparable commercial terms. Due to the related party nature of the transaction, the acquisition is therefore subjected to the following conditions precedent before the completion of the acquisition could take place:

(a) the Company has conducted a due diligence examination of Southeast Palawan and INC and the results of such due diligence examination is satisfactory to the Company;

(b) the sale of the shares in Southeast Palawan in exchange for the purchase price is found to be fair by P&A and the results of such report is acceptable to both parties;

(c) RPM has issued its updated technical report on the quantity and quality of the resources in the mineral property owned by INC, and the results of such report is acceptable to both parties;

(d) the purchase of the shares in Southeast Palawan is approved by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company during a stockholders' meeting duly called by the Company for said purpose;

(e) the SEC has approved the increase in the authorized capital stock of the Company as well as the change in the corporate name; and

(f) the payment of the purchase price shall be made by the Company either after the conduct of the follow-on offering to the general public and for which a permit to sell has been secured from the SEC, whenever the Company has generated sufficient funds to pay the purchase price from its operations, or the conduct of other fund raising activities.

On February 26, 2015, during a special stockholders' meeting of the Company, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock approved the acquisition of 100.0% of the outstanding shares of Southeast Palawan for US$50,000,000.00, or its Philippine Peso equivalent. On October 9, 2015, P&A issued its valuation report confirming that the agreed price is fair and reasonable.

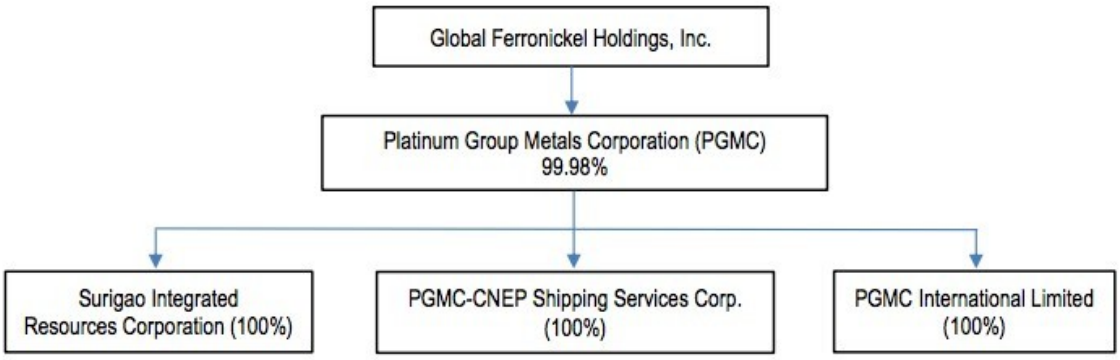
On August 6, 2015, the Board of Directors of the Company approved the following: (a) the execution of the Contract to Sell for the purchase of 500,000 common shares and 6,250,000,000 preferred shares or one hundred percent (100.0%) interest of Southeast Palawan for US$50.0 million or its Philippine peso equivalent; and (b) the subscription of the Company to the remaining unissued and unsubscribed shares of Southeast Palawan consisting of Three Hundred Thousand (300,000) common shares with a par value of One Peso (₱1.00) per share, and Three Billion Seven Hundred Fifty Million (3,750,000,000) preferred shares with a par value of One Centavo (₱0.01) per share, for a total subscription price of Thirty Seven Million Eight Hundred Thousand Pesos (₱37,800,000.00).

On September 1, 2016, the Company subscribed to 300,000 common shares of Southeast Palawan with a total par value of ₱300,000.00 by converting its earlier advances to equity.

The Group is not subject to any bankruptcy, receivership or any similar proceeding.

Corporate Organization

Before the transfer of the PGMC shares to the Company, the Company did not have any subsidiaries. The following chart shows our principal subsidiaries and associates and their mineral assets. Except where otherwise noted, all of our subsidiaries are wholly owned, directly or indirectly.



Summary of Our Mines

We currently have the mining rights to one (1) mine, located in Mindanao, in the southern half of the Philippines. INC has been granted rights to operate the INC Mine, by virtue of the operating agreement over the mine, subject to the outstanding approvals from relevant authorities. See "—Mine to be acquired." The locations of our CAGA Mine and the INC Mine (of which INC shares are expected to be acquired through the acquisition of Southeast Palawan) are illustrated on the following map.

Source: Company

Southeastern Philippines, where our Cagdianao Mine is situated, is in the tropical zone between 4° 40' and 21° 10' latitude. The climate is characterized by high rainfall during the rainy season that generally runs from November to April.

Our mining operations at Cagdianao generally run from April to October of each year; in the off-season, we perform rehabilitation work on our mining facilities and equipment. Upon the completion of the acquisition of the mining rights for the INC Mine, which is located in a different region of the Philippines and consequently has a different mining season from the Cagdianao Mine, we believe that we can conduct mining operations at different sites and minimize production downtime throughout the year.

Cagdianao Mine

Location

The Cagdianao Mine is located in Sitio Kinalablaban, Barangay Cagdianao, Municipality of Claver, in the province of Surigao del Norte in the northeast corner of Mindanao island. The Cagdianao Mine is located within the Surigao Mineral Reservation (SMR) and in a geological area known as the Surigao Laterite Domain, characterized by substantial deposits of both limonite and saprolite. The mine location and its accessibility are shown in the map below. It is accessible via domestic flights from Manila, Cebu, and other domestic locations, which can land either in Surigao City or Butuan City; Surigao City is approximately 89 kilometers, while Butuan City is approximately 170 kilometers away from our Cagdianao Mine. The mine is connected to two (2) separate pier facilities connecting to the mining operation via causeways, which facilitate the loading of ore and the un-loading of supplies to and from ships anchored offshore in the Philippine Sea. Our mine also features extensive infrastructure to support our mining operations, including stockyards, administration buildings, testing and sampling laboratory, staff accommodation and access roads.

Mineral Production Sharing Agreement

An MPSA is an agreement between the Government and the operator of the mine that grants the right to mine and governs the terms by which the sharing of revenue from production of the minerals are to be shared. Our mining and exploration rights at Cagdianao is derived from a single MPSA covering an area of 4,376 hectares, which was entered into between the Republic of the Philippines, represented by the DENR and CMDC (formerly known as Case Construction and Development Corporation) on January 13, 1992 for a period of 25 years with a right for renewal in 2017. A deed of assignment was approved by the DENR on July 20, 2005, where CMDC assigned the MPSA to SIRC, allowing SIRC to explore, develop, mine, determine production rates, mining methods, processing methods and carry out construction at the mine, while complying with government requirements and on the condition that PGMC pays royalties to CMDC for the ore sold, at an average approximate rate of 3.0% to 7.0% of its gross revenues, based on a formula that takes into account the grade of ore sold and nickel price. Subsequently, through an operating agreement dated September 15, 2006, SIRC granted the exclusive operating right to PGMC for the Cagdianao Mine under the same MPSA. Prior to its expiration, the MPSA was renewed on June 21, 2016 for another 25 years from its initial term ending in 2017. The MPSA is now valid until February 14, 2042.

The MPSA of PGMC is within the ancestral domain of the Mamanwa Tribe in the municipality of Claver, Province of Surigao del Norte and covered by Certificate of Ancestral Domain Title (CADT) No. R13-CLA-0906-048. On July 5, 2010, PGMC entered into a Memorandum of Agreement with the Mamanwa Tribes and the NCIP, which provides for, among others, the payment of royalty to the Mamanwa Tribes, as stated in sections 44 (m), 46 (a), 57, 58, 59 and 7(b) and (c) of IPRA, and other related provisions, the Revised Guidelines for the issuance of the Free and Prior Informed Consent (FPIC) or Administrative Order No. 01, series of 2006.

On July 7, 2010, the NCIP issued a Certificate Precondition certifying that the Mamanwa Tribe of Barangay Cagdianao, Municipality of Claver, Surigao del Norte, and PGMC, in connection with the MPSA relating to the Cagdianao Mine has satisfactorily complied with the procedures and process requirements for the issuance of Certificate of Precondition under Section 31 in relation to Section 34 of NCIP Administrative Order No. 1, Series of 2006. Based on Section 59 of R.A. 8371 and Section 31 of Administrative Order No. 1, Series of 2006, the Mamanwa Tribe has given their consent to the community initiated MPSA of PGMC.

CAGA Deposit Sites

Within our Cagdianao Mine, we have seven (7) known nickel ore deposit sites. Each deposit site is identified with a specific number with the "CAGA" pre-fix. Mining activities are currently focused on CAGA 2 and 4 with operations beginning in 2011 and 2007, respectively. We have entered into arrangements with eleven (11) Philippine service contractors: Nickelbase, CKDI, and MRMJ for operations at our CAGA 2 deposit, and BTTPI, Landstar, IPM, CTB, Anseca, PVTSI, Aguilo, and Loufran for operations at our CAGA 4 deposit.

All of these contractors carry out mining, loading and hauling, stockyard management, barge loading, equipment management, support and maintenance services at Cagdianao.

We strategically chose to engage eleven (11) contractors as against only three (3) contractors namely 4K, FRASEC and JLEC in 2015, in order to foster competition among them and reduce the concentration of operational risks. PGMC ended its mining contract with 4K and FRASEC in the end of the mining season of 2015.

Although our service contractors are expected to carry out the majority of the mining activities at CAGA 2 and 4, some fundamental activities remain our responsibility, such as quality and grade control, environment, health and safety, community relations, administration and human resources, mine planning and development, accounting and finance, light vehicle maintenance and barging operations.

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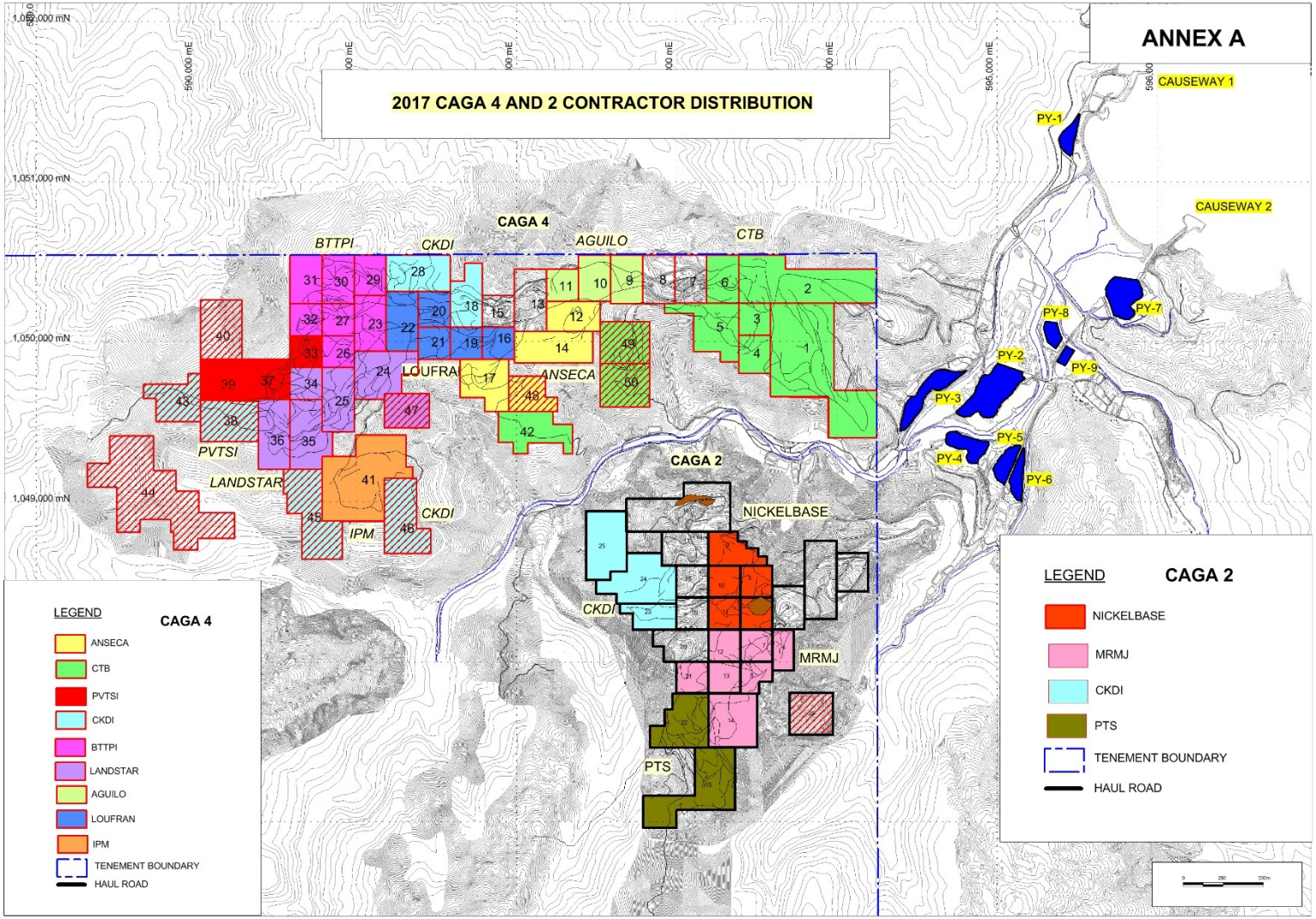
The map below shows the location of our mine sites at Cagdianao and where our contractors are currently operating:



Source: Company

Operational Data

The table below sets forth production volume at our Cagdianao Mine for each of the fiscal year ended June 30, 2014 and calendar years ended December 31, 2015 and 2016 and period ended September 30, 2017.

	2014				2015				2016				2017			
Cagdianao	**Low-grade**	**Medium-grade**	**High-grade**	**Total**	**Low-grade**	**Medium-grade**	**High-grade**	**Total**	**Low-grade**	**Medium-grade**	**High-grade**	**Total**	**Low-grade**	**Medium-grade**	**High-grade**	**Total**
Production Saleable ore mined (WMT)	3,830,624	1,524,502	1,094,940	**6,450,066**	944,678	2,961,252	1,872,360	**5,778,290**	1,844,460	1,583,925	95,235	**3,523,620**	2,668,212	1,984,212	24,282	**4,676,706**
Waste handled (WMT)	25,392			**25,392**	574			**574**	1,043,775			**1,043,775**	175,230			**175,230**
Ratio of waste handled to saleable ore mined	1:151			**1:254**	1:1646			**1:10067**	1:2.8			**1:4.4**	1:16.2			**1:27.7**
Sales Volume of ore sold (WMT)	3,825,112	2,381,337	96,543	**6,302,992**	607,660	4,367,940	376,225	**5,351,823**	2,395,529	1,857,594	55,516	**4,308,639**	2,869,906	2,059,419	-	**4,929,325**
Volume of ore sold (DMT)	2,356,081	1,523,014	61,248	**3,940,343**	384,995	2,969,826	217,855	**3,572,676**	1,555,761	1,327,606	36,191	**2,919,558**	1,801,962	1,341,814	-	**3,143,776**
Nickel grade	1.09%	1.57%	1.78%	**1.29%**	1.17%	1.52%	1.74%	**1.64%**	1.04%	1.54%	1.76%	**1.26%**	1.11%	1.49%	-	**1.26%**
Contained nickel (tons)	25,628	23,918	1,090	**50,636**	4,509	45,272	3,781	**53,561**	25,929	27,774	972	**54,674**	31,431	30,552	-	**61,983**
Net revenue (US$ million)	117.4	143.0	12.6	**273.0**	8.3	120.9	13.7	**142.9**	29.8	45.6	1.9	**77.3**	43.5	49.0	-	**92.5**
Average realized price (US$ per WMT)	30.68	60.06	130.21	43.30	13.64	27.67	36.42	26.69	12.41	24.56	34.50	**17.93**	15.17	23.78	-	**18.77**

Source: Company

Geology and Mineralization

Geological Setting

The Cagdianao Nickel Project is located within the Surigao Laterite Domain in the northeastern region of Mindanao Island, southern Philippines. The nickel laterites in the Surigao Domain were derived from the weathering of Cretaceous ultramafic rocks of the Bicol-Eastern Mindanao Ophiolite Belt. The ophiolite belt is comprised of sections of oceanic crust that have been thrusted or uplifted onto or next to calc-alkaline rocks of island arc association through complex tectonic processes and later superposed by younger multiple stage island arc volcano-sedimentary sequences. It consists of sequences of ultramafic rocks, predominantly peridotites (harzburgite and dunite), pyroxenites and gabbros. The peridotite host rocks have been serpentinized and locally metamorphosed to greenschist facies. Uplift and a wet tropical weathering environment have resulted in the development of surficial residual Ni laterite deposits on the olivine-rich harzburgite rocks. Where pyroxenite and gabbros have undergone such weathering, the resulting laterites have low and insignificant Ni content not prospective for nickel mineralization.

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The regional geology map is shown below:

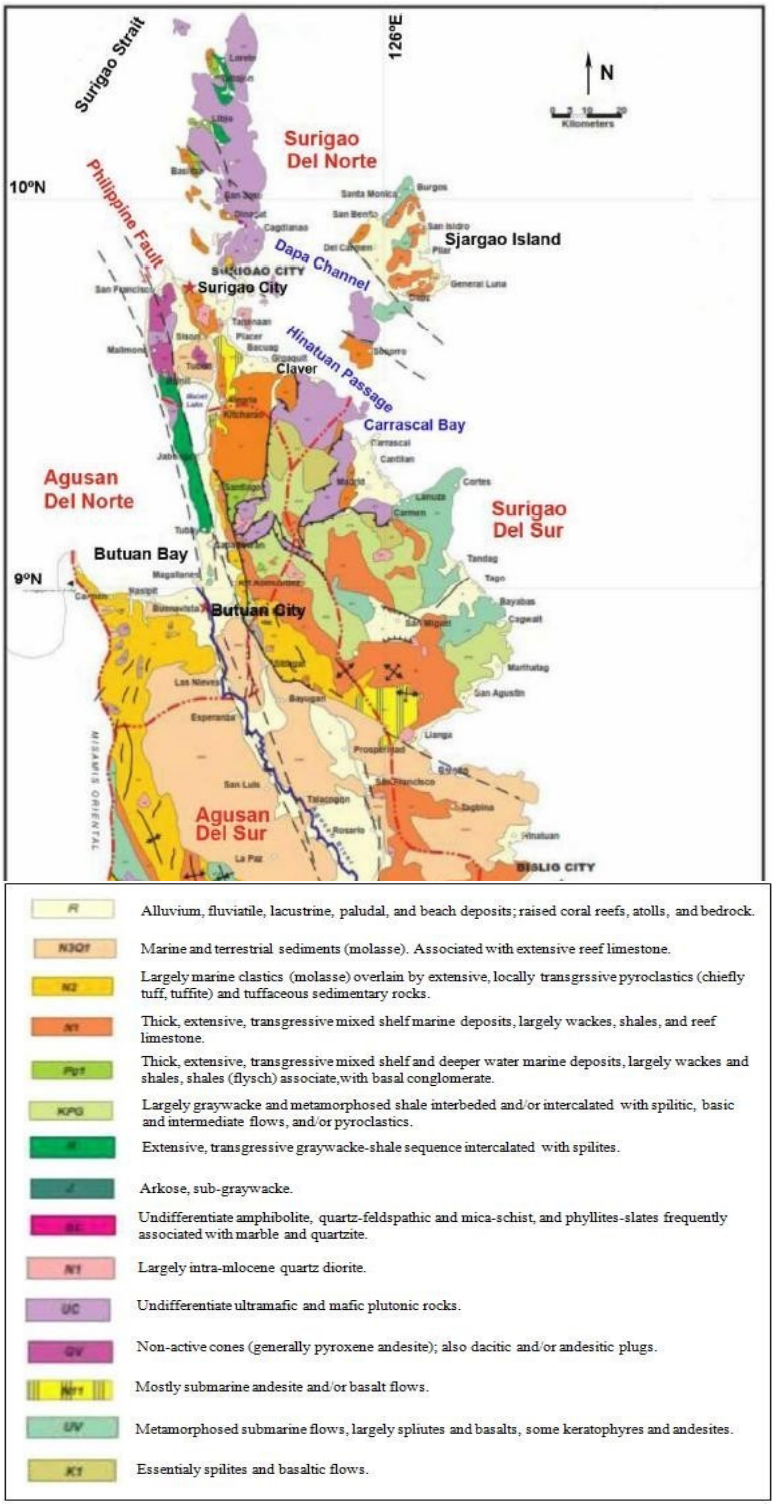


FIGURE – Regional Geological Map – Caraga Region

Mineralization

The nickel laterites in the Project are the result of intense chemical weathering of the parent ultramafic rocks, particularly harzburgite and dunite. The tropical climate of the area with high humidity, high rainfall, and warm temperatures encourages the formation of the laterite profile and the concentration of nickel and other elements from the underlying ultramafic rocks in the profile. Laterization is a prolonged process of chemical weathering that produces a wide variety in the thickness, grade,

chemistry, and ore mineralogy of the resulting laterites. Two (2) types of nickel ore are of commercial importance; limonite (oxide) ore and saprolite (nickel silicate) ore. Nickel content is higher in the saprolite zone compared to the limonite zone while iron content is higher in the limonite zone than in the saprolite zone.

Both limonite and saprolite are relatively soft ore materials that can generally be extracted using earthmoving equipment, with no drilling or blasting.

A generalized cross-section illustrating the formation process is shown below.

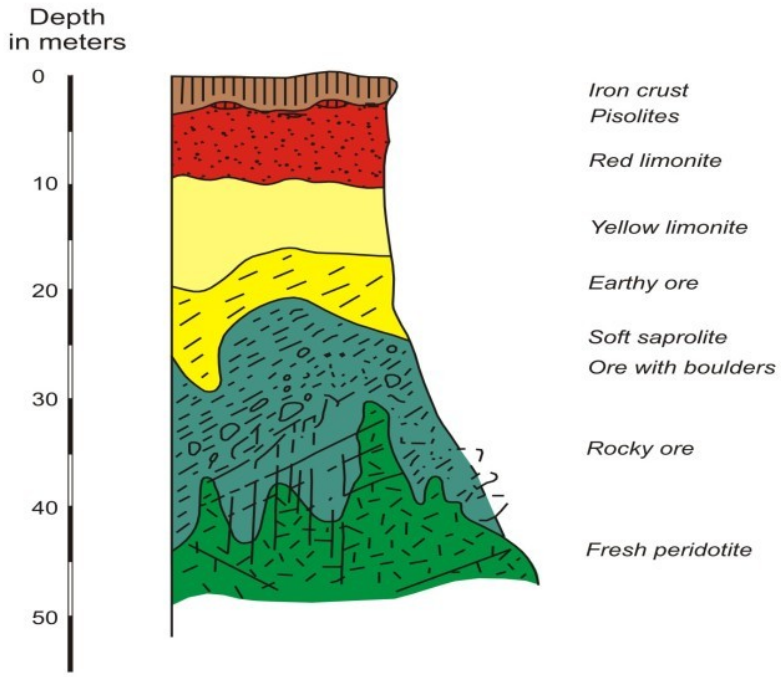


FIGURE - Laterite Weathering Profile

Source: Company

Limonite is essentially composed of iron hydroxides with the structure of original host rock compressed, completely weathered and destroyed. Yellow-brown in color, it contains localized, black manganese-oxide veins and staining. Mineralization is consistent with nickel grades increasing downward towards the transition zone or saprolite contact. Cobalt is significantly higher at 0.1 to 0.2% when associated with manganese occurrence. Iron grades, which are high at 40.0% to 50.0%, generally decreases slightly with depth. Magnesium-oxide is generally low at 0.5% to 5.0%. As used in this Prospectus, limonite generally has 20.0% or greater iron content. We classify our limonite ore as high-grade limonite ore, containing 1.2% to 1.4% nickel and low-grade limonite ore, containing 0.9% to 1.2% nickel.

Saprolite is located below limonite, and it is the product of a less advanced weathering process. Fragments and boulders of weathered to fresh rock are usually present until the saprolite passes into the slightly weathered and serpentinized bedrock. Silica and magnesia characteristically are main constituents of the saprolite. Nickel grades generally range from 1.5% to 3.0% and decreases towards the fresh bedrock. Iron grades are generally low at 4.0% and occasionally exceeds 30.0% with localized soft saprolite. Magnesium-oxide is markedly higher than in limonite at 15.0% to 35.0% while cobalt is characteristically low at 0.02 to 0.1%. As used in this Prospectus, saprolite generally has less than 20.0% iron content, but may have more than 30.0% iron content provided the nickel content is greater than or equal to 1.5%. We classify our saprolite ore as high grade saprolite ore, containing 1.8% or more nickel and medium grade saprolite ore, containing approximately 1.5% nickel.

Infrastructure

Transportation

Cagdianao is located approximately 89 kilometers from Surigao City and 170 kilometers from Butuan City; Surigao City has its own commercial airport and seaport. Supplies are sourced mainly from Surigao City or Butuan and nearby municipalities. Haul road networks linking the CAGA 2 and CAGA 4 sites to the causeways are extensive. However, additional road networks will need to be developed once CAGA 1, 3 and 5 commence commercial operations. While there are existing roads linking the undeveloped mines to the operation for the exploration phase, we believe it is necessary for the roads to be widened to allow for ore haulage.

Water

Water requirements for mining are minimal as operations only involve extraction of the nickel ore. Approximately twenty (20) water trucks patrol the mine yards and disperse water into the air for dust suppression. Raw water is sourced from various drainage systems for domestic and industrial use. The mine site also has a water well that catches and receives water from nearby springs. As these raw water sources are not treated and are not potable, bottled drinking water is delivered from Claver, Surigao del Norte.

Power

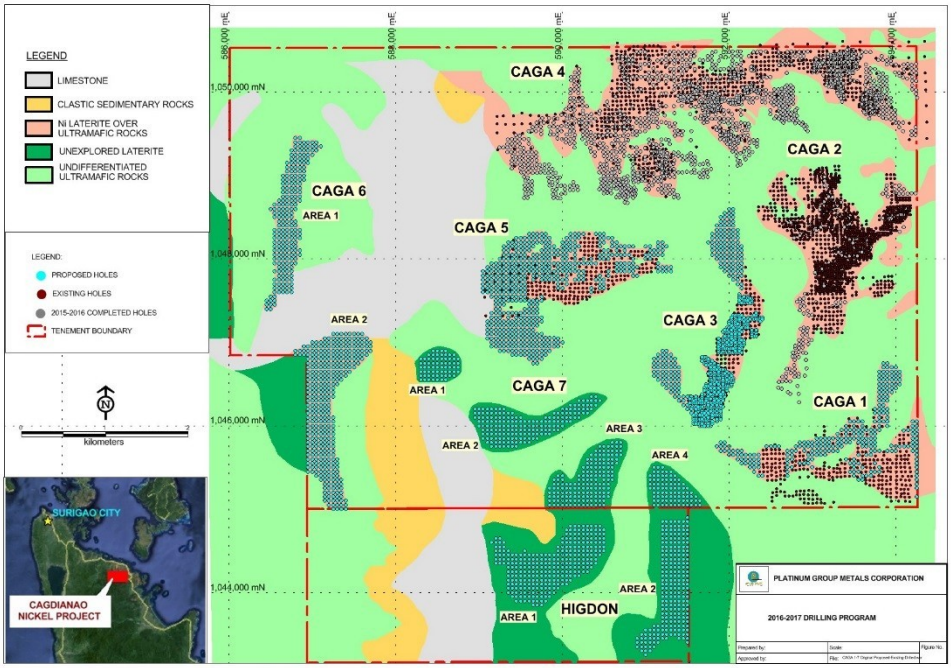
Electricity is required for mine lighting, offices, laboratory, shops, mine camp and logistical requirements. Power is supplied by the local electric company, Surigao del Norte Electric Cooperative. 2 x 200 kV Diesel-powered generators and an additional generator with a capacity of 500 kV and 400 kV are on standby to provide emergency power at the site. We believe that our backup supply will be able to support our operations for the life of the mine.

Further Exploration and Development

Nickel Resources

We have an extensive portfolio of exploration sites and an exploration program encompassing both brownfield exploration, which consists of work at our existing operations to extend resources and to upgrade resources to reserves; and greenfield exploration, which involves exploring and delineating nickel lateritic deposits in our existing properties. We have sixteen (16) available drill rigs designed specifically for drilling near surface lateritic deposits in a quick, efficient and economical manner for use in our exploration drilling. We also have an experienced pool of geologists and a laboratory at our mine sites to conduct assaying of samples as required.

The figure on the following page shows the coverage of our proposed exploration program at our existing mine and expansion areas:



The following table sets forth a summary description of our proposed exploration activities at our existing mine:

Proposed PGMC-CNEP Exploration/Drilling Program 2017-2018

Priority No.	AREA	SIZE	DHs	Meterage	Schedule	Amount (Php)	Amount ($)
1	CAGA-1	138.13	834	12,510	6.0 months	Php 26,899,800.00	$534,787
2	CAGA-6	139.62	421	6,315	4.5 months	Php 15,436,200.00	$306,883
3	CAGA-7	167.22	502	7,530	3.5 months	Php 18,081,150.00	$359,466
4	HIGDON	280.70	535	8,025	4.0 months	Php 23,929,000.00	$475,726
5	CAGA-5	127.87	536	8,040	4.0 months	Php 16,332,992.00	$324,712
TOTAL		**853.54**	**2,828**	**42,420**	**22 months**	**Php 100,679,142.00**	**$2,001,574**

Notes:

1. Above table presents the estimated cost details and schedules for the Proposed Drilling Program for the PCSSC.
2. Costs must be allotted a 20.0% contingency as actual drill holes may increase during actual implementation. Say, costs may increase to **US$2,401,890**. Exchange Rate is US$1:P50.30 (Average March to September 2017). Above data are based on previously completed drilling programs.
3. Total Schedule (22 drill-months) is based on individual drilling programs undertaken separately. But, if performed simultaneously this may be shortened.
4. CAGA-1, 6 and 7 drilling programs approved already and will be implemented starting end September 2017. Schedule is for 6-8 months.
5. CAGA-5 and Higdon drilling programs will be implemented later upon settlement of issues with IPs and DENR-MGB, respectively.

Mine Exploration Costs

The amount spent on mine exploration costs and its percentage to revenues as of the periods ended September 30, 2017, December 31, 2016, 2015 and 2014 is as follows:

Mine Exploration Costs

	December-14*	December-15	December-16	September-17**
Mine exploration costs	140,659	140,790	223,807	240,229
Revenue	9,047,476	6,533,218	3,774,669	4,646,263
%	1.55%	2.15%	5.93%	5.17%

**Amounts are for the six (6) months ended December 31, 2014.*
***Amounts are for the nine (9) months ended September 30, 2017.*

Cagdianao - Deposit Areas

The Cagdianao Mine has a total area of 4,376 hectares and the Company is currently operating the deposits in CAGA 2 and 4. Our rights to the property are governed by the MPSA and the ECC allows PGMC to produce 5.0 million DMT or 7.7 million WMT of ore each year. The current outlook of the mine's life, based on current probable reserves and current production levels, is expected to last approximately five (5) years from 2015, with possible extension after further exploration of CAGA 6 and 7. Exploration plans through core drilling are focused on the upgrading of inferred resources to measured resources, peripheral extensions on the CAGA 1 to 5 deposit areas as well as in new areas, CAGA 6, CAGA 7 and Higdon expansion area. Proposed exploration at these sites covering approximately 853.54 hectares could potentially delineate additional mineral resources.

Mineral resources at the Cagdianao Nickel Project as estimated by the PMRC Competent Person as at June 23, 2017 are shown in the table below**:**

Statement of Mineral Resources as of June 23, 2017 (Measure and Indicated)

Material Type	Deposit	PMRC Classification	Quantity (Tonnes)	Ni %	Fe%	Dry Bulk Density
Low Grade (Ni >= 0.7%, Fe >= 48%)	CAGA-4 (as of 23 June 2017)	Measured	3,736,000	1.0	49.8	1.0
		Indicated	1,159,000	1.0	50.1	1.0
		Subtotal	**4,895,000**	**1.0**	**49.9**	**1.0**
	CAGA-2 (as of 23 June 2017)	Measured	1,477,000	1.0	49.8	1.2
		Indicated	767,000	1.0	49.6	1.2
		Subtotal	**2,244,000**	**1.0**	**49.7**	**1.2**
	CAGA-3 (as of 23 June 2017 (unmined)*	Measured	1,307,000	1.0	49.1	1.1
		Indicated	87,000	1.0	48.7	1.1
		Subtotal	**1,394,000**	**1.0**	**49.0**	**1.1**
	CAGA-1 (unmined)*	Measured	1,257,000	0.9	49.4	1.2
		Indicated	293,000	0.9	49.5	1.2
		Subtotal	**1,550,000**	**0.9**	**49.4**	**1.2**
	CAGA-5 (unmined)*	Measured	536,000	1.0	49.5	1.2
		Indicated	147,000	0.9	49.3	1.2
		Subtotal	**683,000**	**1.0**	**49.5**	**1.2**
	Combined	Measured	8,313,000	1.0	49.6	1.1
		Indicated	2,453,000	1.0	49.7	1.1
		Total	***10,766,000***	***1.0***	***49.6***	***1.1***
Medium Grade (Ni >= 0.8%, Ni < 1.5%, Fe < 48%)	CAGA-4 (as of 23 June 2017)	Measured	4,868,000	1.1	41.8	1.0
		Indicated	4,341,000	1.2	21.9	1.1
		Subtotal	**9,209,000**	**1.1**	**32.4**	**1.1**
	CAGA-2 (as of 23 June 2017)	Measured	5,456,000	1.2	22.5	1.3
		Indicated	4,380,000	1.1	26.4	1.3
		Subtotal	**9,836,000**	**1.1**	**24.2**	**1.3**
		Measured	6,710,000	1.2	28.3	1.2
		Indicated	2,878,000	1.1	23.0	1.2

Material Type	Deposit	PMRC Classification	Quantity (Tonnes)	Ni %	Fe%	Dry Bulk Density
	CAGA-3 (as of 23 June 2017 (unmined)*	**Subtotal**	**9,588,000**	**1.1**	**26.7**	**1.2**
	CAGA-1 (unmined)*	Measured	3,092,000	1.0	43.7	1.2
		Indicated	3,071,000	1.0	26.9	1.2
		Subtotal	**6,163,000**	**1.0**	**35.3**	**1.2**
	CAGA-5 (unmined)*	Measured	866,000	1.0	43.8	1.2
		Indicated	1,502,000	1.0	21.0	1.2
		Subtotal	**2,368,000**	**1.0**	**29.3**	**1.2**
	Combined	Measured	20,992,000	1.1	32.8	1.2
		Indicated	16,172,000	1.1	24.2	1.2
		Total	***37,164,000***	***1.1***	***29.1***	***1.2***
High Grade (Ni >= 1.5%, Fe < 48%)	CAGA-4 (as of 23 June 2017)	Measured	517,000	1.8	19.2	1.1
		Indicated	2,311,000	1.8	12.7	1.2
		Subtotal	**2,828,000**	**1.8**	**13.9**	**1.2**
	CAGA-2 (as of 23 June 2017)	Measured	1,276,000	1.7	11.9	1.3
		Indicated	179,000	1.7	12.7	1.3
		Subtotal	**1,455,000**	**1.7**	**12.0**	**1.3**
	CAGA-3 (as of 23 June 2017 (unmined)*	Measured	1,670,000	1.7	15.2	1.2
		Indicated	157,000	1.6	14.1	1.2
		Subtotal	**1,827,000**	**1.7**	**15.1**	**1.2**
	CAGA-1 (unmined)*	Measured				
		Indicated	106,000	1.7	16.2	1.1
		Subtotal	**106,000**	**1.7**	**16.2**	**1.1**
	CAGA-5 (unmined)*	Measured	7,000	1.6	42.9	1.2
		Indicated	7,000	1.5	25.7	1.2
		Subtotal	**14,000**	**1.6**	**34.3**	**1.2**
	Combined	Measured	3,470,000	1.7	14.7	1.2
		Indicated	2,760,000	1.8	12.9	1.2
		Total	***6,230,000***	***1.7***	***13.9***	***1.2***
Combined	CAGA-4 (as of 23 June 2017)	Measured	9,121,000	1.1	43.8	1.0
		Indicated	7,811,000	1.3	23.3	1.1
		Subtotal	**16,932,000**	**1.2**	**34.4**	**1.1**
	CAGA-2 (as of 23 June 2017)	Measured	8,209,000	1.2	25.8	1.3
		Indicated	5,326,000	1.1	29.3	1.3
		Subtotal	**13,535,000**	**1.1**	**27.1**	**1.3**
	CAGA-3 (as of 23 June 2017 (unmined)*	Measured	9,687,000	1.2	28.9	1.2
		Indicated	3,122,000	1.1	23.3	1.2
		Subtotal	**12,809,000**	**1.2**	**27.5**	**1.2**
	CAGA-1 (unmined)*	Measured	4,349,000	1.0	45.3	1.2
		Indicated	3,470,000	1.0	28.5	1.2
		Subtotal	**7,819,000**	**1.0**	**37.9**	**1.2**
	CAGA-5 (unmined)*	Measured	1,409,000	1.0	46.0	1.2
		Indicated	1,656,000	1.0	23.5	1.2
		Subtotal	**3,065,000**	**1.0**	**33.8**	**1.2**
	Combined	Measured	32,775,000	1.1	35.2	1.2
		Indicated	21,385,000	1.2	25.7	1.2
		Total	***54,160,000***	***1.1***	***31.4***	***1.2***

Notes:

1. *The PGMC Statement of Mineral Resources has been generated under the supervision of Mr. Edgardo G. Garcia who is an independent Consulting Geologist and a Registered Member of the Geological Society of the Philippines and Australian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the PMRC and JORC Codes.*
2. *All Mineral Resources figures reported in the table above represent estimates at 23 June 2017. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, continuity of the mineralization and the availability of sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate and thus may cause some computational variances.*

3. *Mineral Resources are reported in accordance with the Philippine Mineral Reporting Code (PMRC 2007 Edition) which was adopted from JORC.*
4. *The PGMC Statement of Mineral Resources includes all estimates for all explored deposits of the PGMC- CAGA Nickel Project, namely: CAGA-1 to CAGA-5. However, estimates* for CAGA-1 and CAGA-5 remain the same as reported on 31 May 2014 as no additional exploration/drilling and mining operations have been undertaken since then.*
5. *The increase in PGMC's Mineral Resources at CAGA-2 and CAGA-3 (2016:2017) was a result of additional resources estimated upon completion of additional exploration drilling from 2016 – 2017.*

Additional Exploration

The potential for further resources is within our current MPSA area as we have yet to conduct exploration for the CAGA 6 and 7 areas. These areas consist of outcropping ultramafic lithologies with laterite development similar in topographic features and size to the CAGA 3 and 5 deposits. There may also be other areas of smaller, isolated laterite profiles that may become feasible if mined in conjunction with the existing deposits.

Our current resources include measured and indicated resources for all deposits that have undergone reconnaissance to resource definition drilling programs (CAGA 1 to CAGA 5). Further resource potential exists in limited extensions at the periphery of these deposits and additional resources at CAGA 6, CAGA 7 and Higdon expansion area.

Based on the original proposed exploration plan and budget for the CAGA mine dated October 3, 2014, PGMC conducted exploration drilling at CAGA 2 and CAGA 4 areas from October 2015 to May 2016 covering some 1,791 drill holes and 18,405.30 meters. This exploration program was used as basis for update on mineral resource estimates in 2016. Further, additional drilling at CAGA 2 and CAGA 3 from 2016- 2017 of 2,233 drill holes and 23,167.25 meters resulted in the update of mineral resource estimates on June 2017.

Our updated proposed exploration plan and budget for the CAGA mine and expansion area dated August 30, 2017 considers priority drilling based on deposit/prospect potential as presented in the Proposed PGMC-CNEP Exploration/Drilling Program 2017-2018. Drilling on each priority area includes drilling schemes as applicable:

- Scheme 1: Infill drilling at resource blocks to upgrade inferred resources to measured resources
- Scheme 2: Peripheral drilling at resource blocks to define extensions of current resources
- Scheme 3: Reconnaissance drilling at unexplored CAGA 6, CAGA 7, and Higdon expansion area

Prior to commencement of the drilling program, each prospective area will be evaluated by geological mapping to determine the occurrence and thickness of the laterite profile. The proposed drilling program will be modified based on this evaluation.

We have identified exploration target ranges for each area as shown in the summary of the updated proposed exploration program in the table below. The current estimated additional cost of this exploration program is approximately ₱101.1 million to ₱121.3 million (US$2.0 million to US$2.4 million). It is expected to take approximately 22 months to complete, including the sample preparation, analysis and PMRC reporting. Implementation of the updated exploration program commenced on October 2017 with the drilling at CAGA 1 area and drilling will also be undertaken at CAGA 6 and CAGA 7 based on recently approved drilling program which is part of the overall program presented in this Prospectus.

