COVER SHEET

62323

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. formerly MAGNUM HOLDINGS, INC.

(Company's Full Name)

20F THE PEAK TOWER 107 L.P. LEVISTE ST. MAKATI CITY

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

ARSENIO C. CABRERA, JR.

Contact Person

(632) 8137111

Company Telephone Number

12 31

Month *Day*

Fiscal Year

SEC 17-Q1

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

468

Total No. of Stocholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2008**

2. Commission identification number **62323** 3. BIR Tax Identification No **050-000-889-223**

4. Exact name of issuer as specified in its charter **NiHAO MINERAL RESOURCES INTERNATIONAL, INC. formerly Magnum Holdings, Inc.**

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

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

7. Address of issuer's principal office Postal Code

20F The Peak Tower, 107 L. P. Leviste Street, Salcedo Village, Makati City

8. Issuer's telephone number, including area code **(632)-856-20-11**

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

NOT APPLICABLE

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock , ₱1.00 par value	**100,000,000 shares**

*** with pending application with the Philippine Stock Exchange to list all the shares*

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

Yes [**X**] No [ ]

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

Philippine Stock Exchange — Common stock- 85,000,000 shares

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past 90 days.
Yes [ ] No [**X**]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The Company's consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS includes all PFRS, Philippine Accounting Standards (PAS) and interpretation, which have been approved by the Accounting Standards Council (now called Financial Reporting Standards Council or FRSC).

This Financial Statements meeting the requirements of SRC Rule 68, is furnished as specified therein.

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

FINANCIAL PERFORMANCE AND RESULTS OF OPERATION

In view of the fact that the Company's mining claims are still in the exploration stage, no income was booked from mining activities during the first quarter of 2008. Consolidated financial results showed ₱ 64.38 million losses brought about by the following transactions:

1) Acquisition of subsidiaries with deficits amounting to P47.39 million

Pursuant to various Deeds of Absolute Sale executed on January 9, 2008, the Company acquired 100% interest of the following mining companies with deficits

	Company Name	Deficits
a)	Bountiful Geomines, Inc.	P 12,51 Million
b)	Visayas Ore Philippines, Inc.	14.23 Million
c)	Minedomain, Inc.	13.61 Million
d)	Companhia Nube Minerale, Inc.	6.91 Million
e)	Companhia Minera Tierra, Inc.	0.13 Million

2) Expenses covering the mining claims in Botolan, Zambales property amounting to P 8.65 million

These expenses were incurred relative to the various applications for exploration permits, small scale mining permits and temporary mineral land occupation permits in Botolan, Zambales by the Company's Subsidiaries : (a) Mina Tierra Gracia, Inc.; (b) Companhia Minera Tierra, Inc.; (c) Companhia Nube Minerale, Inc.; and (d) Minedomain, Inc.

3) Expenses covering the mining claim in Cagayan de Oro City, Misamis Oriental amounting to P 7.24 million

These are expenses relative to the application for exploration permit of Bountiful Geomines, Inc. (EXPA-000093-X) and small-scale mining permit of Minedomain, Inc. over the property located in Cagayan de Oro City, Misamis Oriental.

4) Company's operating expenses amounting to P 1.12 million

The Company's operating expenses is mostly composed of the office lease payments. The Company has started the lease of its office premises at Suite 2002, The Peak Condominium, 107 L.P. Leviste St., Salcedo Village, Makati City on January 1, 2008 at P68.85 Thousand per month. Other expenses include annual listing fee of P250 Thousand, salaries, professional fees and other expenses.

For Three Months Ended March 31, 2008 compared with Three Months Ended March 31, 2007:

a. In terms of consolidated total assets

The increase in total assets of P101.16 Million was brought about by:

1) Consolidated assets of the following wholly-owned subsidiaries :
   a) Bountiful Geomines, Inc.
   b) Visayas Ore Philippines, Inc.

2) Consolidated assets of the following wholly-owned companies of Mina Tierra Gracia, Inc.
   a) Minedomain, Inc.
   b) Companhia Nube Minerale, Inc.
   c) Companhia Minera Tierra, Inc.

3) Goodwill amounting to P58.47 Million as a result of the acquisition by the Company of Mina Tierra Gracia, Inc. in 2007

4) Rent deposits

b. In terms of consolidated total liabilities, the difference is attributable to the following:

1) Additional advances of P68.062 Million from a stockholder and to fund expenses incurred during the period; and

2) Additional advances of P83.969 Million from Oyez!!! Corporation to acquire 100% interest in the following companies:
   a) Bountiful Geomines, Inc.
   b) Visayas Ore Philippines, Inc.
   c) Minedomain, Inc.
   d) Companhia Nube Minerale, Inc.
   e) Mina Tierra Gracia, Inc,
   f) Companhia Minera Tierra, Inc.

3) Consolidated liabilities of acquired subsidiaries by NiHAO and its wholly owned subsidiary Mina Tierra Gracia, Inc.

c. In terms of capitalization, the SEC has issued a Certificate of Approval of Valuation on the issuance of 14,960,000 common shares subsidized by Oyez!!! Corporation and Mr. Chia Kim Teck by way of debt-to-equity conversion. This results into full subscription of its authorized capital stock of 100Million shares.

Key Performance Factors:

	Consolidated March 2008	Parent March 2007
Net Income (Loss)	(P64,383,474)	(P 9,296,197)
Total Current Assets	33,725,139	86,220
Current Liabilities	169,920,350	14,199,356
Total Liabilities	169,920,350	14,199,356
Stockholders' Equity	(68,676,159)	(14,113,136)
Debt to Equity Ratio	(2.47)	(1.01)
Current Ratio	0.20	0.01
Loss per share (P64,383,474/93,766,667)	P0.69	
(P 9,296,197/85,040,000)		P 0.11

Debt to Equity Ratio:
This ratio is determined by dividing the total liabilities into the total stockholders equity. The ratio measures the leverage on borrowed capital.

