

A	S	0	9	4	0	3	9	9	2		
---	---	---	---	---	---	---	---	---	---	--	--

SEC Registration Number

G	L	O	B	A	L		F	E	R	R	O	N	I	C	K	E	L		H	O	L	D	I	N	G	S		I	N	C		
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

f	o	r	m	e	r	l	y	:																							
---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

S	O	U	T	H	E	A	S	T		A	S	I	A		C	E	M	E	N	T		H	O	L	D	I	N	G	S		
---	---	---	---	---	---	---	---	---	--	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	--

I	N	C																													
---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

7	F		C	O	R	P	O	R	A	T	E		B	U	S	I	N	E	S	S		C	E	N	T	E	R		1	5	1
---	---	--	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---

P	A	S	E	O		D	E		R	O	X	A	S		C	O	R		A	R	N	A	I	Z		S	T			
---	---	---	---	---	--	---	---	--	---	---	---	---	---	--	---	---	---	--	---	---	---	---	---	---	--	---	---	--	--	--

M	A	K	A	T	I																									
---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

Atty. Noel Lazaro

(Contact Person)

(632) 5118229

(Company Telephone Number)

--	--

Month

--	--

Day

(Fiscal Year)

2	0	-	I	S
---	---	---	---	---

(Form Type)

--	--

Month

--	--

Day

(Annual Meeting)

--

(Secondary License Type, If Applicable)

--

Dept. Requiring this Doc.

--

Amended Articles Number/Section

--

Total No. of Stockholders

--

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--

File Number

LCU

--	--	--	--	--	--	--	--	--	--

Document ID

Cashier

STAMPS									
--------	--	--	--	--	--	--	--	--	--

Remarks: Please use BLACK ink for scanning purposes.



Global Ferronickel Holdings, Inc.

SECURITIES AND EXCHANGE
COMMISSION

MAY 23 2018

MARKET REGULATION DEPT.

BY:

TIME:

Notice of Annual Meeting of Stockholders

You are notified that the Annual Meeting of the Stockholders of GLOBAL FERRONICKEL HOLDINGS, INC. (the "Company") shall be held on Wednesday, June 27, 2018, 2:00 p.m. at Makati Shangri-La Manila located at Ayala Avenue corner Makati Avenue, Makati City, to consider the following:

AGENDA

1. Call to Order;
2. Certification of Notice and the Existence of Quorum;
3. Approval of the Minutes of the Previous Annual Stockholders' Meeting held on June 28, 2017;
4. Annual Report and Approval of the Audited Financial Statements as of December 31, 2017;
5. Election of Directors;
6. Appointment of External Auditor;
7. Appointment of Stock and Transfer Agent;
8. Other Matters; and
9. Adjournment.

The Company has, in accordance with the By-Laws, fixed the close of business on May 30, 2018 as the record date for the determination of the stockholders entitled to notice of and to vote at such meeting and on any adjournment thereof.

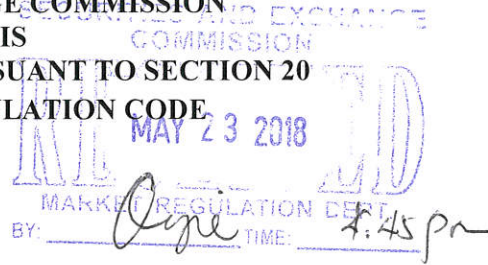
Registration for those who are personally attending the meeting will start at 1:00 p.m. and shall end promptly at 2:00 p.m. All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to fill out, date, sign and send a proxy to the Corporation's Corporate Secretary at 7th Floor, Corporate Business Centre, 151 Paseo De Roxas corner Arnaiz Street, Makati City, Metro Manila, Philippines. All proxies should be received by the Corporate Secretary on or before June 15, 2018. Proxies submitted shall be validated by a Committee of Inspectors on June 20, 2018 at 3:00 p.m. at the aforementioned address. For corporate stockholders, proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

To avoid inconvenience in registering your attendance at the meeting, you or your proxy is requested to bring identification paper(s) containing a photograph and signature, e.g. passport, driver's license or any other government identification card.

City of Makati, Metro Manila, May 23, 2018.


NOEL B. LAZARO
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**



1. Check the appropriate box:
☒ Preliminary Information Statement
☐ Definitive Information Statement
2. Name of Registrant as specified in its charter
Global Ferronickel Holdings, Inc. (formerly Southeast Asia Cement Holdings, Inc.)
3. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
4. SEC Identification Number: **AS094-003992**
5. BIR Tax Identification Code: **003-871-592**
6. Address of Principal Office:
7th Floor, Corporate Business Centre, 151 Paseo De Roxas corner Arnaiz Street, Makati City, Metro Manila, Philippines
7. Registrant's telephone number, including area code: (632) 519-7888
8. Date, time and place of the meeting of security holders:
Date: June 27, 2018, Wednesday
Time: 2:00 p.m.
Place: Makati Shangri-La Manila
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **June 6, 2018**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants) (as of 31 December 2015):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	2,334,640,312 shares

11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes ☒ No ☐

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange	
Common Shares	2,334,640,312 shares

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders (“Annual Stockholders’ Meeting”)

Date of Meeting: June 27, 2018, Wednesday
Time of Meeting: 2:00 p.m.
Place of Meeting: Makati Shangri-La Manila

Registrant’s Mailing Address: **7th Floor, Corporate Business Centre,
151 Paseo De Roxas cor. Arnaiz Street,
Makati City, Metro Manila, Philippines**

The approximate date on which the information statement is first to be sent or given to security holder is **June 6, 2018**.

Dissenters' Right of Appraisal

A stockholder of the Company may exercise his appraisal right against certain corporate matters or actions and in the manner provided in Title X of the Corporation Code as follows:

- a. A stockholder will be entitled to exercise his appraisal right in case any of the following matters or actions occurs:
 - i. In case of any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholder or any class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of the Company’s corporate existence;
 - ii. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
 - iii. In case of merger or consolidation of the Company with another corporation; and
 - iv. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose.
- b. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right;
- c. The dissenting stockholder shall make a written demand on the Company for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken. The failure of the stockholder to make the demand within such period shall be deemed a waiver of his appraisal right;

- d. If the proposed corporate action is implemented or effected, the Company shall pay to such dissenting stockholder, upon surrender of the certificate(s) of stock representing his shares within ten (10) days after demanding payment of his shares, the fair value thereof, provided the Company has unrestricted retained earnings; and
- e. Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X of the Corporation Code.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No current director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the agenda of the annual stockholders' meeting other than the election of directors.
- (b) None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the Annual Stockholders' Meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

- (a) The Company has 5,412,875,399 outstanding shares as of April 30, 2018, all of which are common shares of stock. As of April 30, 2018, 1,675,073,398 common shares, or equivalent to 30.95% of the outstanding shares, are owned by foreigners. Each share is entitled to one vote.
- (b) In accordance with the By-Laws of the Company, the Board of Directors has set May 30, 2018 as the record date for the purpose of determining stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting. All stockholders of record on May 30, 2018 are entitled to notice and to vote at the Annual Stockholders' Meeting.

Security Ownership of Certain Record and Beneficial Owners And Management

As of March 31, 2018, the following persons or groups are known to the Company as directly or indirectly the record or beneficial owners of more than five (5%) of the Company's voting securities¹:

¹The shares as stated in the Certificate of Approval of Increase of Capital Stock, as approved by the SEC on 22 December 2014.

<i>Title of Class</i>	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 Corporation G/F Makati Stock Exchange Building, 6767 Ayala Avenue, Makati City Shareholder	Direct- Please see note below	Filipino	1,579,985,482	27.22%
Common	Huatai Investment Pty. Ltd. Auburn, Australia Shareholder	Direct – Please see note below	Australian	974,476,713	16.79%
Common	Sohoton Synergy, Inc. 7 th Floor, Corporate Business Center, 151 Paseo de Roxas cor. Arnaiz St., Makati City Shareholder	Direct – Please see note below	Filipino	761,037,313	13.11%
Common	PCD Nominee Corporation G/F Makati Stock Exchange Building, 6767 Ayala Avenue, Makati City Shareholder	Direct- Please see note below	Non-Filipino	612,807,058	10.56%
Common	Regulus Best Nickel Holdings, Inc. 7 th Floor, Corporate Business Center, 151 Paseo de Roxas cor. Arnaiz St., Makati City Shareholder	Direct – Please see note below	Filipino	523,154,668	9.01%
Common	Blue Eagle Elite Venture, Inc. 7 th Floor, Corporate Business Center, 151 Paseo de Roxas cor. Arnaiz St.,	Direct- Please see note below	Filipino	348,769,779	6.01%

	Makati City Shareholder				
Common	Ultimate Horizon Capital, Inc. 7 th Floor, Corporate Business Center, 151 Paseo de Roxas cor. Arnaiz St., Makati City Shareholder	Direct- Please see note below	Filipino	348,769,779	6.01%

PCD Nominee Corporation (“PCDNC”) is a wholly-owned subsidiary of PCD. The beneficial owners of such shares registered under the name of PCDNC 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 March 31, 2018, the participants of PCDNC who own more than 5% of the Company’s outstanding capital are as follows:

<i>Title of Class</i>	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	501,704,720	9.24%

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.