Exploration Target/Proposed Drill Holes

DEPOSIT	SIZE (HAS)	DHs/METERAGE	EXPLORATION TARGET (DMT)
1.0 CLNMI (Higdon) Deposit			
Area-1 (WEST)	174.6	300/4,500	5,000,000 – 10,000,000
Area-2 (EAST)	106.1	235/3,525	2,500,000 – 5,000,000
Sub-total	280.7	535/8,025	7,500,000- 15,000,000
2.0 CAGA-7 Deposit			
Area-1	20.25	67/1,005	700,000 - 1,400,000
Area-2	61.66	183/2,745	2,200,000 - 4,400,000
Area-3	55.49	15/2,475	2,000,000 - 4,000,000
Area-4	29.82	87/1,305	1,100,000 - 2,200,000
Sub-total	167.22	502/7,530	6,000,000 - 12,000,000
3.0 CAGA- 1 Deposit			
Saprolite Dev't Drilling	30.91	368/5,520	1,100,000 – 2,200,000
In-fill	60.26	270/4,050	2,200,000 – 4,400,000
Peripheral	46.96	196/2,940	1,700,000 – 3,400,000
Sub- total	138.13	834/12,510	5,000,000 - 10,000,000
4.0 CAGA- 5 Deposit			
In-fill	63.68	207/3,105	1,115,000 - 2,230,000
Peripheral	64.19	329/4,935	2,900,000 - 5,800,000
Sub- total	127.87	536/8,040	4,015,000 - 8,030,000
5.0 CAGA-6 Deposit			
Area-1	53.57	157/2,355	1,900,000 – 3,800,000
Area-2	86.05	264/3,960	3,100,000 – 6,200,000
Sub- total	139.62	421/6,315	5,000,000 – 10,000,000
TOTAL	**853.54**	**2,828/42,420**	**31,515,000 – 63,030,000**

Notes:

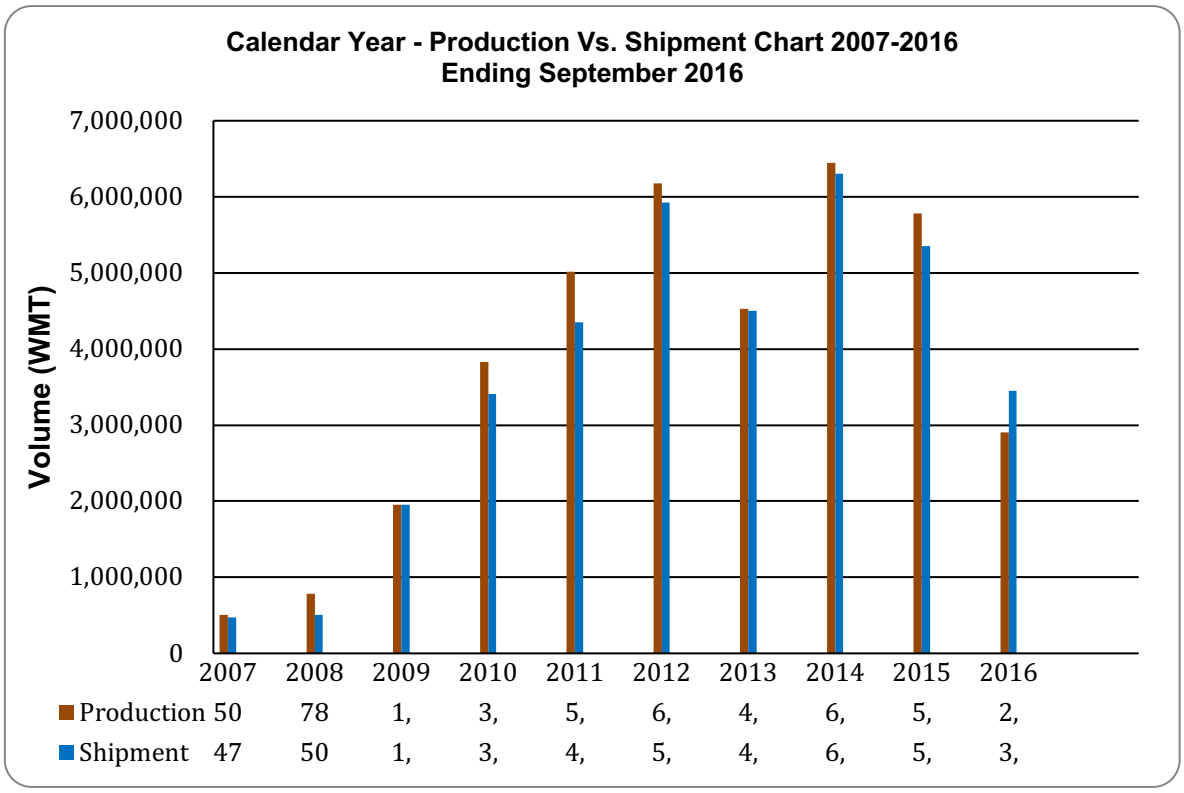
1. The above table is part of the over-all exploration/drilling program for the whole PGMC- CAGA Project wherein CAGA-2, CAGA-3 and CAGA-4 are included. Drilling at CAGA-2, CAGA-3 and CAGA-4 have been prioritized and completed which paved the way for the 2017 Mineral Resource update for the Project.
2. Drilling will then continue for the other identified (CAGA- 1, 5, 6 and 7) and new (Higdon) areas.
3. With the interesting results for CAGA- 2, CAGA-3 and CAGA-4 where substantial additional mineral resources were estimated, it is anticipated that further confirmatory drilling may be undertaken as necessary.

As reviewed by the PMRC Competent Person, our proposed exploration program is sufficient to adequately increase the Mineral Resource and Ore Reserve inventory and extend the mine life of the CAGA mine site.

Production Data

Most of the ore that we have mined from Cagdianao was shipped and sold to our customers, with a small portion kept at our stockpiles for delivery to our customers at the commencement of the next mining season. Mine production has generally increased since 2007 and reached a peak yearly production of 6.2 million WMT in the calendar year 2012. Production declined in 2013, which was primarily due to a combination of weather conditions and change in our sales and marketing strategy; that is, reducing sales of nickel ore in anticipation of Indonesia nickel export ban. Our production volume for the calendar year ended 2014 was 6.50 million WMT, which was an increase of 35.4% compared to the calendar year ended 2013.

The graph below represents the Cagdianao Mine's production history compared with its shipment volume history for the following years.



Source: Company data

Shipment and Mine Production Plans

The shipment and mine production plan projections below were prepared by the PMRC Competent Person using standard industry practices for completion of mine planning and scheduling for each of the mines. The following table contains shipment and mine production targets for the Cagdianao Mine for the next three (3) years:

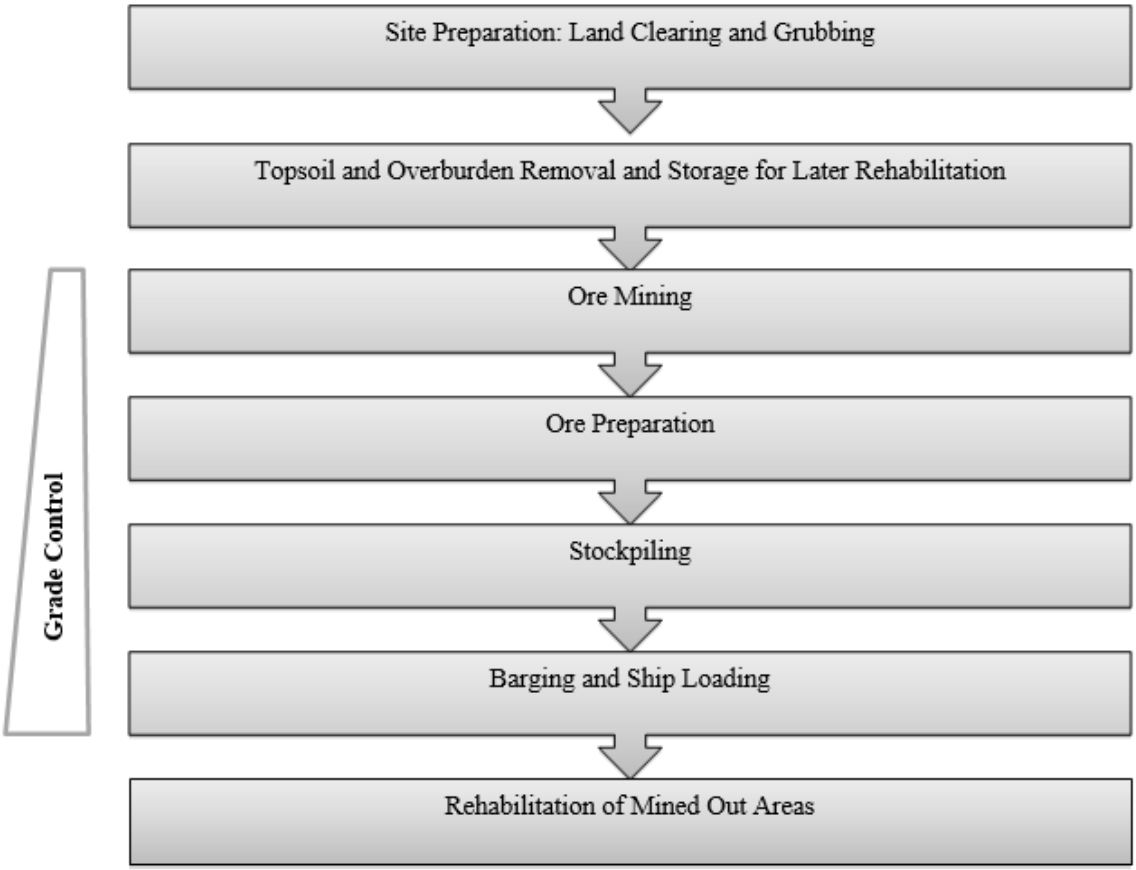
In million WMT	**2018**	**2019**	**2020**
Cagdianao Mine	5.0	5.0	5.0
Available Mineral Reserves	32.3	27.3	22.3

Source: PMRC Report dated October 15, 2017

Mining Operation and Production

Overview of Operation Process

A diagram showing our operating process is shown below:



Site Preparation and Overburden Removal

We use surface mining methods, specifically using a backhoe excavator and dump truck arrangement to extract the nickel ore. No drilling or blasting is required due to the soft nature of the topsoil and overburden. Topsoil of around 0.5 meters is located throughout the deposit and must first be removed from the surface as it contains tree roots that may be deleterious to smelters. The topsoil is removed by a bulldozer and stockpiled for later use in land rehabilitation or backfilling of mined out areas. Some high iron limonite ores are lost in this layer.

Bench contouring is carried out by excavators in backhoe mode and dump trucks to form two-and-a-half (2.5) to three (3.0) meters bench heights. In this process, overburden materials are also removed and stockpiled at the mine yard, which, depending on ore grade, may be used for product blending in the future.

In addition, we utilize the top soil removed from the mine sites for mine site rehabilitation and boulders are used for the construction of siltation ponds, road construction and maintenance of the causeway and piers.

Ore Mining

Once benches are formed, hydraulic backhoes with bucket capacities ranging from 0.8 to 1.6 cubic meters load the mineralized materials and wastes onto 25 tons dump trucks or 40 tons articulated trucks. Each truck trip aims to load 14 tons and 28 tons for a dump truck and an articulated truck respectively.

Front-end wheel loaders and excavators are used in the yards to transfer, load ore and harvest boulders between stockpiles. Bulldozers are used to shape and maintain the ramp stockpiles.

No drilling and blasting is required due to the soft nature of the material. Oversized boulders found in the saprolite and base rock contacts may occasionally require mechanical rock breakers, while laterite material may occasionally require loosening by backhoes and bulldozers. All limonite material can be free-dug by backhoes.

Our mining cycle is shown in illustration below:

Source: Company

Ore preparation

Overview

Cagdianao produces direct shipping ore and requires only minor ore preparation. Extensive grade control procedures, numerous sampling points and sorting of the ore allows for the pre-separation of different grades of ore required for shipment. Cagdianao also has designated areas for drying wet ore and boulder breaking of those greater than 200 mm. The only aim of the operation is to prepare the ore as stipulated into the supply contracts as signed with our customers.

Bench-face channel sampling is undertaken to provide an indication of the nickel and iron grades at the mine working face. Once excavated by backhoes and loaded onto dump trucks, the ore will pass ore truck sampling stations where samples are collected and delivered to the site laboratory for analysis. The onsite laboratory and preparation area is located near the mine camps to carry out our extensive grade control and quality assurance procedures. This is used mainly to determine the ore properties using chemical analysis techniques.

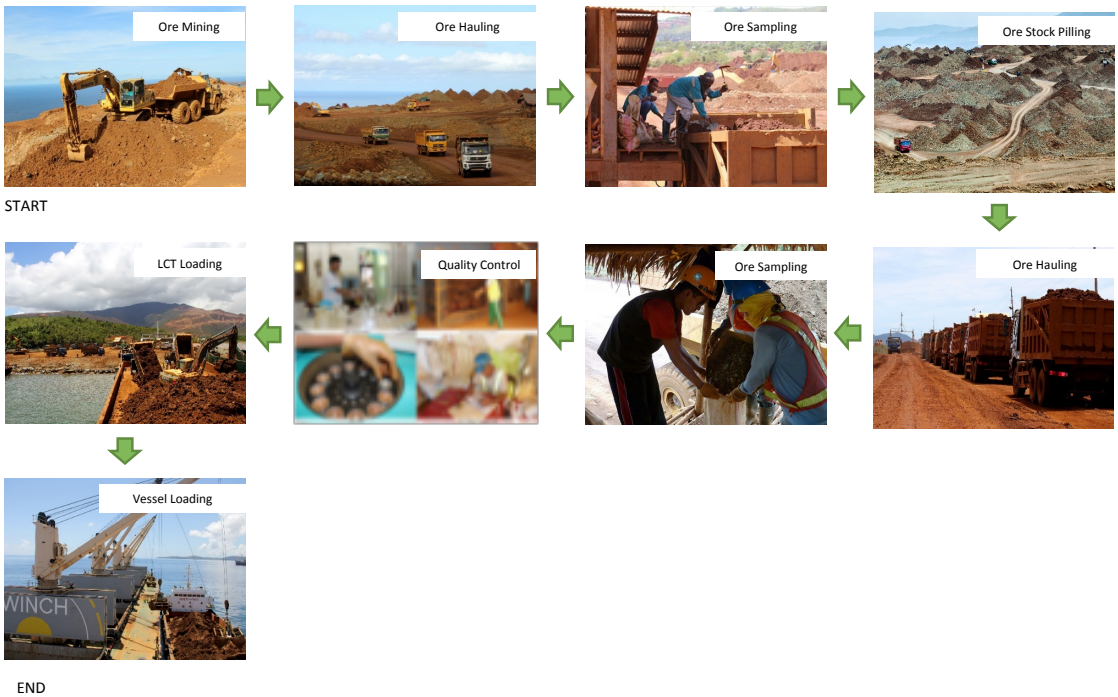
The trucks are first directed to stockpiles of different material types in the mine and pre-piling yards based on the initial channel sample. The laboratory analysis will return a more representative grade composition of the individual stockpiles thus reclassified and color-coded to the material type based on these results. Bucket sampling occurs at the yards to separate the retrievable sellable crushed ore from the waste. The results from the final truck sampling stand at the piers allow the grade controllers to blend different material types to achieve our customers' shipment specifications.

Preparation lines

The ore undergoes one of the two preparation lines depending on the material type mined. Low-grade material may be transported directly to the barge whereas high-grade material may require more extensive sorting and boulder breaking. Material with a total moisture content that exceeds the transportable moisture limit (above 35.0%) cannot be safely shipped as it can cause the cargo to liquefy. Therefore the material with moisture above this limit will require sun drying at the designated ore drying yards. The ore is also monitored to be kept at above 28.0% moisture to prevent dusting of nickel.

The low grade ore, typically limonite (L1, L2, and L3), generally does not contain boulders of significant nickel grade, which are still sorted and removed by excavators and front-end loaders. Once the boulders are separated from the fine ore stockpile, they are transferred to the aggregate stockpile and used for road maintenance or the environmental management program.

The low-grade ore preparation line is shown in the flowchart below.



Low Grade Ore Flowchart
CAGDIANAO NICKEL PROJECT

Source: Company

The high grade ores, typically saprolite and the saprock (S1, S2, S3 S4, L4, L5, and L6), generally contain boulders of significant nickel grades. Thus, this ore preparation line includes bucket sampling of the crushed boulders to separate the crushed ore from the crushed waste. The crushed ore is dumped in 100 cubic meters stockpiles and then transferred to the crushed ore yard, which can be blended with other sellable products during ship loading.

The medium and high-grade ore preparation line is shown in the flowchart below:

Source: Company

Stockpiling

Extracted ore is transferred to stockpiles for sorting, sun drying and loading onto shipping vessels according to our customers' requirements specified in the supply agreements. We produce DSO, where the unprocessed ore are transported directly to nickel smelters and processors in China after they were excavated from our mine site. Our stockyards keep more than 17 different types of ore in separate stockpiles at the mine and pre-piling yards. Though no processing is involved in this operation, ore preparation and grade control are required to ensure the material types are properly blended to meet shipment specifications. Grade control procedures on site are well developed and involve bench face channel sampling, truck sampling out of the pit and truck sampling at the causeway. The samples are taken for analysis at our onsite laboratory to classify the material types that will dictate where it is to be stockpiled. The different stockpiles are then used to determine ore blends to meet the ore quantities and grade specifications for the shipping requirements.

We aim to store at least 350,000 WMT of ore in our stockpile inventory before the beginning of the mining season. This ensures that saleable ore is ready to be shipped once the mining season commences. Beginning in 2016, it is the sole responsibility of all of the 11 contractors to maintain the required levels of ore inventory at the designated stockpile areas. As of December 31, 2015, we had 664,071 WMT of nickel ore stockpiled at Cagdianao. Beginning with the 2016 mining season, JLEC has been contracted to maintain at least 100,000 WMT of ore at its designated stockyard.

Cagdianao currently has the capacity to stockpile approximately 3.0 million WMT of nickel laterite ore of different material types. Stockpiles are covered with canvases during the wet season to prevent absorption of additional moisture. Numerous ditches are made around the stockpile to catch water draining from the ore, and then the water flows to a settling pond before discharging into river tributaries.

Barging and Ship Loading

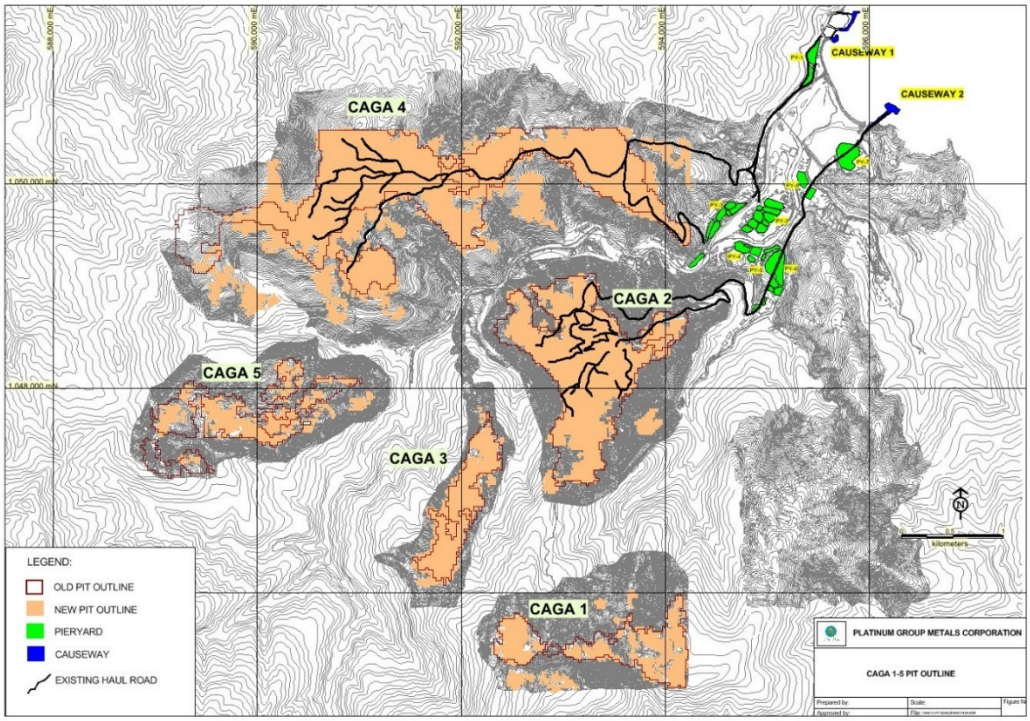
Causeways and Piers - The pier at Causeway 2 handles nickel ore from CAGA 2 with a maximum capacity of accommodating eight (8) LCT for simultaneous loading. Based on current LCT availability and the total daily ship loading rate of 22,550 WMT per day, the current annual ship loading capacity at Causeway 2 is estimated to be approximately 3.3 million WMT. Based on the current equipment quantities and capacities, CAGA 4's designated loading pier Causeways 1 and 1A, is able to load in excess of 4.5 million WMT annually. Causeways 1 and 1A are able to support up to 14 LCTs simultaneously. The picture in the following page shows Causeways 1, 1A, and 2 at the Cagdianao Mine. We believe that having two (2) piers helps to minimize delivery risk by not being reliant on only one (1) pier that could become damaged or congested.

Shipment contracts generally specify that moisture content of the ore should not exceed 35.0% as this will add weight to the shipping vessel and can cause liquefaction that can be dangerous for ocean-going vessels. The ore is kept above 28.0% moisture so as to prevent the occurrence of nickel dusting.
The shipment contracts also stipulate that the metal grade of products in each shipment that do not meet the contract specification will attract a penalty, depending on how much the products deviate from the minimum requirement. In accordance with the contracts, the penalty imposed is a range from US$1.00 to US$2.00 reduction from the contract price per 1.0% Fe or 0.01% Ni grade per WMT.

Our barging subsidiary, PCSSC, was formed in June 2013 and owns five (5) barges for hauling nickel ore from the piers to the shipping vessel. Our contractors pay PCSSC for hauling nickel ore to the shipping vessel. We have applied for a commercial license to operate outside of Surigao, and once received, we intend to serve other mining companies in parts of the Philippines with longer mining seasons. We expect this to result in greater utilization of PCSSC's barge fleet during what would otherwise be idle time during the wet season in Surigao.

We signed a memorandum of agreement with Taganito Mining Corporation in 2003 for the use of the land surrounding the pier facilities adjacent to our mine sites for a period of 20 years, and we pay no fees under the agreement.

The picture on the following page shows the relative orientation of the CAGA 2 and CAGA 4 mine:



Grade Control

Bench-face channel sampling is undertaken to provide an indication of the nickel and iron grades at the mine working face. The ores are then loaded onto dump trucks to be taken to the pre-piles and stockpiles. Prior to unloading of ore into pre-piles and stockpiles in the mine yard, all dump trucks pass a truck sampling stand. Upon parking up against the stand, a truck sampler collects a sample using a sampling scoop from the top of the truck. The purpose of truck sampling is to obtain a representative sample of a stockpile to confirm the grade and ore classification. The stockpile is re-classified to a composite grade once the results from the lab analysis become available. From stockpiles, the ore is loaded onto dump trucks and hauled to the piers. Prior to loading of the LCTs, the trucks will pass another truck sampling stand located just before the piers for analysis of the ore following the same truck sampling procedures as before.

The grade of the shipment is controlled by a mixing ratio prepared by the grade control engineer. Our supply contracts generally specify that an ocean-going vessel is to be provided by our customers. The truck sampling and mixing ensures that the vessels are loaded with correct grades and specifications required by the customer. An independent third party confirms the shipment quality by taking samples at the truck sampling point just before the piers at the same time as we conduct our truck sampling procedures.

Rehabilitation of Mined Out Areas

In order to restore the natural habitat and environment of the disturbed areas, we have been actively involved in the restoration and revegetation of the mined out sites. We have made certain financial provisions for mine closure and have an approved Final Mine Rehabilitation and Decommissioning Plan as required by regulators. We have established a nursery, under contract with local communities, for developing seedlings to be used in the reclaimed areas, as well as to supply seedlings for greening programs outside the mining areas. In addition, we have planted mangroves in the bay to the north of Hinadkaban Bay.
Every year, we have budgeted and planned for landscape reshaping, revegetation, nursery operations, maintenance of vegetated areas and slope stabilization. A total of approximately 867,942 seedlings were grown and 669,644 planted (surviving tree) as of 2016, 36.24 hectares declared mined out area was rehabilitated and 652.8 hectares was reforested as of December 31, 2016 as part of our commitment to the Government's National Greening Program.

Contractors

Service contractors

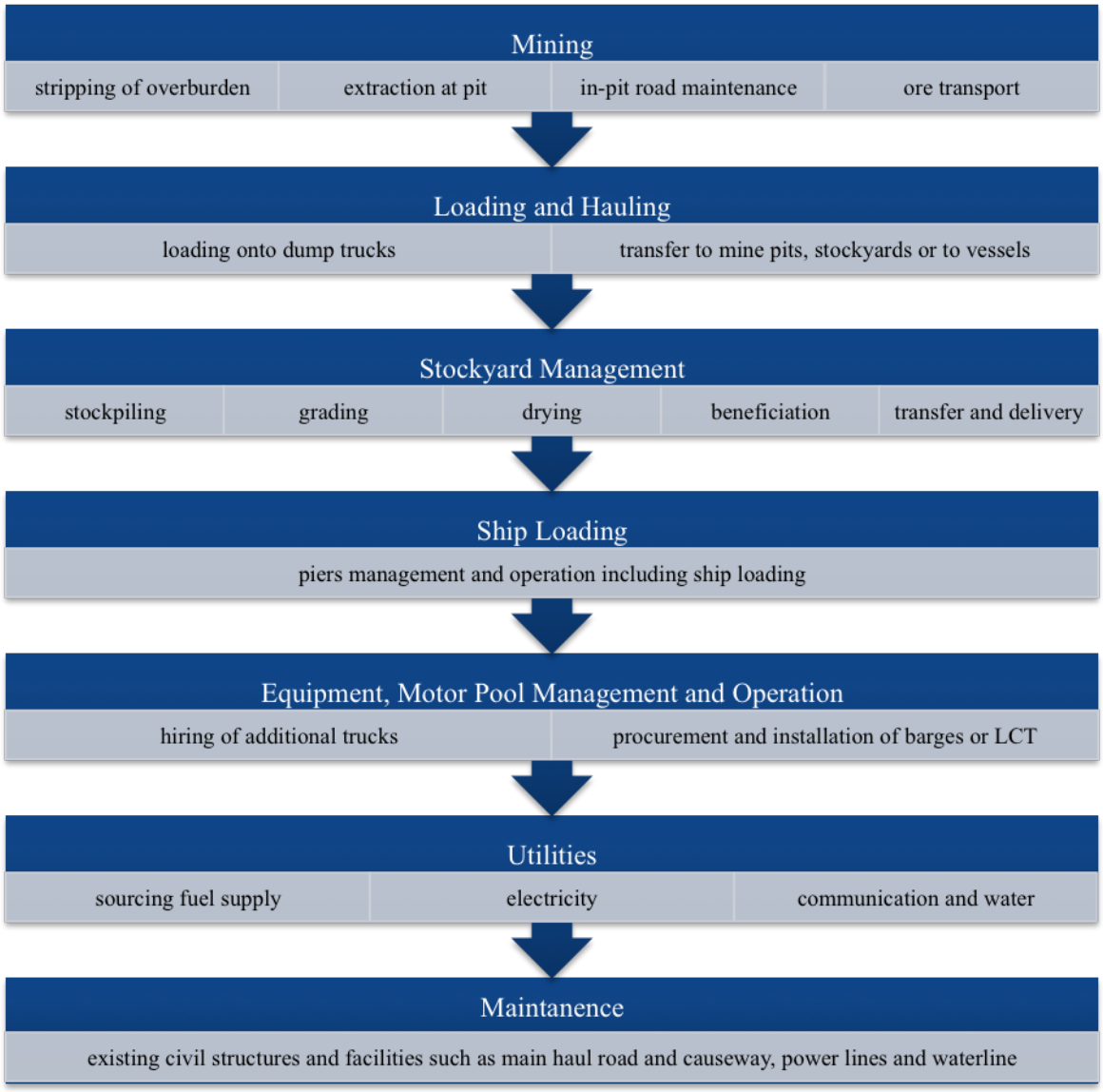
We currently hired eleven (11) service contractors: Nickelbase, CKDI, MRMJ, BTTPI, Landstar, IPM, CTB, Anseca, PVTSI, Aguilo, and Loufran to operate the mining activities at our Cagdianao Mine. We believe that using contractors provides us with flexibility to adjust to immediate and seasonal resource requirements in a cost efficient manner. Compared to other mining companies, we believe that our business model of engaging contractors allows us to forego expensive investments in mining equipment, helping to free up our resources to focus on other aspects of our operations. In addition, our use of contractors provides us with flexibility to undertake tasks that are not necessarily within our core competency. We intend to utilize contractors at the INC Mine upon its acquisition.

Copies of the contracts with the eleven (11) service contractors conducting operations in the CAGA Mine have been submitted to the SEC. Under these contracts, the service contractors shall generally be responsible for mining the ore from the mine pit, delivering the same to the barge or LCT after the ore has been properly prepared and cleared for shipping by the Company, ship loading and mine maintenance operations within its mining tenement.

For every tonne of ore mined and shipped by the contractor, the Company shall pay the relevant contractor at a certain rate depending on the classification of the products shipped. Under the contracts, the service contractors also guarantees minimum daily mine production within the estimated operating days.

We will continue to review the performance of our service contractors to ensure that the operations will be very cost-efficient.

The contractors are generally required to carry out the majority of the mining activities at our mine, including the activities reflected in the flow process:



As all of the contractors are remunerated based on the activity rate, it is their responsibility and in their interest to purchase or subcontract sufficient equipment necessary to achieve the production targets that are set by us.

In order to allow us to begin shipping to our customers as soon as the mining season begins in April of each year, all of the contractors are contractually responsible to maintain a certain level of stockpile and the maintenance of the stockyards. At the beginning of the mining season, there should be at least 350,000 WMT of ore available ready to be shipped. As of September 30, 2017, the stockpile inventories had an aggregate of 376,157 WMT of nickel ore stockpiled from CAGA 2 and 4. The achievability of

these rates depends heavily on weather conditions, contractor operational ability, equipment capacity and piers handling capability.

Security contractors

We also engage a third-party contractor to provide security services at our mine site. In addition, all of the contractors also engage their own security force. We have engaged Chevron Security and Investigation Agency Inc. since December 2011. The original term of the security service contract expired on November 30, 2012; however, the contract is automatically renewed every year, until a notice of termination is served to the other party. All armory and equipment are provided for by the contractor itself, and comprehensive training is also provided to the security guards stationed at our mine by the contractor.

In addition to our security force and that of our contractors, a Special Civilian Armed Auxiliary (SCAA) force comprised of approximately 120 para-military trained personnel managed by the Philippine Army, are tasked with securing the perimeter of our mining operation. Under the Memorandum of Agreement of the Group with the Philippine Army, PGMC has the obligation to provide allowances, uniform and equipment, any claims arising from personal damages caused by or to any of the SCAA when the related injury or damage is incurred in the course of lawful performance of the SCAA's duty.

Each of the neighboring mining companies in the area of our mine also cooperates and shares information pertaining to the security situation in the vicinity.

As a result of an incident in 2011 wherein militants attacked our Cagdianao site burning and causing damage to a number of our trucks and equipment (See "Risk Factors—Risks Related to our Existing Business and Industry—Our insurance coverage may not be sufficient to fully cover the risks related to our operations and losses"), we increased our security detail to include both military and civilian units. Neighboring mine sites have also increased security protection over their properties, which, we believe, contributes to enhanced security and safety overall for the mining players in the area. Each of the neighboring mining companies in the area of our mine also cooperates and shares information pertaining to the security situation in the vicinity.

Suppliers

The main supplies that our service contractors require to operate our business include diesel fuel, tires, and spare parts for our mining equipment. We buy diesel fuel from Petron Corporation and Phoenix Petroleum Philippines, Inc. and heavy mining equipment such as trucks and excavators from two (2) manufacturers, Komatsu and Caterpillar, through their Philippine distributors Maxima Machineries and Monark. In addition, we have our own fleet of barges. These barges, together with the heavy mining equipment, are provided to our contractors on a lease arrangement, for use at our Cagdianao site during the mining season. We believe that there are a number of alternative suppliers for all of our requirements.

Products

Product grading and production data

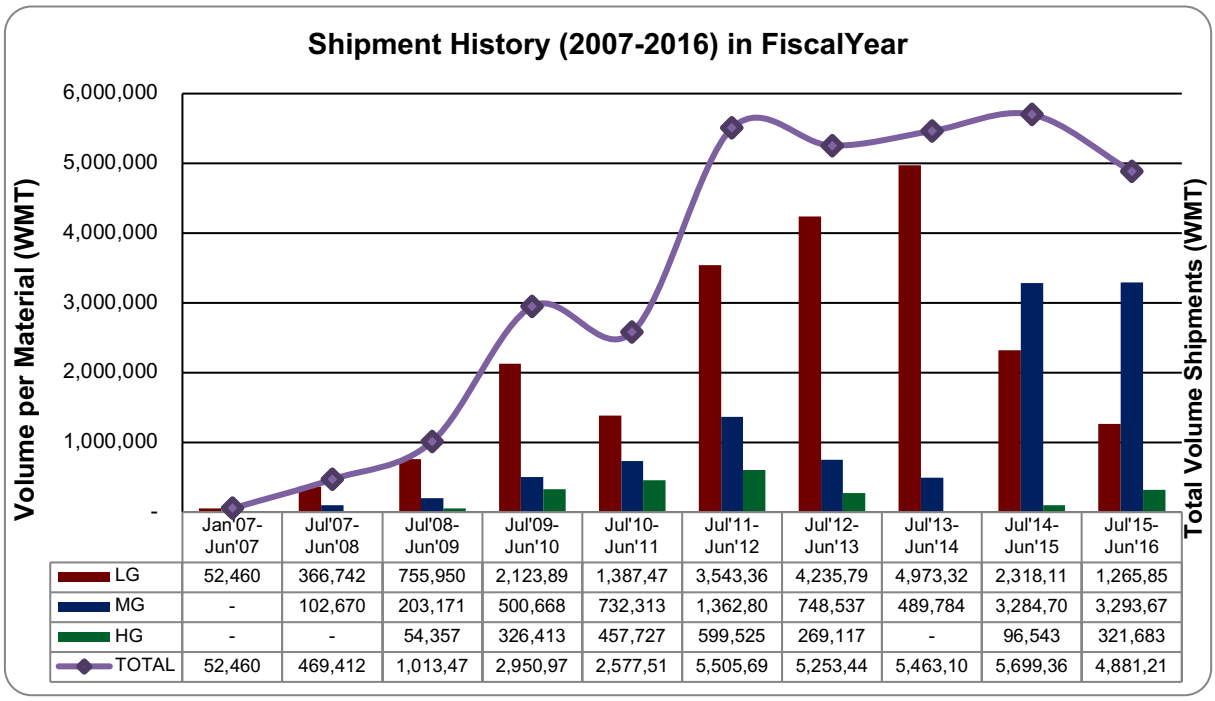
Depending on the customer's requirements, the product classifications (Low-grade, Medium-grade and High-grade) and their ranges may vary. However, based on historical shipment records, previous product specifications were generally classified in the categories in the table below. Though there is a category for waste that falls outside of the saleable grade ranges, we keep waste stockpiles for future blending purposes or when it becomes marketable.

Historical Product Categories

Product Categories	Grade Specifications
Low-grade Nickel Ore	Ni ≥ 1.3%; Fe<40.0%
Low-grade Nickel-High Iron Ore	0.9% ≤ Ni < 1.2%; Fe ≥ 48.0%
Low-grade Nickel-Medium Iron Ore	1.2% ≤ Ni < 1.3%; 45% ≤ Fe<49.0%
Medium-grade Nickel-High Iron Ore	Ni ≥ 1.5%; Fe ≥ 30.0%
Medium-grade Nickel-Low Iron Ore	Ni ≥ 1.5%; Fe ≤ 25.0%
High-grade Nickel Ore	Ni ≥ 1.8%; Fe<25.0%

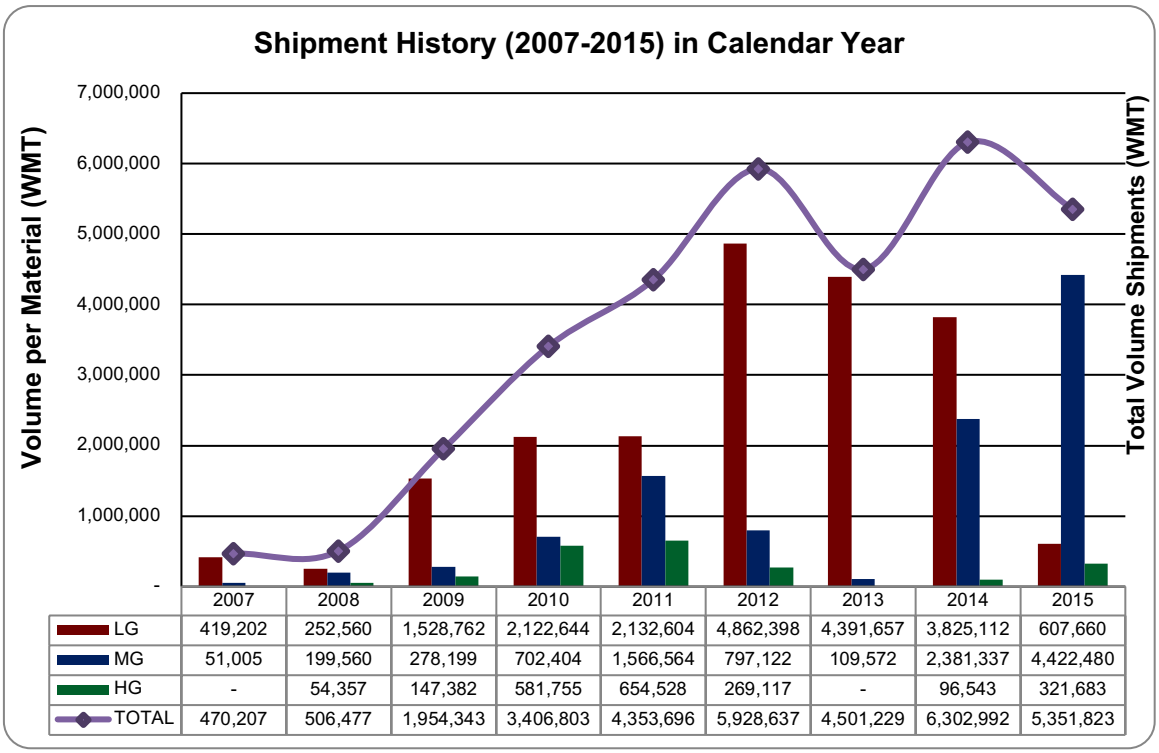
In general, low grade nickel high iron products have the greatest volumes sold, which represented approximately 71.0% by mass of total ore shipped followed by medium grade nickel products at approximately 22.0% and high grade products at approximately 7.0% for the years from fiscal year 2007 to 2014. A high proportion of low nickel grade nickel materials have been sold as this material is closest to the surface; they are the easiest to be mined and most abundant at Cagdianao.

Historical ore shipments of equivalent product types are presented for both fiscal and calendar years in the graphs on the following page.



	Jan'07-Jun'07	Jul'07-Jun'08	Jul'08-Jun'09	Jul'09-Jun'10	Jul'10-Jun'11	Jul'11-Jun'12	Jul'12-Jun'13	Jul'13-Jun'14	Jul'14-Jun'15	Jul'15-Jun'16
LG	52,460	366,742	755,950	2,123,89	1,387,47	3,543,36	4,235,79	4,973,32	2,318,11	1,265,85
MG	-	102,670	203,171	500,668	732,313	1,362,80	748,537	489,784	3,284,70	3,293,67
HG	-	-	54,357	326,413	457,727	599,525	269,117	-	96,543	321,683
TOTAL	52,460	469,412	1,013,47	2,950,97	2,577,51	5,505,69	5,253,44	5,463,10	5,699,36	4,881,21

Source: Company data



	2007	2008	2009	2010	2011	2012	2013	2014	2015
LG	419,202	252,560	1,528,762	2,122,644	2,132,604	4,862,398	4,391,657	3,825,112	607,660
MG	51,005	199,560	278,199	702,404	1,566,564	797,122	109,572	2,381,337	4,422,480
HG	-	54,357	147,382	581,755	654,528	269,117	-	96,543	321,683
TOTAL	470,207	506,477	1,954,343	3,406,803	4,353,696	5,928,637	4,501,229	6,302,992	5,351,823

Source: Company data

For more details on our ore production and shipment in the calendar years ended December 31, 2014, 2015, and 2016, see "—Operational Data"

The calendar year 2015 shipment history highlighted in the graph above, shows that we are mining significantly more quantity of medium and high-grade ores with approximately 0.6 million WMT of low-grade ore and 4.7 million WMT of medium and high-grade ore products. In 2015, we mined and sold more of the medium-grade ore as we excavated deeper in the ore deposit sites to expose the higher grade ores for production.

Nickel ore can be blended into six (6) product categories to meet the specifications stipulated in our supply contracts entered into with our customers. The shipping grades and tonnages may vary yearly depending on customer specifications and demand for different product types.

Sales and Marketing

We supply various types, grades and volumes of saprolite ore and limonite ore to customers located in China. We sell our nickel ore to a combination of end users and trading companies. We have been selling nickel ore to China since 2007. Our sales are made through both long-term and short-term agreements with customers.