Current Ratio:
The ratio is computed by dividing the current assets into the current liabilities. The ratio measures the company's ability to pay maturing obligations.

Loss Per Share:
Loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding.

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

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

ACQUISITION OF SUBSIDIARIES:

On 09 January 2008, the Board of Directors authorized the acceptance of shareholder advances from OYEZ!!! Corporation for the acquisition of Bountiful Geomines, Inc. and Visayas Ore Philippines, Inc. and advances to the Company's wholly-owned subsidiary, Mina Tierra Gracia, Inc. The advances of the Company to Mina Tierra Gracia, Inc. was used by the latter to acquire its subsidiaries, namely, Minedomain, Inc., Companhia Nube Minerale, Inc. and Companhia Minera Tierra, Inc.

1. The Company acquired the following companies with valid and subsisting exploration permit applications (EPAs) with the Mines and Geosciences Bureau (MGB), more particularly described as follows:

    a) Bountiful Geomines, Inc. - EPA-000093-X covering an area of 2,187 hectares at Opol, Manticao Misamis Oriental, and

    b) Visayas Ore Philippines, Inc. – EPA-000077-VI covering an area of 2,374 hectares at Potnongon, Valderama and San Remigio, Antique and EXPA-095-XII in Antipas, North Cotabato covering approximately 11,441 hectares.

    The acquisition by the Company of Bountiful Geomines, Inc. and Visayas Ore Philippines, Inc. were made pursuant to its corporate mission of acquiring, developing and exploring mining claims which includes, among others, nickel interests.

2. The Company's wholly-owned subsidiary Mina Tierra Gracia, Inc. acquired the following mining companies: Minedomain, Inc., Companhia Nube Minerale, Inc. and Companhia Minera Tierra, Inc., Said companies are holders of valid and subsisting permits issued by the Province of Zambales and Misamis Oriental covering approximately five (5) hectares of land each, more particularly described as follows:

    a) Minedomain, Inc. – Temporary Mining Permit no. NI-BTZ-050508-000117 issued on May 6, 2008 by the Province of Zambales and Small Scale Mining Permit No. 2008-006 issued by the Province of Misamis Oriental
    b) Companhia Nube Minerale, Inc. – Temporary Mining Permit No. NI-BTZ-050508-000114 issued on May 6, 2008 by the Province of Zambales
    c) Companhia Minera Tierra, Inc. – Temporary Mining Permit No. NI-BTZ-050508-000116 issued on May 6, 2008 by the Province of Zambales

HEADS OF AGREEMENT

On the same date, the Company's Board of Directors approved the execution of a Heads of Agreement ("HOA") with Geograce Resources Philippines, Inc. ("Geograce"). Pursuant to the HOA, Geograce has been granted the exclusive right to explore, develop and operate various mining tenements which are controlled by the Company or controlled by it through its subsidiaries Mina Tierra Gracia, Inc., Bountiful Geomines, Inc. and Visayas Ore Philippines, Inc.

As of the execution date of the HOA, MTGI has a valid and subsisting exploration permit application (EPAs) over a mining tenement located in Botolan, Zambales (the "Botolan Tenement"). MTGI has also acquired other mining companies, namely, Minedomain, Inc. Nube Minerale, Inc. and Minera Tierra, Inc. which small-scale mining permit applications over their respective mining tenements (the "Small-Scale Mining Tenements"). In turn, Bountiful Geomines, Inc. has a valid and subsisting exploration permit application over a mining tenement located in Opol, Manticao, Misamis Oriental (the "Manticao Tenement"), while Visayas Ore Philippines, Inc. has a valid and subsisting exploration permit application over a mining tenement located in Potnongon, Valderama, and San Remigio, Antique (the "Antique Tenement") (the Botolan Tenement, each of the Small-scale Mining Tenements, the Manticao Tenement and Antique Tenement shall be collectively referred to as the "Mining Tenements").

Geograce's exclusive right to explore, develop and operate any, some or all of the Mining Tenements covered by the HOA shall be conditional upon the fulfillment of the following conditions precedent (a) satisfactory legal and technical due diligence on the Company and the Mining Tenements; (b) satisfactory legal and technical due diligence on Minedomain, Inc., Nube Minerale, Inc. and Minera Tierra, Inc. and their respective Small-scale Mining Companies; (c) satisfactory legal and technical due diligence on MTGI, Bountiful Geomines and Visayas Ore and their respective mining tenements, and the Small-Scale Mining Permits for the Small-Scale Mining Companies; and (d) the approval of the terms and conditions of the Operating Agreements for any, some or all of the mining tenements by the appropriate regulatory agencies.

Subject to compliance with applicable laws, the parties intend to execute the necessary Operating Agreements within sixty (60) days from the date the Exploration Permits and/or Small Scale Mining Permits are secured for the various mining tenements covered by the HOA. Subject to such other terms and conditions as may be agreed upon by the parties in the Operating Agreement. The Company and Geograce agree to share equally in the net profits and operating expenses arising from or relating to the operation of the concerned mining tenements covered by the HOA.

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

EXPLORATION PERMIT

On 20 February 2008, the Mines and Geosciences Bureau ("MGB") of the Department of Environmental and Natural Resources ("DENR") issued an Exploration Permit ("EP") denominated as EP-001-2008-III for the Botolan Mining Claim.