Security Ownership of Directors and Officers as of March 31, 2018 of this Prospectus

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common	Joseph C. Sy	2,519,049 (direct)	Filipino	49.76%
		2,699,559,595 (indirect)		
Common	Ming Huat Chua	1 (direct) 6,786,666 (indirect)	Malaysian	0.12%

Common	Dante R. Bravo	23,265,198 (direct)	Filipino	0.43%
Common	Gu Zhi Fang	1 (direct)	Chinese	0%
Common	Francis C. Chua	333 (direct)	Filipino	0%
Common	Dennis Allan T. Ang	20,333,361 (direct)	Filipino	0.37%
Common	Mary Belle D. Bituin	1(direct)	Filipino	0%
Common	Edgardo G. Lacson	1(direct)	Filipino	0%
Common	Roberto C. Amores	1(direct)	Filipino	0%
Common	Noel B. Lazaro	1,933,333 (direct)	Filipino	0.04%
Common	Carlo Matilac	843,831(direct)	Filipino	0%
Common	Eveart Grace P. Claro	0	Filipino	0%
TOTAL		<u>2,772,644,371</u>		50.72%

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 which may result in a change in control of the Company.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The following are the incumbent directors and officers of the Company:

Name	Age	Nationality	Position
Joseph C. Sy	51	Filipino	Chairman of the Board of Directors and Director
Ming Huat Chua	55	Malaysian	Vice-Chairman of the Board of Directors and Director
Dante R. Bravo	42	Filipino	President and Director
Dennis Allan T. Ang	41	Filipino	Director
Francis C. Chua	69	Filipino	Director
Mary Belle D. Bituin	50	Filipino	Treasurer/ Senior Vice President for Finance/ Human Resources Department/ Director
Gu Zhi Fang	44	Chinese	Director
Edgardo G. Lacson	74	Filipino	Independent Director
Roberto C. Amores	64	Filipino	Independent Director
Noel B. Lazaro	48	Filipino	Senior Vice President for Legal and Regulatory Affairs, Corporate Secretary and Corporate Information Officer

Carlo Matilac	45	Filipino	Senior Vice President for Operations
Eveart Grace Pomarin-Claro	37	Filipino	Assistant Corporate Secretary, Alternate Corporate Information Officer and Compliance Officer

Upon recommendation of the Company's Nomination Committee as required by the Company's Manual on Corporate Governance, the following are nominated for re-election or election to the position stated below for the year 2018-2019, to hold office as such for one year or until their successors shall have been duly elected and qualified.

The business experience for the past five years of each of our directors and key executive officers is set forth below.

Joseph C. Sy

Chairman of the Board of Directors and Director

Mr. Sy became Chairman of the Board of Directors of the Company and Platinum Group Metals Corporation ("PGMC") on August 6, 2015 and August 10, 2015, respectively. He served as President of PGMC and the Company in 2011 and on August 29, 2014, respectively. He is also a Director and Chairman of PGMC- CNEP, SIRC, Southeast Palawan Nickel Ventures, Inc., Ipilan Nickel Corporation, Nickel Laterite Resources, Inc. and Celestial Nickel Mining Exploration 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 nineteen years of experience in managing and heading companies engaged in mining and mineral exploration and development.

Chua Ming Huat

Vice Chairman

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.

Dante R. Bravo

President and Director

Mr. Bravo became President of the Company and PGMC on August 6, 2015 and August 10, 2015, respectively. He was a Director and Executive Vice President of PGMC from 2011 to 2015. He has been a Director of PGMC since 2012. 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.

Dennis Allan T. Ang

Director

Mr. Ang became a Director of the Company on August 6, 2015. He has been 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 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

Director, Senior Vice President and Chief Financial Officer

Ms. Bituin became a Director of the Company on November 2, 2015. She is also acts Senior Vice President for Finance, Human Resources and Administration of the Company and PGMC. 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 International Audits at the Cooperative for Assistance and Relief Everywhere (CARE), 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 has been a director of Ferrochrome Resources, Inc. since 2011. 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.

Noel B. Lazaro

Director, 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 as General Counsel on August 1, 2014. He is a Director and Corporate Secretary of Southeast Palawan Nickel Ventures, Inc., PGMC- CNEP and SIRC. He is a Director of Ipilan Nickel Corporation. He was Compliance Officer of the Company from October 22, 2014 up to 2017. Mr. Lazaro served as Partner at Siguion Reyna Montecillo & Ongsiako, Associate at SyCip Salazar Hernandez & Gatmaitan and Professorial Lecturer at the Lyceum of the Philippines College of Law, and 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.

INDEPENDENT DIRECTORS**Edgardo Gapuz Lacson**

Independent Director

Mr. Lacson became a Director of the Company on June 29, 2016. Mr. Lacson is a Director of the 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, Philippine Disaster Recovery Foundation and Employers Confederation of the Philippines. Mr. Lacson is the 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 was a Director of the Philippine Stock Exchange from year 2011 up to May 2018. 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 for SME and Export Services and Committee Chairman 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.

None of the nominees for independent directors are related to any member of the Board of Directors of the Company.

Other Executive Officers

Carlo Matilac

Senior Vice President for Operations

Mr. Matilac became Senior Vice President for Operations of the Company on August 1, 2014. He is a Director of Iplan Nickel Corporation. Mr. Matilac served as a 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 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, Alternate Corporate Information Officer and Compliance Officer

Ms. Pomarin-Claro became Assistant Corporate Secretary and Alternate Corporate Information Officer of the Company on September 10, 2014. She was appointed as Compliance Officer on August 23, 2017. 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 Iplan Nickel Corporation, Nickel Laterite Resources, Inc. and Celestial Nickel Mining Exploration Corporation. She completed a Bachelor of Laws degree from the University of St. La Salle.

Significant Employees

No single person is expected to contribute more significantly than others do to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance. Other than standard employment contracts, there are no arrangements with non-executive employees that will assure the continued stay of these employees with the Company.

Involvement In Certain Legal Proceedings Of Directors And Executive Officers

Save as disclosed in this Information Statement, 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, which has demanded royalty payments from PGMCO, has gone to the DOJ and Office of the Ombudsman to sue some 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 the complaints disputing the claims of the corporation. The 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. The DOJ has yet to resolve the complaint while the Office of the Ombudsman dismissed the complaint for lack of basis in a Joint Resolution dated February 23, 2018.

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 substantially similar 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 also the subject of a complaint for violation of Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act. On November 10, 2017, Mr. Joseph Sy filed for a Motion to Dismiss for violation of his right to speedy disposition of his case and for lack of probable cause. Mr. Joseph Sy argued that more than ten (10) years have passed from the time the Commission on Audit denied the appeal of the audit allowance when the Ombudsman filed the case in the Sandiganbayan in 2017. In addition, Mr. Joseph Sy asserted that he did not violate the law because he was only a corporate officer of the entity that secured the supply of a tractor to the municipal

government. He took no part in any phase of the transaction. On February 22, 2018, the Sandiganbayan denied the Motion to Dismiss. On February 27, 2018, Mr. Joseph Sy filed a Motion to Recuse asking for the inhibition of the division of the Sandiganbayan. Also, on March 5, 2018, he filed a Motion for Reconsideration of the February 22, 2018 Resolution. Both motions are now pending resolution.

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 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 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.

Certain Relationships and Related Transactions

There are no transactions during the past two (2) years to which the Company or any of its subsidiaries was or is to be a party, and in which a director, executive officer, stockholder owning ten percent (10%) or more and members of their immediate family had or are to have a direct or indirect material interest

Note 30 of the audited financial statements for the period ended December 31, 2017 (Annex “A”) provides information on the Company’s significant transactions with related parties.

There are no transactions with parties that fall outside the definition of “related parties” under SFAS/IAS No. 24, with whom the Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm’s length basis.

Disagreement with Director

No director has resigned nor declined to stand for re-election to the Board of Directors since the date of the last Annual Stockholders’ Meeting because of a disagreement with the Company on any matter relating to the latter’s operations, policies, or practices.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Compensation

The following are the Company’s Chairman of the Board of Director, its President and its two other executive officers as of the date of this Information Statement:

Name	Position
Joseph C. Sy.....	Chairman of the Board of Directors and Director
Dante R. Bravo.....	President and Director
Mary Belle D. Bituin.....	Senior Vice President and Chief Financial Officer
Noel B. Lazaro.....	Senior Vice President for Legal and Regulatory Affairs, Corporate Secretary, Corporate Information Officer and Corporate Secretary

The following table identifies and summarizes the aggregate compensation of the Company’s President and its three other executive officers of the Group in the fiscal years ended December 31 2014, 2015, 2016, 2017 and their estimated compensation for 2018:

	Year	Total⁽¹⁾ (₱) (in millions)
President and the three most highly compensated executive officers named above.....	2014	0
	2015	8.4
	2016	8.4
	2017	8.4
	2018	8.4 (<i>estimated</i>)
Aggregate compensation paid to all other officers as a group unnamed	2014	0
	2015	26
	2016	30
	2017	30

Year	Total⁽¹⁾
	(₱)
	(in millions)
2018	30 (<i>estimated</i>)

Note:

(1) Includes salary, bonuses and other income.

The Compensation and Remuneration Committee comprises at least three members, including the President and one 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.

Standard Arrangements

Other than payment of a fixed monthly director's fee of ₱200,000, 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.

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 Information Statement, except Mr. Sy and Ms. Gu who are husband and wife.

Employment Contracts

As of the date of this Information Statement, the Company has no special employment contracts with the named executive officers.

Warrants and Options Outstanding

As of the date of this Information Statement, 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.