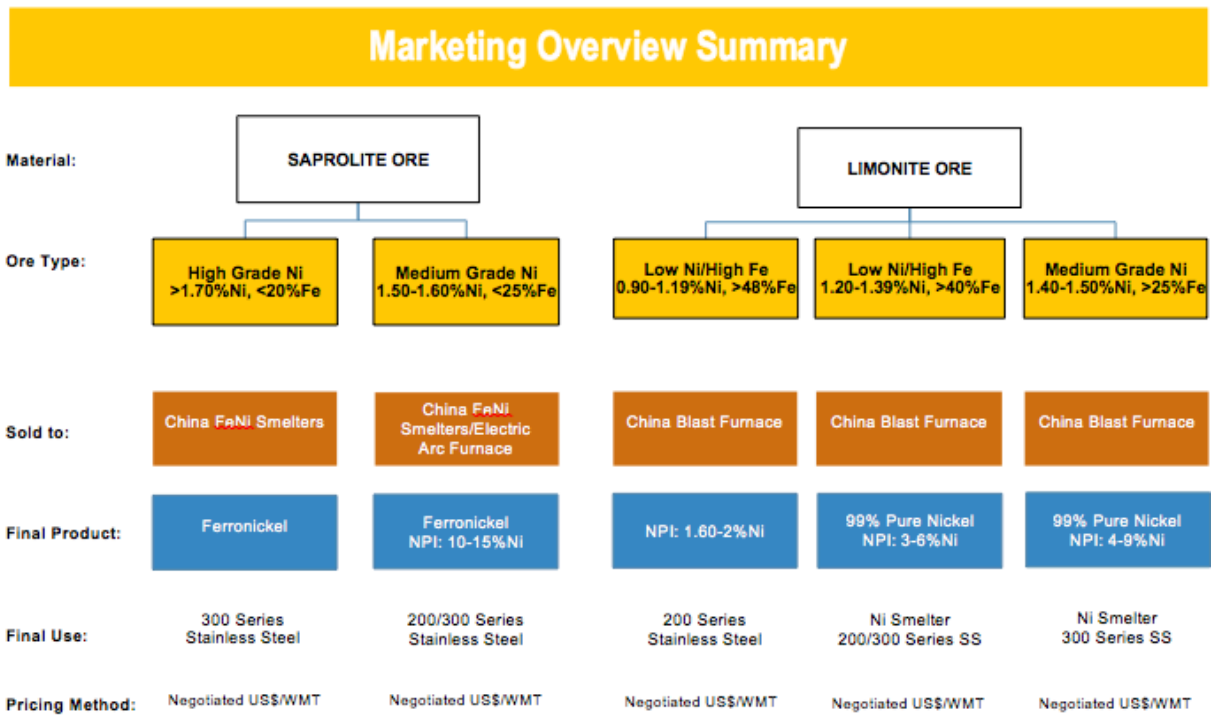
We typically require an up-front payment of 50.0% of our invoice by telegraphic transfer prior to each shipment, another 40.0% by telegraphic transfer is required upon loading, and the remaining 10.0% upon reconciliation, which generally occurs within 45 days of delivery. Alternatively, certain customers pay 95.0% of free on board (FOB) shipment value by letter of credit within seven (7) days from submission of shipment documents to the customer's letter of credit issuing bank, with the remaining 5.0% due upon reconciliation within 45 days from the date of the bill of lading. We invoice our customers on a preliminary basis for ore delivered based upon our estimates of tonnage, grade and quality for each shipload. Typically, we sample and assay the ore and check the tonnage at the loading port. A third-party inspector (i.e. Intertek Philippines, Inc. or SGS Philippines, Inc.), appointed in the individual purchase and sale contract executed between PGMC and the buyer, examines and certifies

the quality of each load through the sampling and assaying of chemical elements (nickel, iron & moisture) of the commodity before it is shipped, thereby eliminating the possibility of returned shipments. None of our products have been returned to us in the past. We also employ an in-house laboratory that tests the quality of our shipments.

For our sales of saprolite ore to the Chinese mineral trading companies and nickel and iron ore smelters and limonite ore to Chinese mineral trading companies and refineries, which constitute approximately 100.0% of our nickel ore sales (based on the year ended December 31, 2015 revenues), our invoices are generally based upon fixed prices, which are negotiated prior to the scheduled delivery of the shipment each month. The price is negotiated based on the demand of our ore from our customers. The greater the demand for our products, the higher the fixed price set for that particular month.

Supply contracts securing the agreed shipment tonnage and product specifications for the entire year were negotiated with the customers at the beginning of the year. Based on the annual supply contract, we negotiate and agree on the final price for the shipments on a monthly basis. The monthly agreed fixed price is based primarily on the demand of our ore from our customers. The greater the demand for our product the higher the fixed price set for that particular month. Aside from the price of the ore per WMT, the supply contracts also specify the nickel and iron range requirements and the maximum allowable moisture content per shipment. Ore in each shipment found to be above or below the grade specifications will attract either a bonus or a penalty. These discrepancies are measured in increments of 0.01% for nickel and 1.0% for iron. Once the deviation reaches below an acceptable limit, the price may be renegotiated. It is therefore important for us to mine, stockpile and blend the ores to the correct shipment specification in order to maximize earnings.

The diagram on the following page outlines the flow of our different product types from raw nickel ore to stainless steel or nickel metal and the applicable pricing method, as well as the general end use by our customers. Our customers may buy nickel ore from us and blend it with other materials that they may have purchased from other suppliers or producers for other uses.



Market Developments: Export ban of nickel ore by the Indonesian government

Due to the increasing scarcity of mineral resources containing high-grade saprolite ore in the Asia-Pacific region, coupled with the export ban on nickel ore from Indonesia, which began in January 2014, regional demand for limonite ore has been steadily growing over the past several years. Historically, Indonesia's nickel exports accounted for over 50.0% of the supply going to China according to a report prepared by CRU Consulting, a management consulting company specializing in the international metals, mining, and electricity industries in 2015. Due to the shortage of nickel ore in the market after the implementation of Indonesia's export ban, we have benefited significantly from the increase in prices across all grades of limonite and saprolite ore. The price of high-grade saprolite ore has tripled since 2013, which has facilitated a trickling down effect to the increase of prices for the medium and low-grade nickel ore. The export ban of nickel ore by the Indonesian government has brought about a positive effect on the sale of our nickel ore. As the supply for high-grade nickel ore was significantly reduced and no feasible new source of supply was found, our customers have increased their purchase of our medium-grade ores to blend with high-grade ore for their production of the 300 Series stainless steel. Furthermore, some customers have increased their production of the 200 Series stainless steel, which requires low-grade limonite while reducing the production of the 300 Series. As a result, since the ban's implementation, we have been selling increasing quantities of medium and low-grade limonite ore to our Chinese customers. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We expect demand in the short to medium term for low-grade limonite ore to continue to increase, as customers are adjusting their demands for high-grade saprolite ore to low-grade limonite ore. The imbalance between supply and demand of nickel ore will continue to subsist and currently there are no signs that the demand for nickel ore in China will be decreasing in the near future.

Customers

Our primary customers include trading companies as well as end users in China. One Hundred Percent (100.0%) of our sales for the years ended December 31, 2015 and 2016 and for the nine months ended September 30, 2017 were sold to our customers in China and we expect that China will continue to be a large contributor to our sale of nickel ore in the future.

As of September 30, 2017, our top five (5) customers are Baosteel Resources International Co. Ltd., Golden Harbour International Pte. Ltd., Guangdong Century Tsinghan Nickel Industry Company Limited, SIIC Shanghai International Trade (Group) Co., Ltd. and Viva Global Group, Ltd. in terms of volume purchased. Our volume of sales attributable to these five (5) customers for the nine months ended September 30, 2017 amounted to a total of 3.9 million WMT, which constitutes 80.0% of our total sales. We began our business relationships with these five (5) customers in 2014, 2015, 2014, 2016 and 2014, respectively. The Company is not dependent on any single customer considering the shortage in the supply of the nickel.

Baosteel Resources International Co. Ltd., Golden Harbour International Pte. Ltd., SIIC Shanghai International Trade (Group) Co., Ltd., and Viva Global Group, Ltd. are mineral trading companies in China and Hong Kong involved primarily in the business of importing minerals into China, including the importation of nickel ore from the Philippines then reselling it to smelter plants operators and stainless steel producers in China. Guangdong Century Tsinghan Nickel Industry Company Limited is a smelter plant operator in China. These customers purchase high to medium-grade saprolite ore and medium to low-grade limonite ore from us under annual or monthly supply agreements.

As of the date of this Prospectus, the Company has signed supply contracts with Baosteel Resources International Co. Ltd., Golden Harbour International Pte., Ltd. and Guangdong Century Tsinghan Nickel Industry Company Ltd. for the delivery of 4.0 million WMT of its mining production, which is equivalent to about 70.0% of its target of 6.0 million WMT mining production in 2017.

Competition

We compete with foreign nickel ore suppliers (primarily from New Caledonia, Indonesia and Australia) in world nickel ore markets, as well as other Philippine players. The most notable domestic competitors are CTPCMC, Nickel Asia Corporation, Marcventures Mining and Development Corporation, Carrascal Nickel Corporation and Oriental Peninsula Resources Group, Inc. We compete with other nickel ore suppliers primarily on the basis of ore quality, price, transportation cost and reliability of supply.

However, competition is also affected by the enforcement by the Philippine government of the environmental laws, rules and regulations. For instance, in February 2017, DENR ordered the closure and suspension of several mining companies.

The Company believes that it can effectively compete with its competitors due to efficient systems put in place in the operations of the CAGA Mine.

Mineral Resources and Ore Reserves

PMRC

In this Prospectus, unless otherwise noted we present estimated mineral resources and ore reserves in accordance with the PMRC, which is described below. We review and update our estimates as required, but at least annually, to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. In connection with the Offer, we have commissioned a PMRC Competent Person to independently verify certain of the ore reserve and mineral resource estimates. Ore reserve estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes in nickel prices or production costs and other factors.

Mineral Resources

The table on the following page summarizes the mineral resources (including stockpiles) at our Cagdianao Mine. These were estimated by us in accordance with the PMRC and were reviewed by PMRC Competent Person who accepts that the estimation procedures meet the standards of the PMRC.

Statement of Mineral Resources as at June 23, 2017

Material Type	Deposit	PMRC Classification	Quantity (Tonnes)	Ni %	Fe%	Dry Bulk Density
Low Grade (Ni >= 0.7%, Fe >= 48%)	CAGA-4 (as of 23 June 2017)	Measured	3,736,000	1.0	49.8	1.0
		Indicated	1,159,000	1.0	50.1	1.0
		Subtotal	**4,895,000**	**1.0**	**49.9**	**1.0**
	CAGA-2 (as of 23 June 2017)	Measured	1,477,000	1.0	49.8	1.2
		Indicated	767,000	1.0	49.6	1.2
		Subtotal	**2,244,000**	**1.0**	**49.7**	**1.2**
	CAGA-3 (as of 23 June 2017 (unmined)*	Measured	1,307,000	1.0	49.1	1.1
		Indicated	87,000	1.0	48.7	1.1
		Subtotal	**1,394,000**	**1.0**	**49.0**	**1.1**
	CAGA-1 (unmined)*	Measured	1,257,000	0.9	49.4	1.2
		Indicated	293,000	0.9	49.5	1.2
		Subtotal	**1,550,000**	**0.9**	**49.4**	**1.2**
	CAGA-5 (unmined)*	Measured	536,000	1.0	49.5	1.2
		Indicated	147,000	0.9	49.3	1.2
		Subtotal	**683,000**	**1.0**	**49.5**	**1.2**

Material Type	Deposit	PMRC Classification	Quantity (Tonnes)	Ni %	Fe%	Dry Bulk Density
	Combined	Measured	8,313,000	1.0	49.6	1.1
		Indicated	2,453,000	1.0	49.7	1.1
		Total	***10,766,000***	***1.0***	***49.6***	***1.1***
Medium Grade (Ni >= 0.8%, Ni < 1.5%, Fe < 48%)	CAGA-4 (as of 23 June 2017)	Measured	4,868,000	1.1	41.8	1.0
		Indicated	4,341,000	1.2	21.9	1.1
		Subtotal	**9,209,000**	**1.1**	**32.4**	**1.1**
	CAGA-2 (as of 23 June 2017)	Measured	5,456,000	1.2	22.5	1.3
		Indicated	4,380,000	1.1	26.4	1.3
		Subtotal	**9,836,000**	**1.1**	**24.2**	**1.3**
	CAGA-3 (as of 23 June 2017 (unmined)*	Measured	6,710,000	1.2	28.3	1.2
		Indicated	2,878,000	1.1	23.0	1.2
		Subtotal	**9,588,000**	**1.1**	**26.7**	**1.2**
	CAGA-1 (unmined)*	Measured	3,092,000	1.0	43.7	1.2
		Indicated	3,071,000	1.0	26.9	1.2
		Subtotal	**6,163,000**	**1.0**	**35.3**	**1.2**
	CAGA-5 (unmined)*	Measured	866,000	1.0	43.8	1.2
		Indicated	1,502,000	1.0	21.0	1.2
		Subtotal	**2,368,000**	**1.0**	**29.3**	**1.2**
	Combined	Measured	20,992,000	1.1	32.8	1.2
		Indicated	16,172,000	1.1	24.2	1.2
		Total	***37,164,000***	***1.1***	***29.1***	***1.2***
High Grade (Ni >= 1.5%, Fe < 48%)	CAGA-4 (as of 23 June 2017)	Measured	517,000	1.8	19.2	1.1
		Indicated	2,311,000	1.8	12.7	1.2
		Subtotal	**2,828,000**	**1.8**	**13.9**	**1.2**
	CAGA-2 (as of 23 June 2017)	Measured	1,276,000	1.7	11.9	1.3
		Indicated	179,000	1.7	12.7	1.3
		Subtotal	**1,455,000**	**1.7**	**12.0**	**1.3**
	CAGA-3 (as of 23 June 2017 (unmined)*	Measured	1,670,000	1.7	15.2	1.2
		Indicated	157,000	1.6	14.1	1.2
		Subtotal	**1,827,000**	**1.7**	**15.1**	**1.2**
	CAGA-1 (unmined)*	Measured				
		Indicated	106,000	1.7	16.2	1.1
		Subtotal	**106,000**	**1.7**	**16.2**	**1.1**
	CAGA-5 (unmined)*	Measured	7,000	1.6	42.9	1.2
		Indicated	7,000	1.5	25.7	1.2
		Subtotal	**14,000**	**1.6**	**34.3**	**1.2**
	Combined	Measured	3,470,000	1.7	14.7	1.2
		Indicated	2,760,000	1.8	12.9	1.2
		Total	***6,230,000***	***1.7***	***13.9***	***1.2***
Combined	CAGA-4 (as of 23 June 2017)	Measured	9,121,000	1.1	43.8	1.0
		Indicated	7,811,000	1.3	23.3	1.1
		Subtotal	**16,932,000**	**1.2**	**34.4**	**1.1**
	CAGA-2 (as of 23 June 2017)	Measured	8,209,000	1.2	25.8	1.3
		Indicated	5,326,000	1.1	29.3	1.3
		Subtotal	**13,535,000**	**1.1**	**27.1**	**1.3**
	CAGA-3 (as of 23 June 2017 (unmined)*	Measured	9,687,000	1.2	28.9	1.2
		Indicated	3,122,000	1.1	23.3	1.2
		Subtotal	**12,809,000**	**1.2**	**27.5**	**1.2**
	CAGA-1 (unmined)*	Measured	4,349,000	1.0	45.3	1.2
		Indicated	3,470,000	1.0	28.5	1.2
		Subtotal	**7,819,000**	**1.0**	**37.9**	**1.2**
	CAGA-5 (unmined)*	Measured	1,409,000	1.0	46.0	1.2
		Indicated	1,656,000	1.0	23.5	1.2

Material Type	Deposit	PMRC Classification	Quantity (Tonnes)	Ni %	Fe%	Dry Bulk Density
		Subtotal	**3,065,000**	**1.0**	**33.8**	**1.2**
	Combined	Measured	32,775,000	1.1	35.2	1.2
		Indicated	21,385,000	1.2	25.7	1.2
		Total	***54,160,000***	***1.1***	***31.4***	***1.2***

Notes:

1. *The PGMC Statement of Mineral Resources has been generated under the supervision of Mr. Edgardo G. Garcia who is an independent Consulting Geologist and a Registered Member of the Geological Society of the Philippines and Australian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the PMRC and JORC Codes.*
2. *All Mineral Resources figures reported in the table above represent estimates at 23 June 2017. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, continuity of the mineralization and the availability of sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate and thus may cause some computational variances.*
3. *Mineral Resources are reported in accordance with the Philippine Mineral Reporting Code (PMRC 2007 Edition) which was adopted from JORC.*
4. *The PGMC Statement of Mineral Resources includes all estimates for all explored deposits of the PGMC- CAGA Nickel Project, namely: CAGA-1 to CAGA-5. However, estimates* for CAGA-1 and CAGA-5 remain the same as reported on 31 May 2014 as no additional exploration/drilling and mining operations have been undertaken since then.*
5. *The increase in PGMC's Mineral Resources at CAGA-2 and CAGA-3 (2016:2017) was a result of additional resources estimated upon completion of additional exploration drilling from 2016 – 2017.*

Ore Reserves

The Cagdianao Mine ore reserve estimates by the PMRC Competent Person as of June 23, 2017 are based on mineral resource estimation data and modifying factors as summarized in the table on the following page. The PMRC Competent Person applied the modifying factors to the mineral resource estimate to calculate the ore reserves shown below. The PMRC Competent Person has adjusted some of the modifying factors where it was believed the historical data may have overestimated the ore reserves. After these adjustments, the PMRC Competent Person believes the adjusted modifying factors are reasonable for converting the mineral resources to ore reserves.

Table of Statement of PMRC Ore Reserves as at June 23, 2017

Classification	Proven			Probable			Total		
Material	**WMT**	**Ni**	**Fe**	**WMT**	**Ni**	**Fe**	**WMT**	**Ni**	**Fe**
LGHF	12,701,968	0.92	49.08	2,941,272	0.92	48.98	15,643,240	0.92	49.07
LGMF	2,404,740	1.23	46.40	439,605	1.22	46.50	2,844,346	1.23	46.41
LGLF	3,091,363	1.27	14.34	2,547,974	1.26	12.01	5,639,337	1.26	13.29
MGMF	619,423	1.44	42.98	64,319	1.43	43.77	683,741	1.44	43.05
MGLF	4,487,540	1.48	13.08	3,193,322	1.48	12.24	7,680,862	1.48	12.73
HG	1,776,569	1.81	13.96	2,074,576	1.85	12.60	3,851,145	1.83	13.23
Total	25,081,603	1.17	35.46	11,261,068	1.34	23.37	36,342,670	1.22	31.72

Source: PMRC Report dated October 1, 2017

Table of Ore Reserves as at June 23, 2017 by Product Specifications

Pit	Classification	Proven			Probable			Total		
	Material	WMT	Ni	Fe	WMT	Ni	Fe	WMT	Ni	Fe
CAGA 1	LGHF	2,408,358	0.87	48.82	533,967	0.84	48.77	2,942,325	0.86	48.81
	LGMF	49,929	1.21	45.06	28,413	1.20	42.40	78,342	1.21	44.09
	LGLF	823	1.20	35.08	36,287	1.29	18.84	37,110	1.29	19.20
	MGMF	-	-	-	-	-	-	-		-
	MGLF	-	-	-	156,621	1.47	17.00	156,621	1.47	17.00
	HG	-	-	-	51,453	1.84	15.38	51,453	1.84	15.38
	Total	2,459,109	0.88	48.74	806,742	1.06	38.90	3,265,851	0.92	46.31
CAGA 2	LGHF	1,814,540	0.94	49.34	996,638	0.92	48.85	2,811,178	0.93	49.17
	LGMF	333,427	1.23	46.07	98,847	1.21	47.58	432,274	1.23	46.42
	LGLF	1,295,389	1.27	12.52	513,646	1.25	12.65	1,809,035	1.27	12.56
	MGMF	47,393	1.44	41.66	3,739	1.40	43.38	51,131	1.43	41.79
	MGLF	1,748,989	1.47	11.53	275,676	1.46	12.58	2,024,665	1.47	11.67

Pit	Classification	Proven			Probable			Total		
	Material	WMT	Ni	Fe	WMT	Ni	Fe	WMT	Ni	Fe
	HG	534,817	1.80	11.81	54,832	1.78	12.86	589,649	1.80	11.91
	Total	5,774,556	1.28	25.90	1,943,378	1.13	33.05	7,717,934	1.24	27.70
CAGA 3	LGHF	2,930,420	0.92	48.57	202,245	0.94	48.09	3,132,665	0.92	48.54
	LGMF	526,573	1.21	45.89	40,388	1.21	44.10	566,961	1.21	45.76
	LGLF	1,449,740	1.27	14.41	599,050	1.26	13.24	2,048,790	1.27	14.07
	MGMF	55,112	1.44	43.03	699	1.42	46.81	55,811	1.44	43.08
	MGLF	2,381,581	1.47	14.52	375,635	1.45	13.36	2,757,216	1.47	14.36
	HG	764,407	1.77	15.54	31,974	1.72	13.89	796,380	1.76	15.47
	Total	8,107,833	1.25	29.13	1,249,990	1.27	19.95	9,357,823	1.25	27.91
CAGA 4	LGHF	5,056,702	0.94	49.40	1,084,137	0.96	49.39	6,140,839	0.94	49.40
	LGMF	1,479,307	1.23	46.68	271,704	1.23	46.89	1,751,012	1.23	46.71
	LGLF	345,411	1.25	20.82	1,396,840	1.26	11.06	1,742,251	1.26	12.99
	MGMF	467,115	1.45	42.72	54,376	1.43	44.01	521,491	1.44	42.85
	MGLF	356,906	1.49	11.04	2,373,620	1.48	11.66	2,730,526	1.49	11.58
	HG	477,345	1.89	13.83	1,936,317	1.85	12.50	2,413,662	1.86	12.76
	Total	8,182,786	1.11	43.57	7,116,993	1.45	19.11	15,299,780	1.27	32.19
CAGA 5	LGHF	491,948	0.89	49.25	124,284	0.86	48.89	616,233	0.88	49.18
	LGMF	15,504	1.30	47.83	253	1.24	45.71	15,757	1.30	47.80
	LGLF	-	-	-	2,152	1.22	18.95	2,152	1.22	18.95
	MGMF	49,802	1.43	46.58	5,505	1.45	41.27	55,308	1.43	46.05
	MGLF	63	1.47	-	11,770	1.41	21.20	11,834	1.41	21.08
	HG	-	-	-	-	-	-	-	-	-
	Total	557,318	0.95	48.97	143,965	0.93	45.88	701,283	0.95	48.33

Source: PMRC Report dated October 1, 2017

PMRC

The PMRC has been adopted by the PSE as the minimum reporting standard for listed mining companies in the Philippines. Our nickel mineral resources and ore reserves reported in the PMRC CAGA Report have been estimated in accordance with the PMRC. The primary features of the reporting of ore reserves and mineral resources in accordance with the PMRC are summarized below.

(a) The PMRC governs the reporting of exploration results, mineral resources, ore reserves and metallurgical assessments and design related to mining in the Philippines.

(b) The PMRC is applicable to all solid minerals including industrial minerals and coal. PMRC does not include diamond and other gemstones.

(c) The "Competent Person" recognized under the PMRC is a person who is a duly-licensed professional and is an active Member or Fellow of the PSEM, GSP or SMEP, duly accredited by the professional organization to which he/she belongs or of a ROPO included in a list promulgated as the need arises.

(d) Under the PMRC, an "Ore Reserve" is defined as the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Defining ore reserves requires that appropriate assessments, *to a minimum of a prefeasibility study*, have been carried out, and requires consideration of, and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. In the case of integrated mining operations, the pre-feasibility study will have determined an ore treatment plan that is technically and commercially viable and from which the mineral recovery factors are estimated. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves.

Executive Summary of the PMRC CAGA Reserves Report

PGMC engaged the "Author", Engr. Vicente M. Jayme Jr., a Mining Engineer- Competent Person, to prepare a PMRC CP Technical Report on the Economic Assessment and Ore Reserve Estimation of the CAGA Mine located in Sitio Kinalablaban, Barangay Cagdianao, Claver, Surigao Del Norte, in northeastern Mindanao, Philippines, for PGMC's filing of updated Project Description with the DENR-MGB and its planned Offer with the PSE.

The Project is located within a mineral reservation in the Surigao Domain in the northeastern region of Mindanao Island identified as a nickel iron laterite-rich region derived from the weathering of Cretaceous ultramafic rocks of the Bicol-Eastern Mindanao Ophiolite Belt.

The Project is covered by MPSA No. 007-92-X granted to CMDC on June 13, 1992 covering an area of 4,376.0 hectares, which is valid for 25 years (until June 12, 2017). The MPSA was extended by the DENR Secretary for another 25 years (until February 14, 2042).

CMDC entered into a life of mine agreement with the SIRC on September 15, 2006, which then was eventually 100.0% owned by PGMC by 2007.

PGMC commenced development of the CAGA-4 deposit on January 2007 with an ECC shared with CTPCMC, another company operating its Adlay Nickel Project under the SIRC Joint Venture. In 2010, PGMC purchased CTPCMC's share in SIRC, which then became 100.0% owned PGMC. The ECC was then amended to allow an authorized annual production capacity of 5.0 million dry metric tons from the entire tenement area.

In line with PGMC's plan to expand mine operations and increase production capacity, PGMC embarked in a comprehensive exploration program on July 2011 to November 2012, which culminated in the subsequent preparation of a CP Technical Report on the Mineral Resource of the CAGA Nickel Project on September 6, 2013, which was updated last September 22, 2014 and again on June 30, 2016. These activities were undertaken and managed by GeoPacific Resources, Inc. (GPRI) with the supervision of the Geologist-CP Edgardo G. Garcia (Geologist-CP).

The Company, thru its exploration contractor BOHRER Mining Consultants Services ("BMCS") embarked, in another phased exploration program from October 2016 to May 2017 covering the CAGA2 and CAGA3 in-fill and peripheral extensions, which led to the preparation of an updated CP Technical Report on the Mineral Resource of the CAGA Nickel Project dated October 1, 2017. These activities were undertaken and managed by BMCS with the supervision of the Geologist-CP Edgardo G. Garcia (Geologist-CP).

The mineral resource estimate was undertaken to take into account the mine depletion that has occurred since the initial resource estimation made during abovementioned date as well as the result of the recent phased exploration that was conducted from October 2016 to May 2017. During the updated resource estimation, the Geologist-CP reviewed PGMC's drilling and sampling procedures and indicated that appropriate practices were used during the drilling program and that all exploration activities were accomplished to the PMRC Code standard. The Quality Assurance/Quality Control ("QA/QC") process indicated the following: that there is no significant assay bias; that with the significant amount of samples used in the estimation and the normal distribution and small range of sample grades within each estimation domain, the observed scatter of repeat data have no material and adverse impact on the resource estimate. Using the results of QA/QC, considerations were made when assigning PMRC classifications to the resource estimates.

The Geologist-CP mineral resource estimate complied with the recommendations of PMRC (2007) as highlighted by the adoption of the guidelines listed on the PMRC "Table- 1- Checklist of Assessment and Reporting Criteria". The PGMC PMRC Statement of Mineral Resources as reported as at June 23, 2017 has a measured and indicated mineral resource of **54.1 Million Dry Metric Tonnes at 1.1%Ni and 31.4%Fe**.

On October 1, 2017, the "Author", in his capacity as an independent consulting Mining Engineer-CP, was engaged by PGMC to do an economic assessment and ore reserve evaluation for its Cagdianao Nickel Expansion Project and subsequently prepared an updated PMRC CP-Technical report for economic assessment and ore reserve evaluation for purposes of submission to the PSE.

Based on the 2014 Project Description as prepared by the PGMC mine engineering team, PGMC 2017 operating budget, 2016 to June 2017 actual operating cost data, and other relevant data provided by the PGMC mine engineering team, the project has been determined to be profitable as reflected in the detailed financial model prepared by the "Author". Based on the Financial Analysis, the project with an initial investment of **₱3.4 Billion or US$68.0 Million,** has **Net Present Value (NPV) of ₱3.74 Billion** or **US$ 74.8 Million, Internal Rate of Return (IRR) of 72%,** and a **Payback (discounted) period of 4.5 years.**

The proven and probable ore reserves estimate for the PGMC Cagdianao Nickel Expansion Project as at ending June 30, 2016 stands at **36.3 Million WMT at 1.22%Ni and 31.7%Fe**. The ore reserves estimate was proven to be viable based on the results of the economic assessment done by the "Author".

The "Author" recommends to PGMC the following:

Further exploration work should be done to delineate additional mineral resource with the potential to be converted to ore reserves and extend the life of the mine to beyond its projected eight (8) years mine life at an annual mine production of 5.0 Million WMT. Peripheral drilling on CAGA1, CAGA4, CAGA5 as well as grass roots drilling at CAGA6, CAGA7, and HIGDON areas should be prioritized as a new road will be constructed which will provide easy access to these ore extensions when the exploration results are favorable. Other potential resource commodities such as limestone should also be studied as the SIRC tenement contains a considerable volume located at its western side. Chromite deposits have also long been identified to occur also within the SIRC tenement. Recent geological investigation conducted by PGMC suggests possible economic volume of chromite within the areas of CAGA2 and CAGA7 areas that warrants further detailed investigation.

The viability of putting up a mine-mouth Blast Furnace plant for NPI production to tap the vast low nickel-high iron ore potential within the tenement should be thoroughly studied. This will allow PGMC to further maximize its resource and value of its property thereby strengthening its position in the Philippine nickel mining industry as well as become a more reliable supplier to China and other potential markets.

Strategic mine planning should continue to focus on the long term outlook of the possibility of a Philippines export ban on unprocessed ore and the slow upward movement of prices and demand the for carbon steel as against its effect on the ore reserves of PGMC. It should also determine the optimum production of the mine putting into consideration the future demand of nickel particularly the medium and high grade and the risk of slowing down on the low grade nickel-high iron ore exports if the prices of iron ore will not significantly increase. The strategic mine plan should address the question on the effect of the low grade nickel-high iron if it were to become a non- marketable product with the demise in demand of China.

The mine has been aggressively opening up new areas of CAGA2 and CAGA4, which could pose as an environmental risk since the disturbed areas are increasing fast and the implementation of the progressive rehabilitation program cannot cope due to possible cost constraints. In compliance to the EPEP and ECC conditionality, PGMC should continue to conduct progressive rehabilitation consistently to make up for the backlog in the area required for rehabilitation and re-vegetation to which the "Author" believes they can achieve.

PGMC should also look into acquiring additional tenements with high potential for nickel laterites in identified ultramafic domains particularly in Palawan, MIMAROPA, as well as in Dinagat Island and in the southern part of Mindanao.

The Statement of Mineral Resources (Measured and Indicated) as at May 31, 2014 and June 30, 2016 are presented below to show resource update after mine depletion and new resource estimation with completion of CAGA 2 and CAGA 4 drilling.

Statement of Mineral Resources for Total Nickel as of May 31, 2014 (Measured and Indicated)

Material Type	Deposit	PMRC Classification	Quantity (Tonnes)	Ni %	Co%	Fe%	Dry Bulk Density
Combined	CAGA-4 (as of May 31, 2014)	Measured	5,898,000	1.12	0.13	48.3	1.20
		Indicated	14,018,000	1.38	0.06	22.6	1.36
		Subtotal	**19,916,000**	**1.30**	**0.08**	**30.2**	**1.3**
	CAGA-2 (as of May 31, 2014)	Measured	10,975,000	1.26	0.08	29.1	1.25
		Indicated	6,053,000	1.20	0.05	16.1	1.22
		Subtotal	**17,028,000**	**1.24**	**0.07**	**24.5**	**1.2**
	CAGA-1 (unmined)	Measured	4,349,000	0.94	0.10	45.3	1.20
		Indicated	3,470,000	1.05	0.07	28.5	1.18
		Subtotal	**7,819,000**	**0.99**	**0.09**	**37.9**	**1.2**
	CAGA-3 (unmined)	Measured	3,199,000	1.07	0.11	44.9	1.10
		Indicated	3,986,000	1.27	0.06	19.1	1.05
		Subtotal	**7,185,000**	**1.18**	**0.08**	**30.6**	**1.1**
	CAGA-5 (unmined)	Measured	1,409,000	1.02	0.14	45.9	1.20
		Indicated	1,656,000	1.01	0.07	23.6	1.20
		Subtotal	**3,065,000**	**1.01**	**0.10**	**33.9**	**1.2**
	Total	Measured	25,830,000	1.14	0.10	39.1	1.2
		Indicated	29,183,000	1.27	0.06	21.6	1.3
		TOTAL	**55,013,000**	**1.21**	**0.08**	**29.8**	**1.2**

Notes:

1. *The Statement of PMRC Mineral Resources has been generated under the supervision of Mr. Edgardo G. Garcia who is an independent Consulting Geologist and a Registered Member of the Geological Society of the Philippines and Australian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the PMRC and JORC Codes.*
2. *All Mineral Resources figures reported in the table above represent estimates as at May 31, 2014. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, continuity of the mineralization and the availability of sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate and thus may cause some computational variances.*
3. *Mineral Resources are reported in accordance with the PMRC (2007 Edition).*

Statement of Mineral Resources for Total Nickel as of June 30, 2016 (Measured and Indicated)

Material Type	Deposit	PMRC Classification	Quantity (Tonnes)	Ni %	Fe%	Co%	Dry Bulk Density
Combined	CAGA4 (as of June 30, 2016)	Measured	10,456,000	1.1	43.8	0.1	1.0
		Indicated	8,042,000	1.3	21.9	0.1	1.1
		Subtotal	18,498,000	1.2	34.3	0.1	1.1
	CAGA2 (as of June 30, 2016)	Measured	8,354,000	1.2	26.9	0.1	1.3
		Indicated	5,393,000	1.1	22.3	0.1	1.3
		Subtotal	13,747,000	1.2	25.1	0.1	1.3
	CAGA1 (unmined)*	Measured	4,349,000	0.9	45.3	0.1	1.2
		Indicated	3,470,000	1.0	28.5	0.1	1.2
		Subtotal	7,819,000	1.0	37.9	0.1	1.2
	CAGA3 (unmined)*	Measured	3,199,000	1.1	44.9	0.1	1.1
		Indicated	3,986,000	1.3	19.2	0.1	1.1
		Subtotal	7,185,000	1.2	30.6	0.1	1.1
	CAGA5 (unmined)*	Measured	1,409,000	1.0	46.0	0.1	1.2
		Indicated	1,656,000	1.0	23.5	0.1	1.2
		Subtotal	3,065,000	1.0	33.8	0.1	1.2
	Total	Measured	27,767,000	1.1	39.2	0.1	1.2
		Indicated	22,547,000	1.2	22.6	0.1	1.2
		Total	50,314,000	1.1	31.8	0.1	1.2

Notes:

1. *The PGMC Statement of Mineral Resources has been generated under the supervision of Mr. Edgardo G. Garcia who is an independent Consulting Geologist and a Registered Member of the Geological Society of the Philippines and Australian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the PMRC and JORC Codes.*
2. *All Mineral Resources figures reported in the table above represent estimates at June 30, 2016. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, continuity of the mineralization and the availability of sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate and thus may cause some computational variances.*
3. *Mineral Resources are reported in accordance with the PMRC (2007 Edition).*
4. *The PGMC Statement of Mineral Resources includes all estimates for all explored deposits of the PGMC- CAGA Nickel Project, namely: CAGA-1 to CAGA-5. However, estimates for CAGA-1, CAGA-3 and CAGA-5 remain the same as reported on May 31, 2014 as no additional exploration/drilling and mining operations have been undertaken.*

Environment and Rehabilitation

We adhere to the principles and practices of sustainable development. In addition, our mining operations are subject to stringent and extensive environmental regulations. As such, we are deeply committed to implementing best practices in managing the environmental impact of our operations, from exploration to rehabilitation. Upon cessation of our mining operations, we plan to restore our mining properties to their pre-mining conditions or to develop alternative productive land uses for the benefit of the affected communities.

The Implementing Rules and Regulations of the Philippine Mining Act require us to contribute 3.0% to 5.0% of our mining costs for the implementation of the annual EPEP. Activities undertaken under our

annual EPEP include among others: rehabilitation of mine disturbed areas, reforestation, construction and/or maintenance of environmental facilities, solid waste management, hazardous waste management, air quality monitoring and water quality monitoring. In 2015, 2016 and 2017, we spent approximately ₱110.4 million, ₱101.9 million and ₱104.6 million, respectively, on our EPEP. We believe that our cost of compliance with environmental laws is not material.

Our compliance with ECC conditions and performance of its commitments under our annual EPEP are subject to monitoring and evaluation of the Multipartite Monitoring Team ("MMT"). The MMT is a multi-sector group headed by a representative from the MGB and representatives of local government units, other government agencies, non-government organizations, people's organizations, the church sector and us. Funds for mine rehabilitation and other environmental guarantee funds are established and deposited in trust funds, as required by the Philippine Mining Act. As at December 31, 2015 and 2016 and 2017, total rehabilitation and monitoring trust funds amounted to about ₱5.9 million. This amount complies with the minimum requirement under the law.

Our Mine Rehabilitation and Decommissioning Plan is currently being revised and will take account of an extension in the useful lives of our mine resulting from our anticipated future sales of limonite ore.

We periodically book an accretion expense and corresponding provision for mine rehabilitation and decommissioning. The basis for this expense/liability is our draft Mine Rehabilitation and Decommissioning Plan. As of December 31, 2016 and 2015 and June 30, 2017, we had ₱67.1 million and ₱58.3 million and ₱69.2 million provisions, respectively, for the mine rehabilitation and decommissioning, which complies with the schedule given to us by MGB. On February 23, 2017, we fully funded our required ₱74.6 million Final Mine Rehabilitation Decommissioning Fund (FMRDF) ahead of the schedule given to us by the MGB.

The operating mine of SIRC is representative of mature surface mining operations, with vast disturbed areas that require on-going restoration and rehabilitation to re-establish the natural vegetation, as well as to reduce the significant visual impact of the mining operations.

The mine has an approved EPEP and secured the required operating permits to construct and operate siltation control facilities. Consistent with the EPEP, in early 2014, our mine received an environmental award under its "Adopt a River Program" for its protection of the Kinalablaban river, which is within our area of operations in the Cagdianao Mine.

The necessity to segregate each material classification and to partially reduce moisture content through solar drying involves a fairly wide open area exposed to soil erosion that will cause sediment loadings and deposition in natural drainages feeding to the ocean. To mitigate such sediment loadings from reaching the ocean, all operations constructed siltation ponds, most of them in series, to catch and contain as much run-off as possible.

The mining method, considering the geographic, geological, climatic and other relevant attributes, is not expected to lead to significant or irreversible adverse impacts to the environment provided that environmental monitoring, mitigation and rehabilitation measures are properly developed and implemented. The environmental management personnel of our mine are well-qualified and have many years of relevant experience.

The DENR requires all operating mines to submit their FMRDP for evaluation and approval. Upon approval, the mine is required to deposit annually a portion of the total FMRDP cost. The FMRDP shall be deposited as a trust fund in a Government depositary bank and shall be used solely for the implementation of the approved FMRDP. Annual cash provisions shall be made by the mining companies to a FMRDP fund based on the formula provided in DENR Administrative Order No. 2005-07. As of the date of this Prospectus, the Company has set up a trust fund with DBP Surigao City in the total amount of ₱74,593,674.00 to comply with such requirements under the FMRDP. We are in compliance with all such requirements in all material respects.

The DENR also requires all mining companies to secure ISO 14001 certification - Environmental Management System.

This system ensures sufficient environmental funds are available to cover full mine rehabilitation even in the event of a premature closure.

Compliance with the ECC and implementation of EPEP of all sites are audited quarterly by an MMT composed of representatives from the government regulatory agencies, local government officials of host and neighboring communities, non-governmental organizations and the church.

The DENR also requires all mining companies to secure ISO 14001 certification - Environmental Management System. In 2016, PGMC was certified with ISO 14001:2015 (Environmental Management System). In April 2017, INC was certified with ISO 14001:2015 in its Environmental Management System for Management of Mine Site Preparation.

Employees

As of November 30, 2017, we had 731 employees. Out of these employees, 86 are employed at our head office, while the remaining 645 are employed in our mining operations at our existing mines in Cagdianao. Of these, 145 are involved in mining operations, engineering, and mine planning, 142 are employed on grade and quality control, 5 are handling port operations, 177 are taking care of the environment, health, and safety concerns of the Company, and 176 are performing administrative, human resource, accounting & finance, maintenance and mechanic functions, mine security, audit, and office of the vice president. The Company has employed the best all-Filipino professional and technical personnel. Further, there are six (6) technical personnel who are members of our senior and junior management.

Our service contractors had deployed an aggregate workforce of 450 employees at our Cagdianao site. In addition, we have chartered five (5) LCTs utilized for shipside loading operations and have about 70 personnel. We do not currently anticipate any significant increase or decrease in the number or allocation of our employees at our Cagdianao Mine for the next mining season. For INC Mine, it has less than 30 employees engaged in community relations, survey, and other preparatory activities. The rest of the manpower required for the operation of the INC Mine will come from the contractors that will be engaged by the Company for the mining operations.

Although historically we have not experienced any work stoppages, strikes or industrial actions, there can be no assurance that work stoppages or other labor-related disputes, demands for increased wages or other terms or other developments will not occur in the future. Any significant dispute between the contractors and us or labor disputes between the contractors and their employees could have a material adverse effect on our business, results of operations, and financial condition. As our business grows, we will require additional key financial, administrative and mining personnel as well as additional operations staff.

There are no labor unions within the Group.

As of November 30, 2017, the following is the breakdown of the Company's employees:

Position Level	HEAD OFFICE		TOTAL FOR HEAD OFFICE	CAGDIANAO MINE SITE			TOTAL FOR CAGDIA NAO	GRAND TOTAL
	R	P		R	P	FT		
Executives	7	–	7	1	–	–	1	**8**
Managerial	16	–	16	11	–	–	11	**27**
Supervisory	14	1	15	39	7	5	51	**66**
Technical	6	–	6	42	2	177	221	**227**

Position Level	HEAD OFFICE		TOTAL FOR HEAD OFFICE	CAGDIANAO MINE SITE			TOTAL FOR CAGDIA NAO	GRAND TOTAL
	R	P		R	P	FT		
Rank & File	36	6	42	5	–	356	361	**403**
Total	**79**	**7**	**86**	**98**	**9**	**538**	**645**	**731**

*****Figure was based on manpower compliment of PGMC H.O, GFNI, Surigao mine site, PCSSC H.O & mine site*

Legend

R - Regular
P - Probationary
FT - Fixed Term

Occupational Health and Safety

We are committed to providing safe and healthy working conditions to protect our employees from injuries and to prevent damage to our properties and equipment.

Health and safety are integral parts of our personnel policies. Our comprehensive safety program is designed to minimize health risks arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to our operations.

We provide and strictly require the utilization of a comprehensive suite of protective equipment and safety devices for employees and visitors. First aid and emergency equipment are installed strategically in our work areas. Safety in-house inspections are regularly conducted to identify hazards and unsafe conditions or practices. Managers and supervisors regularly conduct safety briefings and meetings. Safety orientation training is also conducted for new employees and emergency preparedness training and drills are conducted periodically.

We have a rigorous system of investigating accidents and near-misses to understand causes and implement corrective measures. We record and monitor lost time injuries, medically treated injuries, minor injuries, and non-injury incidents that include serious incidents, and property damage and their frequency rates. In the past three (3) years, we have had one (1) isolated fatal accident at our mine site. See "Risk Factors—Risks Related to our Existing Business and Industry."

We have won a number of awards for operating some of the safest and environmentally friendly surface mines in the Philippines. In addition to other awards, our operations have been recognized with the most improved safety performance by Philippine Mine Safety and Environment Association during the 61st Annual National Mine Safety and Environment Conference held at Baguio City on November 14, 2014. In addition, PGMC is also one of the nominees for the Best Mining Forest award for 2014.