The EP was issued in the name of Saprolite Mining, Inc., the original applicant. Saprolite Mining, Inc. filed its initial Exploration Permit Application for the Botolan Mining Rights on January 10, 2007. On July 31, 2007, a Deed of Assignment was entered into by and between Saprolite Mining, Inc, and Mina Tierra Gracia, Inc. whereby Saprolite Mining, Inc. assigned its rights and interests in the Botolan Mining Claim to Mina Tierra Gracia, Inc. The Company, through Mina Tierra Gracia, Inc. is now in the process of completing the requirements for registration of the Deed of Assignment of the Botolan Mining Claim with the MGB.

The Company's Botolan Mining Claim covers approximately 5,081.6408 hectares of prospective nickel sites located in the town of Botolan, Zambales. Approximately 2,020 hectares were excised by the MGB from the original Exploration Permit Application which covered 7,107 hectares.

STOCK RIGHTS OFFERING

The Company has a pending application with the Philippine Stock Exchange, Inc, ("PSE") to list up to 500,000,000 common shares to cover its proposed 5:1 Stock Rights Offering ("the Offer") at an offer price of P1.00 per share to existing shareholders as of a record date to be determined upon approval by the PSE. These shares shall come from the increase in authorized capital stock of the Company from P100 million to P2 billion.

The Company has appointed AB Capital and Investment Corporation as issue manager and underwriter for the Offer. The Company shall file a Registration Statement for the necessary registration of the Offer and the Offer shares with the Securities and Exchange Commission ("SEC").

The net proceeds from the Offer will be utilized for the Company's exploration program, mine operations, project development for additional working capital.

MANAGEMENT PLAN OF OPERATIONS

NIHAO, through its wholly-owned subsidiaries, Mina Tierra Gracia, Inc., Bountiful Geomines, Inc. and Visayas Ore Philippines, Inc., expects to further explore, develop and operate its nickel property in Botolan, Zambales ("the Botolan Mining Rights"); Manticao, Misamis Oriental ("the Manticao Mining Rights"); Patnongon, Valderama and San Remigio, Antique ("the Antique Mining Rights"); and Antipas, North Cotobato ("the Cotobato Mining Rights") for the next twenty-four (24) months.

The Botolan Mining Rights of MINA TIERRA GRACIA, INC.
EP-001-2008-III
5,081 has.

From previous exploration activities done by Mina Tierra Gracia, Inc. on its Botolan Mining Rights, approximately 627 hectares has been covered by 200m, 100 m and 50m-grid test pitting and drilling. 288 hectares has been defined by 50-m grid test pitting. At a cut-off grade of 1.2%, there is a resource estimate of 1.26 million tons of ore at 1.38% Ni.

For the next 24 months, exploration activities will involve:

- 25-m grid drilling and trenching in the 288 hectares;
- Progressively closer spaced test pitting/drilling in the remainder of the 627 hectares, until a 25-m grid is defined and drilled.
- Calculation of measured resource for the 627 hectares
- Reconnaissance mapping, geochemical sampling, wide spaced test pitting of the remainder of the 5,081 hectares
- Definition of other potential areas within the EP
- Wide spaced (400 m) grid drilling in the promising areas, progressively narrowing down to 25-m grid, until a measured resource is defined.

The Mining Rights of VISAYAS ORE PHILIPPINES, INC.
Antique Mining Rights
EXPA-000077-VI
2374.3125 has.

North Cotobato Mining Rights
EXPA-095-XII
11,441.25 has.

The Company, through its subsidiary, Visayas Ore Philippines, Inc., intends to commence its nickel laterite and, possibly, chromite exploration in its EPA areas in Antique and North Cotobato within the next 24 months. Criteria for the delineation of the areas of interest include rock type, degree of laterite development, indicative nickel grades, topography, accessibility and peace and order situation.

Phase 1 of the program will involve regional mapping, soil geochemistry and initial wide-spaced test pitting in gentle to moderately sloping terrain. Areas with not more than 30% gradient will be delineated using digital terrain modeling. Samples will be sent to the company laboratory for analysis of nickel (Ni), iron (Fe) and cobalt (Co). Favorable areas of mineralization will be delineated. Two months (2) will be allotted for this endeavor.

Phase 2 will involve follow-up surveys in potential areas defined from Phase 1. A 400 m grid will be laid out using compass and GPS/tape to locate the grid stations. Mapping, test pitting and initial drilling at these stations are the main activities for this program. For QA/QC purposes, a duplicate sample in every batch of 20 (5%) will be collected for check laboratory analysis. Areas with good nickel grades will be defined. An initial inferred resource may be estimated. Phase 2 will take 3-4 months to complete

Phase 3 will involve closer spaced test pitting and drilling at 200-m grid. The same techniques as in Phase 2 will be employed. Another 3-4 working months will be devoted to this phase.

Allowing some time for legal and community issues as well as delays due to weather problems, the Company anticipates a full year will be spent on the foregoing activities.

The second year will involve more intensive test pitting and drilling. Sampling grids will progressively narrow from 100 m to 50m and, ultimately, 25 m. Such activity will result in the definition of inferred, indicated and measured resources, respectively. A full year will be devoted to this activity.

The Manticao Mining Rights of BOUNTIFUL GEOMINES, INC.
EPA-000093-X
2187 hectares

A detailed drilling program was conducted within the Manticao property of Bountiful Geomines Inc. covering an area of approximately 160 hectares. A 14-hectare block was drilled at a 25 m grid spacing and the rest of the area, at 50-m grid. A total of 344 holes were accomplished, with an aggregate drill length of 3,551 m, for an average depth of 10.32 m/hole.