CORPORATE GOVERNANCE

On May 31, 2017, the Board of Directors of the Company approved and adopted FNI's Manual on Corporate Governance incorporating principles and policies recommended by the regulators for publicly listed companies pursuant to SEC Memorandum Circular 19, Series of 2016.

The Manual assists the Company in monitoring and assessing its level of compliance with leading practices on good corporate governance as specified in pertinent Philippine SEC circulars. 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.

COMPENSATION PLANS

On June 29, 2016, the BOD and stockholders of the Parent Company approved the establishment of an ESOP (which covers the qualified employees of the subsidiaries of the Parent Company), the details of which shall be subject to the approval of the Compensation Committee. On May 9, 2017, the Compensation Committee and the BOD approved the Employee Stock Option Master Plan which is a share-based compensation plan. It also approved the granting of the First Tranche which comprised the 20,000,000 option grants to be vested over three (3) years at a strike price of ₱2.00 and 20,000,000 share/stock grants to be granted over two (2) years (i.e., 10,000,000 share/stock grants each year).

Special Stock Grant

The stock grant agreement in relation to the Employee Stock Option Master Plan was executed on December 27, 2017, the grant date, between the Parent Company and the grantees. A total of 10,100,000 treasury shares of the Parent Company was granted to PGMIC, then subsequently issued and awarded by PGMIC to its employees as recognition for their past services. The basic terms and conditions of the stock grant are as follows:

- The participants of the special stock grant are the officers and employees of its significantly owned subsidiaries as selected and approved by the Compensation Committee;
- The shares granted under the 2017 Plan will be registered in the employee's name and will have a lock-in period of two (2) years from the date of grant;
- As the owner of record, the employee will have the right to vote shares and receive dividends; and
- During the lock-in period, such shares of stocks granted may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of. Pursuant to this, the certificate covering the shares of stock will be held in escrow by the designated escrow agent, and will be released at the end of the lock-in period.
-

MANAGEMENT REPORT

Appointment of Stock and Transfer Agent

Securities Transfer Services, Inc. ("STSI") will be nominated and recommended to the stockholders for reappointment as the Company's stock and transfer agent for the year 2018-2019. Representatives of STSI are expected to be present at the upcoming Annual Stockholders' Meeting to respond to appropriate questions and to make a statement if they so desire.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company's Board of Directors reviews and approves the engagement of services of the Company's external auditors, who are appointed upon the recommendation of the Audit Committee, and which appointment shall be ratified by the stockholders during the annual stockholders' meeting. The Chairman of the Company's Audit Committee is Mr. Roberto C. Amores. He is joined by Atty. Dante R. Bravo and Mr. Miguel B. Varela as members of the Audit Committee.

The auditing firm of Sycip Gorres Velayo & Co. ("SGV"), a member firm of Ernst & Young Global Limited will be nominated and recommended to the stockholders for reappointment as external auditor for the year 2018-2019. Representatives of the said firm are expected to be present at the upcoming Annual Stockholders' Meeting to respond to appropriate questions and to make a statement if they so desire.

In compliance with SRC Rule 68 (3) (b) (iv) of the Securities Regulation Code, the appointment of a signing partner of SGV shall not exceed five (5) consecutive years. Ms. Eleonore A. Layug, commenced as engagement partner of the Company starting 2017.

The independent auditors for the Company were changed from Navarro, Amper & Co. to SGV effectively from July 2014 after the acquisition of the PGMCM by the Company. SGV has been the auditor for PGMCM since 2005, for the considerations of consistency and ease of consolidation of the Company's and PGMCM's financial statements. SGV was also appointed by the Company as its auditors. There were no disagreements between the two auditing firms.

External Audit Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by SGV, excluding fees directly related to the follow-on Offering.

	2017	2016	2015
		(P thousands)	
Audit and Audit-Related Fees ⁽¹⁾	9,339.00	12,243.3	12,979.3
Non-Audit Services ⁽²⁾	2,680.2	17,297.6	13,145.9
Total	12,019.2	29,540.9	26,125.2

(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 10.0% 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 PGMCM's corporate restructuring. The fees presented above include out-of-pocket expenses incidental to the work performed, the amounts of which do not exceed 10.0% of the agreed-upon engagement fees.

Market Price of and Dividends

Market Information

The PSE is the principal market for the Company's shares. The closing price of the shares as of December 29, 2017 was at ₱2.63 per share. On May 22, 2018, the closing price of the shares on the PSE was ₱2.35 per share.

The high and low sale prices of the shares of stock of the Company for each quarter during the last two fiscal years are as follows:

YEAR	Q1		Q2		Q3		Q4	
	High	Low	High	Low	High	Low	High	Low
2018	2.45	2.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2017	2.86	2.78	2.53	2.47	2.84	2.70	2.64	2.59
2016	2.76	1.36	3.42	2.40	2.85	0.82	4.29	2.82
2015	3.68	1.73	2.36	1.17	1.68	0.92	1.34	0.67
2014	1.4	0.96	3.1	1.07	3.0	1.82	2.8	1.83

Holders

The Company has approximately 1,728 shareholders owning shares as of March 31, 2018. 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	1,579,985,482	27.22%
Huatai Investment Pty. Ltd.	Australian	974,476,713	16.79%
Sohoton Synergy, Inc.	Filipino	761,037,313	13.11%
PCD Nominee Corp – Non-Filipino	Foreign	612,807,058	10.56%
Regulus Best Nickel Holdings, Inc.	Filipino	523,154,668	9.01%
Blue Eagle Elite Venture, Inc.	Filipino	348,769,779	6.01%
Ultimate Horizon Capital, Inc.	Filipino	348,769,779	6.01%
Bellatrix Star, Inc.	Filipino	187,952,034	3.24%
Alpha Centauri Fortune Group, Inc.	Filipino	187,952,034	3.24%
Antares Nickel Capital, Inc.	Filipino	91,342,805	1.57%
Red Lion Fortune Group, Inc.	Filipino	57,588,866	0.99%
Wei Ting	Chinese	49,595,062	0.85%
Great South Group Ventures, Inc.	Filipino	32,644,851	0.56%
Dante R. Bravo	Filipino	13,950,791	0.24%
Seng Gay Chan	Singaporean	10,463,093	0.18%
Joseph C. Sy	Filipino	2,519,048	0.04%
Orion-Squire Capital, Inc. A/C-0459	Filipino	2,153,874	0.03%
Dante R. Bravo	Filipino	1,587,660	0.01%
Carlo A. Matilac	Filipino	843,830	0.01%
Squire Securities, Inc.	Filipino	818,244	0.01%
Mary Belle D. Bituin	Filipino	793,827	0.01%

Dividends

Below is the history of the recent dividend declarations made by the Company and PGMC for the three most recent fiscal years.

<i>Amounts in (₱ in Millions)</i>	For the year ended December 31, 2015	For the year ended December 31, 2016	For the year ended December 31, 2017
The Company	—	—	—
<i>Subsidiaries</i>			
PGMC (cash dividend)	—	—	4,365
PGMC (stock dividend)			1,200
Total	—	—	5,565⁽¹⁾

Note:

(1) On December 16, 2017, PGMC's shareholders and BOD declared a cash dividend of ₱480.00 per share to stockholders of record as at December 31, 2017 and stock dividend amounting to ₱1,200.0 million divided into 12,000,000 shares at the par value of ₱100.00 per share to be issued out of the increase in the authorized capital stock of PGMC on December 29, 2017. The cash and stock dividends declared by PGMC were taken out of its unrestricted retained earnings as at December 31, 2016. Portion of the cash dividends payable was settled on December 29, 2017 by offsetting the cash advances to stockholders classified under "Advances to related parties".

Other than as set forth above, none of our other subsidiaries declared any dividends for the years ended December 31, 2015, 2016, and 2017. Declarations of dividends in previous years are not indicative of future dividend declarations.

On March 14, 2018, the Company approved the declaration of property dividends consisting of the Company's listed shares at the ratio of 0.06 share for every FNI share to all shareholders of record by April 2, 2018 based on the March 14, 2018 listed price. The declaration is subject to approval by the SEC. Payment for the property dividend shall be fifteen (15) trading days from receipt of the approval by the SEC of the property dividend.

Description of Registrant's Securities

As of April 30, 2018, the Company has a total issued capital stock of 5,822,357,151 common shares. 5,412,875,399 common shares of the Company are outstanding and 409,481,752 shares are treasury stock.

Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

On June 30, 2014, IHoldings, Inc., Kwantlen Development Corp. and Januarius Resources Realty Corp (collectively, the IHoldings Group) owned 74.80%, 10.17% and 4.85% of the Company, respectively.

On July 9, 2014, IHoldings Group entered into a Share Purchase Agreement with Huatai Investment Holdings 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 Energy, Inc., Great South Group Ventures, Inc., Red Lion Fortune Group, Inc., Wei Ting, Dante R. Bravo and Seng Gay Chan (collectively, the “Thirteen Stockholders”) pursuant to which IHoldings Group will sell to the Thirteen Stockholders 6,291,132,047 common shares of the Company (the “Subject Shares”) comprising the entirety of their respective shareholdings and representing 89.82% of the total issued and outstanding capital stock of the Company. This Share Purchase Agreement was amended on September 4, 2014,

On September 5, 2014, as a requirement under the Securities Regulation Code (SRC), the Thirteen Stockholders have launched a mandatory tender offer to acquire the shares of the minority stockholders holding 712,781,634 common shares of the Company and filed a Tender Offer Report with the SEC and PSE. The Tender Offer period lapsed October 10, 2014 where 204,264 common shares (the “Tendered Shares”) were tendered to the Thirteen Stockholders. After the lapse of the tender offer period, the Thirteen Stockholders completed the purchase of the Subject Shares in accordance with the Share Purchase Agreement. The Subject and Tendered Shares were crossed through the PSE on October 15, 2014.