On November 2, 2016, the MGB wrote PGMC that it will receive the following awards on November 18, 2016:

(a) Most Improved Safety Performance;
(b) Best Surface Mine Supervisor; and
(c) Presidential Mineral Industry Environmental Award (PMIEA) Selection Committee Titanium Award, Surface Mining Operation Category.

These awards are being conferred every year to mining companies that showed exemplary practices in safety and health; environmental protection and rehabilitation; and community and social development and management.

Intellectual Property Rights

PGMC is the registered owner of the trademarks "Platinum Group Metals Corporation" and "Global Ferronickel Holdings, Inc."

The terms of registration of the following trademarks are as follows:

Trademark	Term
Platinum Group Metals Corporation	May 9, 2013 – May 9, 2023
Global Ferronickel Holdings, Inc.	August 27, 2015 – August 27, 2025

Since the products of the Group are mineral ores, the sale of said ore is not primarily dependent on the said trademarks.

Corporate Social Responsibility

General

We believe that we have a corporate social responsibility to protect and care for the people and the environment affected by our operations and attempt to improve the welfare and quality of life in the communities in which we operate. We believe that we contribute to the sustainable economic development of these communities and, more broadly, the nation.

The Philippine Mining Act contains specific provisions with respect to social development and management programs. The provisions require all mining companies to assist in: (a) the development of local communities to promote the general welfare of the local inhabitants; and (b) the development of mining technology and geosciences as well as manpower training and development. Under the Implementing Rules and Regulations of the Philippine Mining Act, all mining companies are required to allocate annually a minimum of 1.5% of the total operating costs for such purposes. 75.0% of the 1.5% total operating costs shall be apportioned for the development of the Host and Neighboring Communities program, 15.0% of the 1.5% total operating costs shall be apportioned for the Promotion of Public Awareness and Education on Mining Technology and Geosciences program and the remaining 10.0%of the 1.5% total operating costs shall be used to assist in the development of Mining Technology and Geosciences program as well as manpower training and development.

Community relations staff and community organizers assist us in building and establishing partnerships within the communities in which we operate, formulating programs that address the needs of such communities and also enable us to immediately address local issues and concerns. Projects for education, health, livelihood, infrastructure assistance and other social services are all designed and implemented in close coordination with relevant local government units and communities. The Community Technical Working Group, which is composed of representatives from local government units, government agencies, non-governmental organizations, community organizations, churches, and us, regularly monitors our performance in implementing our social development and management program.

Education

We believe that quality education is the best tool to fight poverty. We award scholarships and other forms of aid to deserving students, including students who are members of indigenous groups, so as to improve their education, job opportunities and their ability to support their families. These scholarships and other forms of aid include payment of tuition, stipend allowances and provision of school supplies and uniforms. Education projects also involve the improvement of school facilities, provision of educational materials to schools, teachers' training programs and payment of teachers' honoraria. At our Cagdianao Mine, we have constructed seven (7) school buildings, a library, and one (1) atrium for the barangays in the community. The school provides free education and school materials to about 620

students from the Cagdianao and Hayanggabon barangay communities. In addition, we provide assistance under the Alternative Learning System project, an accredited program under the Department of Education. We also provide salaries for four (4) teachers who work with public schools in the communities where our Cagdianao Mine is located. We have also initiated school to school campaign promoting knowledge in mining, sponsorship for inter-school educational competitions, as well as mine site tours for students and teachers of Claver and nearby education institutions.

Health

Affordable and quality health care is provided to local community members, in addition to our employees and their dependents. We conduct medical missions designed to address the basic medical needs of local community members, including indigenous people and the indigent, where free medicine, basic dental services and ambulance service facilities are provided. Our health care projects involve the construction and improvement of Barangay health centers, provision of sanitation latrines for households, and provision of salary to local health workers, midwives, nurses and a doctor. Outpatients are being treated by the medical team and medicine is provided for free. At our Cagdianao Mine, we established a maternity clinic, where pregnant women as well as other members of the immediate community are being served.

Livelihood and Training

Members of the local communities in which we operate traditionally depend on agriculture and fishing for their livelihood. We provided a total of 45 motorboats to fishermen within the Cagdianao and Hayanggabon barangay communities. We regularly provide local community organizations with technical and financial assistance in the form of seminars, study tours, financial literacy classes, leadership and management training programs, capital funding, equipment for farming and fishing and farm inputs for crop production.

We also work with the Technical Education and Skills Development Authority ("TESDA") to provide technical education and skills development to residents of neighboring communities. We constructed a skills training center and provided equipment that are utilized by TESDA participants and trainers. We also assisted the graduates of the skills training center to establish an auto repair shop, providing employment to some of the graduates.

In addition, we established a vegetable training farm to provide training and education for farmers, who may eventually be able to supply and sell their produce to the local markets and generate extra income.

Infrastructure assistance

We undertake infrastructure projects in local communities, including water system projects, construction and improvement of buildings (such as barangay halls, daycare centers, churches and schools), road improvements and electrification projects as part of our social development and management program. These projects are implemented with the involvement of community members so as to foster cooperation and teamwork and impart a sense of ownership among them.

At our Cagdianao Mine, we funded various infrastructure projects such as, the construction of housing for indigent members of the community, through the Gawad Kalinga program, construction of sea walls to protect the neighboring communities from the effects of sea erosion, construction of a multi-purpose community hall in Barangay Cagdianao, construction of some barangay road and churches, procurement of materials for the electrification of individual households, construction of water processing stations and construction of the Cagdianao public markets.

Moreover, we have also provided and constructed shallow water pumps, a weir dam and an office building at the local water processing stations to support the local water supply system in the nearby communities.

Other social services

We actively participate in, and provide financial and non-financial assistance to, local cultural celebrations, sports competitions and other socio-cultural activities. We also assist with soliciting support from various institutions like the academe, the religious sector, local groups and government agencies.

Insurance

Our policy is to obtain insurance coverage for our business and mining facilities that is in line with industry standards and sound business practices. All of our insurance policies are subject to customary exclusions and deductibles. We do not carry business interruption insurance.

PGMC

PGMC currently maintains insurance through Trinity Insurance Brokers, Inc., for "all risks" coverage, including property loss or damage, insurance coverage related to motor vehicle loss or damage and building damage due to fire, lightning, typhoons, or earthquakes.

PCSSC

PCSSC currently maintains commercial hull insurance with QBE Seaboard Insurance Philippines, Inc. for our hulls and machineries.

Legal Proceedings

In the ordinary course of our business, we are a party to certain disputes that, we believe, are incidental to our operations. For example, on August 30, 2013, a corporation, which has demanded royalty payments from PGMC, has gone to the DOJ and Office of the Ombudsman to sue certain of our directors and officers for alleged infractions of environmental laws, such as the alleged discharge of regulated water pollutants without valid permits required under the Philippine Clean Water Act. The directors and officers filed their respective responses to such complaints disputing the claims of the said corporation. The said corporation later signed a memorandum of agreement with respondents and executed an affidavit of desistance while Respondents filed separate motions to dismiss the complaints in both offices. These motions are awaiting resolutions.

Mr. Joseph C. Sy was the subject of a letter-complaint for deportation filed before the BI. Mr. Joseph C. Sy was also the subject of a complaint for violation of the Philippine Immigration Act of 1940, Anti-Dummy Law, Philippine Mining Act of 1995, Revised Penal Code on simulation of birth, falsification of public documents and perjury, and Section 17 of the Corporation Code before the SEC. In supporting the allegations against Mr. Joseph C. Sy, the complainant questioned the Filipino citizenship of Mr. Joseph C. Sy. Mr. Joseph C. Sy has received favorable resolutions from both the BI and the SEC. However, in the BI, the complainant filed a belated motion for reconsideration in October 2014. Mr. Joseph C. Sy opposed it by way of a motion to expunge the complainant's motion for reconsideration in November 2014. The BI decided to entertain the motion for reconsideration of the complainant and the original complaint was reinstated. On February 26, 2015, the Board of Commissioners of the BI unanimously dismissed the said case against Mr. Joseph C. Sy. Uncontented, the complainant forum-shopped by appealing to the Office of the President and filing a complaint before the DOJ. Mr. Joseph C. Sy has vigorously objected to both actions. No resolution has yet been rendered by either agency. As of date, no resolution overturning the decision of the BI has been issued. Mr. Joseph C. Sy was issued a Philippine passport and is a holder of a Philippine National Statistics Office (NSO) birth certificate (as a Filipino), thus, he is presumed to be a Filipino citizen unless otherwise declared.

Despite the favorable decisions from the BI and the SEC, there can be no assurance that Mr. Joseph C. Sy's citizenship will no longer be contested before administrative bodies or courts in the Philippines. In the unlikely event that courts or administrative bodies in the Philippines make a determination against the Filipino citizenship of Mr. Joseph C. Sy, the Company's subsidiaries may be found to be in breach of the foreign ownership restrictions (a) relating to mining companies in the Philippines, which could result in disqualification to conduct mining operations under MPSAs in the Philippines and/or the cancellation, revocation, and termination or the non-renewal of MPSAs and its corresponding operating agreements or (b) relating to the ownership of lands.

Mr. Joseph Sy is a subject of a complaint filed by the NBI for (a) Falsification of Public Documents under Article 172 of the Revised Penal Code; (b) Violation of Republic Act No. 8239, otherwise known as the "Philippine Passport Act of 1996"; and (c) Violation of Presidential Decree No. 715 or the Anti-Dummy Law. Mr. Joseph Sy is also a subject of a complaint for violation of the Philippine Mining Act of 1995, Philippine Water Act, and the Anti-Graft and Corrupt Practices Act.

Mr. Dante R. Bravo is a subject of a complaint for violation of the Philippine Mining Act, the Philippine Water Act, Anti-Graft and Corrupt Practices Act, Presidential Decree No. 1829 on Obstruction of Justice, and Presidential Decree No. 77, otherwise known as the Forestry Reform Code. As of date, the case on the violation of the Philippine Mining Act and the Philippine Water Act is still pending for resolution before the DOJ. On the violation of the Anti-Graft and Corrupt Practices Act, a Motion to Dismiss was filed on January 17, 2014 and is still pending resolution before the Office of the Ombudsman. On the violation for Obstruction of Justice, a Motion for Voluntary Inhibition of the Investigating Prosecutor and the whole Office of the Provincial Prosecutor of Palawan was filed. As of date, the Motion for Voluntary Inhibition insofar as the Investigating Prosecutor has been granted.

On August 30, 2013, PGMC commenced an insurance claim against Mercantile Insurance Co. before the Regional Trial Court of Makati City to recover the proceeds of approximately ₱208,410,988.00 under an insurance policy covering several trucks that were destroyed in an armed attack on October 3, 2011 at the Cagdianao Mine site. PGMC is in the process of completing its formal offer of evidence. On the other hand, PGMC filed a petition on September 15, 2015 assailing the sustainability tax assessment for year 2014 in the amount of ₱37,757,940.00 by the Provincial Treasurer of Surigao del Norte; and another petition on August 26, 2016 assailing the local business tax assessments for 2014 and 2015 in the amounts of ₱83,981,477.43 and ₱61,833,811.88, respectively, by the Municipality of Claver. The petitions are pending resolutions before the Regional Trial Courts of Surigao City. PGMC believes that the assessments are without basis.

On August 18, 2016, in a Letter-Petition, CMDC asked the DENR to modify the renewal of the MPSA granted to SIRC and alleged that the MPSA should have been renewed under the name of CMDC. The administrative proceeding is entitled In Re: Renewal of MPSA No. 007-92-X Granted to Surigao Integrated Resources Corporation and docketed as DENR Case No. 9768. On October 28, 2016, SIRC filed its Answer. SIRC argued that the petition is frivolous and must be dismissed because: (a) CMDC has transferred all its rights and interests in the MPSA to SIRC through an Assignment Agreement, making SIRC the real party who has the right to seek a renewal of the MPSA; (b) the petition is essentially an opposition to the renewal of the MPSA in the name of SIRC, which, in turn, amounts to a mining dispute that falls within the original and exclusive jurisdiction of the DENR Panel of Arbitrators; (c) the renewal of MPSA in favor of SIRC became incontrovertible as CMDC failed to appeal from the prior denial of its own request for renewal; and (d) the authority of the signatory to the Letter-Petition to act for CMDC was not properly established. The case is pending resolution.

We believe that none of the cases mentioned above are likely to materially affect the financial condition or results of operations of our business.

Mine to be Acquired

Ipilan Nickel Corporation Mine

On November 27, 2014 we entered into a Memorandum of Agreement with Giantlead Prestige, Inc., Alpha Centauri Fortune Group, Inc., Antares Nickel Capital Inc., and Huatai Investment Holding Pty Ltd., the shareholders of Southeast Palawan, to purchase a 100.0% shareholding in Southeast Palawan, which directly and indirectly owns a 97.6% shareholding in INC as well as the control of CNMEC, the holder of the MPSA No. 017-93-IV over the mineral production rights at the INC Mine. INC was granted the right to operate the INC Mine under an operating agreement signed between INC and CNMEC. The MGB's approval of the operating agreement was issued in 2015. Although Mr. Joseph C. Sy has controlling shareholding interests in Southeast Palawan, our acquisition in the shareholdings in Southeast Palawan was negotiated at arm's length and under comparable commercial terms. Due to the related party nature of the transaction, the acquisition is therefore subjected to the following conditions precedent before the completion of the acquisition could take place:

(a) The Company has conducted a due diligence examination of Southeast Palawan and INC and the results of such due diligence examination is satisfactory to the Company;

(b) The sale of the shares in Southeast Palawan in exchange for the purchase price is found to be fair by P&A and the results of such report is acceptable to both parties;

(c) RPM has issued its updated technical report on the quantity and quality of the resources in the mineral property owned by INC, and the results of such report is acceptable to both parties;

(d) The purchase of the shares in Southeast Palawan is approved by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company during a stockholders' meeting duly called by the Company for said purpose;

(e) The SEC has approved the increase in the authorized capital stock of the Company as well as the change in the corporate name; and

(f) The payment of the purchase price shall be made by the Company either after the conduct of the follow-on offering to the general public and for which a permit to sell has been secured from the SEC, whenever the Company has generated sufficient funds to pay the purchase price from its operations, or the conduct of other fund raising activities.

On February 26, 2015, during a special stockholders' meeting of the Company, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock approved the acquisition of 100.0% of the outstanding shares of Southeast Palawan for US$50,000,000.00, or its Philippine Peso equivalent and P&A's valuation report on October 9, 2015 confirming the agreed price is fair and reasonable is pending.

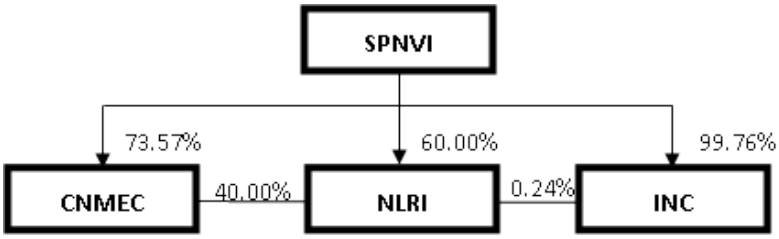
On August 6, 2015, the Board of Directors of the Company approved the following: (a) the execution of the Contract to Sell for the purchase of 500,000 common shares and 6,250,000,000 preferred shares or one hundred percent (100.0%) interest of Southeast Palawan for US$50.0 million or its Philippine peso equivalent; and (b) the subscription of the Company to the remaining unissued and unsubscribed shares of Southeast Palawan consisting of Three Hundred Thousand (300,000) common shares with a par value of One Peso (₱1.00) per share, and Three Billion Seven Hundred Fifty Million (3,750,000,000) preferred shares with a par value of One Centavo (₱0.01) per share, for a total subscription price of Thirty Seven Million Eight Hundred Thousand Pesos (₱37,800,000.00).

In December 2016, the DENR cancelled the ECC for the INC Mine allegedly due to its failure to launch the Ipilan Nickel Project within the five (5) -year period from the issuance of the ECC. INC has filed with the Office of the DENR Secretary a letter seeking to have the order of cancellation reconsidered stating the significant programs and activities that INC has implemented and continue to implement to pursue the project. INC also discussed in its letter the timeline of major approvals it has obtained from

the different DENR offices and other pertinent agencies in relation to the INC Mine. INC believes that the lone basis for the cancellation of its ECC (i.e. that "the Project was never implemented") has no factual basis.

Corporate Organization

The diagram below represents the shareholding structure of INC as of the date of this Prospectus:

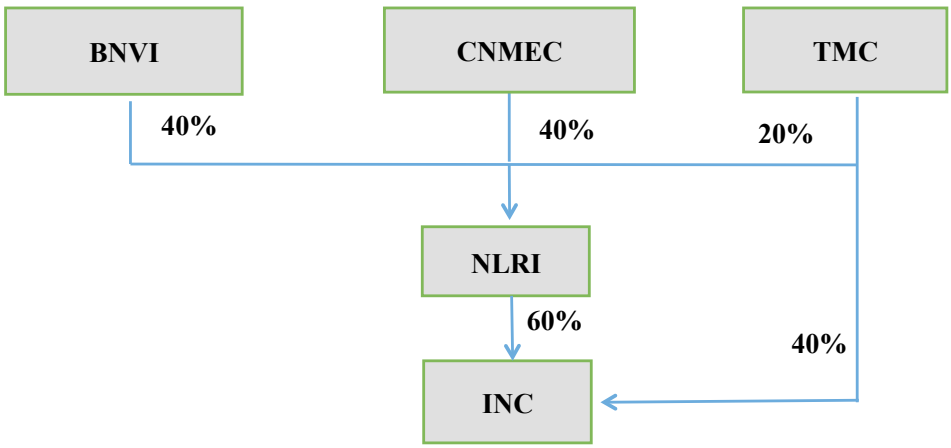


Subject to completion of payment and such other conditions under the relevant Sale and Purchase Agreement dated May 13, 2014, and the Share Purchase Agreements dated June 4, 2014, and June 9, 2014, Southeast Palawan will be the beneficial owner of the interest in INC held by Nickel Laterite Resources, Inc. and Toledo Mining Corporation Plc., hence Southeast Palawan will effectively hold 100.0% shareholding in INC.

History of INC

As a result of a Venture Agreement dated January 19, 2005 ("Venture Agreement"), TMC, CNMEC (MPSA Holder), and BNVI formed a holding company named NLRI. CNMEC, BNVI, and TMC owned 40.0%, 40.0%, and 20.0% of NLRI, respectively. Also pursuant to the Venture Agreement, INC was formed wherein NLRI owned 60.0% and TMC owned 40.0% of INC. INC was designated as the operator of the INC Mine through an Operating Agreement between CNMEC and INC on January 19, 2005. The MGB approval of this operating agreement was issued in 2015. The following diagram illustrates the structure of INC prior to May 13, 2014:

NLRI and INC Original Structure
(Before Acquisition of SPNVI)



Legend:

NLRI - Nickel Laterite Resources, Inc.
TMC - Toledo Mining Corporation
INC - Ipilan Nickel Corporation
BNVI - Brooks Nickel Ventures, Inc.
CNMEC - Celestial Nickel Mining Exploration Corporation

On May 13, 2014, TMC and PGMC executed a Sale and Purchase Agreement whereby TMC agreed to sell and/or assign in favor of PGMC, the following: (a) its 40.0% shareholdings in INC and its 20.0% shareholdings in NLRI (or a total of 52.0% interest in INC); (b) its loan receivables of ₱468,826,300.00 or US$10,418,362.00 from BNVI; (c) its advance payment of ₱40,500,000.00 to CNMEC pursuant to an Assignable Option to Purchase Agreement executed between TMC and CNMEC; and (d) its receivables from INC of approximately ₱120,358,283.00 (items (b) to (d) collectively referred to as "Receivables and Advances"). On August 5, 2014, PGMC assigned its rights under the SPA to Southeast Palawan. For and in consideration of the foregoing, Southeast Palawan shall pay a total of US$14.0 million, in three (3) installments, all of which have already been completed. Nevertheless, pursuant to the provisions of the SPA requiring the election of Southeast Palawan's nominees to INC and NLRI's board after payment of the first installment, Southeast Palawan should have control over INC and NLRI after its payment of the first installment.

On June 4, 2014, PGMC, BNVI, and GMORI executed a Share Purchase Agreement whereby: (a) BNVI agreed to sell to PGMC its 40.0% shareholdings in NLRI; and (b) GMORI assigned its US$200,000.00 receivable from BNVI from an earlier agreement to PGMC. For and in consideration of the foregoing, PGMC shall pay a total of US$5.0 million to BNVI and assume all BNVI's rights and obligations under the Venture agreement. Out of the US$5.0 million purchase price, US$1.2 million has been paid. The balance of US$3.8 million will be paid in 12 equal monthly installments, within one (1) year from the date of first shipment (i.e., reckoned from the date of departure of the vessel covering the first shipment) and every month thereafter until fully paid. On August 5, 2014, PGMC assigned its rights under the SPA to Southeast Palawan.

On June 9, 2014, PGMC, the stockholders of CNMEC, and GMORI executed a Share Purchase Agreement whereby the stockholders of CNMEC agreed to sell their 68.8% shareholdings in CNMEC to PGMC for and in consideration of US$13.0 million payable in14 installments. Out of US$13.0 million purchase price, PGMC has paid a total of US$4.4 million. The remaining balance of US$8.6 million will be payable in 10 equal monthly installments beginning 30 days from the date of first shipment (i.e., reckoned from the date of departure of the vessel covering the first shipment) and every month thereafter until fully paid. However, the CNMEC shares covered by such payment are still not registered in PGMC's name. Nevertheless, pursuant to the provisions of the SPA dated June 4, 2014 requiring the election of Mr. Joseph C. Sy as officer of CNMEC and requiring him to be made a signatory to all of CNMEC's transactions after payment of the first installment, PGMC should have control over INC and NLRI after payment of the first installment.

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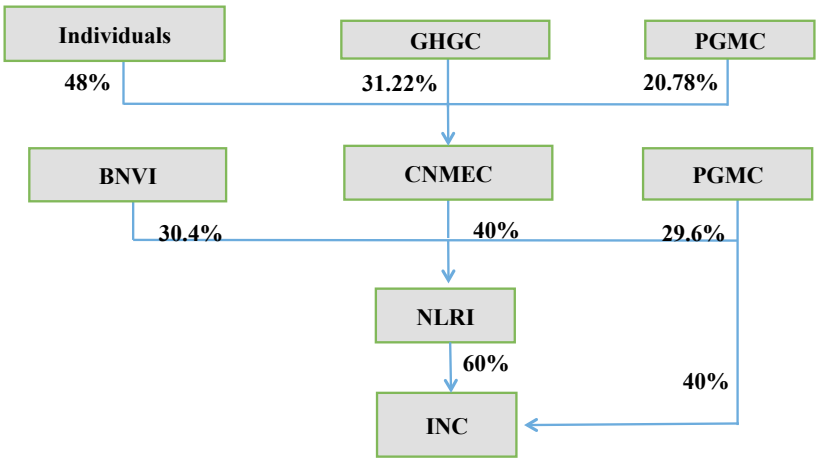
The following diagram illustrates the structure of INC after the foregoing Share Purchase Agreements were executed:

INC Structure
(After Share Purchase Agreements)



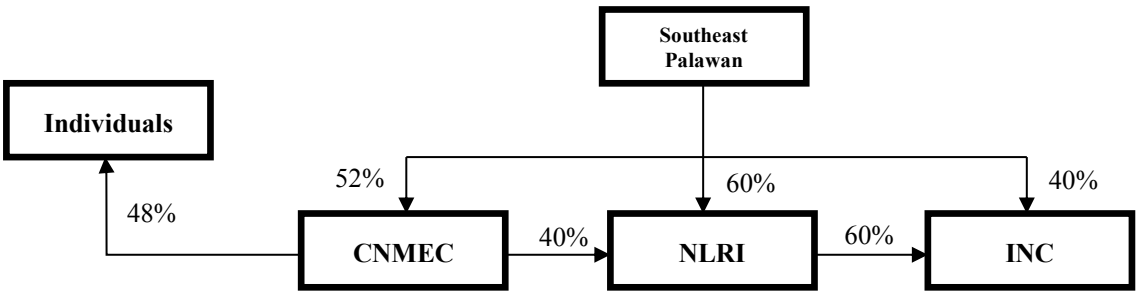
Legend:

NLRI - Nickel Laterite Resources, Inc.
GHGC - GHGC Metallic Ore Resources, Inc. (GHGC)
INC - Ipilan Nickel Corporation
BNVI - Brooks Nickel Ventures, Inc.
CNMEC - Celestial Nickel Mining Exploration Corporation
PGMC - Platinum Group Metals Corporation

Subsequently, on August 5, 2014, Southeast Palawan acquired the interests of PGMC and GMORI in CNMEC, NLRI and INC through a Deed of Assumption dated August 5, 2014 whereby: (a) PGMC assigned in favor of Southeast Palawan all the rights and obligations in all contracts, agreements, documents and arrangements entered into by PGMC with the stockholders of CNMEC, BNVI, TMC and DMCI Mining Corporation covering the transfer of shares, interests, advances and/or rights and obligations of CNMEC, NLRI, and INC in respect of the INC Mine; (b) GMORI assigned in favor of Southeast Palawan all the rights and obligations in all contracts, agreements, documents and arrangements entered into by GMORI with the stockholders of CNMEC covering the transfer of the shares, interests, advances and/or rights and obligations of CNMEC in respect of the INC Mine; and (c) any payments made by PGMC and GMORI the contracts in (a) and (b) shall be reimbursed by Southeast Palawan without interest. Also, in lieu of the Receivables and Advances being assigned by PGMC, the Deeds of Assignments for the assignment by TMC of the Receivables and Advances were executed by DMCI directly in favor of Southeast Palawan.

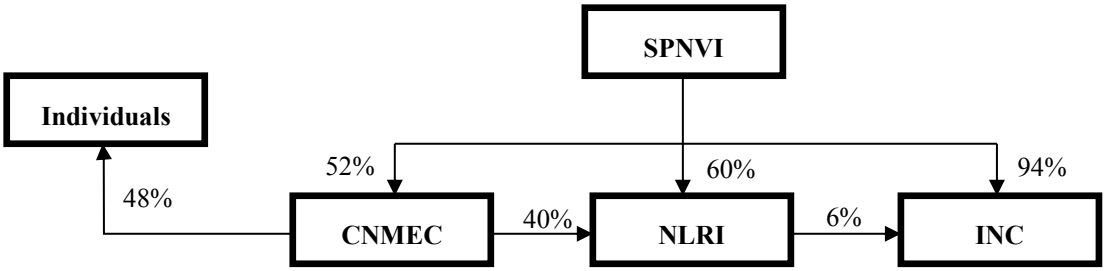
Thus, the following diagram illustrates the resulting structure after the Deed of Assumption was executed:

INC Structure after Deed of Assumption



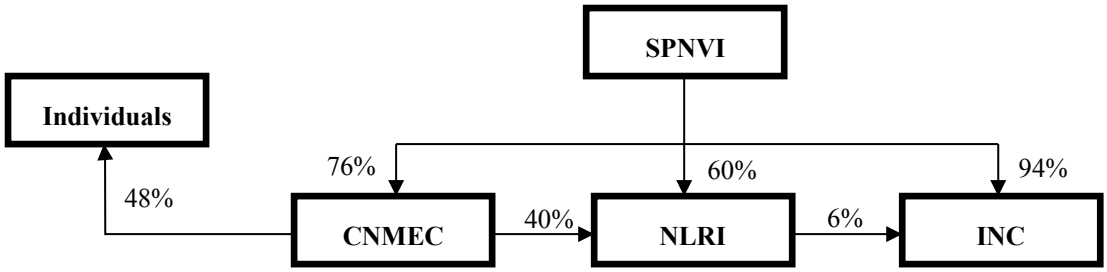
Subsequently, INC's application to increase its authorized capital stock was approved by the SEC on October 27, 2014.Southeast Palawan subscribed to 22,500,000 shares, representing 90.0% of INC's outstanding capital stock, which resulted in the following structure:

INC Structure after Increase in ACS



On October 17, 2016, the SEC approved CNMEC's application to increase its authorized capital stock. Southeast Palawan subscribed to 2,000,000,000 shares, which resulted to the increase in Southeast Palawan's ownership in CNMEC from 52% to 76%. The currently structure of INC as of the date of this Prospectus is as follows:

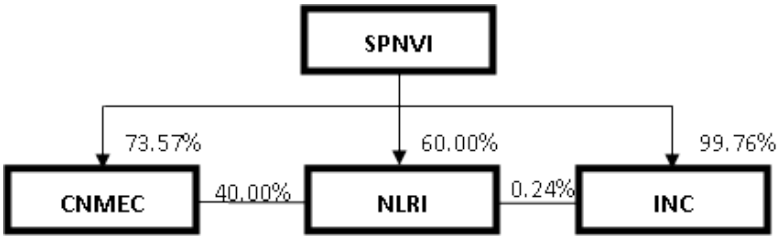
INC Structure after Increase in ACS



On June 29, 2017, the SEC approved CNMEC's application to its authorized capital stock. Southeast Palawan subscribed to 1,993,574,800 shares, which resulted to the increase in Southeast Palawan's ownership in CNMEC from 60.39% to 73.57%.

On June 14, 2017, the SEC approved INC's application to its authorized capital stock. Southeast Palawan subscribed to 603,668,140 shares, which resulted to the increase in Southeast Palawan's ownership in INC from 94% to 99.76%.

INC Structure after Increase in ACS of CNMEC and INC



As of the date of this Prospectus, the following are the current shareholders of INC:

Stockholder	Number of the Shares Subscribed	Percentage of Ownership

Southeast Palawan	627,168,138	99.8%
NLRI	1,499,997	0.2%
Joseph C. Sy	1	nil
Dante R. Bravo	1	nil
Noel B. Lazaro	1	nil
Kirby Erin Ng	1	nil
Mary Belle D. Bituin	1	nil
Total	**628,668,140**	**100.0%**

Location

The INC Mine is located in Barangays Maasin, Ipilan, Mambalot, and Calasaguen, Municipality of Brooke's Point in south-eastern Palawan. The southern part of the mine area where most laterite deposits can be found has gently-sloping, broad ridges and plateaus while the northern part is steeply rugged. The site is between approximately 75 meters to 500 meters in elevation. Drainage at the area is through the Filantropia River and Mambalot River.

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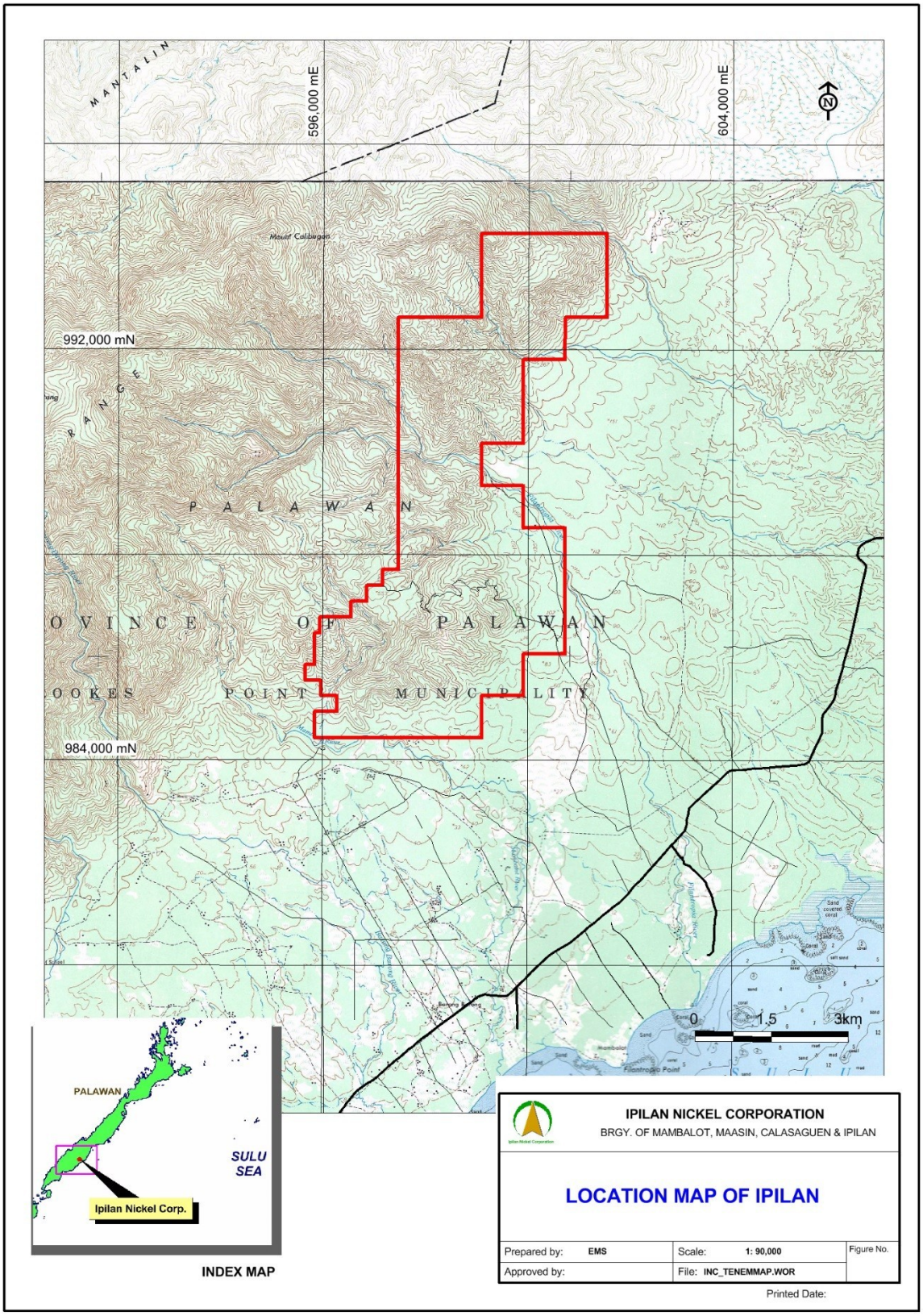
596,000 mE
604,000 mE
992,000 mN
984,000 mN
MANTALIN
Mount Calbugan
P A L A W A N
O V I N C E O F P A L A W A N
O O K E S P O I N T M U N I C I P A L I T Y
0 1.5 3km
PALAWAN
SULU SEA
Ipilan Nickel Corp.
INDEX MAP
IPILAN NICKEL CORPORATION
BRGY. OF MAMBALOT, MAASIN, CALASAGUEN & IPILAN
LOCATION MAP OF IPILAN
Prepared by: EMS
Scale: 1: 90,000
Figure No.
Approved by:
File: INC_TENEMMAP.WOR
Printed Date:

Mineral Production Sharing Agreement

The mining and exploration authority at INC is derived from a single MPSA granted on August 5, 1993 and amended on April 10, 2000 to CNMEC by the Government through DENR covering an area of 2,835.06 hectares. The MPSA has a tenure of 25 years, with an option to renew for another 25 years. We plan to extend the term of the MPSA at the appropriate time. On January 19, 2005, CNMEC, Toledo Mining Corporation Plc and BNVI entered into an agreement creating a new company – INC.

On January 19, 2005, INC entered into an operating agreement with CNMEC for the rights to explore and develop the ore deposit areas covered by the MPSA held by CNMEC (the "INC Operating Agreement"). The MGB approval of this operating agreement was issued in 2015. The INC Operating Agreement is effective for a period of 25 years from the date of its execution. The INC Operating Agreement is renewable for another 25 years, under the same terms and conditions, at the option of INC; provided that, at all times, a valid and subsisting MPSA continues to cover part or all of the Mineral Properties, as defined in the INC Operating Agreement. Under the INC Operating Agreement, CNMEC conveys, transfers, and delivers to INC the possession, occupancy, use, and enjoyment, for purposes of exploring, developing, equipping, mining, and operating for production and for marketing the marketable products therefrom, the mineral properties covered by MPSA 017-93-IV. In consideration of the exclusive right to explore and develop the mineral deposits within the Mineral Properties, INC will pay CNMEC an annual maintenance fee of US$200,000.00 that will cease upon commencement of commercial production at the INC Mine. The rights of INC over the mine covered by the Amended MPSA may be affected if there is any breach committed by CNMEC under the MPSA, or if CNMEC withdraws from the MPSA.

The INC Operating Agreement, together with relevant permits and licenses such as the SEP clearance from the Palawan Council for Sustainable Development, enables INC to produce 1.0 million DMT or 1.5 million WMT of ore each year. In December 2016, the DENR cancelled the ECC for the INC Mine allegedly due to our failure to launch the Ipilan Nickel Project within the five (5) -year period from the issuance of the ECC. We have filed with the Office of the DENR Secretary a letter seeking to have the order of cancellation reconsidered stating the significant programs and activities we implemented and continue to implement to pursue the project. We also discussed in our letter the timeline of major approvals we obtained from the different DENR offices and other pertinent agencies in relation to the INC Mine. We believe that the lone basis for the cancellation of its ECC (i.e. that "the Project was never implemented") has no factual basis and thus believes that the DENR Secretary would grant our request.

In 2017, a complaint was filed by the Palawan Council for Sustainable Development Staff against INC. The complaint used Brooke's Point Environmentally-Critical Areas Network ("ECAN") Board Resolution No. 03, Series of 2016 (the "ECAN Resolution"), in accusing INC of: (i) possible damage to the Filantropia watershed, (ii) tolerating illegal cutting of forest trees, (iii) starting a forest fire sometime in April 2016, and (iv) leaving test pits uncovered with no warning or safety signs. According to the complaint, these constitute violations of items 8 and 17 of the terms and conditions of INC's SEP Clearance No. MODP-122110-001 and Section 22.1 of PCSD Administrative Order No. 06.

On June 6, 2017, the PCSD issued an Order denying INC's Motion to Dismiss and ordered the ECAN to conduct further investigation. INC then filed a Motion for Reconsideration on June 21, 2017 and a Supplemental Motion for Reconsideration with Motion for Voluntary Inhibition dated August 31, 2017.

In July 2017, DENR Regional Director Natividad Bernardino stated that DENR would probe into bribery allegations against INC. Further, she stated that INC might be cited for another violation for illegally constructing a mine yard without clearance from the DENR. As of date, no formal complaint has been filed against INC or any of its personnel. We believe that the reported illegality appears to be merely a case of harassment.

A Cease and Desist Order dated July 21, 2017 was issued by the EMB in MIMAROPA following reports that Ipilan Mine is still operating in Brooke's Point in Palawan without a valid ECC. INC filed an Appeal before the DENR and is still pending as of date.

In September 2017, INC received from PCSD resolutions recalling the SEP Clearance No. MODP-122110-001 and its recommendation to the Secretary of the DENR of the cancellation of the Mineral Production Sharing Agreement of INC for the Ipilan Nickel Project mining operation and development located in Brooke's Point, Palawan claiming that the project was 80% inside the core zone or the area of maximum environmental protection. Both PCSD resolutions were not preceded by any form of notice to INC or proceedings to hear it out. INC will exhaust all legal means to protect its rights, property and interests which are prejudiced by such unjust pronouncements. In December 15, 2017, a Petition to reinstate the SEP Clearance was filed with the PCSD.

The imposable penalties in case a project proponent is found to have violated the terms and conditions of its SEP Clearance are as follows: (a) PCSD may call the attention of the permitting agency to suspend the operation project and recommend for the cancellation of permits issued to the project proponent; (b) PCSD may cancel the SEP Clearance; and (c) in addition, the PCSD shall impose the penalty of fine of not less than Php50,000 for every violation.

Should we be successful in completing the acquisition of Southeast Palawan, we intend to apply for a renewal or extension of the MPSA, INC Operating Agreement and relevant permits and licenses where required.

The current MPSA for the INC Mine overlaps with MacroAsia's MPSA No. 220-2005-IV, with the boundaries and overlapping areas shown on the map below. We believe the area in question is under the administration of the MPSA granted to CNMEC, as CNMEC was approved and laid claim to such area prior to MacroAsia. The total area potentially in dispute is 50.77 hectares, containing an estimated 0.7 million DMT. We plan to settle this matter with MacroAsia prior to commencement of our production at the INC Mine this year.

The application for renewal has been filed and is currently under MGB's evaluation.