Bountiful Geomines, Inc. is targeting a small-scale operation to commence mine production in May 2008.

Further exploration within the 160-hectare drilled area will consist of delineating the more promising areas for further drilling at 25 m grid.

Bountiful Geomines, Inc. will also map the rest of the 2,187 hectares to identify more promising drilling targets this year. It also aims to fully or partially acquire propriety of adjoining mineral tenements that are believed to contain significant nickel laterite ore.

b) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

c) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

d) Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

The Company has a pending application with the Philippine Stock Exchange, Inc, ("PSE") to list up to 500,000,000 common shares to cover its proposed 5:1 Stock Rights Offering ("the Offer") at an offer price of P1.00 per share to existing shareholders as of a record date to be determined upon approval by the PSE. These shares shall come from the increase in authorized capital stock of the Company from P100 million to P2 billion.

The net proceeds from the Offer will be utilized for the Company's exploration program, mine operations, project development and for additional working capital.

e) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's financial statements.

f) There is no significant element of income or loss that did not arise from the issuer's continuing operations:

g) The causes for any material change from period to period which shall include vertical and horizontal analysis of any material item:

The increase on deficit is due to uncontrollable expenses to keep the company an on-going concern, plus expenses incurred at Botolan, Zambales and Cagayan De Oro, Misamis Oriental and other expenses relative to the proposed increase in authorized capital stock from P100M to P2B.

The advances made by the Company to fund the various expenses and acquisition of subsidiaries increase the Advances to Stockholders account from March 2007 to March 2008. Acquisition costs of mining companies are as follows:

a)	Mina Tierra Gracia, Inc.	P 61.469 Million
b)	Visayas Ore Philippines, Inc.	2.500 Million
c)	Bountiful Geomines, Inc.	12.500 Million
d)	Minedomain, Inc.	2.500 Million
e)	Companhia Minera Tierra, Inc.	2.500 Million
f)	Companhia Nube Minerale, Inc.	2.500 Million
	Total Investment	P 83.969 Million

PART II--OTHER INFORMATION

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

NOT APPLICABLE

SIGNATURES

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

Signature/Date:

DAVID ATIENZA President	**JERRY C. ANGPING** Treasurer / Director/ Compliance Officer
Date signed: 5/20/08	Date signed: 5/20/08

NIHAO MINERAL RESOURCES INTERNATIONAL, INC.
INDEX TO FINANCIAL STATEMENTS

FORM 17-Q, Item 1

Consolidated Financial Statements

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. & SUBSIDIARIES
BALANCE SHEETS

		Unaudited Consolidated Mar. 31, 2008		Audited Consolidated December 31, 2007
ASSETS				
Current Assets				
Cash and cash equivalents	₱	11,175,626	₱	3,818,121
Accounts receivable - net (Note 8)		21,910,795		4,802,227
Other current assets		638,717		134,475
Total Current Assets		33,725,139		8,754,823
Noncurret Assets				
Property and Equipment - net (Notes 10)		8,768,917		442,500
Goodwill		58,469,586		58,469,586
Other Assets		280,550		
Total Noncurrent Assets		67,519,053		58,912,086
	₱	101,244,191	₱	67,666,909
LIABILITIES & STOCKHOLDERS' EQUITY				
Liabilities				
Accounts payable and other current liabilities (Note 11	₱	24,724,524	₱	887,708
Other current Liabilities		3,690,000		
Payable to Stockholder and Affiliates		141,505,826		71,071,886
Total Liabilities		169,920,350		71,959,594
Stocholder's Equity				
Capital Stock - P1 par value				
Authorized - 100,000,000 shares				
Issued - 100,000,000 shares		100,000,000		100,000,000
Additional Paid-In Capital		271,465		271,465
Deficit		(168,947,624)		(104,564,150)
Total Stockholders' Equity		(68,676,159)		(4,292,685)
	₱	101,244,191	₱	67,666,909

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. & SUBSIDIARIES
STATEMENTS OF INCOME
(Unaudited)

		Consolidated Jan 1 to March 31, 2008 (Three Months)		Parent Jan 1 to March 31, 2007 (Three Months)
REVENUES				
Interest Income	₱	14,758	₱	
EXPENSES		17,010,424		9,296,197
INCOME (LOSS) BEFORE OTHER LOSSES		(16,995,666)		(9,296,197)
LOSS ON ACQUISITION OF SUBSIDIARIES		47,387,808		-
NET INCOME (LOSS)	₱	(64,383,474)	₱	(9,296,197)
WEIGHTED AVE. NUMBER OF COMMON SHARES		93,766,667		85,040,000
Loss Per Share		(0.69)		(0.11)

Note: No dividends declared during the period

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

		Unaudited Consolidated March 31, 2008		Audited Consolidated December 31, 2007		Unaudited Parent March 31, 2007		Audited Parent December 31, 2006
CAPITAL STOCK - P 1 par value								
Authorized - 100,000,000 shares								
Issued - 100,000,000 shares	₱	100,000,000	₱	100,000,000	₱	85,040,000	₱	85,040,000
Additional Paid - in Capital		271,465		271,465		190,000		190,000
		100,271,465	₱	100,271,465	₱	85,230,000	₱	85,230,000
DEFICIT								
Balance at beginning of period		104,564,150		90,046,939		90,046,939		89,126,231
Net Income (loss)		(64,383,474)		(14,517,211)		(9,296,197)		(920,708)
Balance at end of period		168,947,624		104,564,150		99,343,136		90,046,939
STOCKHOLDERS' EQUITY, END	₱	(68,676,159)	₱	(4,292,685)	₱	(14,113,136)	₱	(4,816,939)