On September 10, 2014 and October 22, 2014, the Board of Directors and the stockholders of the Company, respectively, approved the following amendments to the Articles of Incorporation and By-laws:

- Change in the Company’s name from Southeast Asia Cement Holdings, Inc. to Global Ferronickel Holdings, Inc.;
- Change in the registered and principal address from Room 1104, Liberty Center Buildings, 104 H.V. dela Costa corner Leviste Streets, Salcedo Village, Makati City to 7th Floor, Corporate Business Centre, 151 Paseo de Roxas corner Arnaiz Street, Makati City;
- Increase in the number of directors from nine (9) to ten (10) members;
- Increase in the authorized capital stock of the Company from ₱2,555,000,000.00 divided into 7,300,000,000 common shares with 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; and
- Change of fiscal year from June 30 to December 31.

The Board and the stockholders of the Company 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; and the follow-on offering and listing of shares with the PSE which includes the 10,463,093,371 common shares issued to the stockholders of PGMC.

On October 23, 2014, the Company executed a Deed of Exchange for a share-for-share swap (Share Swap) with the Thirteen Stockholders of PGMC. The Company will issue 10,463,093,371 common shares to the Thirteen Stockholders in exchange for the 99.85% outstanding shares of PGMC and cancel the receivables of the Company assumed by the Thirteen Stockholders from the IHoldings Group pursuant to the Share Purchase Agreement dated July 9, 2014, as amended on 4 September 2014. The total par value of the 10,463,093,371 common shares to be issued by the Company to the Thirteen Stockholders amounted to ₱3,662.1 million.

On November 27, 2014, the Company entered into a Memorandum of Agreement with Giantlead Prestige, Inc., Alpha Centauri Fortune Group, Inc., Antares Nickel Capital, Inc., Huatai Investment Holding Pty. Ltd. and an individual for the purchase of 500,000 common shares and 6,250,000,000 preferred shares or one hundred percent (100%) interest of Southeast Palawan Nickel Ventures, Inc. (SPNVI) for \$50.0 million or its Philippine peso equivalent.

On December 1, 2014, the Company filed with SEC a Notice of Exempt Transaction under Section 10.1 (e) and (i) of the Securities Regulation Code, 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, for the issuance of the aforementioned 10,463,093,371 new common shares. An amended Notice of Exempt Transaction was filed on February 18, 2015.

On December 22, 2014, the Philippine SEC approved the Company's application to 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 stockholders 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.

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

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, FNI subscribed 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 one hundred percent (100%) interest of SPNVI for \$50.0 million or its Philippine peso equivalent
- subscription of the company to the remaining unissued and unsubscribed shares of SPNVI 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)

The Company, its Subsidiaries and Affiliates (collectively, the “Group”) have no record of any bankruptcy, receivership or similar proceedings during the past three (3) years. Neither has the Group made any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business from 2013 to 2017, except as disclosed and mentioned herein, and in the Company and Subsidiaries’ audited financial statements.

Management’s Discussion and Analysis of Financial Position and Results of Operations

Plan of Operations

The Company will serve as a holding company and will retain its shares in PGMCI. The Company will also explore other opportunities in the next twelve (12) months. The Company shall finalize consolidation of Ipiran Nickel Corporation into the Group as soon as practicable.

Operating Segment Information

The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The mining segment is engaged in the mining and exploration of nickel saprolite and limonite ore and limestone.

The services segment is engaged in the chartering out of land craft tanks (LCTs) to PGMCI.

Summary Financial Information

The following discussion and analysis is based on the unaudited interim consolidated financial statements as at March 31, 2018 and for the three months period ended March 31, 2018 and 2017, and audited consolidated financial statements as at December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 and accompanying notes to the consolidated financial statements, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and should be read in conjunction with those audited consolidated financial statements.

The Group has not, in the past five years and since its incorporation, revised its consolidated financial statements for reasons other than changes in accounting period and policies.

The consolidated financial statements as at December 31, 2017, 2016 and 2015 are hereto attached.

The following tables set forth the summary financial information for the three-month period ended March 31, 2018 and 2017 and as at March 31, 2018 and December 31, 2017:

Summary Consolidated Statements of Financial Position

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)	Increase/ (Decrease)	Percent Inc. (Dec.)
	<i>(In Thousand Pesos)</i>			
ASSETS				
Current Assets	3,168,487	3,682,106	(513,619)	-13.9%
Noncurrent Assets	5,408,499	5,358,751	49,748	0.9%
TOTAL ASSETS	8,576,986	9,040,857	(463,871)	-5.1%
LIABILITIES AND EQUITY				
Current Liabilities	1,568,912	1,805,529	(236,617)	-13.1%
Noncurrent Liabilities	837,363	831,024	6,339	0.8%
Total Liabilities	2,406,275	2,636,553	(230,278)	-8.7%
Equity				
Attributable to equity holders of the Parent Company	6,170,711	6,404,304	(233,593)	-3.6%
TOTAL LIABILITIES AND EQUITY	8,576,986	9,040,857	(463,871)	-5.1%

Summary Consolidated Statements of Comprehensive Income

	For the Quarter Ended			
	March 31		Increase	Percent
	2018	2017	(Decrease)	Inc. (Dec.)
	<i>(In Thousand Pesos)</i>			
Revenues	-	-	-	0.0%
Cost and Expenses	(176,677)	(123,563)	(53,114)	43.0%
Finance Costs	(16,625)	(16,275)	(350)	2.2%
Other Income (Charges) - net	(17,791)	(5,488)	(12,303)	224.2%
Loss Before Income Tax	(211,093)	(145,326)	(65,767)	45.3%
Benefit from Income Tax - net	(46,327)	(27,305)	(19,022)	69.7%
Net Loss	(164,766)	(118,021)	(46,745)	39.6%
Other Comprehensive Income	11,357	27,081	(15,724)	-58.1%
Total Comprehensive Loss	(153,409)	(90,940)	(62,469)	68.7%
Basic and Diluted Loss Per Share	(0.0302)	(0.0203)	(0.0099)	48.8%

Summary Consolidated Statements of Changes in Equity

	For the Quarter Ended March 31		For the Year Ended December 31
	2018	2017	2017
	<i>(In Thousand Pesos)</i>		
Capital Stock			
Common Stock	6,113,475	6,113,475	6,113,475
Remeasurement Gain on Retirement Obligation	12,561	5,342	12,561
Valuation Loss on Available-for-sale Financial Assets	(464)	(843)	(464)
Cumulative Translation Adjustment	6,606	13,818	(4,751)
Retained Earnings			
Balance, Beginning	1,237,573	459,654	459,654
Income for the Period	(164,766)	(118,021)	779,689
Issuance of treasury shares in relation to stock grant	-	-	(1,770)
Balance, Ending	1,072,807	341,633	1,237,573
Treasury Stock - at cost	(1,034,274)	(49,653)	(954,090)
Non-controlling Interest	-	-	-
Total Equity	6,170,711	6,423,772	6,404,304

Summary Consolidated Statements of Cash Flows

	For the Quarter Ended March 31	
	2018	2017
	<i>(In Thousand Pesos)</i>	
NET CASH FLOWS FROM (USED IN):		
Operating activities	(222,451)	71,673
Investing activities	(154,869)	(273,643)
Financing activities	(784)	11,596
NET DECREASE IN CASH	(378,104)	(190,374)
Effect of exchange rate changes on cash	21,984	7,117
CASH AT BEGINNING OF PERIOD	886,566	551,942
CASH AT END OF PERIOD	530,446	368,685

Statement of Financial Condition

As at March 31, 2018, total assets of the Group stood at ₱8,577.0 million, a decrease of ₱463.9 million or 5.1%, from ₱9,040.9 million as at December 31, 2017. The decrease was due to the net effect of the decrease in current assets by ₱513.6 million or 13.9% and increase in noncurrent assets by ₱49.7 million or 0.9%. The decrease in current assets was mainly attributable to the decrease in cash by ₱356.1 million for the operating expenses of the Group for the first quarter and decrease in trade and other receivables by ₱258.4 million due to the full collection of 2017 shipments in the first quarter. This was partially offset by the increase in inventories by ₱80.6 million attributable to the production costs incurred in the first quarter in preparation for the 2018 mining season. The net decrease in noncurrent assets was mainly due to the following: (a) decrease in property and equipment by ₱53.8 million due to the depreciation and depletion during period; (b) increase in net deferred tax assets by ₱41.6 million mainly attributable to the net loss carryover (NOLCO) for the first quarter;

and (c) increase in other noncurrent assets by ₱55.9 million attributable to pension asset established by the Group during the first quarter and increase in advances to suppliers.

Total liabilities of the Group stood at ₱2,406.3 million as at March 31, 2018, a decrease of ₱230.3 million or 8.7%, from ₱2,636.6 million as at December 31, 2017. The decrease was mainly due to the decrease in trade and other payables by ₱273.7 million from ₱577.1 million to ₱303.4 million as a result of settlement of obligations with the suppliers/contractors during the first quarter. This was partially offset by the increase in bank loans mainly due to the restatement as of reporting period resulting to foreign exchange loss.

