COVER SHEET

6 2 3 2 3

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. AND SUBSIDIARIES

(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.	(632) 8137111
Contact Person	Company Telephone Number

12	31	SEC 17Q1-2010		
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

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, 2010**

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.**

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	**2,000,000,000 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- 600,000,000 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).

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

Since the first quarter of 2009, NiHAO Mineral Resources International, Inc. (the "Company") and subsidiaries (the "Group") temporarily suspended their exploration and small-scale mining operations due to the declining nickel prices and poor economic conditions. Further, the Group's mining claims are still in the exploration stage where no income can be generated. As a result, consolidated financial losses amounting to ₱ 1.8 million were recorded for the first quarter ending 31 March 2010. The operating expenses amounting to almost P3 million were partly compensated by interest earned from trust account and money market placements of the proceeds from the recent stock rights offer ("SRO").

Total liabilities as of 31 March 2010 substantially dropped to an amount of P3.9 million from P211.9 million recorded during the same period last year due to settlements of advances from related parties made from December 2009 up to March 2010. These settlement of advances from related parties were made in accordance with the work program on the use of proceeds from the Company's SRO .

Total consolidated assets stood at P358.1 million from P 128.1 million as of 31 March 2009.

Total deficits amounted to P246.0 million from P 184.0 million as of 31 March 2009.

March 31, 2010 as compared with March 31, 2009

a. Decrease in Losses

As of 31 March 2010, the Company recognized losses amounting to P1.8 million, which was almost half of the losses recorded as of 31 March 2009 of P3.1 million. This significant improvement in the Company's losses was attributable mainly to the interest income earned from trust accounts and money market placements of proceeds from the SRO.

b. Increase in Total Assets :

Total consolidated assets as of the end of the first three months of 2010 were recorded at P358.1 million, while total assets as of the same period last year amounted to only P128.1 million. The substantial increase was due to the cash proceeds raised from 5:1 stock rights offering of the Company conducted in October 2009.

c. Decrease in Total Liabilities:

Total liabilities decreased by almost P208 million due to settlements made to various advances from stockholders and accrued expenses in accordance with the work program on the use of proceeds from the SRO.

d. Increase in Total Stockholders' Equity:

Because of the SRO conducted by the Company in October 2009, total stockholders' equity was reversed from a negative stockholders' equity of P83.7 million last year to a positive stockholders' equity of P354.2 million for the first quarter of 2010

Key Performance Factors:

	March 2010	March 2009
Net Income (Loss)	(P 1,806,708)	(P 3,135,361)
Total Current Assets	233,404,844	20,923,199
Current Liabilities	3,873,562	211,859,648
Total Liabilities	3,873,562	211,859,648
Stockholders' Equity	354,224,468	(83,714,361)
Debt to Equity Ratio	0.01	(2.53)
Current Ratio		
(P 233,404,844 / 3,873,562)	60.26	
(P 20,923,199 / 211,859,648)		0.10
Loss per share		
(P 1,806,708/ 600,000,000)	P0.003	
(P 3,135,361/ 100,000,000)		P 0.03

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.

INVESTMENT IN SHARES OF STOCKS

30% Equity in Oriental Vision Mining Philippines, Inc.

On March 24, 2010, the Company acquired from various stockholders thirty percent (30%) equity interest in the privately-held mining operator Oriental Vision Mining Philippines Corporation ("ORVI"). NiHAO paid Three Million Pesos (P 3,000,000.00) as full payment of purchase of 3,000 shares of ORVI valued at its par of P 1,000 per share. A downpayment of Thirty Million Pesos (P30,000,000.00) for the subscription of additional 60,000 shares from current ORVI shareholders for a purchase price of Sixty Million Pesos (P60,000,000.00) was made. The balance of Thirty Million Pesos (P 30,000,000.00) will be paid on Closing Date which shall take place within five (5) days from the approval of the SEC of the amendment of the Articles of Incorporation of ORVI increasing the authorized capital stock to Four Hundred Million Pesos (P 400,000,000.00)

In addition, NiHAO has agreed to extend shareholder advances in favor of ORVI for the purpose of funding the existing mining projects of ORVI, which shareholder advances are payable either in cash or in shares of stock. A total of P 35.1 million was extended to ORVI for working capital requirements.

ORVI is currently developing and operating three nickel projects located in Dinagat Island, Surigar del Norte and Isabela provinces. ORVI is in the process of having the resource and reserves of these projects certified under Philippine Mineral Resource Code reporting standards.

1. The Palhi Nickel Project covers 2,314.2018 hectares on Dinagat Island with granted MPSA No. 242-2007-XIII. The ORVI management is in the process of conducting an Environmental Impact Study on the mine site in order to receive their Environmental Compliance Certificate.