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. & SUBSIDIARIES
STATEMENT OF CASH FLOWS
(Unaudited)

		Consolidated January 1 to March 31, 2008 (Three Months)		Parent January 1 to March 31, 2007 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	₱	(64,383,474)	₱	(9,296,197)
Adjustment to reconcile net loss to net cash provided by operating activities				
Depreciation and amortization		472,905		
Changes in operating assets and liabilities				
Decrease (increase) in :				
Accounts receivable		(17,108,568)		(420)
Other current assets		(504,242)		(31,800)
Increase (decrease) in :				
Accounts payable and accrued expenses		23,836,816		(5,600)
Other Current Liability		3,690,000		-
Net cash provided by operating activities		(53,996,563)		(9,334,017)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment and advances				
Disposals (acquisitions) of property and equipment		(8,799,322)		
Decrease (increase) in other assets		(280,550)		
Net cash used in investing activities		(9,079,872)		-
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank loans				
Payables to stockholders and affiliates		70,433,940		9,334,017
Long-term borrowings				
Net cash provided by (used in) financing activities		70,433,940		9,334,017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		7,357,505		-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		3,818,121		14,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱	11,175,626	₱	14,000

NiHAO MINERAL RESOURCES INTERNATIONAL, INC.
AND SUBSIDIARIES

(Formerly Magnum Holdings, Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

NiHAO Mineral Resources International, Inc. (the parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on July 9, 1975 under SEC Reg. No 62323. It currently holds office at 20th floor The Peak, 107 L. P.Leviste Street, Salcedo Village, Makati City.

The Company's primary purpose is to carry on the business of mining, milling, concentrating, converting, smelting, preparing for market, manufacturing, buying, selling, exchanging, and otherwise producing and dealing in gold, silver, copper, lead, and all kinds of ores, metal, minerals and by-products.

The consolidated financial statements of the Company and subsidiaries for the quarter ending March 31, 2008 comprise the Parent and its wholly owned subsidiaries:

Company	Percent of Holding	Activities
Mina Tierra Gracia, Inc. Incorporated in June 6, 2007	100.00%	Mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in gold, silver, copper, lead and all kinds of ores, metals, minerals and by-products
Visayas Ore Philippines, Inc. Incorporated on Oct. 31, 2006	100.00%	
Bountiful Geomines, Inc. Incorporated on Sept. 14, 2007	100.00%	

Consolidated Financial Statements of Mina Tierra Gracia, Inc. includes the following wholly owned subsidiaries:

Company	Percent of Holding	Activities
Companhia Minera Tierra, Inc. Incorporated in June 18, 2007	100.00%	Mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in gold, silver, copper, lead and all kinds of ores, metals, minerals and by-products
Minedomain, Inc. Incorporated on Oct. 25, 2006	100.00%	
Companhia Nube Minerale, Inc. Incorporated in June 18, 2007	100.00%	

2. Basis of preparation

The accompanying consolidated financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and certain derivative financial instruments that have been measured at fair value.

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS includes all PFRS, Philippine Accounting Standards (PAS) and interpretation, which have been approved by the Accounting Standards Council (now called Financial Reporting Standards Council or FRSC).

Use of estimates and judgments

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Actual results may ultimately differ from these estimates.

Basis of consolidation

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany transactions and balances are eliminated in consolidation.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company and its subsidiary obtain control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiary are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination, after reassessment, is recognized in the consolidated statements of income on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not wholly owned and are presented separately in the consolidated statements of income and consolidated statements of changes in equity and within equity in the consolidated balances sheets, separately from the Company's equity.

Subsidiary

Subsidiary is an entity that is controlled by the Parent Company. Control exits when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements of the Company from the date that control commences, being the date of acquisition, until the date that control ceases.

Functional and presentation currency

Items include in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the Philippine peso). The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency.

Changes in accounting policies

The accounting policies adopted are consistent with the previous financial years, except as follows:

Standards, amendments and interpretations effective 2006 and onwards.

The Company has adopted the following amendments to PFRS and Philippine Interpretations [based on interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC)], during the year. Adoption of these amendments to PFRS and Philippine Interpretations did not have any effect on the financial statements of the Company. They did, however, give rise to additional disclosure.

- Amendments to Philippine Accounting Standard (PAS) 19, Employee Benefits, provided additional option to recognize all actuarial gains and losses immediately outside of profit or loss (i.e., in equity). If the new option is adopted, actuarial gains and losses are presented in a statement of changes in equity titled "Statement of Recognized Income and Expenses".

- Amendments to PAS 39, Financial Instruments: Recognition and Measurement -Amendment for Financial Guarantee Contracts, amended the scope of PAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognized initially at fair value and to be remeasured at the higher of the amount determined in accordance with PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with PAS 18, Revenue.

- Amendments to PAS 39, Financial Instruments: Recognition and Measurement -Amendment for Hedges of Forecast Intragroup Transactions, amended the scope of PAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the statement of income.

- Amendments to PAS 39, Financial Instruments: Recognition and Measurement -Fair Value Option, amended the scope of PAS 39 to restrict the use of the option to designate any financial asset or any financial liability to be measured at fair value through the statement of income.

- Philippine Interpretation IFRIC 4, Determining Whether an Arrangement Contains a Lease, provided guidance in determining whether arrangements contain a lease to which lease accounting must be applied.

Adoption of the revised accounting standards and interpretation did not result to the restatement of prior year's financial statements.