Results of Operations

The Group's operational Surigao mine performs nickel ore production and shipment during the dry months of each year between April to October, and hence the net loss of ₱164.8 million for the quarter ended March 31, 2018 represents the recurring general and administrative expenses of the Group.

Sale of Ore

In the first quarter of 2018, there was no reported income because there was no shipment.

During the first quarter of 2018, Platinum Group Metals Corporation (PGMC), a subsidiary, has signed supply contracts with Baosteel Resources International Co., Ltd. and Guangdong Century Tsingshan Nickel Industry Company Limited for the delivery of 3.5 million wet metric tonnes (WMT) of its mining production which is equivalent to about fifty-eight percent (58.3%) of its target of 6.0 million WMT shipment volume for 2018.

General and Administrative

General and administrative expenses were ₱173.8 million in the first three months of 2018 compared to ₱121.6 million in the first quarter of 2017, an increase of ₱52.2 million, or 42.9%. The increase was mainly due to increase in taxes and licenses amounted to ₱28.0 million attributable to the first quarterly installment payment of local business tax made to the municipality of Claver amounted to ₱18.0 million while payment in the prior year was initially made after the first quarter; and payment of DST amounted to ₱6.0 million in relation to PGMC's, a subsidiary, increase of authorized capital stock in the last quarter of 2017. In addition, personnel costs increased by ₱9.6 million due to the bonus given to employees this quarter in relation to its 2017 performance while bonus for the 2016 performance was given in the last quarter of 2016, salary adjustments to eligible employees and minimum salary wage increase effective February 14, 2018.

Other Charges - net

Net other charges amounted to ₱18.2 million in the first three months of 2018 compared to ₱7.1 million in the first three months of 2017, an increase of ₱11.1 million, or 156.3%. The difference pertains mainly to unrealized foreign exchange loss during the period as a result of rebooking of USD denominated loan and payables at conversion rate of ₱52.16/USD1 as of March 31, 2018 as against ₱50.16/USD1 as of March 31, 2017.

Total Comprehensive Income – net of tax

Cumulative Translation Adjustment

The Group had recognized cumulative translation adjustment amounting to ₱11.4 million and ₱27.9 million for the period ended March 31, 2018 and 2017, 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.

Statement of Cash Flows

The net cash flows used in operating activities resulted to P222.4 million for the first quarter ended March 31, 2018 compared to cash flows from operating activities of P71.7 million of the same period last year. Basically, the decrease in trade and other receivables pertain to the full collection of the 2017 shipments during the quarter. In addition, inventories increased as at March 31, 2018 was due to the cost incurred related to operations in preparation for the 2018 mining season. Moreover, prepayments and other current assets increased due to advanced payments of taxes and licenses related to the April 2018 shipments that will be realized within the second quarter. Also, trade and other payables decreased due to settlement of obligations during the first quarter. Net cash flows used in investing activities for the three months ended March 31, 2018 and 2017 amounted to P154.9 million and P273.6 million, respectively. For the three months ended March 31, 2018 and 2017, the net cash flows derived from (used in) financing activities amounted to (P0.8 million) and P11.6 million, respectively.

The following tables set forth the summary financial information as at and for the years ended December 31, 2017, 2016 and 2015.

Summary of Consolidated Statements of Income

	For the Years Ended			Horizontal Analysis			
	December 31			Increase (Decrease)		Increase (Decrease)	
	2017	2016	2015	2017 vs. 2016	%	2016 vs. 2015	%
<i>In Thousand Pesos</i>							
Revenues	5,815,596	3,773,669	6,533,218	2,041,927	54%	(2,759,549)	-42%
Cost of Sales	(2,768,571)	(2,308,220)	(3,509,917)	460,351	20%	(1,201,697)	-34%
Operating Expenses	(1,936,207)	(1,254,594)	(1,767,289)	681,613	54%	(512,695)	-29%
Finance Costs	(68,741)	(67,696)	(88,891)	1,045	2%	(21,195)	-24%
Finance Income	6,877	6,505	9,431	372	6%	(2,926)	-31%
Share in Net Loss of An Associate	(116)	(184)	-	(68)	-37%	184	100%
Other Income (Charges) - net	28,369	(32,373)	(115,500)	(60,742)	-188%	(83,127)	-72%
Benefit from (Provision for) Income Tax	(297,518)	(79,613)	50,698	217,905	274%	130,311	257%
Net Income	779,689	37,494	1,111,750	742,195	1980%	(1,074,256)	-97%

Summary of Consolidated Statements of Income

	For the Years Ended			Vertical Analysis			
	December 31			Increase (Decrease)		Increase (Decrease)	
	2017	2016	2015	2017 vs. 2016	%	2016 vs. 2015	%
<i>In Thousand Pesos</i>							
Revenues	5,815,596	3,773,669	6,533,218	2,041,927	275%	(2,759,549)	-257%
Cost of Sales	(2,768,571)	(2,308,220)	(3,509,917)	460,351	-62%	(1,201,697)	112%
Operating Expenses	(1,936,207)	(1,254,594)	(1,767,289)	681,613	-92%	(512,695)	48%
Finance Costs	(68,741)	(67,696)	(88,891)	1,045	0%	(21,195)	2%
Finance Income	6,877	6,505	9,431	372	0%	(2,926)	0%
Share in Net Loss of An Associate	(116)	(184)	-	(68)	0%	184	0%
Other Income (Charges) - net	28,369	(32,373)	(115,500)	(60,742)	8%	(83,127)	8%
Benefit from (Provision for) Income Tax	(297,518)	(79,613)	50,698	217,905	-29%	130,311	-12%
Net Income	779,689	37,494	1,111,750	742,195	100%	(1,074,256)	-100%

Summary Consolidated Statements of Financial Position as at December 31,

				Horizontal Analysis			
				Increase (Decrease)		Increase (Decrease)	
	2017	2016	2015	2017 vs. 2016	%	2016 vs. 2015	%
<i>In Thousand Pesos</i>							
Current Assets	3,682,106	3,632,772	3,784,669	49,334	1%	(151,897)	-4%
Noncurrent Assets	5,358,751	5,793,922	5,300,344	(435,171)	-8%	493,578	9.3%
Total Assets	9,040,857	9,426,694	9,085,013	(385,837)	-4%	341,681	4%
Current Liabilities	1,805,529	2,227,747	2,440,566	(422,218)	-19%	(212,819)	-9%
Noncurrent Liabilities	831,024	652,388	106,573	178,636	27%	545,815	512%
Equity attributable to equity holders of the Parent	6,404,304	6,546,559	6,537,874	(142,255)	-2%	8,685	0%
Total Liabilities and Equity	9,040,857	9,426,694	9,085,013	(385,837)	-4%	341,681	4%

Summary Consolidated Statements of Financial Position as at December 31,

	2017	2016	2015	Vertical Analysis			
				Increase (Decrease)		Increase (Decrease)	
				2017 vs. 2016	%	2016 vs. 2015	%
Current Assets	3,682,106	3,632,772	3,784,669	49,334	13%	(151,897)	-44%
Noncurrent Assets	5,358,751	5,793,922	5,300,344	(435,171)	-113%	493,578	144%
Total Assets	9,040,857	9,426,694	9,085,013	(385,837)	-100%	341,681	100%
Current Liabilities	1,805,529	2,227,747	2,440,566	(422,218)	-109%	(212,819)	-62%
Noncurrent Liabilities	831,024	652,388	106,573	178,636	46%	545,815	160%
Equity attributable to equity holders of the Parent	6,404,304	6,546,559	6,537,874	(142,255)	-37%	8,685	3%
Total Liabilities and Equity	9,040,857	9,426,694	9,085,013	(385,837)	-100%	341,681	100%

Summary Consolidated Statements of Cash Flows

	For the Years Ended December 31		
	2017	2016	2015
	<i>In Thousand Pesos</i>		
Net Cash Flows From (Used in):			
Operating Activities	1,890,644	354,916	776,154
Investing Activities	(344,540)	(264,490)	(1,593,944)
Financing Activities	(1,221,537)	(61,094)	602,883
Net Increase (Decrease) in Cash	324,567	29,332	(214,907)
Effect of Exchange Rate Changes on Cash	10,057	19,734	25,914
Cash at Beginning of Year	551,942	502,876	691,869
Cash at End of Year	886,566	551,942	502,876

RESULTS OF OPERATIONS

Year ended December 31, 2017 compared with year ended December 31, 2016

Export Revenues

The Group's sale of nickel ore for the year ended December 31, 2017 generated total export revenues of ₱5,815.6 million compared to ₱3,773.7 million in the year ended December 31, 2016, an increase of ₱2,041.9 million or 54.1%. The increase was attributable to the increase in the volume shipped, higher prices of nickel ore and favorable exchange rate.

The sale of nickel ore for the year ended December 31, 2017 was 5.971 million WMT, up by 1.662 million WMT or 38.6%, compared to 4.309 million WMT of nickel ore in the year ended December 31, 2016. The Group were able to ship 109 vessels of nickel ore during the year ended December 31, 2017 as against 80 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 year compared to prior year. The Group improved its organizational structure and processes within its teams which increased its connectivity and efficiency. This allowed the Group to act upon day-to-day weather conditions as well as other business information that support the execution of its long-term strategy. The shipments sold solely to Chinese customers consisted of 3.641 million WMT low-grade nickel ore and 2.330 million WMT medium-grade nickel ore compared to 2.396 million WMT low-grade nickel ore, 1.858 million WMT medium-grade nickel ore and 0.055 million WMT high-grade nickel ore of the same period in 2016.