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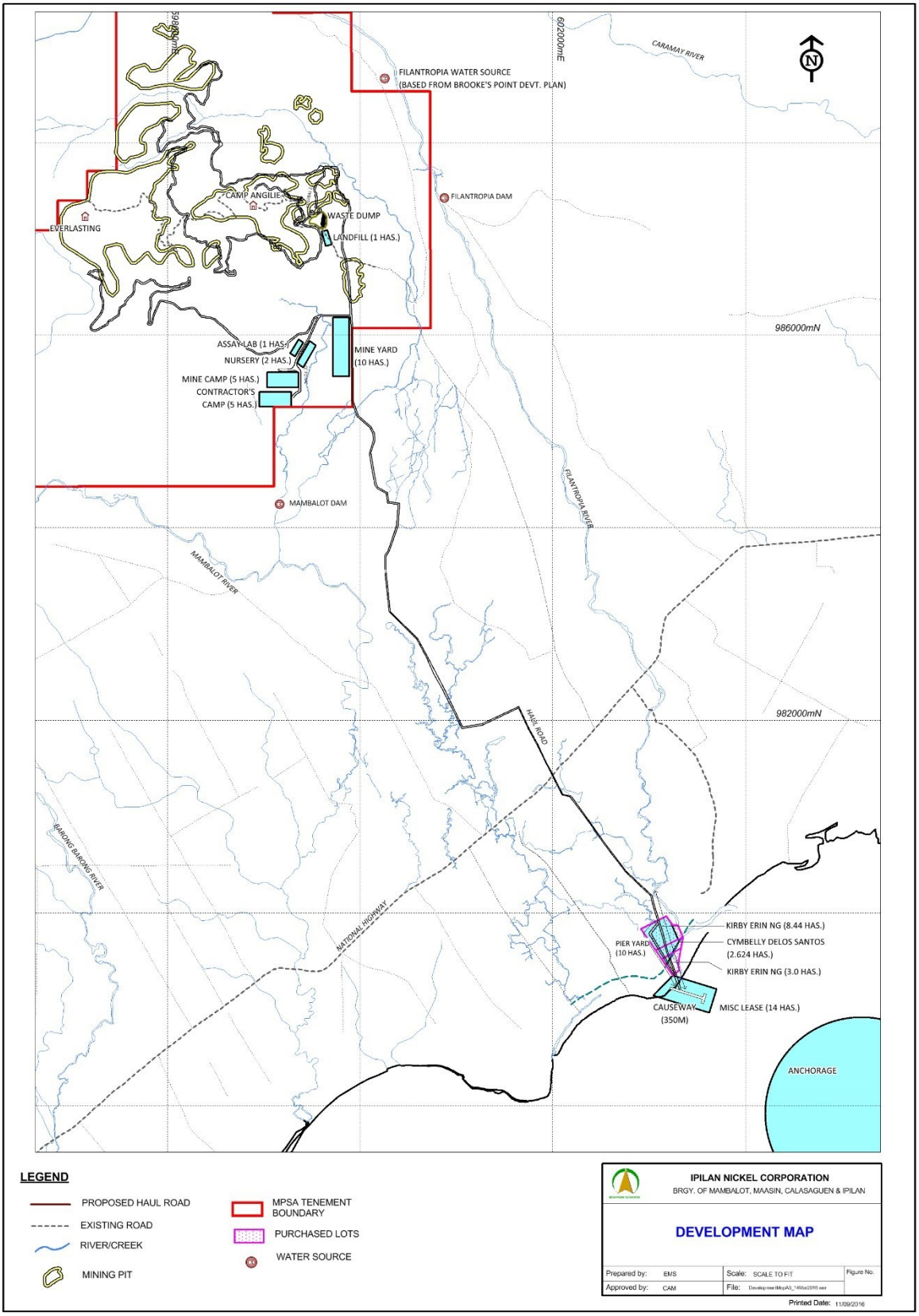

On December 18, 2008, CNMEC, the Palawan Indigenous Peoples/Indigenous Cultural Community and the NCIP entered into a Memorandum of Agreement for the payment of royalties by CNMEC to the Palawan Indigenous Peoples/Indigenous Cultural Community. Republic Act No. 8371 gives ownership rights to Indigenous Peoples/Indigenous Cultural Communities (IP/ICCS) over their

ancestral domains by virtue of their "native title" wherein the absence of paper titles like CADCs/CALCs and CADTs/CALTs is not a hindrance to their receiving royalties.

Infrastructure

Transportation

The INC Mine is located 10 kilometers from the coast (the position of the proposed pier and causeway) and is approximately 175 kilometers by national road from Puerto Princesa City. Consumables, such as diesel, could be sourced from Brooke's Point town proper or Puerto Princesa. Daily commercial air flights service Puerto Princesa from Manila and other major cities.

Haul Roads

Currently, the existing access roads have been widened to allow two-way traffic of 20-tonner dump trucks and other heavy equipment.

Water

Water requirements for mining at the INC Mine is minimal as the operation only involves the extraction of nickel ore and the mining process we plan to undertake requires minimal ore preparation. Approximately 80.0% of the water required will be used for dust suppression and plantation in the rehabilitation areas and nurseries. There are currently no industrial water supply or distribution systems at the INC Mine. The closest water grid in Brooke's Point town proper is over 20 kilometers away. We plan to construct a dedicated water distribution system on site drawing water from the main water grid. Raw water can be sourced from the Maasin River nearby.

Power

Electricity is required for mine lighting, offices, shops, mine camp and logistical requirements and is expected to be supplied using a diesel-powered generator located on site. Connection with the Palawan power grid is also possible, if we install electrical infrastructure at the mine site.

Ancillary Facilities

Administration buildings, laboratories, site offices, warehouse, maintenance work shop accommodation facilities will be required to be constructed prior to commencement of production.

Causeway and Piers

Causeway, stockyard and haulage roads will be required to be constructed prior to commencement of shipments to customers. The proposed site for the causeway is approximately 10 kilometers from the mine site.

Extent of exploration

An extensive exploration on the INC tenement from August 2006 to December 2009 consisting of reconnaissance to detailed mapping, test pitting, layout of traverse lines, test drilling to resource definition drilling and geotechnical drilling was carried out. This consisted of 3,154 drill holes and 1,906 test pits with a total aggregate depth of 63,951 meters of which a PMRC CP report on mineral resources was prepared on October 14, 2014. Details of the exploration tenements are provided in the body of the PMRC INC Report.

Production Plans

The production plan projections below were based on our mine project plans and reviewed by the PMRC competent person. Once the DENR Secretary grants our request for reconsideration of the cancellation of the ECC for the INC Mine, we intend to apply for an amendment to the current ECC, allowing INC to produce a maximum of 3.0 million DMT of ore each year. The following table contains production targets for the INC Mine for the next three (3) years:

In million WMT	**2018**	**2019**	**2020**
INC	0.5	1.5	1.5

Source: Company

Production for 2018

Southeast Palawan obtained substantially all the permits and approvals required to develop the INC Mine. Southeast Palawan is now in the process of acquiring lands for the road right of way for the hauling of ore from pit to causeway. Upon completion of the acquisition and development of the haul roads and the infrastructure facilities, we expect to commence mining operations in 2018. The tentative schedule is subject to uncertainties and production plans might be delayed. See "Risk Factors – Risks Related to the INC Mine."

Mining Operation and Production

We plan to mine the limonite and saprolite ore from the INC Mine using the same mining methods at the Cagdianao Mine during the mining season in Palawan, which is from November to July. The mining season at the INC Mine complements the months that the Cagdianao Mine is not in operation due to wet weather. Consequently, the acquisition of the mining rights for the INC Mine is expected to provide us with a steady supply of medium to high-grade limonite and saprolite ore all year round, which is expected to increase our revenue streams throughout the year.

Due to the soft nature of the material, no drilling and blasting is required; thus trucks and shovel surface mining methods are planned to be used to extract the nickel laterite materials and transported to the designated stockpile yards for blending purposes. The proposed causeway is approximately 10 kilometers away from the mine site. The operations at the INC Mine is expected to be conducted by a mining contractor, under similar arrangements as we currently have at the Cagdianao Mine and we expect the mining contractor to provide its own primary mining equipment. We estimate the mining operation at the INC Mine will require approximately 15 excavators, 54 dump trucks and 20 ore haul trucks.

Proposed Products Categories

Product Categories	**Grade Specifications**
Low-grade Nickel-High Iron Ore ("LGHF")	Ni<1.2% ; Fe≥47.0%
Low-grade Nickel-Medium Iron Ore ("LGMF")	1.2%≤Ni<1.4% ; Fe≥40.0%
Low-grade Nickel Ore-Low Iron Ore ("LGLF")	1.2%≤Ni<1.4% ; Fe<30.0%
Medium-grade Nickel-Medium Iron Ore ("MGMF")	1.4%≤Ni<1.7% ; Fe≥30.0%
Medium-grade Nickel-Low Iron Ore ("MGLF")	1.4%≤Ni<1.7% ; Fe<30.0%
High-grade Nickel Ore ("HG")	Ni≥1.7% ; Fe≥0%

Mineral Resources

As of October 3, 2014, the INC Mine has a combined (indicated & measured) mineral resources of 50.0 million DMT at an average grade of 1.23% nickel and an additional inferred mineral resources of 7.0 million DMT with an average grade of 1.09% nickel. See "—Ore Reserves and Mineral Resources" and "—Further Exploration and Development" for further details. With a substantial area of still unexplored ultramafics that can be planned for future exploration drilling activities, we believe that we also have a high potential on future resource/reserve inventory at our planned INC mine.

Statement of Mineral Resources as at October 3, 2014
(Measured and Indicated)

Material	Classification	DMT	Ni	Fe	SG
Low-grade Ni>=0.70%; Fe>=48%	Measured	2,218,000	1.07	49.6	1.1
	Indicated	293,000	1.01	49.7	1.1
	Subtotal	2,511,000	1.06	49.6	1.1
Medium-grade Ni>=0.80% <1.50%; Fe<48%	Measured	28,233,000	1.15	23.6	1.2
	Indicated	10,193,000	1.05	25.2	1.2
	Subtotal	38,426,000	1.12	24.0	1.2
High-grade Ni>=1.5%; Fe<48%	Measured	8,363,000	1.75	16.5	1.3
	Indicated	706,000	1.69	16.1	1.3
	Subtotal	9,069,000	1.75	16.5	1.3
Combined	Measured	38,814,000	1.27	23.6	1.2
	Indicated	11,192,000	1.09	25.3	1.2
	Total	**50,006,000**	**1.23**	**24.0**	**1.2**

Notes:

(1) The Statement of PMRC Mineral Resources has been generated under the supervision of Mr. Edgardo G. Garcia who is an independent Consulting Geologist and a Registered Member of the Geological Society of the Philippines and Australian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the PMRC and JORC Codes.

(2) All Mineral Resources figures reported in the table above represent estimates at October 3, 2014. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, continuity of the mineralization and the availability of sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate and thus may cause some computational variances.

(3) Mineral Resources are reported in accordance with the PMRC (2007 Edition).

Ore Reserves

As of July 10, 2015, the INC Mine has a proved and probable mineral reserve of 28.7 million WMT with an average grade of 1.43% nickel as estimated by Engr. Vicente M. Jayme a registered Mining Engineer/Geologist and PMRC Competent Person (No. 1085-13-10). We believe that the limonite and saprolite ores contained in the deposit once declared feasible will be sufficient to supply our customers

for 10 years, based on the ore reserves evaluation by the PMRC Competent Person at the INC Mine. See "—Ore Reserves and Mineral Resources" and "—Further Exploration and Development."

Statement of PMRC Ore Reserves Estimate as at July 10, 2015

Material	Proved				Probable				Total			
	WMT	Ni	Fe	Sg	WMT	Ni	Fe	Sg	WMT	Ni	Fe	Sg
LGHF	3,066,000	0.98	49.25	1.1	244,000	0.97	49.17	1.1	3,310,000	0.98	49.24	1.1
LGMF	3,206,000	1.24	45.3	1.1	285,000	1.23	44.49	1.1	3,491,000	1.24	45.23	1.1
LGLF	5,062,000	1.26	14.64	1.3	435,000	1.26	10.21	1.24	5,497,000	1.26	14.29	1.3
MGMF	1,588,000	1.46	41.88	1.1	196,000	1.44	39.64	1.1	1,784,000	1.46	41.63	1.1
MGLF	7,856,000	1.48	14.39	1.3	769,000	1.48	13.38	1.29	8,625,000	1.48	14.3	1.3
HG	5,660,000	1.86	15.35	1.29	320,000	1.81	15.01	1.29	5,980,000	1.86	15.33	1.29
Total/ Ave.	**26,438,000**	**1.43**	**24.09**	**1.24**	**2,249,000**	**1.39**	**23.11**	**1.22**	**28,687,000**	**1.43**	**24.01**	**1.24**

According to the PMRC competent person, the proved and probable ore reserve could be potentially affected by MacroAsia's claim in the overlapping area between the two MPSAs contains a total of 1.8 million DMT.

Environmental

Under the environmental permits and approvals already obtained by INC, conditions were placed on the permits and approvals for INC to manage the run-offs and sediment discharges from the INC Mine. INC will also be required to manage the run-off channels, sedimentation points and monitoring of water quality in both surface water streams and coastal waters.

A phased remediation of the mined out areas will be required to be integrated into the mining plan. Revegetation using indigenous species of plants will contribute to the management of erosion and potential siltation of surface water bodies in and around the mine area.

INDUSTRY

The information set out in this section has been extracted from various sources, most of which are publicly available and a few from a report prepared by CRU Consulting, a management consulting company specializing in the international metals, mining, and electricity industries. The CRU Report is not included in this Prospectus. The CRU Report and industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, industry forecasts, market research, governmental data, publicly available information, and/or industry publications, while believed to be reliable, have not been independently verified, and neither the Company nor the Sole Underwriter make any representation as to the accuracy of such information.

Overview

Nickel properties

Nickel is a silvery white metal with a relatively high melting point of 1,455°C when compared to other metals. The valuable properties of nickel are its strength and resistance to oxidation.

Primary nickel is extracted from two (2) main types of ore: laterite and sulphide. It is then processed into various finished nickel products, including refined nickel cathodes, briquettes, or pellets, as well as FeNi and NPI.

- FeNi is an alloy containing nickel and iron—approximately 35.0% nickel and 65.0% iron
- NPI is a low-grade ferronickel that has gained popularity in China as a cheaper alternative to pure nickel for the production of stainless steel

Finished nickel products are primarily used as an alloying agent in the production of stainless steel, superalloys[3] and a variety of nickel-copper alloys as well as plating material on steel and plastics. Of these, stainless steel production accounts for the two-thirds[4] of the global finished nickel demand.

Ore types

Nickel typically occurs in combination with other metals, normally copper and cobalt. There are two (2) broad categories of nickel ore: sulphide ores and laterite ores. Sulphide ores have historically provided the majority of primary nickel production, but these resources are being depleted faster than they are being discovered. Laterite resources have for many years been exploited for the production of ferronickel but there is now a growing need to exploit laterite resources for the production of pure nickel.

Sulphide ores occur in numerous locations but historically most of the sulphide ore that has been exploited has originated in Canada, Russia, Australia, South Africa, Zimbabwe and Botswana. Sulphide ore mines are generally underground. Laterite ores consist of a variety of tropical and sub-tropical soil profiles rich in iron, nickel and cobalt. There are two (2) principal types of ore in most laterite deposits: iron-rich limonitic ores, and magnesium and silica-rich saprolite/garnierite ores. Limonite is typically lower grade (0.9–1.5% Ni) than saprolite (1.5–2.5% Ni).

In 2016, approximately 40.0% of the world's nickel resources are from sulphide deposits with the remaining 60.0% coming from laterite ores.

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[3] A superalloy, or high-performance alloy, is an alloy with properties such as excellent mechanical strength and resistance to creep, oxidation and corrosion at high temperatures. These properties make the materials suitable for use in aerospace and power industries – e.g. as turbine blades. Nickel is not necessarily a major constituent of all superalloys, but Ni-based superalloys are the most common.

[4] https://roskill.com/market-report/nickel/

Reserves and Resources[5]

World nickel reserves, as estimated by the USGS contain 78.0 million tonnes of nickel, equivalent to approximately 31 years of production at 2016 rates of mine output. Nickel reserves are concentrated geographically: Australia, Brazil, Russia, and New Caledonia account for 55.3% of reserves worldwide, and the top 10 countries together account for approximately 85.8% of worldwide reserves. The Philippines has the world's sixth (6th) largest nickel reserves, with 4.8 million tonnes of nickel which are concentrated in Surigao del Norte and Zambales. This makes it the country with the first (1st) largest reserves in Asia, overtaking Indonesia. As per the USGS, there is at least 130.0 million tonnes of nickel in identified land-based resources. These identified resources average 1.0% or greater nickel content.

2016 Nickel Ore Reserves[6]

Country	Nickel Ore Reserves (in Tonnes)	Percentage of World Total
Australia	19,000,000	24.2%
Brazil	10,000,000	12.8%
Russia	7,600,000	9.7%
New Caledonia	6,700,000	8.6%
Cuba	5,500,000	7.0%
Philippines	4,800,000	6.1%
Indonesia	4,500,000	5.7%
South Africa	3,700,000	4.7%
Canada	2,900,000	3.7%
China	2,500,000	3.2%
Guatemala	1,800,000	2.3%
Madagascar	1,600,000	2.0%
Colombia	1,100,000	1.4%
United States	160,000	0.2%
Other countries	6,500,000	8.3%
World Total (rounded)	**78,000,000**	**100.0%**

Integration in the Nickel Industry

There is a high degree of vertical integration in the nickel industry because of the diversity of production processes employed to treat different ore types.

Sulphide mines have traditionally been integrated with smelting and refining facilities—for example the operations at Sudbury in Canada and Norilsk in Russia. However, they can produce a concentrate that can be shipped for smelting and refining at non-integrated facilities. Sulphide smelters also produce

[5] Mineral resources are defined as a concentration or occurrence of material of intrinsic interest whose size and mineral content has been proven with a reasonable degree of certainty. However, they may not be currently economic to mine. "Mineral reserves" are defined as resources that have been the subject of technical and economic studies, which demonstrate that they can be mined and processed profitably i.e. that part of the reserve base which could be economically extracted or produced at the time of determination. Mineral reserves are measured in tonnes of contained nickel. Contained nickel is defined as the amount of recoverable nickel contained in reserves.

[6] https://minerals.usgs.gov/minerals/pubs/mcs/2017/mcs2017.pdf

a matte[7] that can be shipped for refining elsewhere. There is an increasing amount of trade in concentrates and matte between non-integrated operations, though this still constitutes a relatively small part of the overall market.

Nickel ore from laterite mines is typically processed to NPI, FeNi, or LME grade refined nickel (minimum 99.8% Ni content) and are not always integrated—they are much less likely to be integrated than sulphide processing operations. All Chinese, Japanese, and Korean NPI, FeNi, and refined nickel producers are not integrated with mines and purchase high-grade saprolite ore from the Philippines, Indonesia, and New Caledonia. Limited availability of high-grade saprolite ores in recent years has meant that consumers, particularly Chinese NPI plants, have increasingly had to rely on imports of lower grade limonite ores. This has also been dramatically impacted by the ban on exports of unprocessed nickel ore from Indonesia. Integrated laterite ore operations do however exist in Australia, Indonesia, and New Caledonia.

Downstream Processing Technologies

Nickel is produced in a variety of forms and specifications, depending on the production process and the intended end-use.

Producers that process sulphide ore using pyrometallurgical (i.e. smelting) technologies have historically had a considerable cost advantage over those producers processing laterite ores or using other technologies. It has been the copper-nickel sulphide producers that have generally had the lowest costs of production.

That is not to say that laterite producers are necessarily less competitive. However, the smelting of laterite ores to produce ferronickel, matte, or NPI is highly energy intensive as the ore needs to be dried (as the moisture can represent up to 30.0% of the weight of the material) and then heated to high temperatures in a furnace.

Although the two (2) main types of laterite ore occur together, saprolite ores tend to be smelted in a furnace to produce FeNi, NPI, or nickel matte using a pyrometallurgical process, while limonite ores have historically been extracted using a hydrometallurgical process to produce finished nickel and cobalt, or a nickel and cobalt intermediate product that is purified to produce refined nickel. Limonite ores are increasingly being used in the production of NPI as the Indonesian ore export ban substantially reduced the availability of saprolite and producers look to lower grade ores as a replacement. Limonite ores for this purpose are most commonly smelted in blast furnaces but other types of furnaces are available as well.

Pyrometallurgical Technologies for Laterite Ores

The smelting of laterite ores (predominantly saprolite) to produce FeNi is an established process. Electric Arc Furnace (EAF) technology dominates the pyrometallurgical recovery of nickel from laterite ores for both matte and FeNi production. For preheating and pre-reduction of the ore, rotary kilns are now more frequently used in place of Blast Furnace (BF) technology. Pyrometallurgical processes are energy intensive, as all moisture must be removed from the ore. These processes are also compromised by lower recovery rates and more limited by-product production than either sulphide smelting or leaching processes. Low extraction and consumables costs together with more modest initial capital expenditure are the principal plus points for pyrometallurgical processes.

[7] Matte is an intermediary phase in base metals smelting, in which the principal metal being extracted is recovered prior to a final reduction process. Mattes typically contain 30.0-40.0% of principal metal.

Hydrometallurgical technologies for Laterite Ores

Hydrometallurgical or leaching technologies have been used predominantly to extract nickel from laterite ores (predominantly limonite). Leaching is the process by which nickel is "dissolved" in solution to produce a finished nickel product. At present, there are only a small number of plants using hydrometallurgical processes to extract nickel from ore. But as laterite resources exist in abundant quantities and sulphide deposits are being depleted at a faster rate than they are being replenished, there has been greater awareness and interest in the hydrometallurgical process route for laterite ores. The last 20 years has consequently been witness to significant research and development to improve existing hydrometallurgical processes to make them more technically and economically viable.

Nickel Pig Iron Industry

Two-thirds[8] of the world's nickel is used to produce stainless steel, and the key to China's dominance in the sector is NPI, a low-grade ferronickel which offers a cheaper alternative to pure nickel for the production of stainless steel. It was a response to the nickel price spikes from 2005 to 2006 to reduce costs by using less expensive nickel units rather than traditional high-purity nickel. China's ability to scale up its NPI production a decade ago, and rely on it in turn to manufacture stainless steel, explains much of China's advantage in the market.

The nickel used in NPI comes from nickel laterite ore, as opposed to the traditionally used sulfide ores. It accounts for about 70.0% of global nickel stores; nearly half of that is in Indonesia and the Philippines, key suppliers for China. Today, a number of Chinese NPI producers operate in Indonesia to bypass an Indonesian export ban in place since 2014 and tighter environmental rules at home.

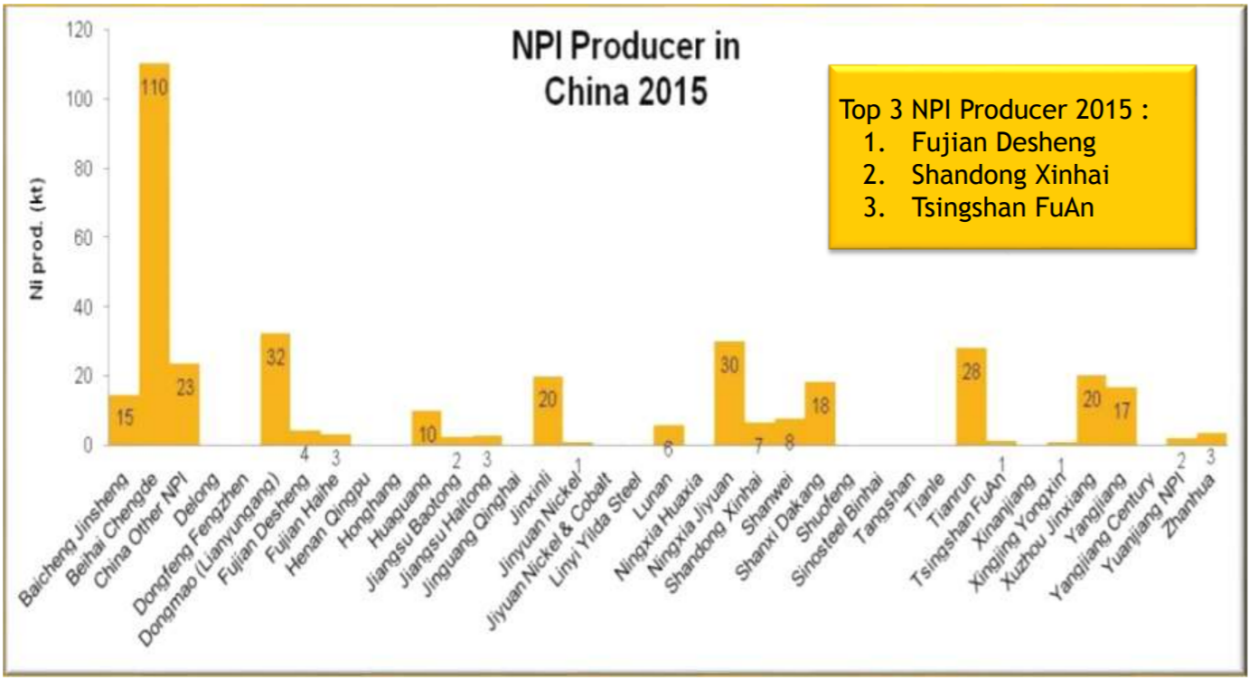
Indonesia's NPI industry went on stream as early as in 2012 in anticipation of the export ban in 2014. Chinese entities invested in NPI smelters in Indonesia. The major reasons are twofold: first is that the average 1.8% ore grade is best turned to NPI domestically; and China is slowly shutting its polluting NPI smelters as it pursues to reduce its pollutants' emissions.

Raw Materials

The Chinese NPI sector runs on low-grade laterite (saprolite and limonite) ore, which is produced by countries such as the Philippines, New Caledonia, and Indonesia. Initially, the raw material to make NPI in China was derived from the Philippines due to its geographic proximity and its large reserves of low-grade laterite ores. In the latter half of 2007, better quality laterite ores from other countries such as Indonesia, and in smaller quantities, New Caledonia, became the preferred NPI raw material, although the Philippines remains a major exporter due to its closer proximity to China. New Caledonia ceased exporting nickel ore to China after 2008, as all of its mine output is tied up in long-term offtake contracts with domestic, Japanese, and Korean processors.

[8] https://roskill.com/market-report/nickel/

NPI Producer in China 2015[9]



Indonesia accounted for approximately 7.5% of global nickel mine production in 2016, compared to 14.0% back in 2007. Indonesia was the largest producer of mined nickel accounting for 31% in 2013 surpassing the traditional nickel producing countries of Canada, Russia, and Australia prior to its ore export ban starting in 2014. This growth in production was driven by increasing demand from China, to feed the increasing consumption of the country's NPI industry. In 2013, the country exported 47.0 million tonnes of nickel ore, of which 41.0 million tonnes went to China. However, as described below, the introduction of an export ban on unprocessed ores from Indonesia in early 2014 has completely obstructed this trade route, and left Chinese NPI producers reliant on other sources of ore, particularly the Philippines. As a result, the Philippines overtook Indonesia starting 2014 to be the largest in global nickel mine production. The Philippines accounted for 22.25% of global nickel mine production in 2016 as per the USGS estimate compared to only 5.3% in 2007.

Recent Trends Affecting the NPI Market

On February 6, 2012, the Indonesian MEMR enacted Regulation No. 7 of 2012 regarding the Improvement of Mineral Added Values through Mineral Processing and Refining (Regulation 7). Implementing the general principle introduced in Law No. 4 of 2009 regarding Mining (2009 Mining Law), Regulation 7 provided further details regarding processing and refining obligations of mining companies in respect of certain specified metals and non-metallic minerals, as well as introducing a ban on exports of certain specified unprocessed metals and non-metallic minerals.

While the law was enacted in February 2012, a transitional period was allowed for mining companies to bring their processing and refining plans into line with the provisions of Regulation 7.

Nonetheless, prior to the ban, several NPI smelters became operational. PT Indoferro started its 8,000 tons per year (tpy) NPI BF in the second quarter of 2012 with a 2.0-4.0% Ni grade, which added 12,000 tpy of nickel metal capacity in the second quarter of 2017. PT Cahaya Modern Mining also started its 1,200 tpy BF in the fourth quarter of 2013 with a 10.0% Ni grade, and planned an expansion of 14,000 tpy in 2016.[10]

[9] Wood Mackenzie 2015
[10] Macquarie Research, April 2015

In addition, since the ban, several NPI producers have set up facilities and have been exporting NPI into China. PT Sulawesi Mining Investment (a joint venture with Tsingshan and Bintang Delapan) started a 300,000 tpy NPI RKEF plant (10.0-12.0% design NI grade) in the first quarter of 2015, with first shipment to China in April 2015. PT Bintang (a joint venture with PT Ifishdeco and Pan China) was reported to be commissioning two (2) small BFs to produce 4,800 tpy in South Konawe.[11]

Philippine Mining Industry Audit

Upon assumption of office by the new Philippine President Rodrigo Duterte and the appointment of Regina Paz Lopez as the DENR Secretary, the new government's responsible mining thrust took off with the mining industry audit. Ten mining firms, of which eight are ore producers, were initially ordered suspended prior to the start of the audit. On September 28, 2016, an additional 20 firms were recommended for suspension after the audit. The firms were given seven (7) days upon receipt of the audit reports "to respond on why their operations should not be suspended." The DENR in turn will study the firms' responses within 2 weeks "then render its decision." The audit found these firms "to have violated various mining and environmental laws and regulations, such as violations of conditions of their ECCs, siltation, soil erosion, lack of tree-cutting or water permits, and no ISO 14001 certification." The initial firms recommended for suspension or issued suspension orders accounts for about 10.0% of the Philippines nickel mining capacity. These, together with the additional 20 firms recommended for suspension will put about 57% of the Philippines nickel mining capacity at risk. On the other hand, 11 out of the 41 metallic mines in current operation passed the audit.

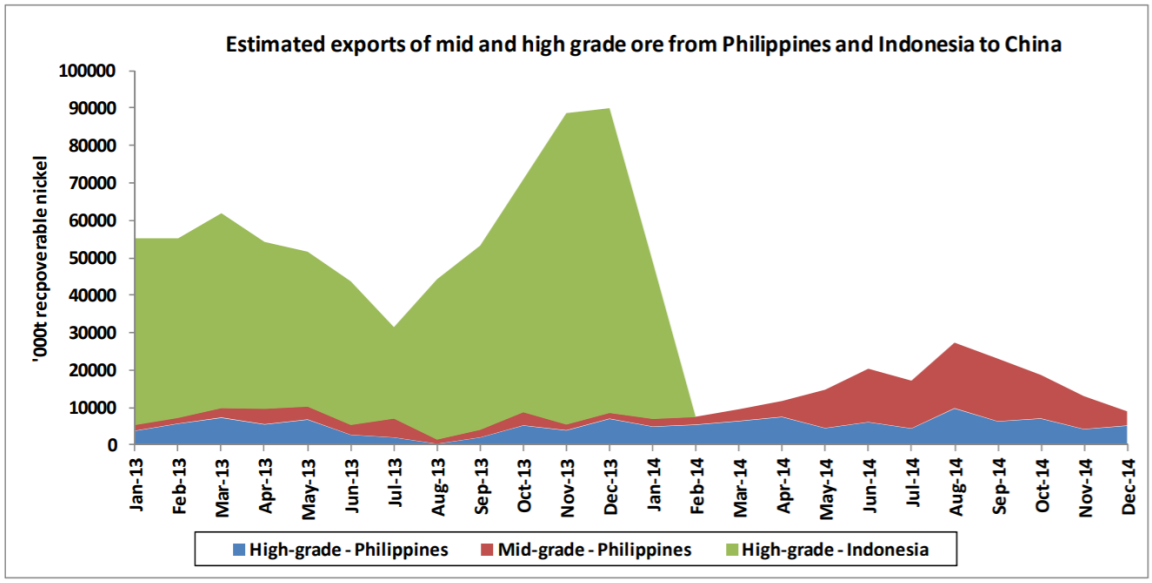
Following the results of the mining audit, officials of the DENR and mining companies agreed to work together to address the issues, including the environmental issues.

Impact on the Market

Chinese NPI producers—who accounted for 24.0% of total global nickel output in 2014[12] (on a contained nickel basis)—have been almost exclusively reliant on imports from Indonesia and the Philippines for their ore. The chart below shows monthly imports of nickel ore to China by their origin since January 2013 to December 2014. From February 2014, ore imports from the Philippines were the main source of Chinese ore imports following Indonesia's ban.

[11] Macquarie Research, April 2015
[12] CRU Data

Chinese Monthly Nickel Ore Imports: 2013-2014[13]



NPI production in China could increase in 2018 as more ore becomes available following the partial lifting of the ore ban in Indonesia starting 2017. It is also expected to increase due to the ramp up of new projects.

Nickel Ore Supply

The distribution of world nickel mine production is shown in the table below. The top 10 countries accounted for around 86.2% of world nickel mine production in 2016, but the severe diminution of Indonesia's role as an important nickel miner as a result of the introduction of the ore export ban can clearly be seen.

Nickel Mine Production, 2010–2016 ('000 tonnes contained Nickel)

	2010[14]	2011[15]	2012[16]	2013[17]	2014[18]	2015[19]	2016E[20]
Philippines	173,000	270,000	424,000	446,000	523,000	554,000	500,000
Russia	269,000	267,000	255,000	275,000	239,000	269,000	256,000
Canada	158,000	220,000	205,000	223,000	235,000	235,000	255,000
Australia	170,000	215,000	246,000	234,000	245,000	222,000	206,000
New Caledonia	130,000	131,000	132,000	164,000	178,000	186,000	205,000
Indonesia	232,000	290,000	228,000	440,000	177,000	130,000	168,500
Brazil	59,100	109,000	139,000	138,000	102,000	160,000	142,000
China	79,000	89,800	93,300	95,000	100,000	92,900	90,000
Guatemala	-	-	-	-	38,400	52,400	58,600
Cuba	70,000	71,000	68,200	66,000	50,400	56,400	56,000
South Africa	40,000	44,000	45,900	51,200	55,000	56,700	50,000
Madagascar	15,000	5,900	8,250	29,200	40,300	45,500	48,000

[13] Customs statistics, Trader estimates, Macquarie Research, April 2015
[14] https://minerals.usgs.gov/minerals/pubs/mcs/2012/mcs2012.pdf
[15] https://minerals.usgs.gov/minerals/pubs/mcs/2013/mcs2013.pdf
[16] https://minerals.usgs.gov/minerals/pubs/mcs/2014/mcs2014.pdf
[17] https://minerals.usgs.gov/minerals/pubs/mcs/2015/mcs2015.pdf
[18] https://minerals.usgs.gov/minerals/pubs/mcs/2016/mcs2016.pdf
[19] https://minerals.usgs.gov/minerals/pubs/mcs/2017/mcs2017.pdf
[20] https://minerals.usgs.gov/minerals/pubs/mcs/2017/mcs2017.pdf

Colombia	72,000	76,000	84,000	75,000	81,000	40,400	36,800
United States	-	-	-	-	4,300	27,200	25,000
Other Countries	127,000	150,700	288,200	392,800	377,000	157,000	150,000
World Total (rounded)	**1,590,000**	**1,940,000**	**2,220,000**	**2,630,000**	**2,450,000**	**2,280,000**	**2,250,000**

Following the ore ban, global mined nickel production declined by 6.8% in 2014 from 2.6 million tonnes in 2013 to 2.4 million tonnes in 2014. This further declined by 1.3% in 2016 to 2.2 million tonnes. The output in 2013 was particularly high as Indonesian producers raced to maximize output before the introduction of the export ban. Another factor was that Indonesia produced more than expected in 2014 and 2015 to 177,000 tonnes and 130,000 tonnes, respectively. Philippine production also somehow made up for lost Indonesian exports. In 2014, production increased by 17.3% from 446,000 tonnes in 2013 to 523,000 tonnes in 2014, and further by 5.9% in 2015 to 554,000 tonnes.

Philippine miners are the primary alternative source of ore supply for Chinese nickel pig iron producers. The Philippines exported 32.1 million tonnes (gross weight) of ore in 2015 and 24.7 million tonnes as per MGB data, but only a small proportion of this is high-grade ore (1.7% and above in nickel content) of the kind produced by Indonesia, and a significant volume was consumed in the Chinese carbon steel sector rather than in NPI production. Through 2014, there has been a shift by some low-grade ore miners to produce more medium-grade (1.5% Ni) ore given the rise in prices—lower grade ore prices have not increased to the same extent. Philippines mine production increased in 2014 to 523,000 tonnes of nickel and in 2015 to 530,000 tonnes. For the first nine (9) months of 2017 as per MGB data, Philippine mine production declined by 5.6% year-on-year to 239,597 tonnes as average nickel prices continue to be depressed at 32.9% lower versus the high in 2015. Given the lower market prices, Philippine nickel mines chose to ship out more of the lower grade laterite ores.

Selected nickel mining companies in the Philippines, 2014–9M 2017 ('000 tonnes in DMT)[21]

Company	2014	2015	2016	9M2017
Nickel Asia Corp.	12,731	12,627	9,686	6,827
Carrascal Nickel Corp.	3,158	2,722	1,748	2,526
Platinum Group Metals Corp.	3,903	3,615	2,007	2,398
CTP Construction and Mining	2,824	2,020	2,451	1,552
Agata Mining Ventures	180	1,264	1,899	1,522
SR Metals	2,062	2,527	1,911	1,131
Marcventures Mining & Development Corp.	1,098	1,874	1,824	924
Citinickel	2,192	1,133	163	872
Benguet Corp.	839	-	678	-
Others	4,587	4,764	2,585	1,258
Total	**33,574**	**32,567**	**24,951**	**19,010**

The DSO mining sector in the Philippines is relatively fragmented, with no single producer dominating. In 2016, Nickel Asia Corporation (PSE:NIKL), CTP Construction & Mining, PGMC, SR Metals, and Agata Mining Ventures accounted for 38.8%, 9.8%, 8.0%, 7.7%, and 7.6% of total nickel ores produced, respectively. In the first nine (9) months of 2017, Nickel Asia Corporation (PSE:NIKL), Carrascal Nickel Corp, PGMC, CTP Construction & Mining, and Agata Mining Ventures accounted for 35.9%, 13.3%, 12.6%, 8.2%, and 8.0% of total nickel ores produced, respectively.

[21] http://mgb.gov.ph/images/Mineral_Statistics/Summary_Metallic_Mineral_Production_Q1-Q3_2017_vs_Q1-Q3_2016_as_of_20_November_2017.pdf

Possibility of Philippines Ore Export Ban

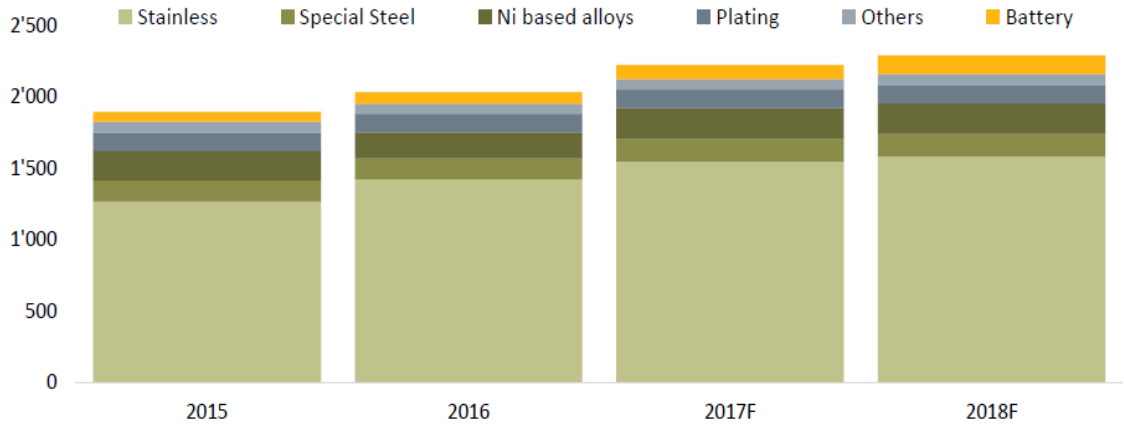
There are two (2) bills relating to the adoption of a mineral ore ban in the Philippines, which have been filed and are currently pending in the Philippine Congress to adopt a mineral ore export ban in the Philippines, in part to force miners to build processing facilities and to create employment for the local population; one of the filed bills provide that the ban should be implemented starting January 1, 2021, while the other filed bill provides that the ban should be implemented starting January 1, 2019.

Nickel Demand

Nickel is used almost exclusively as an alloying element that impacts corrosion resistance to steel and non-ferrous alloys. It is also used as an alloying element in rechargeable battery alloys, and as a plating element, to provide a protective coating to other metals. The immediate consumers of nickel are therefore other metal industries, where it is purchased as a raw material for those industries' own metal products.

The primary consumption of nickel is the production of stainless steel, comprising two-thirds of the global nickel consumption in 2017 followed by non-ferrous alloys and plating. Battery usage, on the other hand, is currently a smaller but potentially fast-growing end-use. Other applications include various foundry alloys and foundry products.

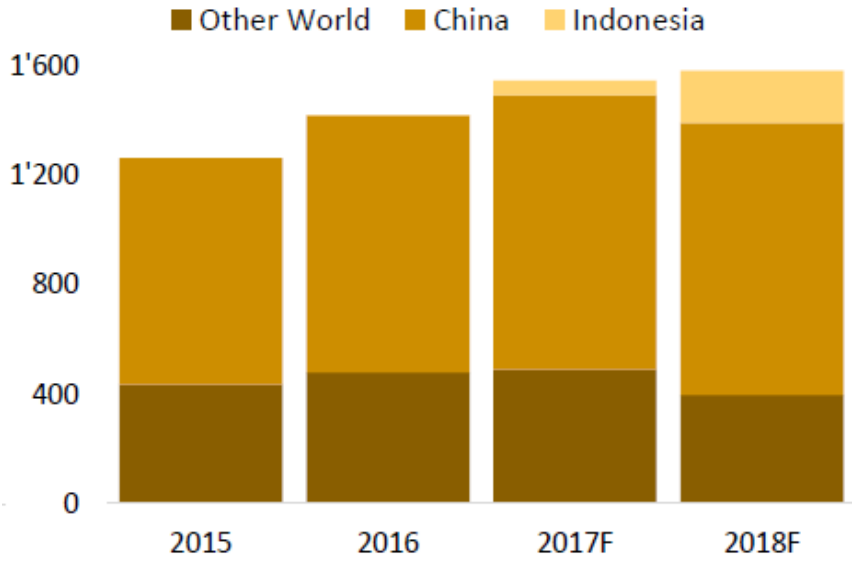
Global Primary Nickel Demand by Industry (in KT)[22]



As presented on the table below, China is the world's largest consumer of primary nickel in stainless steel, accounting for majority of the world's nickel consumption in stainless steel in 2016. Per Glencore forecast, China will remain as the top nickel consumer for stainless steel for the following years.

[22] "Nickel: State of the Market" by Glencore (2017)

Primary Nickel Demand for Stainless Steel (in KT)[23]



The Indonesian ore ban affected the nickel consumption in <which years – e.g. from 2014 to 2016/7, due to the Indonesian ore ban>. This resulted in the substitution towards lower-nickel or nickel-free stainless grades and increased utilization of stainless scrap.

Stainless steel itself differs from carbon steel by the amount of chromium present. By definition, stainless steel contains a minimum of 10.5% chromium content by mass, which makes it stain, corrode and rust less than carbon steel. These properties make stainless steel ideal for a variety of commercial applications including cookware, cutlery, hardware, surgical instruments, major appliances, industrial equipment and as a structural alloy in automotive and aerospace material amongst others.