Standards, amendments and interpretations effective 2007 and onwards.

The following are the new and revised accounting standards and Philippine Interpretations effective to the Company beginning year 2007 and onwards. The revised disclosures provided by these standards and Interpretations are included in the financial statements of the Company for the year 2007.

- PFRS 7, Financial Instruments: Disclosures, and the complementary amendments to PAS 1, Presentation of Financial Statements: Capital Disclosures (effective for annual periods beginning on or after January 1, 2007), introduce new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, as well as sensitivity analysis to market risk. The amendments to PAS 1 introduce disclosures about the level of an entity's capital and how it manages capital.

- PFRS 8, Operating Segments (effective for annual periods beginning on or after January 1, 2009), requires a management approach to reporting segment information. PFRS 8 will replace PAS 14, Segment Reporting, and is required to be adopted only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the Philippine SEC for purposes of issuing any class of instrument in a public market.

- Philippine Interpretation IFRIC 8, Scope of PFRS 2 (effective for annual periods beginning on or after May 1, 2006), requires PFRS 2, Share-based Payments, to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value.

- Philippine Interpretation IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after June 1, 2006), establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows.

- Philippine Interpretation IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after November 1, 2006), prohibits the reversal of impairment losses on goodwill and available-for-sale equity investments recognized in the interim financial reports even if impairment is no longer present at the annual balance sheet date.

- Philippine Interpretation IFRIC 11, PFRS 2 -Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007), requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g., treasury shares) from another party, or (b) the shareholders of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when the subsidiary's employees receive rights to the equity instruments of the parent.

- Philippine Interpretation IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008), covers contractual arrangements arising from private entities providing public services.

The following are new IFRIC Interpretations that have been approved as of July 23, 2007 by the IFRIC:

- IFRIC Interpretation 13, Customer Loyalty Programmes (effective for annual reporting periods beginning on or after July 1, 2008) which prescribes that loyalty awards are accounted for as a separate component of the sales transaction in which they are granted, in accordance with IAS 18, Revenue. Under the Interpretation, a portion of fair value of the consideration received is allocated to the loyalty award credits and is deferred until the awards are redeemed. The Interpretation also requires that an entity must apply judgment in determining the appropriate method of measuring award credits and the other components of the sale.

- IFRIC Interpretation 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual reporting periods beginning on or after January 1, 2008) which provides that the asset ceiling test under IAS 19, Employee Benefits, limits the measurement of the net pension asset in respect of a defined benefit plan at the balance sheet date to the total of 1) any cumulative unrecognized net actuarial losses and past service costs and 2) the present value of any economic benefits that will be "available to the employer" in the form of refunds from the plan or reduction in future contributions to the plan. The Interpretation specifies that so long as refunds from the plan will be realizable at some point during the life of the plan or at a final settlement, they will be considered to be "available to the employer" at the balance sheet date, regardless of whether or not the entity intends to settle the plan. The Interpretation further clarifies that the entity controls the asset only if there is an unconditional right to the refund. The Interpretation also prescribes how the following are determined: 1) economic benefits available as a reduction in future contributions 2) how the availability of reductions in future contributions is affected by a minimum funding requirement and 3) when a minimum funding requirement may give rise to a liability.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue and expense recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Cost and expenses are charged to operation when incurred.

Interest income from bank deposits are recognized when it is determined that such income will accrue to the Company and is presented gross of applicable tax withheld by the banks.

Cash and cash equivalents

The Company's cash account represents cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and that are subject to an insignificant risk of change in value, and bank overdrafts which are presented in the current liabilities of the balance sheet. As of December 31, 2007, the Company has money market placement with a term of less than three months and qualified as cash equivalent.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the investee at the date of acquisition which is not identifiable to specific assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently, if events of changes in circumstances indicate that the carrying value may be impaired.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the costs of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

Financial instruments

Date of recognition of financial assets and liabilities
The Company recognizes financial assets or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial asset that require delivery of asset within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition financial instruments
Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). The fair values of the consideration given or received are determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit or loss, includes transaction costs.

Determination of fair value
The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking price are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exists, options pricing models, and other relevant valuation model.

Financial assets at fair value through profit or loss (FVPL)
Financial assets at FVPL includes financial assets held for trading and financial assets designated upon recognition as at FVPL.

Financial assets are classified as held for trading if they are acquired for the purpose of selling it in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contract. Gains or losses on investments held for trading are recognized in the statement of income

Financial assets maybe designated at initial recognition as at FVPL if the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are party of a group of financial assets which are manage and their performance evaluated on a fair value basis, in accordance with a document risk management or investment strategy, or
- The financial instrument contains an embedded derivative that would need to9 be separately recorded.

As of March 31, 2008, 2007 and 2006, the Company has no exposure on financial assets at FVPL.

Held-to-maturity investment (HTM)
Held-to-maturity investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity. Where the Company sell other than insignificant amount of HTM investments, the entire category would be tainted and classified as available-for-sale securities. After the initial measurement, these investments are measured at amortized cost using effective interest rate method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The amortization is included in interest income in the statement of income. Gains and losses are recognized in income when the HTM investments are derecognized and impaired, as well as through the amortization process. The losses arising from impairment of such investments are recognized in the statement of income. The effects of restatement on foreign currency denominated HTM investments are recognized in the statement of income.

As of March 31, 2008, 2007 and 2006, the Company has no exposure on HTM investments.

Receivables
Receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial assets at FVPL.

After initial measurement, the loans and receivable are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The amortization is included in interest income in the statement of income. The losses arising from impairment of such loans and receivable are recognized in the statement of income.