The average realized nickel ore price for the year ended December 31, 2017 was US\$19.29/WMT compared to US\$18.36/WMT for the year ended December 31, 2016, higher by US\$0.93/WMT or 5.1%.

The average realized Peso over US\$ exchange rate for the Group's export revenues was ₱50.49 compared to ₱47.71 of the same period last year, higher by ₱2.78 or 5.8%.

Service Revenues

The service income earned for the LCT chartered by PGMCO from its subsidiary, PCSSC, amounted to ₱89.9 million for the year ended December 31, 2017 as compared to ₱95.0 million for the year ended December 31, 2016.

Cost and Expenses

The cost and expenses include cost of sales, excise taxes and royalties, general and administrative expenses and shipping and distribution. The cost and expenses amounted to ₱4,704.8 million for the year ended December 31, 2017 compared to ₱3,562.8 million for the year ended December 31, 2016, an increase of ₱1,142.0 million or 32.1%. The increase was primarily due to higher tonnage produced and volume shipped compared to the prior 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 ₱554.83 per WMT in 2017 from ₱619.97 per WMT, lower by ₱65.14 per WMT or 10.5%. For the year ended December 31, 2017, the total aggregate cash costs and total sales volume were ₱3,312.9 million and 5.971 million WMT, respectively. For the year ended December 31, 2016, the total aggregate cash costs and total sales volume were ₱2,671.4 million and 4.309 WMT, respectively.

Cost of Sales

The cost of sales went up from ₱2,308.2 million for the year ended December 31, 2016 to ₱2,768.6 million for the same period this year, an increase by ₱460.4 million, or 19.9%. Contract hire increased by ₱414.2 million (from ₱1,548.3 million in 2016 to ₱1,962.5 million in 2017), or 26.7%. Depreciation, depletion and amortization increased by ₱55.2 million (from ₱370.4 million in 2016 to ₱425.6 million in 2017), or 14.9%. The increase in contract hire and depreciation, depletion and amortization was mainly due to increase in production volume in relation to the increase in volume shipped compared to prior year. The increase in depreciation, depletion and amortization due to volume was reduced by ₱17.2 million due to lower depletion and amortization rates used effective July 1, 2017. The change in depletion and amortization rates was due to the change in ore reserves estimate based on the latest PMRC Competent Person report dated October 15, 2017.

Excise Taxes and Royalties

The excise taxes and royalties were ₱714.2 million and ₱503.3 million for the years ended December 31, 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 ₱833.2 million in the year ended December 31, 2017 compared to ₱460.9 million in the year ended December 31, 2016, an increase of ₱372.3 million, or 80.8%. In the last quarter of 2017, the Group received a notice that certain customer has filed bankruptcy. In view of this unexpected development, management deemed it prudent to take a conservative approach to the Group's financials. With this, the Group recognized a provision for doubtful long-outstanding trade receivables amounted to ₱208.8 million. The provision has no effect on cash, but such was included in the Group's general and administrative expenses. However, the provision is less than 5% of the Group's revenues and that the Group is taking the necessary steps to

collect at least portion of the amount. In addition, the Group recognized a provision for impairment losses on its other current and noncurrent assets (creditable withholding tax and claim for business tax refund carryover from 2013) amounted to ₱24.5 million. Furthermore, taxes and licenses increased by ₱92.8 million mainly due to the payment of additional tax assessments for the calendar/taxable years 2012 and 2013, and local business tax which was minimal in 2016 compared to 2017 as the Board of Investments (BOI) Income Tax Holiday of the Group's 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.

Shipping and Distribution

The shipping and loading costs were ₱388.8 million for the year ended December 31, 2017 compared to ₱290.4 million in the prior year, up by ₱98.4 million, or 33.9%. The increase was mainly due to the increase in production volume during the year.

Finance Costs

Finance costs amounted to ₱68.7 million in the year ended December 31, 2017 compared to ₱67.7 million in the year ended December 31, 2016, a minimal increase of ₱1.0 million, or 1.5%.

Other Income (Charges) - net

The net other income amounted to ₱28.4 million in the year ended December 31, 2017 compared to net other charges amounted to ₱32.4 million in the year ended December 31, 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 year compared to the prior year. Also, the Group recognized a loss on disposals of property and equipment amounted to ₱24.3 million in 2016.

Provision for Income Tax

The net provision for income tax was ₱297.5 million for the year ended December 31, 2017 compared to ₱79.6 million in the same period last year, an increase of ₱217.9 million or 273.7%.

The current provision for income tax for the year ended December 31, 2017 was ₱373.8 million compared to ₱35.4 million in the same period last year, an increase of ₱338.4 million due to the higher taxable income earned during the year compared to the prior year.

Net Income (Loss)

The Group's consolidated net income reached to ₱779.7 million in 2017 from ₱37.5 million in 2016 due to improved selling prices, operational efficiency and favorable foreign exchange impact.

Total Comprehensive Income - net of tax

Cumulative Translation Adjustment

The Group had recognized cumulative translation adjustment amounting to (₱4.8 million) and (₱14.1 million) as at December 31, 2017 and 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.

Remeasurement Gain on Retirement Obligation

Remeasurement gain on retirement obligation - net of tax recognized in 2017 and 2016 amounted to ₱7.2 million and ₱3.1 million, respectively.

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

Export Revenues

The Group's sale 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 sale of nickel ore for the year ended December 31, 2016 was 4.309 million WMT of nickel ore, declined by

1.043 million WMT or 19.5%, compared to 5.352 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 during the same period in 2015. These shipments sold solely to Chinese customers consisted of 2.396 million WMT low-grade nickel ore, 1.858 million WMT medium-grade nickel ore and 0.055 million WMT high-grade nickel ore compared to 0.608 million WMT low-grade nickel ore, 4.368 million WMT medium-grade nickel ore and 0.376 million WMT high-grade nickel ore of the same period 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 2015's average of US\$26.69/WMT to only US\$18.36/WMT average for the year ended December 31, 2016 lower by US\$8.33/WMT or 31.21%.

Cost and Expenses

The cost and expenses include cost of sales, excise taxes and royalties, general and administrative expenses and shipping and distribution.

The cost and expenses amounted to ₱3,562.8 million for the year ended December 31, 2016 compared to ₱5,277.2 million for the year ended December 31, 2015, a decrease of ₱1,714.4 million or 32.5%.

The decrease was due to decline in the volume shipped, change in product mix as more low grade ores were shipped in 2016 as compared to the same period in 2015 and as the result of cost rationalizations and greater operational efficiencies. However, the average cash operating cost (which includes cost of sales, general and administrative expenses, and shipping and distribution) per volume sold decreased to ₱619.97 per WMT in 2016 from ₱693.23 per WMT, lower by ₱73.26 per WMT or 10.6%. For the year ended December 31, 2016, the total aggregate cash costs and total sales volume were ₱2,671.4 million and 4.309 million WMT, respectively. For the year ended December 31, 2015, the total aggregate cash costs and total sales volume were ₱3,710.2 million and 5.352 WMT, respectively.

Cost of Sales

The cost of sales was ₱2,308.2 million for the year ended December 31, 2016 as compared to ₱3,509.9 million of the same period in 2015, a decrease by ₱1,201.7 million, or 34.2%.

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 mining contractors were returned upon expiration of the mining contract with this contractor.

Furthermore, depreciation, depletion and amortization went down by ₱209.1 million or 36% 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 Cagdianao Areas 2 and 4. For the period July 1 to December 31, 2016, the rate used in computing depletion was ₱31.71 per WMT based on the latest PMRC Competent Person's Technical Report dated September 15, 2016 with an indicated mineral reserve estimate of 25.6 million WMT for Cagdianao Areas 2 and 4 out of

the total indicated ore reserve of 35.5 million WMT for CAGAs 1 to 5. For fuel, oil and lubricants, it went down by ₱140.5 million, from ₱151.5 million in 2015 to ₱11.0 million for the same period this year. However, the decrease was partially offset by the increase in personnel costs by ₱28.0 million or 22.2% 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

The operating expenses amounted to ₱1,254.6 million for the year ended December 31, 2016 compared to ₱1,767.3 million for the year ended December 31, 2015, a decrease of ₱512.7 million or 29.0%.

Excise Taxes and Royalties

Excise taxes and royalties were ₱503.3 million and ₱972.6 million in 2016 and 2015, respectively, a decrease of ₱469.3 million, or 48.2%. 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.

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.

Shipping and Distribution

Shipping and loading costs were ₱290.4 million for the year ended December 31, 2016 compared to ₱166.5 million in the same period last year, an increase of ₱123.9 million, or 74.4%. Although the actual volume of nickel ore shipped in 2016 was lower compared to the same period last year, the shipping and distribution costs incurred this year expectedly 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 Costs

The finance costs were ₱67.7 million and ₱88.9 million in 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 Amsterdam Trade Bank (ATB), and Trade and Investment Development Corporation of the Philippines (PhilEXIM).

Finance Income

The finance income was ₱6.5 million for the year ended December 31, 2016 compared to ₱9.4 million for the same period in 2015, a decrease of ₱2.9 million, or 30.8%. The finance income in 2016 was primarily consisted of the interest income related to finance lease arising from JL Earthmoving Corporation's (JLEC) lease of the Group's transportation and handling equipment.