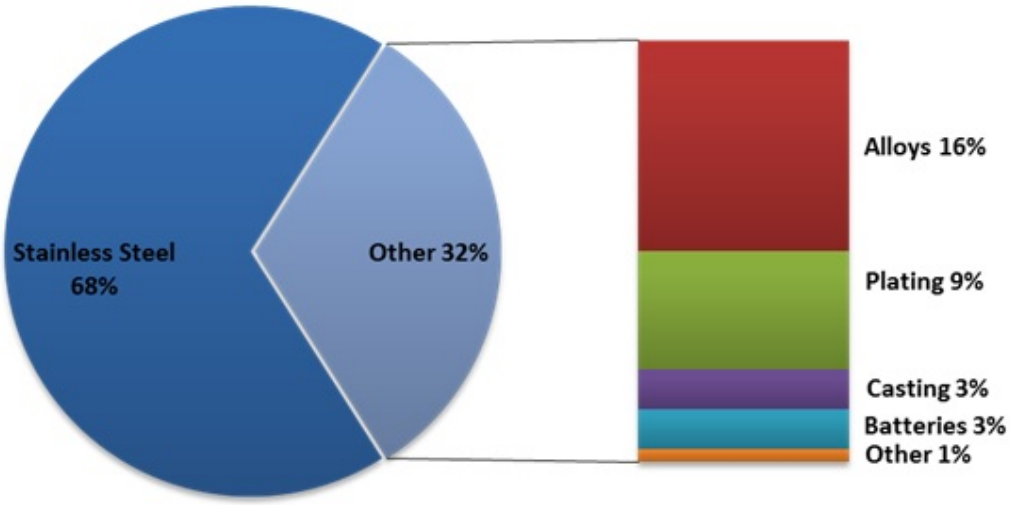
Notably, nickel consumption in batteries grew in the battery sector itself as battery chemistry containing large quantities of nickel are substituted for lower-nickel containing lithium-ion batteries with enhanced performance characteristics.

Nickel is usually recycled and, thus, a distinction is often made between the use of newly produced metal and recycled scrap. 'First use' refers to the destination of newly produced nickel. By far the most important use of new nickel is the production of stainless steels. This use accounts for close to two-thirds of first use nickel up from one-third in the past three (3) decades. The market for stainless steel is growing at a rate of about 5.0% per annum. Other sectors of first use include other alloyed steels, high nickel alloys, castings, electro-plating, catalysts, chemicals and batteries.

The following table presents a breakdown of the demand for first use nickel from stainless steel and other end uses on a global basis.

[23] "Nickel: State of the Market" by Glencore (2017)

First Use Nickel Demand: 2013-2014[24]



Trade in Nickel Ore

In 2013 and 2014, the major trade routes are from Indonesia and the Philippines to Japan and China. Chinese imports are predominately used to feed the domestic NPI sector, though it is important to note that a significant proportion of imports of nickel ore from the Philippines are, in fact, used in carbon steel-making rather than NPI production. Japan has no NPI sector so it imports ore, concentrates, and intermediates (e.g. a nickel sulphate from the Philippine HPAL operations) from which it produces FeNi and refined nickel.

Indonesia and the Philippines accounted for 97.0% of global exports of ore and concentrates in 2013, and the Japan and China accounted for 97.0% of global imports (of which China was 92.0%). Despite the Indonesian ore ban, these proportions have been much the same in 2014, with the major changes being the Philippines share of global exports increasing to 75.0%, and a substantial decline in the overall size of this market (though it should be noted that the rush to obtain ore before the introduction of the export ban distorted the volume of trade in 2013).

Due to the disruption of supply from Indonesia, China turned to the Philippines for its supply of nickel while also drawing on stockpile inventories that it secured ahead of the export ban. From 2014, China sourced about 95.0% of its total annual ore imports from the Philippines. China imported 34.3 million MT from the Philippines in 2015 and another 30.5 million MT in 2016. China also shifted to other forms of nickel to augment its requirements. Imports of FeNi surged from 2015 to 2016 at about 60.0%, with Indonesia accounting for 747,097 MT or 71.0% of the total.

Market Outlook

According to the press release of the INSG October 2017 Meetings[25], world primary nickel production was 1.99 MT in 2016, and it is projected to increase to 2.05 MT in 2017 and to around 2.21 MT in 2018. On the other hand, world primary nickel usage was 2.04 MT in 2016, and it forecasts this to increase to 2.15 MT in 2017 and to around 2.26 MT in 2018.

[24] http://www.insg.org/prodnickel.aspx
[25] http://www.insg.org/docs/INSG_Press_Release_October_17.pdf

Prices

Nickel ore is generally priced as a percentage of the LME nickel price. However, given that nickel ore is not homogenous, with various grades of ore being bought and sold, a single reference price for nickel ore does not exist. In general, prices of different types of ore will be driven by several factors, including the following:

Relative availability of different ore types

If a particular type of ore is readily available, the price for it relative to other types of ore may fall

Substitutability between Ores / Value in Use

The extent to which prices for different ores can spread often depends on the substitutability between ore types, and more specifically the costs of such substitutions. It may be the case that a lower grade ore is widely available at low cost, but that processors will incur significant costs through extra power or fuel costs when converting it into a finished or intermediate nickel product (i.e. it has a lower value in use). This would include an ore's iron content, which can impact its suitability for different downstream processing routes.

LME Nickel Price

A higher nickel price provides processors of ore with a greater margin, and they may be willing to pay more for their raw materials: both in order to keep utilization levels high and take advantage of high prices, but also through the ceding of bargaining territory to the ore sellers.

Logistics Costs

The low content of nickel per tonne of ore, along with its typically high moisture content, means that logistics costs for nickel ores can contribute a significant amount to ore costs. If logistics costs decrease (due to reduced ocean or inland freight costs) then the ability of consumers to pay more for ore increases.

All of these factors have been evident in recent ore pricing trends. Lower grade ore, which remains available from the Philippines, has not substantially increased in price since the Indonesian ore export ban, whereas higher grade ore prices have rocketed. Higher grade ore, the availability of which has severely declined since the ore export ban, is generally required for use in RKEF NPI plants. Lower grade ore cannot easily be substituted for higher grade without increasing processing costs. Therefore the reduced availability of ore has meant that tightness in the higher grade ore market has increased sharply, pushing up prices for this material.

Recent Trends

The softness of nickel prices as reflected in the LME three-month nickel price continued into 2015 as investor confidence has been shaken by increasing concern over the global economy, a relatively strong US dollar, and falling oil prices. The end of the US Federal Reserve's QE program has continued to boost the US dollar as have the ongoing concerns over the robustness of Chinese and European economic growth into 2015.

Global economic growth remained subdued in 2016 mostly due to slower activity in advanced economies. New shocks such as Brexit—the U.K. vote in favor of leaving the European Union and geopolitical tensions in some countries in the Middle East along with speculations of a policy shift post-US election have weighed on expectations and global output growth. These trends, however, were cushioned as near-term concerns of a China slowdown has improved following a pickup in growth. On the LME, cash price for 99.8%-pure nickel plunged to a 13-year low of $7,561.50 per metric ton on February 11, 2016 before rebounding by 31.8% to close the year at $9,964.00. Daily prices averaged

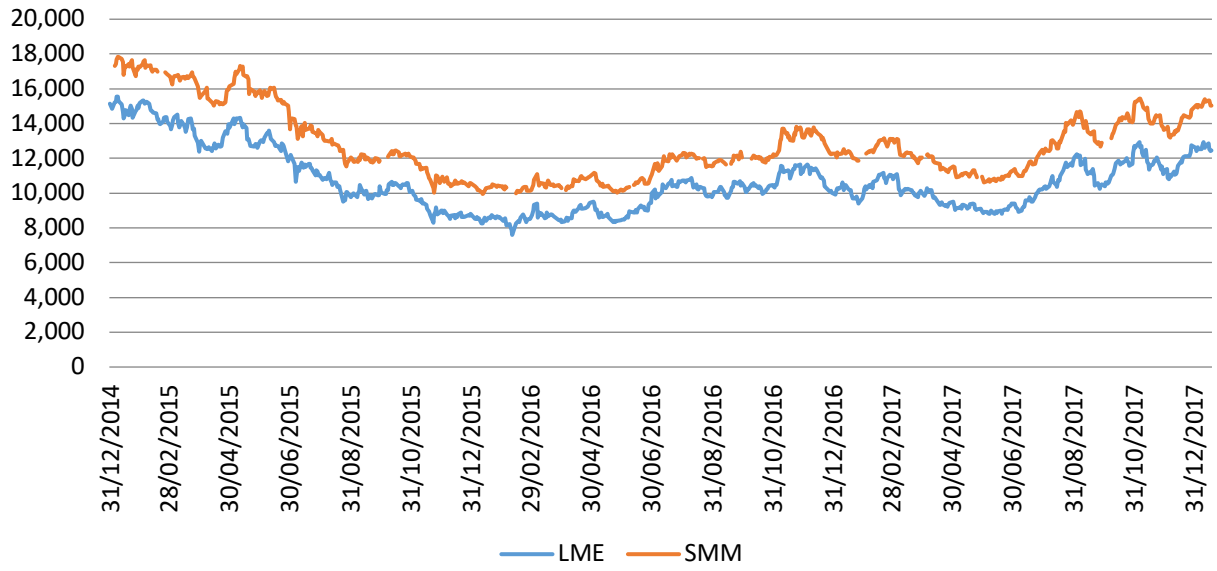
$9,606.44 in 2016, down by about 18.8% from 2015. Likewise, prices of widely followed three (3) - month contracts slid to $7,595.00 on February 11, 2016 but since recovered to $10,020.00 at the end of December. Annual average price dropped to $9,647.89, considerably lower by 18.8% and 43.1% from 2015 and 2014 levels, respectively. The SMM mirrored a similar trend albeit less pronounced, suggesting that physical nickel market in China has been more resilient to the decline in the futures market at the LME and remains trading at a premium. Annual average price of medium-grade ores containing 1.4% to 1.6% nickel decreased by only 11.7% to RMB 256.42 in 2016—fairly tighter than the LME.

In 2017, we saw more and more that inventory of laterite ore in major ports in China has depleted since January 2014, and in April 2017, it dropped to its lowest in 10 years at around 3.1 million WMT. Alongside the destocking in the previous months, nickel prices at the LME rebounded by 8.5% on average in 2017 and have remained above $10,000 since July 25, 2017. In addition, nickel ore prices at the SMM climbed by as much as 35.00% in 2017 from a year ago.

LME and SMM

The following is the three (3) year price chart of nickel on the LME and the SMM.

Nickel Price Chart



Outlook

The global nickel market has entered a new phase of structural shift as two (2) distinct commodity segments emerge: nickel used for the traditional stainless steel market and nickel used for rapidly growing rechargeable battery market. This shift presents a set of opportunities for existing and new nickel mining companies and will lead to increasing nickel usage.

Recent remarks from various industry analysts point to a resounding positive over potential impact of new energy and electric vehicles and supply shortfalls. Increasingly, nickel is being sought for the development of key parts of battery systems that power electric vehicles. There are two current leading technologies for battery systems—NCA chemistry (nickel-cobalt-aluminum) and NCM (nickel-cobalt-manganese). Although the development and eventual adoption of these technologies are at different speeds, the industry is poised to benefit from this emerging potential application.

Wood Mackenzie forecasts that sales of passenger electric vehicles will rise to about 14.2 million in 2025 from 2.4 million in 2016, which will push nickel demand from batteries to 220,000 tons from 40,000 tons in the same period. [26]As research and development of electric vehicles advance, Wood Mackenzie expects the call for raw materials to make those batteries to come first and the recent China's tax adjustments is a clear strategic move to build electric vehicle batteries as next generation nickel sector. [27]In 2018, China reduced the import tax on nickel sulphate a key ingredient in lithium-ion batteries for electric vehicles to 2.0% from 5.5%, while the tax on imports of nickel cathode for smelting purposes was adjusted to 2.0% from 1.0% (but it remained at the lower end for cathode more suited to plating and sulphate applications).

With firmer outlook for battery metals, Macquarie has revised its long-term nickel price forecast upward to $17,500 per ton from $13,000 per ton driven by expectations on the amount of metal required in batteries. This estimate assumes sales of electric vehicles and plug-in electric vehicles of 5.0% of global sales by 2022 from just 1.0% in 2016.[28]

Bank of America Merrill Lynch asserts the lack of investment in new mines in recent years coupled with a steadily increasing demand for electric vehicles will strengthen the case for market rebalancing. Assuming that NCM technology is adopted in ratio between one-third nickel, one-third cobalt, and one-third manganese (1:1:1) / and 80.0% nickel, 10.0% cobalt, and 10.0% manganese (8:1:1), and Tesla will continue to use NCA, Bank of America Merrill Lynch believes the nickel market will sustain deficits that could increase to around 800,000 tons by 2025. [29]

In the near-term, SMM expects nickel demand in 2018 to be mainly due to rising domestic consumption and rebound in exports driven by improving economies in Europe and the US. SMM believes that the relaxation of the export of Indonesian laterite nickel ore will bring NPI output to 700,000 tons in 2018 with China at 460,000 tons and Indonesia at 240,000 tons and will drive up the expansion of global NPI capacity in the next three (3) years. SMM expects that Indonesian NPI capacity will account for around 50.0% global market share in 2020, like China. SMM forecasts the nickel price at $9,000.00 to $14,500.00 per ton in 2018. [30]

The large and established market for nickel driven by the global steel sector and the emerging available technologies for electric vehicles are supportive to both short-term and long-term prospects. Factors that could have a more immediate impact on nickel and NPI prices in the short term would be potential supply coming from Indonesia. It will not necessarily be easy however to increase nickel mine output dramatically, as there are major constraints such as startup lag for new mine projects, persistent low nickel prices that are below operating levels particularly for those in Australia and New Caledonia, as well as recent environmental regulatory initiatives. Overall, the future balance in the nickel market will be determined not only by the rate of increase in demand but also by a combination of each mining company's capabilities—financial, technical, and social to execute expansion plans.

[26] "The Future of Nickel: Deeper Deficits and Rising Prices" by Thomas Biesheuvel (Bloomberg) (October 2017)
[27] https://www.woodmac.com/press-releases/2018-nickel-outlook/
[28] "Outlook for Battery Metals Prices is Firming, Macquarie Says" by David Stringer (Bloomberg) (October 2017)
[29] "Metals and Mining Outlook" by Bank of America Meryll Lynch (November 2018)
[30] "SMM Demand of Cobalt and Nickel to Benefit from China's EV Subsidy Policy in 2018"

REGULATION

Regulation of Mining and Foreign Investments

The Philippine constitution

Under Section 2, Article XII of the Constitution of the Philippines, all lands of the public domain, waters, minerals, coal, petroleum and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna and other natural resources are owned by the Government. The Constitution gives the Government full control and supervision over the exploration, development and utilization of natural resources. In exercising its powers with respect to natural resources, the Government may enter into MPSAs, co-production agreements and joint venture agreements with Filipino citizens, or corporations or associations at least 60.0% of whose capital is owned by such citizens. These agreements may be for a term of up to 25 years, renewable for another term of up to 25 years with the consent of the Government, and on such other terms and conditions as may be permitted by law. On June 21, 2016, the term of the MPSA for the Cagdianao Mine has been extended for another 25 years from its initial term ending in 2017. We also plan to extend the term of the MPSA for the INC Mine at the appropriate time. In addition, the President of the Philippines may enter into agreements with foreign owned corporations involving financial or technical assistance for large-scale exploration, development and utilization of mineral resources.

Philippine nationality requirements

The exploration for and exploitation of minerals in the Philippines under mineral and operating agreements with the Government may only be conducted by Philippine nationals. Under Section 3 of Republic Act No. 7942, otherwise known as the "Philippine Mining Act of 1995," consistent with the above-mentioned constitutional requirement for MPSAs, a qualified person is defined as "any citizen of the Philippines with capacity to contract, or a corporation, partnership, association, or cooperative organized or authorized for the purpose of engaging in mining, with technical and financial capability to undertake mineral resources development and duly registered in accordance with law at least 60.0% of the capital of which is owned by citizens of the Philippines; provided, that a legally organized foreign-owned corporation shall be deemed a qualified person for purposes of granting an exploration permit, FTAA or mineral processing permit."

Under the Foreign Investments Act of 1991, a Philippine national includes: (a) a citizen of the Philippines; (b) a domestic partnership or association wholly owned by citizens of the Philippines; (c) a corporation organized under the laws of the Philippines, at least 60.0% of whose capital stock outstanding and entitled to vote in all circumstances is owned and held by citizens of the Philippines; or (d) a corporation organized outside the Philippines and registered as doing business in the Philippines under the Corporation Code, 100.0% of whose capital stock outstanding and entitled to vote in all circumstances is owned by Philippine nationals or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty per cent (60.0%) of the fund will accrue to the benefit of Philippine nationals.

Recent jurisprudence

In the Philippine Supreme Court case of *Wilson P. Gamboa v. Finance Secretary Margarito B. Teves, et. al.* (the "Gamboa Case"), a case involving a public utility company (which under the Philippine Constitution is also subject to the 60-40 rule on capital ownership), the Philippine Supreme Court sitting *en banc* ruled that the term "capital" as used in Section 11 of Article XII of the Philippine Constitution refers only to shares of stock entitled to vote in the election of directors.

Subsequent to the Gamboa Case cited above, in the December 2012 case of *Express Investments v. Bayan Telecommunications, Inc.,* the Philippine Supreme Court discussed the Gamboa ruling, and clarified that "considering that common shares have voting rights that translate to control as opposed to preferred shares that usually have no voting rights, the term "capital" in Section 11, Article XII of the Constitution refers only to common shares." In the said case, the Supreme Court, however, added that if the preferred shares also have the right to vote in the election of directors, then the term "capital" shall include such preferred shares because the right to participate in the control or management of the corporation is exercised through the right to vote in the election of directors. The Philippine Supreme Court said that "in short, the term "capital" in Section 11, Article XII of the Constitution refers only to shares of stock that can vote in the election of directors." The recent decisions of the Supreme Court remain consistent with the Foreign Investments Act, which apply the minimum Filipino requirements only to "shares that are generally entitled to vote."

On May 20, 2013, the SEC issued Memorandum Circular No. 8 or the *Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities.* The Circular provides that for purposes of determining compliance therewith, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors." A petition for certiorari has since been filed sometime in June 2013, questioning the constitutionality of the Rules on Foreign Ownership (Memorandum Circular No. 8, Series of 2013) promulgated by the SEC.

In the case of *Roy v. Herbosa* (*G.R. No. 207246, November 22, 2016),* the Supreme Court En Banc upheld the constitutionality of the Circular and affirmed that the method of determining compliance with the required Filipino equity as provided in the Circular is in accordance with the pronouncements of the Supreme Court in the *Gamboa* Case. To dispel any doubt, the Supreme Court provided an example on the proper application of the rule. In the example, Company X has 100 common shares, 100 class A preferred shares (with right to elect directors), and 100 class B preferred shares (without right to elect directors). To comply with the Circular, at least 180 shares of all the outstanding capital stock of Company X must be owned and controlled by Filipino. In addition, it is required that among those 180 shares, a total of 120 of the common shares and class A preferred shares (in any combination) are owned and controlled by Filipinos. The Court clarified that the requirement to separately apply to each class of shares in the Gamboa Case is a mere obiter dictum and thus, should not be binding. The Court further clarified both legal title and beneficial ownership over the shares must rest in the hands of the Philippine citizen or Philippine nationals to be deemed compliant.

In the case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp.* (*G.R. No. 195580, April 21, 2014),* the third division of the Supreme Court, in passing upon the nationality of applicants for an MPSA, stated that where foreign equity ownership is in doubt, the Grandfather Rule (making reference to the 1967 SEC Rules and DOJ Opinion No. 020 Series of 2005) shall apply. The Grandfather Rule embodies the method of determining the percentage of Filipino equity in a corporation which is engaged in nationalized or partly nationalized activities and which have corporate shareholders. Under the Grandfather Rule, shares owned by corporate shareholders are attributed either as part of Filipino or foreign equity by determining the nationality not only of the corporate shareholders but also such corporate shareholders' shareholders and their shareholders (and down the line).

Narra Nickel case appears to expand and/or modify the doctrine laid in the Gamboa Case cited above. Under the Constitution, however, no doctrine or principle of law laid down by the Supreme Court in a decision *en banc* or in division may be modified or reversed except by the court sitting *en banc*.

Subsequently, a motion for reconsideration was filed to challenge the April 21, 2014 Narra Nickel Decision before the Special Third Division of the Supreme Court. The Supreme Court, in a resolution

dated January 28, 2015, denied with finality the motion for reconsideration, thereby upholding the challenged Narra Nickel Decision.

Each of the Company and its subsidiaries has at least 60.0% of its outstanding stock owned by Philippine nationals. In addition, the articles of incorporation of each of the Company and its subsidiaries state that a transfer of shares will not be recorded on the books of either corporation if the result of such transfer would be to reduce the ownership of Philippine nationals to less than the required percentage.

Forms of mining tenure

Mining lease contracts and operating contracts

Prior to the enactment of the Mining Act, all rights to explore, develop and utilize mineral resources in the Philippines were granted pursuant to Presidential Decree No. 463, which authorized the Government to enter into mining lease contracts ("Mining Lease Contracts") or operating contracts ("Operating Contracts") with qualified independent contractors who were Philippine nationals. The rights of contractors under either of these forms of contract were substantially similar. A Mining Lease Contract or an Operating Contract was valid for a maximum of 25 years, renewable by the contractor with the consent of the Government for a further period of up to 25 years, and was assignable. The contractor was required to pay royalties, rental fees and national taxes but was not required to pay provincial or municipal district royalties or taxes.

Mining Act

The Mining Act was enacted in 1995 to implement the provisions of the Constitution relating to the exploration, development and utilization of mineral resources. The Mining Act repealed Presidential Decree No. 463 and replaced the system of Mining Lease Contracts and Operating Contracts with the exploration permit and mineral agreement system described below under "Tenure under the Mining Act." Mining Lease Contracts and Operating Contracts granted under Presidential Decree No. 463 continued in effect for the remainder of their terms, before the expiry of which the contractor must apply for a form of mineral agreement under the Mining Act.

Tenure under the Mining Act

Under the Mining Act, the Government may grant exploration permits to qualified applicants and enter into mineral agreements with qualified independent contractors who are Philippine nationals and FTAAs (defined below) with qualified corporations that need not be "Philippine nationals." The Government's activities under the Mining Act are administered by the MGB of the DENR.

(a) Exploration permit. An exploration permit grants the permit holder the right to enter, occupy and explore for minerals in a specified area. It shall be valid for a period of two (2) years, subject to annual review and relinquishment or renewal upon the recommendation of the Director of the MGB.

(b) Mineral agreement. A mineral agreement shall grant to the contractor the exclusive right to conduct mining operations and to extract all mineral resources found in the contract area. The most common form of mineral agreement is the MPSA, which shall have a term not exceeding 25 years, and may be renewable for a period not exceeding 25 years, as prescribed by the Philippine Constitution. There are three (3) types of mineral agreement:

   i. MPSA—an agreement where the Government grants to the contractor the exclusive right to conduct mining operations within a contract area and shares in the gross output from the operations. The contractor shall provide the financing technology, management and personnel necessary for the implementation of the agreement. A qualified person may enter into an MPSA with the government for the exploration, development and utilization of mineral resources. Only citizens of the Philippines or corporations at least 60.0% of the capital of which is owned

by citizens of the Philippines are qualified. Moreover, in case the applicant has been in the mining industry for any length of time, he/she should possess a satisfactory environmental track record as determined by the MGB and in consultation with the Environmental Management Bureau of the DENR. The Government's share consists of an excise tax of 2.0% of the "gross revenue from mining" which would increase to 4% of the "gross revenue from mining" based on the TRAIN Act (see "Philippine Taxation" below). In addition, if an MPSA covers an area that lies within a mineral reservation, the contractor is required to pay the Government a further royalty of not less than 5.0% of gross revenues from the sales of minerals from the properties. The contractor under an MPSA is required to provide all the necessary financing, technology, management and personnel. An application for an MPSA generally takes eight (8) to 12 months to process.

ii. Co-production agreement—A co-production agreement is similar to an MPSA except that the Government makes an agreed contribution to the mining operations conducted by the contractor.

iii. Joint venture agreement—Under a joint venture agreement, the Government and the contractor form a joint venture company, with both parties having equity shares, and the Government grants to the company the exclusive right to conduct mining operations within a contract area. In addition to its equity participation, the Government is entitled to an agreed share of the gross revenues from the sales of minerals from the properties.

(c) FTAA – an agreement between the Government and the contractor involving financial or technical assistance for large-scale exploration, development and utilization of mineral resources. Any qualified person with technical and financial capability to undertake these activities in the Philippines may enter into a FTAA directly with the Government through the DENR.

Compared to an MPSA, an FTAA is entered into to cover a wider area. Moreover, the contractor is allowed a maximum of five (5) years to recover pre-operating expenses; the five (5) -year period is reckoned from the date of commencement of commercial production. Government share in an FTAA consists of excise tax on minerals and other taxes, duties and fees levied by existing laws, and additional government share agreed upon with the contractor in accordance with the formula selected among those indicated in DENR Administrative Order No. 99-56, as amended.

An exploration permit or a mineral agreement may be assigned to another qualified person subject to the approval of the Secretary of the DENR upon the recommendation of the Director of the MGB. An FTAA may be assigned to another qualified person subject to the approval of the President of the Philippines upon recommendation of the Secretary of the DENR and the Director of the MGB.

The Mining Act provides for the annual mandatory relinquishment of areas granted to the permit holder or contractor under an exploration permit, mineral agreement or FTAA such that, following the exploration stage, unless otherwise approved by the Government, the final mining area is generally limited to 5,000 hectares for metals and 2,000 hectares for non-metals.

An MPSA cannot co-exist with an FTAA over the same area. However, a contractor may be allowed to convert his/her mineral agreement into any of the modes of mineral agreements or FTAA covering the remaining period of the original agreement by filing a letter of intent to the MGB and subject to the approval of the Secretary of the DENR. Conversely, a contractor may also convert totally or partially its FTAA into an MPSA or any mineral agreement if the economic viability of the mineral resources in the contract area is found to be inadequate to justify large-scale mining operations. Such conversion may be effected by filing a similar letter of intent to the DENR, copy furnished the MGB Central Office and the relevant regional office.

Before an MPSA or FTAA is granted, an applicant already has vested rights over the area covered by his application. The applicant has priority rights in the event that the government approves the

application and allows the applicant to enter the area and conduct mining operations. Because of this vested right, applications for mineral agreements cannot cover the same or overlapping areas. Since the applicant has priority and vested rights over the area covered by his application, he can assign certain rights even before the MPSA or FTAA is granted but such assignment shall only take effect upon the grant of the MPSA or FTAA.

No mining rights may be granted in relation to ancestral lands claimed or occupied by indigenous cultural communities under a claim of time immemorial possession, except with the prior consent of such communities. If such consent is obtained, the holder of the mining rights must pay a negotiated royalty to the affected communities of not less than 1.0% of the gross revenue from sales of mineral products extracted from the lands.

The Mining Act grants the contractor certain easement rights to enter and occupy lands owned, occupied or leased by other persons for purposes of conducting mining operations or installing or building structures required for such operations, upon payment of just compensation and subject to compliance with certain requirements under the Mining Act.

In addition to the Government's share under the mineral agreements described above, each permit holder and contractor is required to pay an annual occupation fee payable to the local government where the onshore mining area is located or to the MGB for offshore areas, computed as follows: (a) for areas outside a mineral reservation, ₱50.0 per hectare under an exploration permit and ₱50.0 per hectare under a mineral agreement or FTAA, and (b) for areas inside a mineral reservation, ₱100.0 per hectare under any exploration permit, mineral agreement or FTAA.

On July 6, 2012 President Benigno S. Aquino III issued Executive Order No. 79 ("EO 79") implementing reforms in the mining sector to ensure environmental protection and responsible mining.

Pursuant to EO 79, applications for mineral contracts, concessions, and agreements are disallowed in areas closed to mining. However, existing mining operations will be allowed to continue but the granting of new mineral agreements are suspended until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect. This means that the processing of pending applications for mineral agreements such as MPSAs and FTAAs are suspended until Congress passes a law rationalizing the revenue sharing schemes in the mining sector. The DENR may, however, continue to grant and issue EPs under existing laws, rules, and guidelines.

EO 79 likewise mandates the DENR to undertake a review of existing mining contracts and agreements for possible renegotiation of their terms and conditions, which shall, in all cases, be mutually acceptable to the Government and the mining contractor.

Further, according to the Section 9 of DENR Administrative Order No. 2012-07 or the Implementing Rules of Executive Order No. 79, in case the mining agreement is renewed, it shall be subject to new terms and conditions pursuant to the laws, and rules and regulations that are existing at the time of renewal.

Moreover, pursuant to DENR Memorandum Order No. 2013-01, the minimum authorized and paid-up capital requirements for applicants for mineral agreements, such as MPSAs, have been increased to ₱100,000,000.00 authorized capital stock and ₱6,250,000.00 paid-up capital.

Mineral Processing and Ore Transport Permits

A mineral processing permit is required to process minerals, except when an approved work program under an MPSA already includes such processing. Likewise, an ore transport permit is required to transport mineral products.

Final Mine Rehabilitation/Decommissioning Plan

Five (5) years before the final decommissioning of a contract area, the holder of a mineral agreement or FTAA must submit FMRDPs plans, including details of its financial requirements up to post-decommissioning over a 10-year period for monitoring purposes.

As of the date of this Prospectus, the Final Mine Rehabilitation and Decommission Fund amounted to ₱74,593,674.00 which has been deposited by the Company in full to implement the FMRDP of the Company, as approved by MGB.

Local Communities

The holder of a mineral agreement or FTAA is required to assist in: (a) the development of the local communities to promote the general welfare of the local inhabitants; and (b) in the development of mining technology and geosciences as well as manpower training and development. The holder of a mineral agreement or FTAA is also required to allot annually a minimum of 1.0% of its direct milling and mining costs for such purposes.

All applicants for exploration permits, mineral agreements and FTAAs are required to obtain the support of local barangays. A "barangay" is the smallest local government unit in the Philippines. This support usually consists of an endorsement or approval of the project in the form of a resolution.

Environmental Regulation

Any entity doing business in the Philippines is subject to the environmental laws of the Philippines. These laws seek to attain a balance between socio-economic growth and environmental conservation and protection. The DENR is the Government agency primarily responsible for implementing the environmental policy of the Government.

Environmental Impact Statement System and Environmental Compliance Certificates

The environmental impact statement ("EIS") system in force in the Philippines classifies projects and areas into those that are environmentally critical (being those that have high potential for negative impact to the environment) and those that are not. A person is prohibited from operating any project that is classified as environmentally critical or located within an environmentally critical area without first securing an ECC from the DENR. An ECC certifies that, in the DENR's view, the proposed project will not cause a significant negative environmental impact and that the applicant has complied with all the requirements of the EIS system.

The Mining Act specifically requires an ECC to be obtained based on an environmental impact assessment and procedure, except during the exploration period. It also requires the submission of an EPEP as described below.

ECCs set out requirements on mining activities, including the development of strategies to mitigate or rehabilitate environmental impact, creation of a social development and management program, monitoring and compliance with air and water quality standards and noise levels and the establishment of a contingent liability and rehabilitation fund, which is broken down into three (3) types.

The first type of fund is a mine rehabilitation fund, which is further broken down into a monitoring trust fund and a rehabilitation cash fund. The monitoring trust fund is a fund to be set aside by the mine operator so that it has sufficient cash reserves to comply with its maintenance and operating obligations under its EPEP. The monitoring trust fund must be replenished monthly to cover any amounts spent during the preceding month. The rehabilitation cash fund is a trust fund to be established by the mine operator to ensure compliance with its EPEP. The amount to be set aside is the lesser of 10.0% of the total amount required to implement the EPEP and ₱5.0 million. Any amounts withdrawn are to be

replenished annually, and the rehabilitation cash fund is required to be maintained for the entire decommissioning period as set out in the ECC.

The second type of fund is a mine waste and tailing fees reserve fund, which consists of semi-annual collections from the contractor in varying amounts based on the mine waste and tailings generated for the preceding period. This fund is mainly used for compensation for any damages caused by mining operations.

The third type of fund is the final mine rehabilitation and decommissioning fund to finance the implementation of a project's final mine rehabilitation and decommissioning plan, and the amount required to be set aside in the fund will depend on the underlying plan.

Environmental Protection and Enhancement Program

An EPEP is a comprehensive and strategic environmental management plan for the life of the mining project.

EPEPs are prepared pursuant to the provisions of the Mining Act and DENR Administrative Order No. 96-40 and cover the environmental programs necessary for the development and mining of the deposits in the approved MPSA contract area for the next 25 years. An EPEP must provide a description of the expected and considered acceptable impact and should set out life-of-mine environmental protection and enhancement strategies based on best practices in environmental management in mining. It must include a statement on post-mining land use potential for various types of disturbed land (including, among other things, pits, waste dumps and infrastructure sites) and extend to the completion of the commitments in the rehabilitation of the disturbed land in a technically, socially and environmentally competent manner. The program must be based on practical and achievable options and demonstrated practice. Finally, the program must include implementation schedules, environmental compliance guarantees, monitoring, reporting and cost provisions. Where proposed practices are unproven, a research program to prove the impact control and rehabilitation technology is required.

In addition, an annual EPEP must be prepared based on the approved EPEP and must be implemented during the year for which it is submitted. It must address, among other things, exploration, development, utilization, rehabilitation, regeneration, revegetation and reforestation of mineralized areas, slope stabilization of mined-out areas, waste dumps (including acid mine drainage control), aquaculture, watershed development, water conservation and socio-economic development.

Annual obligations under the approved overall EPEP include: (a) the submission of an annual EPEP to the Mine Rehabilitation Fund Committee created pursuant to the implementing rules of the Mining Act in the relevant area; and (b) the submission of an annual social development and management program to the MGB.

As of the date of this Prospectus, the approved EPEP of the Company amounts to ₱1,259,670,677.00, which is the amount to be spent for environmental programs during the life of the mine.

Other Environmental Legislation

In addition to the ECC and EPEP requirements described above, the Philippines has a comprehensive set of environmental laws, regulations, decrees and codes of general application. In the course of its business, the Company is required to comply with a number of such laws relating to, among other things: the protection of fresh and marine water and the discharge of waste and other harmful substances therein from land or water; the safeguarding of domestic and municipal water supplies; erosion control; the protection of forests and regulations regarding tree cutting; the protection of wildlife and restoration of the natural environment affected by industrial activities; the prevention of air pollution, including from dust generated by mining activities; and the handling, use, transportation and disposal of toxic substances.

Administrative Order No. 2017-10

On April 27, 2017, DENR released Administrative Order No. 2017-10, which banned open pit method of mining for copper, gold, silver, and ores in the country. The Company does not engage in open pit method of mining.

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The following table shows the Company's mineral agreements and operating agreements with respect to its mining operations:

Company	SIRC Cagdianao Mine	INC INC Mine
MPSA No.	MPSA No. 007-92-X (dated January 13, 1992)	MPSA No. 017-93-IV (dated August 5, 1993 and amended on April 10, 2000)
ECC No.	ECC No. 1007-0023 (dated August 20, 2010), with a maximum production volume of 5.0 million DMT or 7.7 million WMT of ore each year.	ECC No. 1006-0017 dated October 8, 2010, with a maximum production volume of 1.0 million DMT or 1.5 million WMT of ore each year. We intend to apply for an amendment to the current ECC, allowing INC to produce a maximum of 3 million DMT of ore each year.[31]
Issued to	CMDC (assigned to SIRC through a deed of assignment from CMDC)	CNMEC
Mine site	Cagdianao Mine situated in Claver, Surigao del Norte	Brooke's Point, Palawan
Contract area	4,376 hectares An application to expand the Contract area of 843 hectares has been filed with the MGB on June 22, 2016.	2,835 hectares
Term	25 years from the date of approval by the President of the Philippines of such MPSA or on February 14, 1992, subject to renewal for another period of 25 years The MPSA was renewed on June 21, 2016 for another 25 years from its initial term ending in 2017. The MPSA is now valid until February 14, 2042.	25 years from date of approval by the President of the Philippines of such MPSA or on September 18, 1993, subject to renewal for another period of 25 years. The MPSA was amended in April 10, 2000. The application for renewal has been filed and is currently under MGB's evaluation.
Purpose	For the exploration and development and utilization for commercial purposes of nickel and other associated mineral deposits	For the exploration and development and utilization for commercial purposes of nickel and other associated mineral deposits
Operating agreement	Operating agreement dated September 15, 2006 between SIRC and PGMC for a period of 25 years from September 15, 2006 or for a period co-terminus with the term of MPSA No. 007-92-X, whichever comes first, whereby SIRC grants PGMC the exclusive right to explore, develop, exploit and operate the mineral property	Operating agreement dated January 19, 2005 between CNMEC and INC for a period of 25 years from January 19, 2005, renewable for another 25 years at the option of INC, provided that the MPSA is still valid and subsisting. CNMEC grants INC the exclusive right to explore, develop, and equip mineral properties and to mine and beneficiate the ore thereof.

The foregoing MPSAs have a long period of effectivity. In case the first 25 years has lapsed and the MPSAs are not renewed, then the operating agreements will no longer be renewed and PGMC and INC will have to discontinue mining activities in their respective mines.

[31] The DENR recently ordered the cancellation of the ECC for the INC Mine. We have filed a letter request seeking to have the order for cancellation reconsidered. Our request is currently pending with the Office of the DENR Secretary.

The following table is a summary of the material permits and licenses of the Company and its Subsidiaries:

PGMC / SIRC Material Permits			
Name of Permit/License	***Issuer of the Permit/License***	***Issue Date***	***Validity Period***
MPSA (originally issued to CMDC and then assigned to SIRC through a deed of assignment from CMDC) to (MPSA No. 007-92-X)	Government of the Philippines acting through the DENR. Approved by the President of the Philippines	Date of Execution: 13 January 1992 Approved by the President of the Philippines on 14 February 1992 The MPSA was renewed on June 21, 2016 for another 25 years from its initial term ending in 2017. The MPSA is now valid until February 14, 2042.	Original Validity Period: 14 February 1992 – 13 February 2017. The MPSA was renewed on June 21, 2016 for another 25 years from its initial term ending in 2017. The MPSA is now valid until February 14, 2042.
Environmental Compliance Certificate in the name SIRC (ECC No. 0312-157-301)	DENR	17 June 2004	Valid until revoked
Environmental Compliance Certificate in the name SIRC-PGMC (ECC No. 1007-0023)	DENR	20 August 2010	Valid until revoked
Operating Agreement between SIRC and PGMC	Executed by SIRC and PGMC. Registered with the Mines Regional Office of Mines and Geosciences Bureau located at CARAGA Region, Butuan City	Co-terminus with the MPSA	Co-terminus with the MPSA
DENR Contingent Liability and Rehabilitation Fund Steering	DENR Contingent Liability and Rehabilitation Fund Steering Committee	2 October 2013	As of date, PGMC has already paid its commitment in full

PGMC / SIRC Material Permits			
Name of Permit/License	***Issuer of the Permit/License***	***Issue Date***	***Validity Period***
Committee Certificate of Approval			
Discharge Permits	DENR	January 2015	effective until January 2020
Permit to Operate (Air Pollution Source and Control Installations)	DENR	January 2015	effective until January 2020
NCIP clearance	National Commission of Indigenous Peoples	31 March 2006	Co-terminus with the MPSA
National Commission of Indigenous Peoples - Certificate of Precondition	National Commission of Indigenous Peoples	7 July 2010	Co-terminus with the MPSA
Memorandum of Agreement of PGMC with the indigenous people	Entered into by and among PGMC, Mamanwa Tribes and the National Commission of Indigenous Peoples	2010	Co-terminus with the MPSA
Memorandum of Agreement with Taganito Mining Corporation	Entered into by SIRC and Taganito Mining Corporation Submitted to the DENR	Date of execution – 3 November 2003 Submitted to the DENR on 23 August 2004	Valid for 20 years from 3 November 2003
Business Permit of FNI	Makati City	30 January 2017	Valid until 31 December 2017*
Business Permit of PGMC	Makati City	30 January 2017	Valid until 31 December 2017*
Business Permit of SIRC	Makati City	30 January 2017	Valid until 31 December 2017*
2018 Business Permit of PGMC	Municipality of Claver	19 January 2018	Valid until 31 March 2018
Certification stating that SIRC-PGMC is the valid and subsisting tenement holder of MPSA No. 007-92-X (SMR) and it substantially complied with the terms and conditions of the MPSA which includes the	Mines and Geosciences Bureau	19 September 2016	Not applicable

PGMC / SIRC Material Permits			
Name of Permit/License	***Issuer of the Permit/License***	***Issue Date***	***Validity Period***
submission of the required reports, and payments of taxes, among others			
PGMC-CNEP Shipping Services Corporation Material Permits			
Name of Permit/License	***Issuer of the Permit/License***	***Issue Date***	***Validity Period***
2017 Business Permit	Makati City	30 January 2017	Valid until 31 December 2017*
Marina Permit	Maritime Industry Authority	14 June 2016	Valid until 18 June 2019

* Renewal of the business permits are in process commencing this January 2018.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers cooperate with the Company's Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's latest amended articles of incorporation, approved by the SEC on December 22, 2014, the Board shall consist of 10 members, of which two (2) are independent directors. All of the directors were elected at the Company's annual shareholders' meeting on June 28, 2017 and will hold office until their successors have been duly elected and qualified.

The table sets forth each member of our Board of Directors and the Group's executive officers as of the date of this Prospectus.

Directors and Executive Officers of the Company

Name	Age	Nationality	Position
Joseph C. Sy	50	Filipino	Chairman of the Board of Directors
Dante R. Bravo	41	Filipino	President and Director
Dennis Allan T. Ang	40	Filipino	Director
Ming Huat Chua	54	Malaysian	Vice-Chairman of the Board of Directors
Francis C. Chua	68	Filipino	Director
Mary Belle D. Bituin	49	Filipino	Treasurer/ Senior Vice President for Finance/ Human Resources Department/ Director
Luis N. Yu, Jr.	61	Filipino	Director
Gu Zhi Fang	43	Chinese	Director
Edgardo G. Lacson	73	Filipino	Independent Director
Roberto C. Amores	64	Filipino	Independent Director
Noel B. Lazaro	47	Filipino	Senior Vice President for Legal and Regulatory Affairs, Corporate Secretary and Corporate Information Officer
Carlo Matilac	44	Filipino	Senior Vice President for Operations
Eveart Grace Pomarin-Claro	36	Filipino	Assistant Corporate Secretary and Alternate Corporate Information Officer

The business experience for the past five (5) years of each of our directors and key executive officers is set forth below.