Available-for-sale investments (AFS)
AFS investments are those which are designated as such or do not qualify to be classified as investment at FVPL, HTM, or loans and receivables. They are purchase and held indefinitely, and maybe sold in response to liquidity requirements or changes in market conditions AFS investments includes equity investments.

Available for sale securities are non-derivative financial assets and are valued at fair market value. Any unrealized gains or losses on this account are included directly in equity.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in statement of income. Where the Company holds more than one investment in the same security, these are deemed to be disposed of on a first-in, first-out basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding AFS investments are recognized in the statement of income when the right of the payment has been established. The losses arising from impairment of such investment are recognized in the statement of income.

As of March 31, 2008, 2007 and 2006, the Company has no exposure on AFS investments.

<u>Derecognition of financial assets and liabilities</u>

Financial asset
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized where:

- The right to receive cash flows from the asset have been expired;
- The Company retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full or in without material delay to a third party under a 'pass through' arrangement; or
- The company has transferred its rights to receive cash flows from the assets and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be repaid

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

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

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic condition that correlate with defaults.

Offsetting financial instruments

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

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and allowance for impairment loss. When assets are sold or retired, their accumulated depreciation and any allowance for impairment loss is eliminated from the accounts and any gain or loss resulting from the disposal is included in the statement of income. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets:

The initial cost of property and equipment comprises its purchase price, including import duties and taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

The cost of maintenance and minor repairs is charged to operations as incurred; significant renewals and betterments are capitalized when it is probable that future economic benefits in excess of the original assessed standards of performance of the existing asset will flow to the company. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization is removed from the accounts, and any resulting gain or loss is credited or charged to income.

The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Provisions

Provisions are recognized when, and only when, the Company has the present obligation (legal or constructive) as a result of past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current bets estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a asset but only when the reimbursement is virtually certain.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying the economic benefit is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefit is probable.

Mining exploration and development cost

Expenditures for mine exploration work prior to drilling are charged to operations. Expenditures for the acquisition of property rights and expenditures subsequent to drilling and development cost are deferred. When the exploration work and project development results are positive, these costs and subsequent mine development cost are capitalized and carried under mining exploration and development cost until the start of commercial operations when such cost are transferred to property, plant and equipment. When the results are determined to be negative or not commercially viable, the accumulated costs are written off.

Related party and related party transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the balance sheet date.

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

Deferred income tax liabilities are recognized for all deductible temporary differences, carryforward benefit of unused tax credits (minimum corporate income tax or MCIT) and unused tax losses (net operating loss carry over or NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefit of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or settled, based on tax rate (and tax laws) that has been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added tax
Revenues, expenses and assets are recognized net of the amount of value-added tax except:

- Where the value-added tax incurred on a purchase of assets or services are not recoverable from the taxation authority, in which case the value-added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

Related entities and related party transactions

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

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

Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible preferred shares and bonds and other stock equivalents.

As of March 31, 2008, 2007 and 2006, there were no outstanding convertible preferred shares and bonds and other stock equivalents, hence, the basic and diluted loss per share are the same.

4. Going concern uncertainties

The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern. However, the following factors, among others, indicate that the Company may not be able to continue as a going concern:

- The Company incurred losses of P64,383,474, P14,517,211 and P9,296,197 and capital deficiency of P68,676,159, P4,292,685 and P 14,113,136 for the period ended March 31, 2008, December 31, 2007 and March 31, 2007 respectively, as shown in its financial statements.

5. Significant accounting judgments and estimates

PAS 1, *Presentation of Financial Statements*, requires disclosures about key sources of estimation uncertainty and judgments that management has made in the process of applying accounting policies. The following presents a summary of these significant estimates and judgments:

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

Financial assets and liabilities
The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Receivables, loans, payable and accrued expenses
The historical cost carrying amounts of receivables, advances, accounts payable and accrued expenses, which are all subject to normal credit terms, approximate their fair values.

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

Estimated allowance for impairment losses on receivables
The Company evaluates the possibility of losses that may arise out of the non-collection of receivables based on a certain percentage of the outstanding balance of receivable and on an evaluation of the current status of the account. However, as of March 31, 2007, no allowance for impairment losses was provided for, as the management believes that the receivables accounts are deemed fully collectible.

Asset impairment
The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

Recoverability of mining exploration and project development costs
Mineral property acquisition costs are capitalized until the viability of the mineral interest is determined. Exploration, evaluation and pre-feasibility cost are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration cost and the cost incurred to develop the property are capitalized. The Group reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts,

Estimating mineral reserves and resources
Mineral reserves and resources estimates for development projects are, to a large extent, based on the interpretation of the geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cost based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating

costs, estimated climatic conditions and other factors. Proven reserves estimates are attributed to future development projects only where there is significant commitment to project funding and execution and for which applicable government and regulatory approvals have been secured or reasonably certain to be secured.

All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and production activities of from changes in economic factors, including product prices, contact terms or development plans.

Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions.

Deferred tax assets
The Company reviews the carrying amount of deferred income taxes at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However there is no assurance that the company will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Company looks at its project performance in assessing the sufficiency of future taxable income.

6. Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk Management Framework
This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the risk management framework. The Board has delegated to the senior management the responsibility for developing and monitoring Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The senior management is responsible for monitoring compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's senior management is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported in the Company's senior management.

Credit risk
The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the statement of condition date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Company portfolio, could result in losses that are different

from those provided for at the statement of condition date. Management therefore carefully manages its exposure to credit risk.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical locations and exposures to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product and industry sector are approved regularly by the senior management or BOD depending on the amounts involved.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. Potential loss from credit risk is also minimized by obtaining collateral and corporate and personal guarantees.