Other Charges - net

Net other charges were ₱32.4 million for the year ended December 31, 2016 as compared to net other charges amounted to ₱115.5 million for the same period last year, a decrease of ₱83.1 million, or 71.9%. The decrease in the net other charges was brought about by the recognition of net foreign

exchange gains in 2016 compared to net foreign exchange losses in 2015 and significant amount of loss on modification finance lease recognized 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 PGMC was entitled to income tax holiday as one of the incentives granted by the Board of Investments as a non-pioneer enterprise. PGMC's income tax holiday incentive expired on November 15, 2015.

Deferred

The provision for deferred income tax were ₱44.2 million for the year ended December 31, 2016 as compared to the benefit from deferred income tax of (₱54.8) million for the same period in 2015, an increase of the provision amounting to ₱99.0 million, or 180.7%. The increase was brought about by the application of net loss carry over partially offset by the recognition of excess MCIT for the year ended December 31, 2016.

Net Income

As a result of the foregoing, 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

The Group 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 Group had a net valuation loss on AFS financial assets of nil and ₱0.5 million in the years ended December 31, 2016 and 2015, respectively.

Remeasurement Gain on Retirement Obligation

Remeasurement gain on retirement obligation recognized in 2016 and 2015 amounted to ₱3.1 million and ₱0.6 million, respectively.

Total Comprehensive Income (Loss) - net of tax

As a result of the foregoing, total comprehensive loss - net of tax was ₱11.0 million in 2016 compared to ₱0.09 million total comprehensive income - net of tax in 2015.

Year ended December 31, 2015 compared with six 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 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 calendar 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 million for the fiscal year ended 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 Group'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%. This brought down total shipments to ninety nine (99) vessels as compared to one hundred seventeen (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

Year as at December 31, 2017 and 2016

As at December 31, 2017, total assets of the Group stood at ₱9,040.9 million, a decrease of ₱385.8 million or 4.1%, from ₱9,426.7 million as at December 31, 2016.

Current assets were ₱3,682.1 million as at December 31, 2017 compared to ₱3,632.8 million as at December 31, 2016, an increase of ₱49.3 million or 1.4%. The increase was mainly due to the increase in cash by ₱334.6 million or 60.6% and advances to related parties by ₱257.9 million or 16.0%. This was offset by the decrease in trade and other receivables by ₱498.5 million or 58.8% due to full collection of the 2016 shipments during the year; 93.0% of the 2017 shipments were collected as at December 31, 2017 and the provision of doubtful accounts for long-outstanding trade receivables amounted to ₱208.8 million (outstanding since 2015; see related discussion in the general and administrative section). In addition, restricted cash under prepayments and other current assets decreased by ₱61.6 million due to the reduction in the debt service reserve account required on the Taiwan Cooperative Bank (TCB) (Manila Offshore Banking Unit) loan in May 2017.

Noncurrent assets decreased by ₱435.2 million or 7.5% from ₱5,793.9 million as at December 31, 2016 to ₱5,358.7 million as at December 31, 2017. The decrease 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 ₱108.6 million as a result mainly of the additional depreciation and depletion during the year amounted to ₱399.7 million, net of ₱123.2 million acquisitions of machineries and other equipment, and others, and adjustment to capitalized cost of mine rehabilitation amounted to ₱174.2 million. Moreover, mining rights decreased by ₱44.7 million due to the amortization during the year.

Total liabilities of the Group stood at ₱2,636.5 million as at December 31, 2017, an decrease of ₱243.6 million or 8.5%, from ₱2,880.1 million as at December 31, 2016. The net decrease was due to repayment of bank loans amounting to ₱1,382.6 million, net of ₱1,124.0 million availments during the year and decrease in advances from related parties amounting to ₱338.9 million (see related discussion in noncurrent assets section). This was offset by the increase in the provision for mine rehabilitation and decommissioning by ₱178.3 million based on the latest draft of FMRDP submitted by the Group to the DENR/MGB (see related discussion in the property and equipment section above) and increase in income tax payable by ₱136.8 million due to higher taxable income during the year compared to the prior year.

Year as at December 31, 2016 and 2015

As at December 31, 2016, total assets of the Group stood at ₱9,426.7 million, up by ₱341.7 million or 3.8%, from ₱9,085.0 million as at December 31, 2015.

Current assets were ₱3,632.8 million as at December 31, 2016 compared to ₱3,784.7 million as at December 31, 2015, a decrease of ₱151.9 million or 4.0%. The decrease in current assets was caused primarily by the decrease in inventory of ₱367.8 million or 57.1% due to the usage of inventory in the construction of roads and trails in the mining area; and decrease in finance lease receivable of ₱95.7 million or 57.0% due to the mutual agreement between the Group and Frasec Ventures Corporation to terminate the mining contract which resulted to the termination of the finance lease and derecognition of the corresponding finance lease receivable. This was offset by the increase in trade and other receivables of ₱146.4 million or 20.9%, cash of ₱49.1 million or 9.8% and restricted cash under prepayments and other current assets as a result of the additional US\$3 million debt service reserve account requirement on the TCB loan.

Noncurrent assets increased by ₱493.6 million or 9.3% from ₱5,300.3 million as at December 31, 2015 to ₱5,793.9 million as at December 31, 2016. The increase was mainly due to increase in deposits for future acquisition of ₱566.1 million or 34.3% as a result of the Deed of Assignments entered by the Company in relation to the planned acquisition of SPNVI and additional mine exploration costs incurred during the year amounting to ₱83.0 million. This was offset by the decrease in noncurrent portion of finance lease receivable of ₱158.9 million or 49.7% (as mentioned in the current assets section) and deferred tax assets of ₱39.5 million or 40.4% due to the application of net loss carry over in 2016.

Total current liabilities decreased by ₱212.8 million as at December 31, 2016 from the ₱2,440.6 million as at December 31, 2015 which was due to the payment of trade payables and the application of advances from customers on Group's trade collectibles.

Total noncurrent liabilities increased by ₱545.8 million during the year from ₱106.6 million as at December 31, 2015 as a result of assignment of payable to the Group.

CASH FLOWS

Years ended December 31, 2017, 2016 and 2015

Cash Flows from Operating Activities

The net cash flows from operating activities resulted to ₱1,890.6 million for the year ended December 31, 2017 compared to ₱354.9 million of the same period in 2016. The increase in the cash generated from operations was due to higher sale of ore during the year compared to the prior year as a result of the increase in volume shipped and realized nickel ore price.

The 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.

Cash Flows from Investing Activities

The net cash flows used in investing activities for the years ended December 31, 2017 and 2016 amounted to ₱344.5 million and ₱264.5 million, respectively. The net cash outflows in 2017 arise mainly to the net acquisitions of property and equipment amounted to ₱103.4 million, additional mine exploration costs incurred amounted to ₱17.9 million, additional advances to related parties amounted to ₱256.6 million and increase in other noncurrent assets by ₱46.1 million.

The net cash outflows in 2016 arise mainly to the net acquisitions of property and equipment amounted to ₱270.3 million, additional mine exploration costs incurred amounted to ₱83.0 million, additional advances to related parties amounted to ₱15.7 million and decrease in other noncurrent assets amounted to ₱96.7 million.

The 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 noncurrent assets.

Cash Flows from Financing Activities

For the years ended December 31, 2017 and 2016, the net cash flows used in financing activities amounted to ₱1,221.5 million and ₱61.1 million, respectively. The net cash outflows in 2017 arise mainly from the proceeds from availment of bank loans amounted to ₱1,124.0 million, net of payments of bank loans amounted to ₱1,382.6 million and repurchase of treasury shares amounted to ₱964.5 million.

The net cash outflows in 2016 arise mainly from the proceeds from availment of bank loans amounted to ₱832.4 million, net of payments of bank loans amounted to ₱875.0 million.

The 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.

Cash Dividends Payable and Treasury Stock Distributable as Dividends

On May 22, 2013, the BOD of the Parent Company approved the declaration of cash dividends in the amount of ₱1.656 per outstanding common share or ₱10,500 million to stockholders of record as at June 5, 2013, payable on June 12, 2013. In 2014, cash dividends declared and payable to certain shareholders on May 22, 2013 amounting to ₱20.3 million were returned as stale checks and presented as cash dividends payable as at December 31, 2017 and 2016 and will be reissued to such investors subsequent to year-end. As at December 31, 2017 and 2016, dividends payable amounted to ₱20.3 million.

On June 15, 2014, the PGMC's BOD approved the declaration of cash dividends in the amount of ₱1,411.7 million and property dividends of ₱3,657.4 million to stockholders of record as at June 15, 2014. On September 1, 2014, PGMC's BOD amended its initial dividend declaration dated June 15, 2014 by declaring cash dividends in the amount of ₱5,069.1 million out of its unrestricted retained earnings. Out of the total dividends declared, ₱4,309.0 million pertains to 16% participating, non-cumulative, preferred stockholders at ₱0.07 per share and the remaining ₱760.1 million pertains to common stockholders at ₱0.06 per share. On December 29, 2014, PGMC settled its cash dividends payable amounting to ₱5,069.1 million. The dividends payable was offset against the cash advances to stockholders classified under "Advances to related parties".

On July 15, 2014, the PGMC's BOD 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.

On December 1, 2014, the BOD approved the adoption of a dividend policy of declaring dividends equivalent to at least twenty percent (20%) of the unrestricted retained earnings of GFHI for the preceding year as indicated in its audited financial statements.

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.