Joseph C. Sy
Chairman of the Board of Directors

Mr. Sy became Chairman of the Board of Directors on August 6, 2015. He became president of PGMC and Company in July 2011 and on August 29, 2014, respectively. He is also a Director and Chairman of Ipilan Nickel Corporation, Chairman and President of Ferrochrome Resources Inc. and the Director of Mining for the Philippine Chamber of Commerce and Industry. Mr. Sy has more than fourteen years of experience in managing and heading companies engaged in mining and mineral exploration and development.

Dante R. Bravo
President and Director

Mr. Bravo became the President of the Company on August 6, 2015. He previously served as Executive Vice President of the Company. He has been a Director, Executive Vice President and Corporate Secretary of PGMC since 2011. He was Chief Finance Officer of PGMC from 2011 to 2013. He is also an attorney-at-law and a Certified Public Accountant in the Philippines. Mr. Bravo served as a Director from 2004 to 2011 and a Senior Associate from 2002 to 2004 at SGV. He is a professor of law at San Beda College and a lecturer for the Mandatory Continuing Legal Education Program for lawyers. He was the Chief Political Affairs Officer of Congressman Mr. Narciso R. Bravo Jr. He holds a Bachelor of Laws degree from San Beda College and a Bachelor of Accountancy degree from the University of Santo Tomas. Mr. Bravo has more than 10 years of corporate management experience. He placed 10th in the 2001 Philippine Bar Examinations.

Ming Huat Chua
Vice Chairman of the Board of Directors

Mr. Chua became a Director of the Company on June 29, 2016 and Vice Chairman of the Board of Directors on July 28, 2016. Mr. Chua was former President of Genting Hong Kong Limited ("GHK") and a director of Norwegian Cruise Line Holdings Ltd., a company listed on the NASDAQ Global Select Market. He held key management positions in various international securities companies in Malaysia, Singapore and Hong Kong, with extensive knowledge in the management of securities, futures and derivatives trading, asset and unit trust management, corporate finance and corporate advisory business. He was a Director and member of the Listing Committee of the MESDAQ market of Bursa Malaysia Securities Berhad. He has a Bachelor of Arts degree in Political Science and Economics from the Carleton University in Ottawa, Canada.

Dennis Allan T. Ang
Director

Mr. Ang became a Director of the Company on August 6, 2015. He is the Corporate Secretary of Maxima Machineries, Inc. since February 2009 and System Architect and Lead Programmer of Engagement Workflow System Architecture Development since July 2015. He founded Full Metro Gear Corp. and Engagement, Inc. in 2014 and 2007, respectively. He occupied several key positions in the Asian Institute of Management from 2001 to 2006. Mr. Ang holds a degree in Bachelor of Science in Management Information Systems from Ateneo de Manila University and a Masters Degree in Business Administration from Asian Institute of Management.

Francis C. Chua
Director

Mr. Chua became a director of the Company on October 22, 2014. He is the Honorary Consulate General of the Republic of Peru and the honorary president of the Federation of Filipino Chinese Chamber of Commerce and Industry. He is also the President Emeritus of the Chamber of Commerce of the Philippines Foundations. Mr. Chua served as special envoy on Trade and Investments on China. He holds a Bachelor of Science degree in Industrial Engineering from the University of the Philippines, College of Engineering.

Mary Belle D. Bituin
Senior Vice President, Chief Financial Officer and Director

Ms. Bituin became a Director of the Company on November 2, 2015. Ms. Bituin holds a Bachelor of Science degree in Business Administration, major in accounting from Philippine School of Business Administration Manila. She is a Certified Public Accountant. She was Vice President for Business Transformation of Globe Telecom, Inc. She was the international auditor for the International Auditor

for International Audits at the Cooperative for Assistance and Relief Everywhere, a leading international humanitarian organization fighting global poverty based in Atlanta, Georgia USA, from 1994 to 1998. She was also a senior auditor at SGV & Co. where she worked from 1988 to 1994.

Gu Zhi Fang
Director

Ms. Gu Zhi Fang became a Director of the Company on October 22, 2014. She is Director and General Manager of Jiangsu Lianhua Paper Ltd., Wujiang, Jiangsu Province, China. She holds a degree in International Trade from Suzhou University.

Luis N. Yu, Jr.
Director

Mr. Yu Jr. became a Director of the Company on June 29, 2016. Mr. Yu, Jr. has been the Chairman *Emeritus* of 8990 Holdings, Inc. since 2012. He is also the Chairman of Ceres Homes, Inc. since 2002 and the President of Deca Housing Corporation since 1995. He holds a Masteral Degree in Business Management from the Asian Institute of Management and a Bachelor of Arts Major in Social Science from the Velez College in Cebu City.

Independent Directors

Pursuant to the requirements of Section 38 of the SRC, the Company's Board of Directors and stockholders approved the amendment of the Company's By-Laws adopting the requirement on the nomination and election of independent directors on June 29, 2005.

In compliance with the requirements of the Code of Corporate Governance and the SEC's Guidelines on the Nomination and Election of Independent Directors (SEC Memorandum Circular No. 16, Series of 2002), the Nomination Committee (composed of Atty. Miguel B. Varela as Chairman, and Mr. Joseph C. Sy and Mr. Raul M. Ang) constituted by the Board of Directors in a meeting held on August 6, 2015, endorsed the respective nominations given in favor of Mr. Edgardo Gapuz-Lacson (nominated by Atty. Dante R. Bravo) and Mr. Roberto C. Amores (nominated by Mr. Joseph C. Sy). None of the nominees for independent directors are related to any member of the Board of Directors of the Company

Edgardo Gapuz-Lacson
Independent Director

Mr. Edgardo Gapuz-Lacson became a Director of the Company on June 29, 2016. Mr. Lacson is a Director of the PSE and Puregold Price Club, Inc. He is also a Trustee of De La Salle University, Home Development Mutual Fund, ADR Institute for Strategic and International Studies and Philippine Disaster Recovery Foundation. Mr. Lacson is a President of MIS Maritime Corporation, Safe Seas Shipping Agency, Marine Industrial Supply Corporation and EML Realty. He is also a Trustee, Past President and Honorary Chairman of the Philippine Chamber of Commerce and Industry. He holds a Bachelor of Science in Commerce Major in Accountancy from the De La Salle College.

Roberto C. Amores
Independent Director

Mr. Roberto C. Amores became a Director of the Company on March 17, 2015. He is the Director-in-Charge for Agriculture at the Philippine Chamber of Commerce & Industry, a member of the Technical Advisory Group for Agribusiness office of Sec. Arthur C. Yap in the Department of Agriculture, the President of the Philippine Food Processors and Exporters Organization, Inc. and a council member and trustee of the Export Development Council – DTI. He holds a Bachelor of Arts degree from the University of Philippines. Mr. Amores has more than 30 years of corporate management experience.

Other Executive Officers

Noel B. Lazaro
Senior Vice President for Legal and Regulatory Affairs, Corporate Secretary and Corporate Information Officer

Mr. Lazaro became the Corporate Secretary and Corporate Information Officer of the Company on October 22, 2014. He also acts as its Senior Vice President for Legal and Regulatory Affairs. He joined PGMC on August 1, 2014. He is a Director of INC and also a Director and Corporate Secretary of Southeast Palawan, PCSSC and SIRC. Mr. Lazaro served as a Partner for Siguion Reyna Montecillo & Ongsiako, an Associate at SyCip Salazar Hernandez & Gatmaitan, a Professorial Lecturer for the Lyceum of the Philippines College of Law, the De la Salle University Graduate School of Business and Far Eastern University Institute of Law, Master of Business Administration-Juris Doctor Dual Degree Program. He completed his Bachelor of Laws degree from the University of the Philippines College of Law and placed 19th in the 1995 Philippine Bar Examinations.

Carlo Matilac
Senior Vice President for Operations

Mr. Matilac became Senior Vice President for Operations of the Company on August 6, 2015. Mr. Matilac. Mr. Matilac served as Vice President for Operations of PGMC and Technical Specialist for BHP Billiton and QNI, and a Mine Engineering Superintendent for Manila Mining Corp. Mr. Matilac has more than 19 years of technical and engineering experience in managing companies engaged in mining and mineral exploration development. He completed a Master in Business Administration from the Saint Paul University and a Bachelor of Science in Mining Engineering from Cebu Institute of Technology. He placed 1st in the 1994 Mining Engineer Licensure Examinations.

Eveart Grace Pomarin-Claro
Assistant Corporate Secretary and Alternate Corporate Information Officer

Ms. Pomarin Claro became Assistant Corporate Secretary and Alternate Corporate Information Officer of the Company on September 10, 2014. Ms. Pomarin-Claro served as Corporate Secretary of the Company from February 1, 2014 to August 29, 2014. She is the Executive Legal Officer of PGMC. She is Assistant Corporate Secretary of PGMC, SIRC and the Corporate Secretary of Ipilan Nickel Corporation, Nickel Laterite Resources, Inc. and CNMEC. She completed a Bachelor of Laws from the University of St. La Salle.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

Save as disclosed in this Prospectus, to the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officer have in the five (5) -year period prior to the date of this Prospectus: (a) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two (2) -year period of that time; (b) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending proceeding in courts of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (c) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (d) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

In the ordinary course of our business, we are a party to certain disputes that we believe are incidental to our operations. For example, on August 30, 2013, a corporation that has demanded royalty payments from PGMC, has gone to the DOJ and Office of the Ombudsman to sue certain of our directors and officers for alleged infractions of environmental laws. The said corporation later signed a memorandum of agreement with the respondents and executed an affidavit of desistance. Respondents also filed separate motions to dismiss the complaints in both offices with each of the DOJ and the Office of the Ombudsman.

Mr. Joseph C. Sy was the subject of a letter-complaint for deportation filed before the BI. Mr. Joseph C. Sy was also the subject of a complaint for violation of the Philippine Immigration Act of 1940, Anti-Dummy Law, Philippine Mining Act of 1995, Philippine Water Act, Revised Penal Code on simulation of birth, falsification of public documents and perjury, Anti-Graft and Corrupt Practices Act, and Section 17 of the Corporation Code before the SEC. In supporting the allegations against Mr. Joseph C. Sy, the complainant questioned the Filipino citizenship of Mr. Joseph C. Sy. Mr. Joseph C. Sy has received favorable resolutions from both the BI and the SEC. However, in the BI deportation case, the complainant filed a belated motion for reconsideration in October 2014. Mr. Joseph C. Sy then submitted a motion to expunge the complainant's motion for reconsideration in November 2014. The BI decided to entertain the motion for reconsideration of the complainant and the original complaint was reinstated. On February 26, 2015, the BI issued a resolution dismissing the said case against Mr. Joseph C. Sy. As of date, no resolution overturning the decision of the BI has been issued. Mr. Joseph C. Sy was issued a Philippine passport and is a holder of a Philippine National Statistics Office (NSO) birth certificate (as a Filipino), thus, he is presumed to be a Filipino citizen unless otherwise declared.

Mr. Joseph Sy is a subject of a complaint filed by the NBI for (a) Falsification of Public Documents under Article 172 of the Revised Penal Code; (b) Violation of Republic Act No. 8239, otherwise known as the "Philippine Passport Act of 1996"; and (c) Violation of Presidential Decree No. 715 or the Anti-Dummy Law. As of date, the complaint is still pending with the DOJ.

Mr. Dante R. Bravo is a subject of a complaint for violation of the Philippine Mining Act, the Philippine Water Act, Anti-Graft and Corrupt Practices Act, Presidential Decree No. 1829 on Obstruction of Justice, and Presidential Decree No. 77, otherwise known as the Forestry Reform Code. As of date, the case on the violation of the Philippine Mining Act and the Philippine Water Act is still pending for resolution before the DOJ. On the violation of the Anti-Graft and Corrupt Practices Act, a Motion to Dismiss was filed on January 17, 2014 and is still pending resolution before the Office of the Ombudsman.

In the unlikely event that courts or administrative bodies in the Philippines make a determination against the Filipino citizenship of Mr. Joseph C. Sy, the Company's subsidiaries may be found to be in breach of the foreign ownership restrictions (a) relating to mining companies in the Philippines, which could result in disqualification to conduct mining operations under MPSAs in the Philippines and/or the cancellation, revocation, and termination or the non-renewal of MPSAs and its corresponding operating agreements or (b) relating to the ownership of lands. See "Business—Legal Proceedings."

On August 1, 2017, the mayor of Brooke's Point Palawan, Atty. Mary Jean D. Feliciano, filed a criminal complaint (NPS Case No. IV-08-INV-17G-0381) against several officers of the INC Mine, which includes the Company's officers, Atty. Dante R. Bravo and Engr. Carlo A. Matilac, for their alleged violation of Section 1 of PD 1829 for allegedly:

(a) Preventing the group of Mayor Feliciano from entering the premises of INC in several instances;
(b) Obstructing, impeding the apprehension of suspects who were allegedly violating the impeding the apprehension of suspects who were allegedly violating the Chainsaw Act and/or illegally cutting trees; and
(c) Harboring, concealing, or facilitating the escape of said suspects.

Respondents filed their Counter-Affidavits and Motion to Inhibit the Provincial Prosecution Office and to transfer the venue to the Department of Justice. The complaint is bereft of any allegation, much less proof, of any act or omission on the part in violation of PD 1829.

On September 13, 2017, respondents filed a motion, praying for the voluntary inhibition of the Investigating Prosecutor and the whole Office of the Provincial Prosecutor of Palawan, and for the transmittal of the case to the Department of Justice for designation of an Acting Provincial Prosecutor to take over the preliminary investigation. Hearing was set on September 20, 2017 for the said Motion. At the hearing, the Provincial Prosecutor granted the Motion. Awaiting the record to be transmitted to the Department of Justice. As of the date of this Prospectus, there is no development on the status of this case.

We believe that none of the cases mentioned above are likely to materially affect the financial condition or results of operations of our business.

No Significant Employees

There is no person who is not an executive officer who is expected to make a significant contribution to the business of the Issuer or the Group.

Corporate Governance

The Board approved the Company's Manual on Corporate Governance (the "Manual") during the meeting of the Board of Directors on May 31, 2017 pursuant to SEC Memorandum Circular No. 19 series of 2016. The Manual assists the Company in monitoring and assessing its level of compliance with leading practices on good corporate governance. Aside from establishing specialized committees to aid in complying with the principles of good corporate governance, the Manual also outlines specific investor's rights and protections and enumerates particular duties expected from the Board members, officers and employees. It also features a disclosure system which highlights adherence to the principles of transparency, accountability and fairness. A compliance officer is tasked with the formulation of specific measures to determine the level of compliance with the Manual by the Board members, officers and employees. There has been no deviation from the Manual's standards as of the date of this Prospectus.

Committees of the Board

The Board created and appointed Board members to each of the committees set forth below. Each member of the respective committees named below holds office as of the date of this Prospectus and will serve until his successor is elected and qualified.

Audit Committee

The Company's Audit Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The Audit Committee has the following duties and responsibilities, among others:

(a) Recommends the approval of the Internal Audit Charter, which formally defines the role of internal audit and the audit plan as well as oversees the implementation of the Internal Audit Charter;

(b) Through the Internal Audit Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

(c) Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;

(d) Establishes and identifies the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;

(e) Reviews and monitors Management's responsiveness to the internal auditor's findings and recommendations;

(f) Prior to the commencement of the audit, discusses with the external auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

(g) Evaluates and determines the non-audit work, if any, of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

(h) Reviews and approves the interim and annual financial statements before their submission to the Board, with particular focus on the following matters:

    i. Any change/s in accounting policies and practices
    ii. Areas where a significant amount of judgment has been exercised
    iii. Significant adjustments resulting from the audit
    iv. Going concern assumptions
    v. Compliance with accounting standards
    vi. Compliance with tax, legal and regulatory requirements

(i) Reviews the disposition of the recommendations in the external auditor's management letter;

(j) Performs oversight functions over the corporation's internal and external auditors.

(k) It ensures the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

(l) Coordinates, monitors and facilitates compliance with laws, rules and regulations;

(m) Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders; and

(n) In case the company does not have a Board Risk Oversight Committee and/or Related Party Transactions Committee, performs the functions of said committees as provided below.

The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit. The Audit Committee must comprise at least three (3) members of the Board, who shall preferably have accounting and finance backgrounds, at least one of whom shall be an independent director and another with audit experience. The Audit Committee reports to the Board and is required to meet at least two times (2x) a year. The Audit Committee chairman shall be an independent director. The composition of the Audit Committee consist of three (3) members, including Mr. Roberto C. Amores as chairman, and Atty. Dante R. Bravo and Mr. Edgardo G. Lacson as members.

Compensation and Remuneration Committee

The Compensation and Remuneration Committee comprises at least three (3) members, including the President and one (1) independent director. It ensures that the compensation policies and practices are consistent with the corporate culture, strategy and business environment under which the Company operates. It is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable the directors and officers to run the company successfully. It evaluates and recommends to the Board incentives and other equity-based plans designed to attract and retain qualified and competent individuals.

The Compensation and Remuneration Committee reports directly to the Board and is required to meet at least once a year and provides overall direction on the compensation and benefits strategy of the Company. The composition of the Compensation and Remuneration Committee consist of three (3) members, including Mr. Roberto C. Amores as chairman, and Mr. Joseph C. Sy and Atty. Dante R. Bravo as members.

Nomination Committee

The Company's Nomination Committee is responsible for providing its shareholders with an independent and objective evaluation and assurance that the membership of the Board is competent and will foster the Company's long-term success and secure its competitiveness. The Nomination Committee must comprise at least three (3) members, one of whom should be an independent director. The Nomination Committee reports directly to the Board and is required to meet at least two times (2x) a year. The composition of the Nomination Committee consists of three (3) members, including Mr. Edgardo G. Lacson as chairman, and Atty. Dante R. Bravo and Mr. Ming Huat Chua as members.

Executive Committee

The Corporate Governance Manual provides for the creation of an executive committee to be composed of five (5) members appointed by the Board from time to time. Under the Manual, the Chairman of the Board shall act as *ex officio* Chairman of the Executive Committee, the President as Vice-Chairman, and three (3) other members shall sit as members of the committee. The Executive Committee shall have the following powers and functions: (a) to advise and assist the officers of the Company in all matters concerning its interest and the management of its business; and (b) whenever the Board is not in session, to exercise all the powers of the Board, which may be delegated to it by the Board. The composition of the Executive Committee consists of five (5) members including Mr. Joseph C. Sy as

chairman, and Atty. Dante R. Bravo, Ms. Mary Belle D. Bituin, Mr. Roberto C. Amores, and Mr. Edgardo G. Lacson as members.

Corporate Governance Committee

The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

(a) Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;

(b) Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

(c) Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

(d) Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

(e) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

(f) Proposes and plans relevant trainings for the members of the Board;

(g) Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

(h) Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

The Corporate Governance Committee Corporate is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, all of whom should be independent directors, including the Chairman. The establishment of a Corporate Governance Committee does not preclude companies from establishing separate Remuneration or Nomination Committees, if they deem necessary.

Board Risk Oversight Committee

The establishment of a Board Risk Oversight Committee is generally for conglomerates and companies with a high-risk profile.

The Board Risk Oversight Committee has the following duties and responsibilities, among others:

(a) Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and

oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

(b) Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Board Risk Oversight Committee conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;

(c) Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Board Risk Oversight Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;

(d) Advises the Board on its risk appetite levels and risk tolerance limits;

(e) Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;

(f) Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;

(g) Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and

(h) Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

The Board Risk Oversight Committee should be composed of at least three members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

Related Party Transaction Committee

The following are the functions of the Related Party Transaction Committee, among others:

(a) Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, Related Party Transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, Related Party Transactions and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;

(b) Evaluates all material Related Party Transactions to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non- related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or

in connection with the transactions. In evaluating Related Party Transactions, the Committee takes into account, among others, the following:

i. The related party's relationship to the company and interest in the transaction;
ii. The material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction;
iii. The benefits to the corporation of the proposed Related Party Transaction;
iv. The availability of other sources of comparable products or services; and
v. An assessment of whether the proposed Related Party Transaction is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for Related Party Transactions;

(c) Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's Related Party Transaction exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;

(d) Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

(e) Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and

(f) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting Related Party Transactions, including a periodic review of Related Party Transaction policies and procedures.

The Related Party Transaction Committee is tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.

Evaluation System and Compliance

As part of its system for monitoring and assessing compliance with the Manual and the SEC Code of Corporate Governance for Publicly-Listed Companies, each committee is required to report regularly to the Board of Directors and the Manual is subject to yearly review. The Compliance Officer is responsible for determining and measuring compliance with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies, including the Manual and the SEC Code of Corporate Governance for Publicly-Listed Companies. Any violation of the Company's Manual on Corporate Governance shall subject the responsible officer or employee to the following penalties:

- For a first violation, the offender shall be reprimanded.
- For a second violation, suspension from office shall be imposed on the offender. The duration of suspension shall depend on the gravity of the violation. This penalty shall not apply to the members of the Board of Directors.
- For a third violation, the maximum penalty of removal from office shall be imposed on the offender. In case the offender is a member of the Board of Directors, the provisions of Section 28 of the Philippine Corporation Code shall be observed.

Executive Compensation Summary

Compensation

The following are the Company's Chairman of the Board of Directors, its President, and two (2) other executive officers as of the date of this Prospectus:

Name	Position
Joseph C. Sy	Chairman of the Board of Directors
Dante R. Bravo	President and Director
Mary Belle D. Bituin	Treasurer/ Senior Vice President for Finance/ Human Resources Department/ Director
Noel B. Lazaro	Senior Vice President for Legal and Regulatory Affairs, Corporate Secretary and Corporate Information Officer

The following table identifies and summarizes the aggregate compensation of the Company's Chairman of the Board of Directors, its President and its two (2) other executive officers of the Group in the years ended December 31, 2015 and 2016, and their estimated compensation for the years ended December 31, 2017 and 2018:

	Year	Total[1](in ₱ millions)
President and the three (3) most highly compensated executive officers named above	2015	39.3
	2016	42.2
	2017(estimated)	38.5
	2018 (estimated)	38.5
Aggregate compensation paid to all other officers as a group unnamed	2015	52.2
	2016	55.2
	2017 (estimated)	53.7
	2018 (estimated)	53.7

Note:
(1) Includes salary, bonuses and other income.

Standard Arrangements

Other than payment of a fixed monthly director's fee of ₱200,000.00, there are no other standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, for any service provided as a director.

Investor Relations

The Company has created an Investor Relations Office that will (a) create and implement an investor relations program that reaches out to all shareholders and fully informs them of corporate activities, and (b) formulate a clear policy on communicating and relating relevant information to Company shareholders and to the broader investor community accurately, effectively and sufficiently. The Investor Relations Office shall report to the Board of Directors.

Currently, the Company's Investor Relations Officer ("IRO") is Ms. Rachelle C. Paunlagui. As the Company's officially designated spokesperson, the IRO will be responsible for receiving and responding to investor and shareholder queries. In addition, the IRO will oversee most aspects of the Company's shareholder meetings, press conferences, investor briefings, management of the investor relations portion of the Company's website and the preparation of the Company's annual reports.

The Company's Investor Relations Office is located at the address of the Company. The phone number of the Investor Relations Office is +632 519 7888 loc. 706 while its email address is investorrelations@gfni.com.ph.

Family Relationships

There are no family relationships between any Directors and any members of the Company's senior management as of the date of this Prospectus, except Mr. Sy and Ms. Gu who are husband and wife.

Employment Contracts

As of the date of this Prospectus, the Company has no special employment contracts with the named executive officers.

Warrants and Options Outstanding

As of the date of this Prospectus, there are no outstanding warrants or options held by the President, the CEO, the named executive officers, and all officers and directors as a group.

PRINCIPAL SHAREHOLDERS

Security Ownership of Certain Record and Beneficial Owners and Management

As of December 31, 2017, the following persons or groups are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5.0%) of the Company's voting securities[32]:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Ownership
Common	PCD Nominee Corp – Filipino	Direct	Filipino	1,592,707,972	29.15%
Common	Huatai Investment Pty. Ltd.	Direct	Australian	974,476,713	17.84%
Common	Sohoton Synergy, Inc.	Direct	Filipino	761,037,313	13.93%
Common	PCD Nominee Corp – Non-Filipino	Direct	Filipino	610,144,598	11.17%
Common	Regulus Best Nickel Holdings, Inc.	Direct	Filipino	523,154,668	09.58%
Common	Blue Eagle Elite Venture, Inc.	Direct	Filipino	348,769,779	06.38%
Common	Ultimate Horizon Capital, Inc.	Direct	Filipino	348,769,779	06.38%

PCNC is a wholly-owned subsidiary of PCD. The beneficial owners of such shares registered under the name of PCNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares. Instead, the participants have the power to decide how the PCD shares in the Company are to be voted.

As of December 31, 2017, the participants of PCNC who own more than 5.0% of the Company's outstanding capital are as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Ownership
Common	Maybank Atr Kim Eng Securities, Inc.	Direct	Filipino	499,726,053	9.15%

[32]The shares as stated in the Certificate of Approval of Increase of Capital Stock, as approved by the SEC on December 22, 2014.

The shares held by Huatai Investment Holding Pty. Ltd., Sohoton Synergy, Inc., Regulus Best Nickel Holdings, Inc., Blue Eagle Elite Venture, Inc. and Ultimate Horizon Capital, Inc. will be voted or disposed by the persons who shall be duly authorized by these record or beneficial shareholders for the purpose.

Lock-Up

The PSE Revised Listing Rules require if there is any issuance or transfer of shares or securities (i.e., private placements, asset for shares swap, or a similar transaction) or instruments that lead to issuance of shares or securities (i.e., convertible bonds, warrants, or a similar instrument) done and fully paid for within 180 days prior to the start of the offer period, and the transaction price is lower than that of the offer price in the [public offering], all shares or securities availed of shall be subject to a lock-up period of at least 365 days from full payment of the aforesaid shares or securities. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a PCD participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

The PSE rules also require that, for related party transactions, whereby the rights or public offering requirement has been waived by a majority vote of the minority stockholders, the related party subscriber must enter into an agreement with the PSE not to sell, assign, or in any manner dispose of their shares for a minimum period of 180 days after the listing of the shares subscribed in the transaction.

Security Ownership of Directors and Officers as of December 31, 2017

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common	Joseph C. Sy	2,704,786,831 (direct and indirect)	Filipino	49.51%
Common	Ming Huat Chua	6,786,667 (direct and indirect)	Malaysian	0.12%
Common	Dante R. Bravo	23,265,198 (direct)	Filipino	0.42%
Common	Luis N. Yu, Jr.	115,242,667 (direct)	Filipino	2.11%
Common	Gu Zhi Fang	1 (direct)	Chinese	0.0%
Common	Francis C. Chua	333 (direct)	Filipino	0.0%
Common	Dennis Allan T. Ang	20,333,361 (direct)	Filipino	0.37%
Common	Mary Belle D. Bituin	793,828 (direct)	Filipino	0.01%
Common	Edgardo G. Lacson	1 (direct)	Filipino	0.0%
Common	Roberto C. Amores	1 (direct)	Filipino	0.0%
Common	Noel B. Lazaro	1,933,333 (direct)	Filipino	0.04%
Common	Carlo Matilac	843,831 (direct)	Filipino	0.02%
Common	Eveart Grace P. Claro	0	Filipino	0.0%
	TOTAL	**2,873,986,052**		52.60%

Voting Trust Holders of 5.0% or More

There were no persons holding more than 5.0% of a class of shares of the Company under a voting trust or similar agreement as of the date of this Prospectus.

Change in Control

As of the date of this Prospectus, there are no arrangements that may result in a change in control of the Company.

RELATED PARTY TRANSACTIONS

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with affiliates. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

The summary of significant transactions and account balances with related parties are as follows:

(a) On January 21, 2016, the Company acquired PIL through the purchase of its 10,000 shares at HK$1.0 par value amounting to HK$10.0 thousand or ₱61.0 thousand. The transaction was considered by the Company as an asset acquisition. The assets and liabilities of PIL consist mostly of financial instruments with a net liability amounting to ₱7.3 million. A loss on acquisition amounting to ₱7.4 million was recognized based on the difference between the consideration paid and the fair values of the assets acquired and liabilities assumed.

(b) The Parent Company, PGMC and the stockholders of SPNVI executed various Deeds of Assignment wherein PGMC assigned all the rights, title, and interest for the cash advances made by PGMC to SPNVI, amounting to ₱1,628.1 million as at December 31, 2015 to the Parent Company.

In 2016, the Parent Company, PGMC, SPNVI and the stockholders of SPNVI executed other Deeds of Assignment wherein SPNVI assigned its payable to BNVI, payable to the previous stockholders of CNMEC and the remaining payable to stockholders of SPNVI, to the Parent Company amounting to ₱589.3 million.

As at September 30, 2017 and December 31, 2016, these advances amounted to ₱2,217.4 million. A portion of these advances will form part of the purchase price for the acquisition of SPNVI pursuant to the Contract to Sell executed on August 6, 2015 and are recorded under "Deposits for future acquisition".

(c) In the first quarter of 2016, PGMC entered into a Time Charter Agreement with PSSC for the use of five (5) LCTs at ₱2.6 million each per month. This Agreement covers a period of eight (8) months on/about March 1, 2017 to October 31, 2017, subject to renewal upon mutual agreement of the parties. The charter fee incurred amounted to ₱77.2 million and ₱78.1 million for the nine months ended September 30, 2017 and 2016, respectively.

(d) On March 1, 2017, PGMC entered into a Deed of Absolute Sale agreement with JSY6677 Landholdings, Inc. ("JLI") for the sale of the Aseana property located in Parañaque City amounting to ₱319.9 million. The related payment was offset against the outstanding amounts owed to JLI. No gain or loss was recognized related to this transaction.

(e) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The compensation of the key management personnel of the Group amounted to about ₱38.0 million and ₱31.6 million for the nine months ended September 30, 2017 and 2016, respectively.

Advances to and from Related Parties

In the normal course of business, the Company obtains from and grants unsecured, interest and non-interest-bearing, cash advances to its related parties for working capital requirements and other purposes.

The details of advances to related parties account as of December 31, 2014, December 31, 2015, December 31, 2016, and September 30, 2017 are as follows:

Amounts in Thousands	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
Stockholders	₱872.9	₱1,538.7	₱1,507.1	₱1,713.3
Affiliates with common officers, directors and stockholders-	888.9	94.4	100.9	170.0
Other related party	6.1	6.1	6.1	6.1
Totals	₱1,767.9	₱1,639.2	₱1,614.1	₱1,889.4

The changes in advances to related parties account are shown below:

	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
Balance at beginning of period	₱5,024.0	₱1,767.9	₱1,639.2	₱1,614.1
Addition	558.0	126.0	714.1	295.9
Repayments	(3,814.1)	(254.7)	(739.2)	(20.6)
Balance at end of period	₱1,767.9	₱1,639.2	₱1,614.1	₱1,889.4

The amounts owed to related parties account as of December 31, 2014, December 31, 2015, December 31, 2016, and September 30, 2017 and is composed of the following:

	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
Stockholders	₱–	₱50.0	₱50.0	₱50.0
Affiliates with common officers, directors and stockholders-	344.3	347.6	389.9	41.3
Other related party	–	226.6	226.6	226.6
Totals	₱344.3	₱624.2	₱666.5	₱317.9

Key Management Personnel Compensation

The compensation of key management personnel for the nine months ended September 30, 2017, years ended December 31, 2016 and 2015, and the six (6) months December 31, 2014 is as follows:

	2014	December 31, 2015	2016	September 30, 2017
Salaries and other employee benefits				
Stockholders	₱17.0	₱39.3	₱44.1	₱38.0
Post-employee benefits-	3.8	–	–	-
	₱20.8	₱39.3	₱44.1	₱38.0

Acquisition of Southeast Palawan

On November 27, 2014, the Company entered into a Memorandum of Agreement with the stockholders of Southeast Palawan. The transaction costs incurred, amounting to ₱888.9 million, related to the acquisition of Southeast Palawan is recorded as advances to Southeast Palawan.

As of September 30, 2017, the shareholdings of INC are owned by the following: (a) Southeast Palawan (99.76%); (b) Nickel Laterite Resources, Inc. (0.24%); (c) Joseph C. Sy; (d) Dante R. Bravo; (e) Noel B. Lazaro; (f) Kirby Erin Ng; and (g) Mary Belle D. Bituin.

Southeast Palawan is owned by the following: (a) Giantlead Prestige, Inc. (39.8%); (b) Antares Nickel Capital, Inc. (3.0%); (c) Alpha Centauri Fortune Group, Inc. (16.9%); (d) Huatai Investment Holding Pty Ltd. (38.8%); (e) Wei Ting (1.0%); and (f) Global Ferronickel Holdings, Inc. (.47%). 98.82 % of the capital stock of Giantlead Prestige, Inc. is owned by Mr. Joseph C. Sy.

NLRI is owned by the following: (a) BNVI (30.4%); (b) CNMEC (40.0%); (c) Southeast Palawan (29.6%); (d) Joseph C. Sy; (e) Frank N. Lubbock; (f) Dante R. Bravo; (g) Carlo A. Matilac; and (e) Mary Belle D. Bituin.

DESCRIPTION OF THE SHARES

The shares to be offered shall be the Common Shares of the Company.

Pursuant to its latest amended articles of incorporation as approved by the SEC on November 7, 2016, the Company has an authorized amount of capital stock of ₱12,555,020,001.30 divided into 11,957,161,906 Common Shares with a par value of ₱1.05 per share, of which [5,460,237,399] Common Shares are outstanding as of the [January 25, 2018]. The Offer Shares shall be Common Shares of the Company. All of the Offer Shares will come from the Common Shares of the Company.

The Offer Shares shall be offered at a price of up to ₱4.00 per Offer Share (the "Offer Price"). The determination of the Offer Price is further discussed on page 75 of this Prospectus. A total of [5,710,237,399] Common Shares will be outstanding after the Offer.

Object and Purpose

The Company in its articles of incorporation state that its primary purposes are to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, subscriptions, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association and associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging therefor stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, subscriptions, bonds, debentures, contracts, or obligations, to receive collect and dispose of interest dividends and income arising from such property; and to possess and exercise in respect thereof of all the rights powers and privileges of ownership, including all voting powers of any stock so owned.

Under Philippine law, a corporation may invest its funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized when approved by a majority of the board of directors of such corporation and ratified by the shareholders representing at least two-thirds (2/3) of the outstanding capital shares, at a shareholders' meeting duly called for the purpose. However, where the investment by the corporation is reasonably necessary to accomplish its primary purpose, the approval of the shareholders shall not be necessary.

Share Capital

Philippine corporations may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation.

Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued have a par value of ₱1.05 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the SEC, a corporation may increase or decrease its authorized capital shares, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds (2/3) of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has unrestricted retained earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below) and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

Stock Option Plan and Buy-Back Program

On May 20, 2016, the Board of Directors of FNI approved the Stock Option Plan and Buy-Back Program of FNI to purchase shares from the PSE as may be permitted by the laws. In particular, Section 41 of the Corporation Code allows any corporation to purchase its shares to the extent of its unrestricted retained earnings. The Buy-Back Program is implemented by FNI in accordance with the law and the rules of PSE.

On June 29, 2016, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of FNI approved the stock option plan and buy-back program. As of December 31, 2016 and September 11, 2017, FNI has purchased 6,333,333[33] and 514,260,300 common shares, respectively, for its Buy-Back program.

The Compensation Committee, on the recommendation of the President and the Human Resource Department of the company shall select eligible Participants. In determining the eligibility of the Participant, the position and responsibilities of the Participant, the nature and value of his /her services and accomplishments, his/her present and potential contribution to the long-term success of the Company or the subsidiary or affiliate in which he/she is employed, and such other relevant factors shall be considered. Participation in a given year does not give rise to any right to continued participation in succeeding years.

The Compensation Committee, upon the recommendation of the President and the Human Resources Department, shall determine the number of Option Shares to be offered a Participant. The total number of Options to be offered to all Participants shall be determined by the Compensation Committee.

The Plan covers up to 1,054,915,344[33] common shares of the Company. The Participants may avail themselves of the Plan at a certain exercise price subject, but not limited, to the following provisions:

(a) a reasonable vesting period; and

(b) a reasonable exercise period.

The option can be either equity-settled, cash-settled or both subject to further analysis. The fair value shall be determined accordingly.

[33] Note: Before the approval of the reverse stock split issued by the SEC on November 7, 2016. The 16,000,000 common shares have been converted to 5,333,333 common shares after the approved reverse stock split. The 1,054,915,344 have been converted to 351,638,448 common shares after the approved reverse stock split.

Voting Rights

Under the Company's articles of incorporation, the owners or holders of Common Shares have full voting, rights. However, the Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal as discussed below.

Pre-Emptive Rights

The Philippine Corporation Code confers pre-emptive rights on the existing shareholders of a Philippine corporation, which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

The articles of incorporation of the Company deny the pre-emptive rights of its shareholders to subscribe to any or all dispositions of any class of shares.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrong committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

Appraisal Rights

The Philippine Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his/her shares in certain circumstances where he/she has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation that has the effect of adversely affecting the rights attached to his/her shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
- the extension of the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- a merger or consolidation; and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three (3) disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting shareholder unless the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Board of Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business is conducted, and its property is controlled by the Board. Pursuant to its latest amended articles of incorporation, as approved by the SEC on November 7, 2016, the Company shall have 10 Directors, two of whom are independent Directors within the meaning set forth in Section 38 of the SRC. The Board shall be elected during each regular meeting of shareholders, at which shareholders, representing at least a majority of the issued and outstanding capital shares of the Company are present, either in person or by proxy. Directors may only act collectively; individual directors have no power as such. Six (6) directors, which is majority of the Directors, constitute a quorum for the transaction of corporation business. In general, every decision of a majority of the quorum duly assembled as a Board is valid as a corporate act. Any vacancy created by the death, resignation or removal of a director prior to expiration of such director's term shall be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum, Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The amended by-laws of the Company as of November 7, 2016 provide for annual meetings the last Wednesday of June of each year to be held at the principal office of the Corporation and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of shareholders representing a majority of the outstanding capital stock, (b) President.

Notice of Shareholders' Meeting

Notices for regular or special meetings of shareholders may be sent by the Secretary, by personal delivery, or by mail at least two (2) weeks prior to the date of the meeting to each shareholder of record at his last known post office address or by publication in a newspaper of general circulation. The notice shall state the place, date, and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting.

Quorum

Unless otherwise provided by law, in all regular or special meetings of shareholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.

Meeting of the shareholders shall be presided over by the Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the shareholders. The Secretary shall act as Secretary of every meeting, but if not present, the chairman of the meeting may adjourn the meeting from time to time without notice other than announced at the meeting.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholders.

Fixing Record Date

Under the Company's By-laws, for the purpose of determining shareholders entitled to notice of, and to vote at, any meeting of shareholders or any adjournment thereof or to receive payment of any dividend, or of making a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock and transfer books to be closed for a stated period, but not to exceed, in any case, twenty (20) days. If the stock and transfer books are closed for the purpose of determining shareholders entitled to notice of, or to vote at, a meeting of shareholders, such books shall be closed for at least ten (10) working days immediately preceding such meeting. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date, on which the particular action requiring such determination of shareholders is to be taken, except in instances where applicable rules and regulations provided otherwise.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary before or during the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Philippine Corporation Code, the SRC, the Implementing Rules and Regulations of the SRC (as amended), and regulations issued by the SEC.

Dividends

The Common Shares have full dividend rights. Dividends on the Company's Common Share, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Common Shares held by them, each Common Share being entitled to the same unit of dividend as any other Common Shares. Dividends are payable to shareholders whose names are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of Commons Shares that are traded through the PSE and which are lodged with the PCNC as required for scripless trading.

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation that have not been allocated for any managerial, contractual, or legal purposes and which are free for distribution to the shareholders as dividend. A corporation may pay dividends by the board of directors except for stock dividends, which may only be declared and paid with the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100.0% of its paid-in capital to declare and distribute as dividends the amount of such surplus. However, a Philippine corporation may retain all or any portion of such surplus in the following cases: (a) when justified by definite expansion plans approved by the board of directors of the corporation; (b) when the required consent of any financing institution or creditor to such distribution has not been secured; (c) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies; or (d) when the non-distribution of dividends is consistent with the policy or requirement of a Government office. Philippine corporations whose securities are

listed on any shares exchange are required to and distribute an equitable balance of cash and share dividends, consistent with the need of shareholders and the demands for growth or expansion of the business.

Dividends must be approved by the Board and may be declared only from the unrestricted retained earnings of the Company. The Company's Board of Directors may, at any time, modify the Company's dividend policy, depending upon the Company's capital expenditure plans and/or any terms of financing facilities entered into to fund its current and future operations and projects. The Company can give no assurance that it will pay any dividends in the future.

Dividend history

Below is the history of the recent dividend declarations made by the Company and PGMC for the four(4) most recent fiscal years.

	For the six months ended December 31, 2014	For the year ended December 31, 2015	For the year ended December 31, 2016	For the nine months ended September 30, 2017
	(₱ in millions)			
The Company (cash dividend)	10,500[1]	–	–	–
Subsidiaries	–	–	–	
PGMC (cash dividend)	6,154	–	–	–
Total	6,154	–	–	–

Note: This dividend declaration was made prior to the Company's acquisition of PGMC in October 2014.

Other than as set forth above, none of our other subsidiaries declared any dividends for six (6) months ended December 31, 2014 and the years ended December 31, 2015 and 2016, and the nine (9) months ended September 30, 2017, respectively. Declarations of dividends in previous years are not indicative of future dividend declarations.

Transfer of Shares and Share Register

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCNC, a corporation wholly-owned by the PDTC. A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company.

Philippine law does not require transfers of the Common Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Issuance of Shares

Subject to otherwise applicable limitations, the Company may issue additional Common Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Common Shares. No share certificates shall be issued to a subscriber

the full amount of the subscription together with interest and expenses (in case of delinquent Common Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's share transfer agent, Stock Transfer Service, Inc., which will maintain the share register. Common Shares may also be lodged and maintained under the book-entry system of the PDTC.