Similarly, the Company manages credit risk through a continuing review of credit policies, system and procedures. The Company monitors receivable balances on a regular basis to ensure timely execution of necessary intervention efforts. The Company also establishes credit limits at the level of the individual borrower, corporate relationship and industry sector.

Concentration of credit
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company performance to developments affecting a particular industry or geographic location.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios. All liquidity policies and procedures are subject to review and approval by senior management.

The key measure used by the Company for managing liquidity risk is the net liquidity gaps between assets and liabilities as to maturity. The details of the reported net liquidity gaps at the reporting date are shown below:

March 31, 2008

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	over 5 years	Total
Assets						
Cash	P 11,175,626	P -	P -	P	P	P 11,175,626
Accounts receivables	21,910,795	-	-	-	-	21,910,795
	33,086,421	-	-	-	-	33,086,421
Liabilities						
Accounts payable and accrued expenses	24,724,524	-	-	-	-	- 24,724,524
Advances from shareholders and affiliates	-	-	141,505,826	-	-	141,505,826
	24,724,524	-	141,505,826	-	-	166,230,350
Net liquidity gap	P 8,361,897	P -	P (141,505,826)	P -	P -	P (133,143,929)

December 31, 2007	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	over 5 years	Total
Assets						
Cash	P 3,818,121	P -	P -	P -	P	P 3,818,121
Accounts receivable	4,802,227	-	-	-	-	4,802,227
	8,620,348	-	-	-	-	8,620,348
Liabilities						
Accounts payable and accrued expenses	887,708	-	-	-	-	887,708
Advances from shareholders and affiliates	-	-	71,071,886		-	71,071,886
	887,708	-	71,071,886	-	-	71,959,594
Net liquidity gap	P 7,732,640	P -	P (71,071,886)	P -	P -	P (63,339,246)

Market Risk
Market risk is the potential loss that may arise from decrease earnings due to declining price or present value of cash flows of a financial instrument. The value of these financial instruments may change as a result of changes in interest rate, foreign exchange rate, and other market changes. The Company's market risk originates from its inventory of foreign exchange and debt securities.

The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return on risk.

Interest Rate Risk
The Company follows a prudent policy on managing its resources and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

The method by which the Company measures the sensitivity of its assets and liabilities to interest rate fluctuations is by way of regular monitoring of the average weighted cost of funds of the Company. It should be noted that the Company is in a liquid position and funds its risk assets with internally generated funds.

Foreign Exchange Risk
Foreign exchange risk arises on financial instruments that are not denominated in a foreign currency other than the functional currency in which they are measured.

Financial assets and financing facilities extended to the Company were mainly denominated in Philippine Peso. As such, the Company's foreign currency risk is minimal.

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management of the Company. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

7. Cash and cash equivalents

This account consists of the following:

		March 31, 2008		Dec. 31, 2007
Cash				
Cash in bank	**P**	**11,175,626**	P	790,835
Cash equivalent				
Money market placement				3,027,286
Total	**P**	**11,175,626**	P	3,818,121

8. Receivables

This account consists of:

		March 31, 2008		Dec. 31, 2007
Receivable from				
Officers and employees (subject to liquidation)	**P**	**3,188,019**		4,802,227
Suppliers		**18,642,002**		
Others		**80,774**		
	P	**21,910,795**	P	4,802,227

9. Related party transactions

Below shows the confirmed balances of related party transactions:

		March 31, 2008		Dec. 31, 2007
Advances from:				
Shareholders and affiliates	**P**	**141,505,826**	P	71,071,886

Advances from shareholders and affiliates represents accommodation from the shareholders and affiliated companies to augment the Company's working capital.

10. Property and equipment

This account consists of

	Project Site Assets	Transportation Eqpt	Drilling Eqpt	Laboratory Eqpt.	Total
Cost					
Balance as at December 31, 2007	P -		P 450,000		P 450,000
Additions	2,139,995	1,100,000		5,559,327	8,799,322
Balance, March 31, 2008	P 2,139,995	P 1,100,000	P 450,000	P 5,559,327	P9,249,322
Accumulated Depreciation					
Balance as at December 31, 2007	P -		P 7,500		P 7,500
Additions	217,595	67,667	22,500	165,144	472,905
Balance, March 31, 2008	P 217,595	P 67,667	P 30,000	P 165,144	P 480,405

11. Accounts payable and accrued expenses

The account at December 31 consists of the following:

	March 31, 2008	Dec. 31, 2007
Accounts payable	**P 1,224,524**	P 860,762
Accrued expenses	**23,500,000**	26,946
Total	**P 24,724,524**	P 887,708

12. Loss per share

Computation of basic and diluted loss per share is shown below.

	March 31, 2008	Dec. 31, 2007
Net loss for the year	**P 64,383,474**	P 14,517,211
Weighted average outstanding common shares	**93,766,667**	90,026,667
Basic and diluted loss per share	**P 0.687**	P 0.161

There were no outstanding convertible preferred shares and bonds and other stock equivalents as of March 31, 2008 and December 31, 2007, hence, the basic and diluted loss per share are the same.

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. & SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE

	Current	1-30 days	31-60 days	Over 60 days	Total
Advances to Officers and Employees	997,654	309,585	291,431	1,589,348	3,188,019
Advances to Suppliers	17,320,358	1,261,144		60,500	18,642,002
Others				80,774	80,774
	18,318,013	1,570,729	291,431	1,730,622	21,910,795