Capital Stock

The capital structure of the Parent Company as at December 31, 2017 and 2016 is as follows:

	2017	2016
Authorized shares	11,957,161,906	11,957,161,906
Par value	₱1.05	₱1.05
Total authorized capital stock	12,555,020,001.30	12,555,020,001.30
Issued shares	5,822,357,151	5,822,357,151
Total capital stock (amounts in thousand Pesos)	6,113,475	6,113,455

The Parent Company has only one class of common shares. The common shares do not carry any right to fixed income.

As discussed in the Corporate Information section, the BOD and stockholders of the Parent Company approved a capital restructuring through a reverse stock split. In relation to this, the Parent Company applied for an increase in its authorized capital stock which was approved by the SEC on November 7, 2016. Out of the increase in capital stock, an individual stockholder subscribed a total of ₱20,000.40 divided into 19,048 common shares at a par value of ₱1.05.

The Parent Company applied for an increase in its authorized capital stock from ₱2,555.0 million divided into 7,300,000,000 common shares with a par value of ₱0.35 per share to ₱12,555.0 million divided into 35,871,428,572 common shares with a par value of ₱0.35 per share. The increase in the authorized capital stock as well as the issuance of the 10,463,093,371 common shares to the Thirteen Stockholders in accordance with the Share Swap transaction was approved by the SEC on December 22, 2014.

Before the reverse stock split, all issued shares of GFHI, except for the newly issued 10,463,093,371 common shares to the Thirteen Stockholders, are listed in the PSE. The following table summarizes the track record of registrations of securities under the SRC.

Transaction	Subscribers	Registration Date	Issue/Offer Price	Number of Shares
Initial registration	Various	October 1994	1.50	5,000,000,000
Additional registration	Various	September 1996	–	1,150,000,000
Exempt from registration	Various	December 1998	–	305,810,000
Exempt from registration	Two individuals	June 2013	0.35	554,000,000
				7,009,810,000

Treasury Stock

The Company has 358,819,752 shares amounting to ₱954.1 million and 6,335,752 shares amounting to ₱17.8 million as at December 31, 2017 and 2016, respectively.

As at December 31, 2017, the Company purchased a total of 362,584,000 common shares at an average price of 2.66 per share. As at December 31, 2016, the Company purchased a total of 6,333,333 common shares at an average price of 2.81 per share. The estimated number of shares for

re-purchase, approved and authorized by the BOD and stockholders on June 29, 2016 is up to ten percent (10%) of the total outstanding shares of the Company. As at December 31, 2017 and 2016, the Parent Company repurchase about seven (7%) and one tenth (0.10%) of its total outstanding shares, respectively.

Retained Earnings

On June 15, 2014, PGMC's BOD approved the declaration of cash dividends in the amount of ₱1,411.7 million and property dividends of ₱3,657.4 million to stockholders of record as at June 15, 2014. On September 1, 2014, PGMC's BOD amended its initial dividend declaration dated June 15, 2014 by declaring cash dividends in the amount of ₱5,069.1 million out of its unrestricted retained earnings. Out of the total dividends declared, ₱4,309.0 million pertains to 16% participating, non-cumulative, preferred stockholders at ₱0.07 per share and the remaining ₱760.1 million pertains to common stockholders at ₱0.06 per share. On December 29, 2014, PGMC settled its cash dividends payable amounting to ₱5,069.1 million declared on June 15, 2014 to stockholders of record as at June 15, 2014. The dividends payable was offset against the cash advances to stockholders classified under "Advances to related parties".

On July 15, 2014, PGMC's BOD 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.

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.

Key Performance Indicators (KPIs)

The Group considers the following as the significant Key Performance Indicators as at March 31, 2018 and 2017:

<u>Indicators</u>	<u>Formula</u>	<u>2018</u>	<u>2017</u>
Earnings (Loss) Per Share	Profit for the Period/Weighted Average Number of Shares Outstanding	(0.0302)	(0.0203)
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.39:1	0.41:1
Asset-to-Equity Ratio	Total Assets/Total Equity	1.39:1	1.41:1
Current Ratio	Current Assets/Current Liabilities	2.02:1	2.04:1

The Group identified the following KPIs:

<i>KPI</i>	<i>Formula</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Profitability				
1. Return on Equity	Profit for the Year / Average Total Equity	12.0%	0.6%	18.6%
2. Return on Assets	Profit for the Year / Average Total Assets	8.4%	0.4%	13.3%
3. Earnings Per Share	Profit for the Year / Adjusted Weighted Average Number of Common Shares Outstanding	0.14	0.01	0.22

Leverage 4. Debt-to-Equity Ratio	Total Liabilities / Total Equity	0.41:1	0.44:1	0.39:1
Liquidity 5. Current Ratio	Current Assets / Current Liabilities	2.04:1	1.63:1	1.50:1

Trends, Events or Uncertainties

Recent Trends

There were two major policy shifts that shook the market in 2017 – one from Indonesia and the other from the Philippines. At the start of the year, Indonesia announced that it would relax restrictions on the export of unprocessed ores subject to certain conditions. This created uncertainties around supply and temporary weakness in prices. Shortly after, Philippines’ former DENR Secretary Gina Lopez made pronouncements on mine closures and suspensions for half of the country’s nickel producers, which sent prices higher on speculation. Her eventual dismissal in June dragged down the prices, with three-month contracts sliding to US\$8,795 per metric tonne at the London Metal Exchange (LME).

By the third quarter, China implemented regulatory measures for environmental management and financial markets in line with the supply-side structural reform. Specifically, a new round of environmental inspections was announced in August to enforce more stringent environmental standards while also removing excess capacity particularly for steel. In September, Shanghai Futures Exchange tripled transaction fees on nickel futures contract and imposed stricter position limits. These regulatory adjustments have led to price spikes in nickel ore prices.

Meanwhile, nickel laterite ore inventory in major ports in China has been depleting since January 2014 and in April 2017, it dropped to its lowest in 10 years at around 3.1 million WMT. At end-2017, inventory is down by 39% year-on-year, which is an improvement from 2016 and 2015 levels. Following the destocking, nickel prices at the London Metal Exchange (LME) recovered by 9% on average and nickel ore prices at the Shanghai Metals Market rose by 35% from the previous year.

Outlook

Looking into 2018, about 20 million WMT export quotas have been awarded in Indonesia but these are contingent on each company’s progress in investing in smelting capacity—one of the conditions of the partial-lifting of the ban. There is also expectation of increased NPI supply from China and Indonesia. In medium- to long-term, laterite ores are expected to be the main source of pure nickel and new nickel units, as discovery and development of sulphide ores remain underinvested. This is because higher nickel prices are required to incentivize producers to expand existing facilities or look for new additional supply.

Uncertainties

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 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 environmental clearance certificates (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% 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.

On October 21, 2016, the Company received the results of the Mine Audit conducted by the DENR in the CAGA Mines. The DENR provided that “the Company should continue to operate on the following grounds:

- 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 well implemented.

A copy of the Mine Audit Report has been submitted to the SEC.

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.

Capital Expenditures

The Group does not have any outstanding commitment on capital expenditures as of December 31, 2017.

Operational and Financial Requirements

The Group maintains liquid assets in order to meet future operational and financial requirements.

Material Contingencies and Off-Balance Sheet Obligations

The Group is not aware of any significant commitment, guarantee, litigation or contingent liability during the reported period other than those discussed in this report and the audited consolidated financial statements.

Events that will Trigger Direct or Contingent Financial Obligation

The group is not aware of any event that will trigger a direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

OTHER MATTERS

Action with Respect to Reports

The approval of the following will be considered during the Annual Stockholders’ Meeting:

- a. Report of Management for the year 2017; and
- b. Approval of the Audited Financial Statements for the year ended December 31, 2017.

Other Proposed Actions

The following are to be proposed for approval during the stockholders' meeting:

1. Election of the Directors;
2. Appointment of External Auditors; and
3. Appointment of Stock and Transfer Agent.

Voting Procedures

Vote Required

- a. Each share of the common stock outstanding on the record date will be entitled to one (1) vote on all matters.
- b. In the election of directors, the ten (10) nominees with the greatest number of votes will be elected directors. If the number of nominees does not exceed the number of directors to be elected, the Secretary of the meeting, upon motion made, is instructed to cast all votes represented at the meeting in favor of the nominees. However, if the number of nominees exceeds the number of directors to be elected, voting shall be done by ballots. Cumulative voting shall be followed. Slots allotted for independent directors shall be filled only by qualified nominees for independent directors.
- c. For all proposals or matters submitted to a vote, the affirmative vote of stockholders holding at least a majority of the Company's outstanding capital stock present or represented by proxy and entitled to vote shall be necessary. Unless required by law, or the stockholders, the shares are traditionally voted by verbal motion and duly seconded during the meeting. A matter is carried and approved when there is no objection from the floor.
- c. Counting of votes, when necessary, shall be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent auditors and the Company's stock transfer agent.

UNDERTAKING

Upon the written request of the stockholder, the Company undertakes to furnish such stockholder with a copy of SEC Form 17-A free of charge. Such written request for a copy of SEC Form 17-A shall be directed to the Office of the Corporate Secretary, 7th Floor, Corporate Business Centre, 151 Paseo De Roxas cor. Arnaiz Street, Makati City, Metro Manila, Philippines. At the discretion of the management, a charge may be made for exhibits provided such charge is limited to reasonable expenses incurred by the Company in furnishing such exhibits.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati, Metro Manila on **May 23, 2018**.

GLOBAL FERRONICKEL HOLDINGS, INC.

Issuer



EVEART GRACE POMARIN-CLARO
Assistant Corporate Secretary