Mandatory Tender Offers

In general, under the SRC and its implementing rules and regulations, any person or group of persons acting in concert and intending to acquire at least: (a) 35.0% of any class of any equity security of a public or listed corporation in a single transaction; or (b) 35.0% of such equity over a period of 12 months; or (3) even if less than 35.0% of such equity, if such acquisition would result in ownership by the acquiring party of over 51.0% of the total outstanding equity, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him/her for such shares during the past six (6) months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35.0% would result in ownership of over 51.0% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (a) purchases of shares from unissued capital shares unless it will result in a 50.0% or more ownership of shares by the purchaser; (b) purchases from an increase in the authorized capital shares of the target company; (c) purchases in connection with foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor; (d) purchases in connection with privatization undertaken by the government of the Philippines; (e) purchases in connection with corporate rehabilitation under court supervision; (f) purchases through an open market at the prevailing market price; or (g) purchases resulting from a merger or consolidation.

On July 9, 2014, the sellers composed of IHoldings, Inc., Kwantlen Development Corporation and Januarius Resources Realty Corporation entered into a Share Purchase Agreement with the Thirteen Shareholders for the sale of 6,291,132,047 common shares equivalent to 89.8231% of the Company's outstanding shares. As part of the Share Purchase Agreement, the Thirteen Shareholders shall assume the receivable by the Company from the sellers in the amount of ₱2,591,855,000.00.

On September 5, 2014, the Thirteen Shareholders filed a tender offer report with the SEC and the PSE offering to purchase the shares held by the minority stockholders. The tender offer period expired on October 10, 2014 at 3:00pm.

Fundamental Matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital shares of the corporation in a meeting duly called for the purpose:

- amendment of the articles of incorporation;
- removal of directors;
- sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
- investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- declaration or issuance of stock dividends;
- delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;
- merger or consolidation;
- dissolution;
- an increase or decrease in capital shares;
- ratification of a contract of a director or officer with the corporation;
- extension or shortening of the corporate term;
- creation or increase of bonded indebtedness; and
- management contracts with related parties.

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation is required for the adoption or amendment of the by-laws of such corporation.

On December 22, 2014, the SEC approved the Company's application to amend its Articles of Incorporation and By-laws, which was approved by the Board of Directors and the Stockholders in their meetings dated, September 10, 2014 and October 22, 2014, respectively, to reflect the following amendments:

- Change in the corporate name to "Global Ferronickel Holdings, Inc.";
- Change in the Principal Address to 7th Floor, Corporate Business Centre, 151 Paseo De Roxas corner Arnaiz Street, Makati City, Metro Manila, Philippines;
- Increase in the number of directors from nine (9) to ten (10) members;
- Change in fiscal year to end of December of the calendar year; and
- Increase in the authorized capital stock of the Company from ₱2,555,000,000.00 divided into 7,300,000,000 common shares with a par value of ₱0.35 per share to ₱12,555,000,000.20 divided into 35,871,428,572 common shares with a par value of ₱0.35 per share.

On August 22, 2016, the Board of Directors of the Company approved the following resolutions:

(a) Reverse stock split of the Company's common stock at a ratio 1-for-3;

(b) Amendment of the Articles of Incorporation to increase the Company's authorized capital stock to ₱12,555,020,001.30 divided into 11,957,161,908 common shares with a par value of ₱1.05 per share; and

(c) Amendment of the By-laws to include notice of regular or special meeting of the Board by electronic mail and attendance to board meetings by means of telephone, electronic, or other suitable electronic communication facilities, including telephone conference, videoconference, or the internet or any combination of those methods.

On November 7, 2016 the SEC approved the increase in the authorized capital stock to ₱12,555,020,001.30 divided into 11,957,161,906 common shares with the increased par value of ₱1.05 per share. On the same date, the SEC also approved the amendments to the By-Laws allowing notices to board meetings to be sent by electronic mail and members of the board to participate in meetings although located at different local and international places, via teleconference, videoconference and other similar means.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. In addition, public corporations are required to file quarterly financial statements (for the first three (3) quarters) with the SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statement of the corporation, which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year.

Shareholders are also entitled to inspect and examine books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

Market Information

The PSE is the principal market for the Company's shares. On December 29, 2017, the closing price of the shares on the PSE was ₱2.63 per share.

The high and low sale prices of the shares of stock of the Company for each quarter during the last three (3) calendar years are as follows:

YEAR	**Q1**		**Q2**		**Q3**		**Q4**	
	High	Low	High	Low	High	Low	High	Low
2017	3.30	2.37	2.844	2.38	2.93	2.41.	n.a.	n.a.
2016	0.92	0.46	1.14	0.80	1.00	0.81	3.75	0.99
2015	3.68	1.73	2.36	1.17	1.68	0.92	1.34	0.67

Holders

The Company has approximately 1,701 shareholders as of December 31, 2017. Based on the records, the following are the top 20 stockholders with their respective shareholdings and percentage to total shares outstanding as of said date:

Stockholder Name	Nationality	No. of Shares	%
PCD Nominee Corp – Filipino	Filipino	1,592,707,792	29.15%
Huatai Investment Pty. Ltd.	Australian	974,476,713	17.84%
Sohoton Synergy, Inc.	Filipino	761,037,313	13.93%
PCD Nominee Corp – Non-Filipino	Foreign	610,144,598	11.17%
Regulus Best Nickel Holdings, Inc.	Filipino	523,154,668	9.58%
Blue Eagle Elite Venture, Inc.	Filipino	348,769,779	6.38%
Ultimate Horizon Capital, Inc.	Filipino	348,769,779	6.38%
Bellatrix Star, Inc.	Filipino	187,952,034	3.44%
Alpha Centauri Fortune Group, Inc.	Filipino	187,952,034	3.44%
Antares Nickel Capital, Inc.	Filipino	91,342,805	1.67%
Red Lion Fortune Group, Inc.	Filipino	57,588,866	1.05%
Wei Ting	Chinese	49,595,062	0.91%
Great South Group Ventures, Inc.	Filipino	32,644,851	0.60%
Dante R. Bravo	Filipino	13,950,791	0.26%
Seng Gay Chan	Singaporean	10,463,093	0.19%
Orion-Squire Capital, Inc. A/C-0459	Filipino	2,153,874	0.04%
Squire Securities, Inc.	Filipino	818,244	0.01%
George L. Go	Filipino	511,531	0.01%
Kuok Philippines Properties, Inc.	Filipino	437,692	0.01%
Tong Gabriel	Filipino	396,400	0.01%

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents that have not been prepared or independently verified by the Company, the Issue Manager, and the Sole Underwriter or any of their respective subsidiaries, affiliates, or advisors in connection with the offer and sale of the Offer Shares.

Brief History

The Philippines initially had two (2) stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government resulted in the unification of the two (2) bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two (2) exchanges were revoked. While the PSE maintains two (2) trading floors, one (1) in Makati City and the other in Pasig City, these floors are linked by an automated trading system, which integrates all bids and ask quotations from the bourses. In June 1998, the SEC granted the Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. The PSE has an authorized capital stock of 120.0 million shares, of which 73.3 million shares were subscribed and fully paid-up as of June 30, 2014. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven (7) brokers and eight (8) non-brokers, one of whom is the President.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. Recently, the PSE issued Rules on ETF, which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards. Previously, the PSE allowed listing on the First Board, Second Board, or the Small, Medium and Enterprises Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Consolidated Listing and Disclosure Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of the incorporation of the issuer. Each index represents the numerical average of the prices of component shares. The PSE has an index, referred to as the PHISIX, which as at the date thereof reflects the price movements of selected shares listed on the PSE, based on traded prices of shares from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of shares of 30 selected companies listed on the PSE. On July 26, 2010, the PSE launched its current trading system, PSE Trade.

With the increasing calls for good corporate governance, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

The table below sets out movements in the composite index as of the last business day of each calendar year from 1995 to 2017 and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
			(in billions ₱)	
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.8
1997	1,869.2	221	1,251.3	586.2
1998	1,968.8	222	1,373.7	408.7
1999	2,142.9	225	1,936.5	781.0
2000	1,494.5	229	2,576.5	357.7
2001	1,168.1	231	2,141.4	159.6
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	263	13,465.6	2,151.4
2016	6,840.6	265	14,438.8	1,929.5
2017	8,558.4	269	17,303.7	2,261.1

Source: PSE

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one (1) broker at the same price are crossed at the PSE at the indicated price. Transactions are generally invoiced through confirmation slip sent to customers on the trade date (or following trading day). Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Beginning January 2, 2012, trading on the PSE starts at 9:30 a.m. until 12:00 p.m., when there will be a one and a half hour lunch break. In the afternoon, trading resumes at 1:30 p.m. and ends at 3:30 p.m., with a 10-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed.

Minimum trading lots range from five (5) shares to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50.0% or down by 50.0% in one (1) day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the company or a government agency justifying such price fluctuation, in which case the affected security can still be

traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the company is disseminated, subject again to the trading ban.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three (3) business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The SCCP is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the PSE;
- guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund; and
- performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three (3) -day rolling settlement environment, which means that settlement of trades takes place three (3) trading days after transaction date (T+3). In specific instances of risk management, SCP may require same-day settlement (T+0). The deadline for settlement of trades is 12:00 p.m. of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each PSE Broker maintains a Cash Settlement Account with one of the existing Settlement Banks of SCCP, which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metrobank, Deutsche Bank, Union Bank, HSBC, and Maybank. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its CCCS system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository, and live operations commenced on January 10, 1997.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment

(withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks mentioned above.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCNC, a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCNC through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCNC is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to the PCNC. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his/her participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCNC. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his/her interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his/her shareholdings from the PDTC system, the PDTC has a procedure of upliftment, under which PCNC will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCNC. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCNC. The expenses for upliftment are for the account of the uplifting shareholder.

The SCCP launched its CCCS in May 2006. Under this system, the current securities in the Philippines are composed of a depository and a registry system wherein listed shares are traded and settled as book-entry shares.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCNC to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC.

However, as far as the issuing corporation is concerned, the underlying certificates are in PCNC's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320, as amended by Memorandum No. 2010-0203, that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in the amended rule on Lodgment of Securities of the PSE.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCNC but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.
- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCNC in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the SEC.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his/her shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCNC will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCNC. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCNC. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Shares in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus. The tax treatment applicable to a holder of the Shares may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a holder of the Shares. Prospective investors of the Shares are urged to consult their own tax advisors as to the particular tax consequences of the ownership and disposition of the Shares, including the applicability and effect of any local or foreign tax laws.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen of the Philippines; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines." A non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines. The term "dividends" under this section refers to cash or property dividends. "Tax Code" means the Philippine National Internal Revenue of 1997, as amended.

The Tax Reform for Acceleration and Inclusion ("TRAIN")

On December 19, 2017, President Rodrigo Roa Duterte signed into law the Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion" Act. The objectives of this Act are as follows:

(a) To enhance the progressivity of the tax system through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable and inclusive economic growth;
(b) To provide, as much as possible, an equitable relief to a greater number of taxpayers and their families in order to improve levels of disposable income and increase economic activity; and
(c) To ensure that the government is able to provide for the needs of those under its jurisdiction and care through the provision of better infrastructure, health, education, jobs, and social protection for the people.

Taxes Imposed on Corporations

Under the National Internal Revenue Code, a corporation organized under Philippine law is currently subject to a regular corporate income tax of 30.0% of its taxable net income (gross income less allowable deductions) from all sources, within and outside the Philippines. An MCIT of 2.0% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum income tax is greater than the regular corporate income tax. Any excess of the MCIT imposed over the regular corporate income tax shall be carried forward and credited against the regular corporate income tax for the three (3) immediately succeeding taxable years.

A corporation that carries out mining activities is required to pay an excise tax of 2.0% of the gross revenue from mining (defined as the gross revenue from sale of ore from the properties, net of treatment and processing charges). Under the recently signed TRAIN Act, the excise tax would increase to 4.0% of the gross revenue from mining.

A 12.0% VAT is imposed on the gross selling price of goods sold domestically, including minerals. A VAT is also imposed on the gross selling price of export of minerals, but the rate is 0%. This means that no VAT needs to be paid on the export sales and the exporter has the right to apply for a credit or refund of any VAT paid in the course of its trade or business on importation of goods or local purchase of goods or services, including lease or use of property from a VAT-registered person.

Under the Local Government Code, a province or city may levy an annual ad valorem tax on real property such as land, building, machinery and other improvements based on the property's assessed value. Real property tax rates vary, depending on the location of the property. In provinces, real property tax rates do not exceed 1.0% of the property's assessed value. An additional special education fund levy of 1.0% of the property's assessed value is imposed annually.

Tax and other Incentives

The Mining Act provides the following income tax incentives to persons holding mineral agreements or FTAAs:

(d) Carry-forward of losses—A net operating loss without the benefit of incentives provided for under Executive Order No. 226, as amended, otherwise known as the Omnibus Investments Code of 1987, incurred in any of the first 10 years of operation may be carried over as a deduction from taxable income for the next five (5) years immediately following the year of such loss. The entire amount of the loss shall be carried over to the first five (5) taxable years following the loss, and any portion of such loss, which exceeds the taxable income of such first year shall be deducted in like manner from the taxable income of the next remaining four (4) years.

(e) Accelerated depreciation—An allowance for depreciation in respect of all properties used in mining operations, shall be completed as follows: (a) at the normal rate of depreciation if the expected life is 10 years or less; or (b) over any number of years between five (5) years and the expected life if the latter is more than 10 years, and the depreciation thereon allowed as a deduction from taxable income.

Under the Omnibus Investments Code, an enterprise registered for incentives under the Government's annual investments priority plan (which establishes preferred areas of investment eligible for fiscal and non-fiscal incentives), is entitled to a number of additional tax incentives, including: (i) an initial exemption from income taxes for a period of four (4) or six (6) years in the case of new projects and three (3) years in the case of expansion projects (this exemption is not available to a contractor that avails itself of the tax loss carry-forwards referred to in paragraph (a) above, and vice versa); (ii) favorable tax deductions in respect of labor expense; (iii) the availability of tax credits; and (iv) exemptions from wharfage dues and other export taxes and duties. The Omnibus Investments Code also provides for certain non-tax incentives, including simplified customs procedures and fewer restrictions on the use of consigned equipment and the employment of foreign nationals.

A company that is registered with the Philippine Export Zone Authority ("PEZA") as the developer/ operator of a processing zone is entitled to certain tax and non-tax incentives, including the right to pay an alternative tax on its gross income from PEZA registered activities in lieu of national and local taxes and fees except for real property tax on land owned by developers.

The income tax holiday of PGMC expired in November 2015.

Taxes on Dividends on the Shares

Individual Philippine citizens and resident aliens are subject to a final tax on dividends derived from the Shares at the rate of 10.0%, which tax shall be withheld by the Company.

Non-resident alien individuals engaged in trade or business in the Philippines are subject to a final withholding tax on dividends derived from the Shares at the rate of 20.0% on the gross amount thereof, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile or residence of such non-resident alien individual. A non-resident alien individual not engaged in trade or business in the Philippines is subject to a final withholding tax on dividends derived from the Shares at the rate of 25.0% of the gross amount, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile or residence of such non-resident alien individual.

The term "non-resident holder" means a holder of the Shares:

- who is an individual, who is neither a citizen nor a resident of the Philippines, or who is an entity that is a foreign corporation not engaged in trade or business in the Philippines; and
- should a tax treaty be applicable, whose ownership of the Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.

Dividends derived by domestic corporations (i.e. corporations created or organized in the Philippines or under its laws) and resident foreign corporations from the Shares shall not be subject to tax.

Dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to final withholding tax at the rate of 30.0%, subject to any applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident foreign corporation. The 30.0% rate for dividends paid to non-resident foreign corporations with countries of domicile having no tax treaty with the Philippines may be reduced to a special 15.0% rate if:

- the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign sourced dividends; or
- the country in which the non-resident foreign corporation is domiciled allows a credit against the tax due from the non-resident foreign corporation for taxes deemed to have been paid in the Philippines equivalent to 15.0%.

The BIR has prescribed, through an administrative issuance, procedures for the availment of tax treaty relief. The application for tax treaty relief has to be filed with the BIR by the non-resident holder of the Shares (or its duly authorized representative) prior to the first taxable event, or prior to the first and only time the income tax payer is required to withhold the tax thereon or should have withheld taxes thereon had the transaction been subject to tax.

The "first taxable event" has been construed by the BIR as "payment of the dividend." Failure to file the application for tax treaty relief with the BIR prior to the first taxable event may disqualify the said application. A corporation may withhold taxes at a reduced rate on dividends paid to a non-resident holder of the Shares if such non-resident holder submits to the domestic corporation proof of the filing of the tax treaty relief application with the BIR prior to the payment of dividends. However, on August 9, 2013, the Philippine Supreme Court in Deutsche Bank AG Manila Branch v. CIR, G.R. No. 188550, ruled that the period of application for the availment of tax treaty relief should not operate to divest entitlement to the relief as it would constitute a violation of the duty required by good faith in complying with a tax treaty. At most, the application for a tax treaty relief to be filed with the BIR should merely operate to confirm the entitlement of the taxpayer to such relief.

The requirements for a tax treaty relief application in respect of dividends are set out in the applicable tax treaty and BIR Form No. 0901-D. These include proof of tax residence in the country that is a party to the tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the non-resident holder of Shares, which states that the non-resident holder is a tax resident of such country under the applicable tax treaty. If the non-resident holder of Shares is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

If tax at the regular rate is withheld by the Company instead of the reduced rates applicable under a treaty, the non-resident holder of the Shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue obtaining such a refund. Moreover, in view of the requirement of the BIR that an application for tax treaty relief be filed prior to the first taxable event as previously stated, the non-resident holder of Shares may not be able to successfully pursue a claim for refund if such an application is not filed before such deadline.

Stock dividends distributed pro rata to any holder of shares are not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as share dividends by the holder is subject to either capital gains tax and documentary stamp tax or stock transaction tax.

Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Country	**Dividends**	**Capital Gains Tax Due on Disposition of Shares Outside the PSE**
	(%)	(%)
Canada	25(1)	Exempt(8)
France	15(2)	Exempt(8)
Germany	15(3)	Exempt(9)
Japan	15(4)	Exempt(8)
Singapore	25(5)	Exempt(8)
United Kingdom	25(6)	Exempt(10)
United States	25(7)	Exempt(8)

Notes:

(1) 15.0% if the recipient company controls at least 10.0% of the voting power of the company paying the dividends.

(2) 10.0% if the recipient company (excluding a partnership) holds directly at least 10.0% of the voting shares of the company paying the dividends.

(3) 10.0% if the recipient company (excluding a partnership) owns directly at least 25.0% of the capital of the company paying the dividends.

(4) 10.0% if the recipient company holds directly at least 10.0% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six (6) months immediately preceding the date of payment of the dividends.

(5) 15.0% if during the part of the paying company's taxable year that precedes the date of payment of dividends and during the whole of its prior taxable year at least 15.0% of the outstanding shares of the voting shares of the paying company were owned by the recipient company.

(6) 15.0% if the recipient company is a company that controls directly or indirectly at least 10% of the voting power of the company paying the dividends.

(7) 20.0% if during the part of the paying corporation's taxable year that precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10.0% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation. Notwithstanding the rates provided under the Republic of the Philippines-United States Treaty, residents of the United States may avail

of the 15.0% withholding tax rate under the tax-sparing clause of the Tax Code provided certain conditions are met.

(8) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes. Under Philippine laws and regulations, the term "principally" means more than 50 percent of the entire assets in terms of value.

(9) Under the tax treaty between the Philippines and Germany, capital gains from the alienation of shares of a Philippine corporation may be taxed in the Philippines irrespective of the nature of the assets of the Philippine corporation.

(10) Under the tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

In order for an exemption under a tax treaty to be recognized, an application for tax treaty relief on capital gains tax on the sale of shares must be filed by the income recipient before the deadline for the filing of the documentary stamp tax return, which is the fifth day from the end of the month when the document transferring ownership was executed.

The requirements for a tax treaty relief application in respect of capital gains tax on the sale of shares are set out in the applicable tax treaty and BIR Form No. 0901-C. These include proof of residence in the country that is a party to the tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the seller of shares, which provides that the seller is a resident of such country under the applicable tax treaty. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

Sale, Exchange or Disposition of Shares

Capital gains tax, if sale was made outside the PSE

Net capital gains realized by a resident or non-resident other than a dealer in securities during each taxable year from the sale, exchange or disposition of shares outside the facilities of the PSE, unless an applicable treaty exempts such gains from tax or provides for preferential rates, are subject to tax as follows: 5.0% on gains not exceeding ₱100,000 and 10.0% on gains over ₱100,000. However, under the recently passed TRAIN Act, net capital gains from sale of shares outside the facilities of the PSE would be subject to a final tax at the rate of 15% on gains. An application for tax treaty relief must be filed (and approved) by the Philippine tax authorities to obtain an exemption under a tax treaty. The transfer of shares shall not be recorded in the books of the Company unless the BIR certifies that the capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax or other conditions have been met.

Taxes on transfer of shares listed and traded at the PSE

A sale or other disposition of shares through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, is subject to a stock transaction tax at the rate of 0.5%, which would increase to 0.6% based on the TRAIN Act, of the gross selling price or gross value in money of the shares sold or otherwise disposed, unless an applicable treaty exempts such sale from said tax. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax.

In addition, VAT of 12.0% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client.

On November 7, 2012, the BIR issued Revenue Regulations No. 16-2012, which provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. It also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Beginning on January 1, 2013, the PSE shall impose a trading suspension for a period of not more than six (6) months, on shares of a listed company who has not complied with the Rule on MPO that requires listed companies to maintain a minimum percentage of listed securities held by the public at 10.0% of the listed companies' issued and outstanding shares at all times. Companies that do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

In accordance with the SEC Memorandum Circular No. 13 Series of 2017 issued on December 1, 2017, the MPO requirement on initial public offerings is increased from 10.0% to 20.0%. For existing publicly listed companies, the existing rules and/or guidelines of an exchange on minimum public float duly approved by the SEC still apply. The PSE Rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10.0% of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the PSE. As of date, the SEC is looking at increasing the MPO requirement of existing listed companies to 15.0%, such proposed rules on MPO is yet to be issued by SEC for comments by the public. As of December 31, 2017, the MPO of the Company was 25.22%.

The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall be subject to capital gains tax and documentary stamp tax. Furthermore, if the fair market value of the shares of stock sold is greater than the consideration or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Tax Code.

Documentary Stamp Taxes on Shares

The original issue of shares is subject to documentary stamp tax of ₱1.00 on each ₱200.00 par value, or fraction thereof, of the shares issued. On the other hand, the transfer of shares is subject to a documentary stamp tax at a rate of ₱0.75 on each ₱200.00, or fractional part thereof, of the par value of the Shares. Under the TRAIN Act, the documentary stamp tax on the original issue and transfer of shares would increase to ₱2.00 on each ₱200.00 par value and ₱1.50 on each ₱200.00 par value, respectively. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the vendor or the purchaser of the Shares.

However, the sale, barter or exchange of Shares listed and traded through the PSE are exempt from documentary stamp tax.

Estate and Gift Taxes

The transfer of the Shares upon the death of a registered holder to his/her heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, will be subject to Philippine estate tax at progressive rates ranging from 5.0% to 20.0% if the net estate is over ₱200,000.00. Under the TRAIN Act, such transfer of the Shares upon the death of a registered holder would be subject to a uniform rate of 6.0% based on the value of the net estate.

The transfer of shares by gift or donation to a stranger (i.e. a person who is not a brother, sister, spouse, ancestor, lineal descendant or relative by consanguinity within the fourth degree of relationship) will

be subject to a donor's tax at a flat rate of 30.0%. Gifts or donations to non-strangers, however, will be subject to progressive rates ranging from 2.0% to 15.0%, if the net gifts during the calendar year exceed ₱100,000.00; otherwise, such transfer will not be subject to donor's tax. Corporate registered holders are also liable for Philippine donor's tax on such transfers, but the rate of tax with respect to net gifts made by corporate registered holders is always at a flat rate of 30.0%. Under the TRAIN Act, the transfer of shares by gift or donation would be subject to a uniform rate of 6.0% for both individuals and corporate holders.

Estate and gift taxes will not be collected in respect of intangible personal property, such as shares, (a) if the deceased, at the time of death, or the donor, at the time of donation, was a citizen and resident of a foreign country, which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (2) if the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allow a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

Corporate Income Tax

As a general rule, a domestic corporation is subject to corporate income tax of 30.0% on its taxable income[34] from all sources within or without the Philippines. The exception, among others, would be: (a) gross interest income from Philippine currency bank deposits and yields from deposit substitutes, trust funds and similar arrangements, and royalties, which are subject to a final withholding tax rate of 20.0% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system, which is subject to a final 7.5% tax on the gross amount of such income which would increase to a final 15.0% tax on the gross amount of such income under the TRAIN Act.

Further, in computing the corporate income tax, effective July 6, 2008, companies are given a choice to claim itemized deductions or the OSD, with the former being presumed unless specific election of OSD is signified in the tax return. The OSD election is irrevocable for the taxable year for which the tax return is made. The OSD is equivalent to an amount not exceeding 40.0% of the company's gross income. For this purpose, "Gross Income" means all income derived from whatever source, including, but not limited to, compensation for service, gross income derived from the conduct of trade or business or exercise of profession, gains derived from dealings in property, interests, rent, royalties, dividends, annuities, prizes and winnings.

A MCIT of 2.0% of gross income would likewise be applicable to the Issuer, beginning on the fourth taxable year from commencement of business operations, whenever the MCIT is greater that the ordinary corporate income tax. For this purpose, "Gross Income" means gross sales less sales returns, discounts and allowances and cost of goods sold. Passive income, such as interest on bank deposits and royalties subject to final withholding tax, shall not form part of gross income for purposes of MCIT.

Nevertheless, any excess of the MCIT over the ordinary corporate income tax may be carried forward and credited against the latter for the three (3) immediately succeeding taxable years. Further, subject to certain conditions, the MCIT may be suspended with respect to a corporation that suffers losses on account of a prolonged labor dispute, or because of force majeure, or because of legitimate business reverses.

[34] Taxable income refers to the pertinent items of gross income specified in the National Internal Revenue Code of 1997, as amended (the "Tax Code") less the deductions and/or personal and additional exemptions, if any, authorized for such types of income by the Tax Code or other special laws.

PHILIPPINE FOREIGN EXCHANGE AND OWNERSHIP CONTROLS

Under current BSP regulations, a foreign investment in listed Securities (such as the Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005) subjects foreign exchange dealers, money changers and remittance agents to R.A. No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration document in connection with their application to purchase foreign exchange exceeding US$10,000.00 for purposes of capital repatriation and remittance of dividends.

Registration of securities listed on the PSE may be done directly with the BSP or through a custodian bank duly designated by the foreign investor. A custodian bank may be an AAB or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his/her investments in the Philippines. Applications for registration filed with custodian banks must be accompanied by: (a) purchase invoice, subscription agreement and proof of listing on the PSE (either or both); and (b) the original certificate of inward remittance of foreign exchange and its conversion to pesos through an AAB in the prescribed format.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (a) the BSP registration document; (b) a photocopy of cash dividends notice from the PSE and the PCD printout of cash dividend payment or computation of interest earned; (c) copy of secretary's sworn statement on the board resolution covering the dividend declaration; and (d) detailed computation of the amount applied for in the format prescribed by the BSP. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, through the Monetary Board, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency.

The registration with the BSP of all foreign investments in any Shares received in exchange for Offer Shares shall be the responsibility of the foreign investor.

Foreign Ownership Controls

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies engaged in certain activities, among them, the exploration, development and utilization of mineral resources and the ownership of private land.

In connection with the ownership of private land, Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter V of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens.

In connection with the exploration, development and utilization of mineral resources, Article XII, Section 2 of the Philippine Constitution requires that, except for large-scaleexploration, development, and utilization of minerals, petroleum, and other mineral oils, at least 60% of companies engaged in the exploration, development and utilization of mineral resources must be owned by Filipino citizens.

RA 7042, as amended, otherwise known as the Foreign Investments Act of 1991 and the Negative List issued pursuant thereto, reserves to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Constitution and specific laws. Section 3(a) of RA 7042 defines a "Philippine National" as:

(a) a citizen of the Philippines;

(b) a domestic partnership or association wholly-owned by citizens of the Philippines;

(c) a trustee of funds for pension or other employee retirement or separation benefits where the trustee is a Philippine National and at least 60.0% of the fund will accrue to the benefit of the Philippine Nationals;

(d) a corporation organized under the laws of the Philippines of which at least 60.0% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; and

(e) a corporation organized abroad and registered as doing business in the Philippines under the Philippine Corporation Code of which 100.0% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos.

However, the Foreign Investments Act of 1991 states that where a corporation (and its non-Filipino shareholders) own stock in a SEC-registered enterprise, at least 60.0% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60.0% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

Considering the foregoing, for as long as our Company or any of its subsidiaries own land in the Philippines or we continue to conduct mining operations in the Philippines and are engaged in the exploration, development and utilization of mineral resources, foreign ownership in our Company is limited to a maximum of 40.0% of our Company's outstanding capital stock entitled to vote. Under Article 10 of the Company's latest amended Articles of Incorporation, approved by the SEC on December 22, 2014, no issuance or transfer of shares of stock of the Corporation, which would reduce the ownership of Filipino citizens to less than the required percentage of the outstanding capital stock required by law to be owned by Filipino citizens, shall be allowed or permitted to be recorded in the proper books of the corporation. This restriction shall be printed or indicated in all the certificates of stocks to be issued by the corporation. Accordingly, we shall disallow the issuance or the transfer of Shares to persons other than Philippine Nationals and shall not record transfers in our books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above.

Compliance with the required ownership by Philippine Nationals of a corporation is to be determined on the basis of outstanding capital stock whether fully paid or not, but only such stocks that are generally entitled to vote are considered.

In the Gamboa Case, a case involving a public utility company (which under the Philippine Constitution is also subject to the 60-40 rule on capital ownership), the Philippine Supreme Court sitting *en banc* ruled that the term "capital" as used in Section 11 of Article XII of the Philippine refers only to shares of stock entitled to vote in the election of directors.

Subsequent to the Gamboa Case cited above, in the December 2012 case of *Express Investments v. Bayan Telecommunications, Inc.,* the Philippine Supreme Court discussed the Gamboa ruling, and clarified that "considering that common shares have voting rights which translate to control as opposed to preferred shares which usually have no voting rights, the term "capital" in Section 11, Article XII of the Constitution refers only to common shares." In the said case, the Supreme Court, however, added that if the preferred shares also have the right to vote in the election of directors, then the term "capital" shall include such preferred shares because the right to participate in the control or management of the corporation is exercised through the right to vote in the election of directors. The Philippine Supreme Court said that "in short, the term "capital" in Section 11, Article XII of the Constitution refers only to shares of stock that can vote in the election of directors." The recent decisions of the Supreme Court remain consistent with the Foreign Investments Act, which apply the minimum Filipino requirements only to "shares that are generally entitled to vote."

On May 20, 2013, the SEC issued Memorandum Circular No. 8 or the *Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities* (the "Circular"). The Circular provides that for purposes of determining compliance therewith, the required percentage of Filipino ownership shall be applied to BOTH (a) the total number of outstanding shares of stock entitled to vote in the election of directors; AND (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors." A petition for certiorari was filed sometime in June 2013, questioning the constitutionality of the Circular promulgated by the SEC.

In the case of *Roy v. Herbosa* (*G.R. No. 207246, 22 November 2016),* the Supreme Court En Banc upheld the constitutionality of the Circular and affirmed that the method of determining compliance with the required Filipino equity as provided in the Circular is in accordance with the pronouncements of the Supreme Court in the *Gamboa* Case. To dispel any doubt, the Supreme Court provided an example on the proper application of the rule. In the example, Company X has 100 common shares, 100 class A preferred shares (with right to elect directors), and 100 class B preferred shares (without right to elect directors). To comply with the Circular, at least 180 shares of all the outstanding capital stock of Company X must be owned and controlled by Filipino. In addition, it is required that among those 180 shares, a total of 120 of the common shares and class A preferred shares (in any combination) are owned and controlled by Filipinos. The Court clarified that the requirement to separately apply to each class of shares in the Gamboa Case is a mere obiter dictum and thus, should not be binding. The Court further clarified both legal title and beneficial ownership over the shares must rest in the hands of the Philippine citizen or Philippine nationals to be deemed compliant.

In the case of Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp (*G.R. No. 195580, April 21, 2014),* the third division of the Supreme Court, in passing upon the nationality of applicants for a MPSA, stated that where foreign equity ownership is in doubt, the Grandfather Rule (making reference to the 1967 SEC Rules and DOJ Opinion No. 020 Series of 2005) shall apply. The Grandfather Rule embodies the method of determining the percentage of Filipino equity in a corporation which is engaged in nationalized or partly nationalized activities and which have corporate shareholders. Under the Grandfather Rule, shares owned by corporate shareholders are attributed either as part of Filipino or foreign equity by determining the nationality not only of the corporate shareholders but also such corporate shareholders' shareholders and their shareholders (and down the line).

Narra Nickel case appears to expand and/or modify the doctrine laid in the Gamboa Case cited above. Under the Constitution, however, no doctrine or principle of law laid down by the Supreme Court in a decision *en banc* or in division may be modified or reversed except by the court sitting *en banc*.

Subsequently, a motion for reconsideration was filed to challenge the April 21, 2014 Narra Nickel Decision before the Special Third Division of the Supreme Court. The Supreme Court, in a resolution dated January 28, 2015, denied with finality the motion for reconsideration, thereby upholding the challenged Narra Nickel Decision.

Each of the Company and the Subsidiaries has at least 60.0% of its outstanding stock owned by Philippine nationals. In addition, the articles of incorporation of each of the Company and the Subsidiaries state that a transfer of shares will not be recorded on the books of either corporation if the result of such transfer would be to reduce the ownership of Philippine nationals to less than the required percentage.

PLAN OF DISTRIBUTION

Up to 250,000,000 Offer Shares will be offered and sold by the Sole Underwriter at the Offer Price in the Philippines. The Sole Underwriter will underwrite, on a firm commitment basis, the Offer Shares relating to the Offer in the Philippines.

The Offer

The Sole Underwriter will distribute up to 200,000,000 Offer Shares (or 80.0% of the Total Offer Shares) to its institutional or retail clients and the general investing public.

Pursuant to the rules of the PSE, the Company will make available up to 50,000,000 Offer Shares (or 20.0% of the total Offer Shares) for distribution to the Trading Participants of the PSE. Any Offer Shares allocated to the PSE Trading Participants but not taken up by them, will be distributed by the Sole Underwriter to its institutional or retail clients or the general public. Any Offer Shares not taken up by the Sole Underwriter's institutional or retail clients or the general public shall be purchased by the Sole Underwriter.

To facilitate the offer in the Philippines, the Company has appointed Abacus Capital & Investment Corporation as the Sole Underwriter. The Company and the Sole Underwriter shall enter into an Underwriting Agreement to be dated on or about [●], whereby the Sole Underwriter agrees to underwrite the Offer Shares, subject to agreement between the Company and the Sole Underwriter on any clawback, clawforward or other such mechanism, on a firm commitment basis.

On or before [●], the PSE Trading Participants shall submit to the designated representative of the PSE Listing Department their respective firm orders and commitments to purchase Offer Shares. Offer Shares not taken up by PSE Trading Participants will be distributed by the Sole Underwriter directly to its clients, retail investors and the general public and whatever remains will be purchased by the Sole Underwriter.

The Sole Underwriter and Issue Manager

The Sole Underwriter was incorporated in the Philippines on January 06, 1995. It has an authorized capital stock of ₱600,000,000.00, of which ₱500,000,000.00 represents its paid-up capital. The SEC granted its registration and authorization to act as an investment house, valid unless suspended or revoked for cause or cancelled by the SEC or voluntarily surrendered by the registrant, allowing the Sole Underwriter to act as underwriter.

The Sole Underwriter does not have direct or indirect interest in the Company or in any securities thereof, including options, warrants, or rights thereto. Furthermore, it does not have any relationship with the Company other than as the Sole Underwriter and Issue Manager for the Offer. The Sole Underwriter also has no direct relations with the Company in terms of ownership by either their respective major stockholders, and has no right to designate or nominate any member of the Board of Directors.

There is no contract or arrangement existing between the Company and the Sole Underwriter, or any other third party whereby the Sole Underwriter may return any unsold securities from the Offer.

The Underwriting Commitment

The Offer will be underwritten on a firm commitment basis at the Offer Price. The Sole Underwriter and the Issuer will enter into, on or before the start of the Offer Period, an Underwriting Agreement wherein the Sole Underwriter will agree to subscribe for, or procure subscribers for the Offer Shares.

The Underwriting Agreement is subject to certain conditions and is subject to termination by Sole Underwriter if certain circumstances, including force majeure, occur on or before the time the Shares are listed on the PSE. In addition, the obligations of the Sole Underwriter under the Underwriting Agreement is conditional on the Offer Shares being listed on the PSE on or before the stipulated Listing Date, or at such other date as Sole Underwriter and the Company may agree on. Under the terms and conditions of the Underwriting Agreement, the Company has agreed to indemnify Sole Underwriter in respect of any breach of warranty or representations by the Company as contained therein.

Transaction Fees

The Sole Underwriter shall receive from the Company a fee equivalent to 1.5% of the gross proceeds of the Offer, inclusive of the amounts to be paid to the PSE Trading Participants. The underwriting fees shall be withheld by the Sole Underwriter from the proceeds of the Offer. All of the Offer Shares are or shall be lodged with the PDTC and shall be issued to the PSE Trading Participants in scripless form. They may maintain the Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Offer Shares from the PDTC's electronic system after the closing of the Offer.

Lock-Up

The PSE rules require that if there is any issuance or transfer of shares or securities (i.e., private placements, asset for shares swap or a similar transaction) or instruments that lead to issuance of shares or securities (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within 180 days prior to the start of the offer period, and the transaction price is lower than that of the offer price in the public offering, all shares or securities availed of shall be subject to a lock-up period of at least 365 days from full payment of the aforesaid shares or securities. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a PCD participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

The PSE rules also require that, for related party transactions, whereby the rights or public offering requirement has been waived by a majority vote of the minority stockholders, the related party subscriber must enter into an agreement with the PSE not to sell, assign, or in any manner dispose of their shares for a minimum period of 180 days after the listing of the shares subscribed in the transaction.

Sale and Distribution

The distribution and sale of the Offer Shares shall be undertaken by the Sole Underwriter who shall sell and distribute the Offer Shares to third party buyers/investors. The Sole Underwriter reserves the right to organize a syndicate of underwriters, sub-underwriters, soliciting dealers and/or selling agents for the purpose of the domestic Offer. As of the date of this Prospectus, the Sole Underwriter has not appointed any sub-underwriter.

There is no private placement tranche involved in the Offering. All of the Offer Shares will be subject to a book-building process.

Selling Restrictions

Philippines

No securities, except of a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the SEC on Form 12-1 and the registration statement has been declared effective by the SEC.

Financial Advisor to the Issuer

SCCM has been engaged by the Issuer to render overseas assistance, particularly: (1) in its investor relations efforts leading up to the Transaction; (2) on the selection and appointment of the professional advisers in connection with the Transaction overseas; (3) in the coordination of overall timeline and weekly deliverables, including organizing regular update call for the professional advisers in connection with the Transaction overseas; (4) in reviewing and producing its marketing materials in connection with the Transaction overseas; (5) in reviewing and drafting of the offering document for the Transaction overseas; and (6) in coordinating the Transaction marketing process, particularly international roadshows. All the foregoing services are being rendered by SCCM abroad.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by Angara Abello Concepcion Regala & Cruz Law Offices for the Company and by Picazo Buyco Tan Fider & Santos Law Office for the Sole Underwriter.

Each of the foregoing legal counsels has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for securities in the Company. None of the legal counsels will receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

INDEPENDENT AUDITORS

The audited consolidated financial statements of the Company as of December 31, 2016, 2015 and 2014 and for the years ended December 31, 2016 and 2015, and six (6) months ended December 31, 2014 have been audited by SGV, a member firm of Ernst & Young Global Limited, independent auditors, as set forth in their report appearing herein. The unaudited interim condensed consolidated financial statements of the Company as of September 30, 2017 and for the nine months ended September 30, 2016 and 2017 have been reviewed by SGV in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, as set forth in their report appearing herein.

The following table sets out the aggregate fees billed for each of the last two (2) years for professional services rendered by SGV, excluding fees directly related to the Offer.

	For the year ended December 31			For the nine months ended September 30
	2014	2015	2016	2017
			(₱ thousands)	
Audit and Audit-Related Fees[1]	19,341.7	12,979.3	12,243.3	9,452.8
Non-Audit Services [2]	5,878.8	13,145.9	17,297.6	3,575.1
Total	**25,220.5**	**26,125.2**	**29,540.9**	**13,027.9**

1. *Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.*
   The fees presented above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15.0% of the agreed-upon engagement fees.
2. *Non-Audit Services. This category includes the tax advisory fees for the tax advisory services provided by SGV, on PGMC's corporate restructuring. The fees presented above include out-of-pocket expenses incidental to the work performed, the amounts of which do not exceed 15.0% of the agreed-upon engagement fees.*

Audit Committees Approval Policies and Procedures for Audit, Tax and Other Accounting Services

Change in Auditors

The auditing firm of SGV, a member firm of Ernst & Young Global Limited was nominated and recommended to the stockholders for reappointment as external auditor for the year 2017-2018.

In compliance with SRC Rule 68 (3) (b) (iv) of the SRC, the appointment of a signing partner of SGV shall not exceed five (5) consecutive years. Mr. Jaime F. Del Rosario commenced as engagement partner of the Company starting 2014. Ms. Eleonore A. Layug has been the engagement partner in 2017

The independent auditors for the Company were changed from Navarro, Amper & Co. to SGV effectively from July 2014 after the acquisition of the PGMC by the Company. SGV has been the auditor for PGMC since 2005, for the considerations of consistency and ease of consolidation of the Company's and PGMC's financial stations. SGV was also appointed by the Company as its auditors. There were no disagreements between the two (2) auditing firms.