2. Sangay Nickel Project with MPSA No. 240-200-XIII covers 1,225.19 hectares on Dinagat Island is blanketed with nickel laterite deposits. This project has already been awarded an ECC.

3. The Dinapigue Nickel Project is covered by MPSA No. 258-2007-II over 2,391.8041 hectares. ORVI expect to commence mining and shipping ore from Dinapigue by the middle of this year.

Besides nickel, ORVI also has several other projects in coal, gold copper, sulphur and phosphate. ORVI has plans of developing over 30,000 hectares of mineral claims within the vicinity of the world –class Tampakan Copper-Gold Project being developed in Mindanao.

100% ownership in various companies

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

Mining Claims and Permits

The operations of the Company's subsidiaries are primarily conducted in the Mining Claims and Small-Scale Mining Claims.

The following table sets forth certain information related to the Company's Mining Claims and Small-Scale Mining Claims and their corresponding permits or permit applications as of 31 March 2010.

Location	Name of Claim	Permit Description	Validity	Permittee/ Applicant	Area Covered (in hectares)
Zambales					
Botolan and Iba	Botolan Mining Claim	MPSA No. 315-2010-III		Mina Tierra Gracia, inc.	5,081.6408
Mambog, Botolan	Botolan Small-Scale Mining Claim	SSMP No. NI-BTZ-061308-0001	2 years or until 13 June 2010	Nube Minerale	5.0000
Mambog, Botolan	Botolan Small-Scale Mining Claim	SSMP No. NI-BTZ-061308-00002	2 years or until 13 June 2010	Minera Tierra	5.0000
Mambog, Botolan	Botolan Small-Scale Mining Claim	ASSMP–Z-346-BT	Not applicable	Minedomain, Inc.	5.0000
Misamis Oriental					
Opol, Manticao	Manticao Mining Claim	EPA-000093-X		Bountiful Geomines	1,944.0000
Malitbog, Manticao	Manticao Small-Scale Mining Claim	SSMP No. 2008-006	2 years or until 26 February 2012	Minedomain, Inc.	20.0000
Antique					
Patnongon, Valderama, San Remigio	Antique Mining Claim	EPA-000077-VI		Visayas Ore	2,374.3125
North Cotabato					
Antipas	Cotabato Mining Claim	EXPA-095-XII		Visayas Ore	11,441.250
					20,841.2008

HEADS OF AGREEMENT WITH GEOGRACE RESOURCES PHILIPPINES, INC.

On 09 January 2008, 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, Bountiful Geomines and Visayas Ore, as described herein under "Mining Claims and Permits" (collectively known 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, Nube Minerale and Minera Tierra and their respective Small-scale Mining Companies; (c) satisfactory legal and technical due diligence on Mina Tierra, 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.

COOPERATION AGREEMENT WITH JIANGXI

The Company, together with GEOGRACE Resources Philippines, Inc. ("GEOGRACE") signed on 07 August 2008, a Cooperation Agreement with Jiangxi Rare Earth & Rare Metals Tungsten Group Co. ("Jiangxi") (collectively known as the "Parties"). The Parties agree to form a strategic partnership to jointly explore and develop the nickel mining tenements directly or indirectly, held by NiHAO and GEOGRACE located in the province of Zambales, as more particularly described below:

NiHAO Tenements

Affiliate Company	EPA #	location	area (has.)
Mina Tierra Gracia, Inc.	EP-001-2008-III	Botolan	5,081.6408

GEOGRACE Tenements

Affiliate Company	EPA #	location	Area (has.)
Nickeloadeon Mines, Inc.	AEP-III-08-07	Palauig and Tarlac	9,958
Ophiolite Mining, Inc.	EPA-106-III	Masinloc, Zambales	1,996.00
Garnierite Mining, Inc.	AEP-III-16-06 EPA-000063-III	Botolan and Cabangan	12,957
Saprolite Mining, Inc.	AEP-III-17-06 EPA-000064-III	San Felipe and San Narciso	2,029
Saprolite Mining, Inc.	AEP-III-22-06 EPA-000069-III	Cabangan and San Felipe	3,474
		Total	**30,414**

Pursuant to the Cooperation Agreement, Jiangxi proposed to GEOGRACE and NiHAO the following:

1) The formation of a Joint Venture (JV) company to conduct venture exploration on the nickel mining tenements, directly or indirectly, held by NiHAO or GEOGRACE, subject to equity ownerships to be determined later;
2) The establishment of a joint venture processing plant for nickel and cobalt in the Philippines, subject to a detailed exploration work program and feasibility study; and

3) The execution of an Offtake Agreement subject to terms and conditions to be agreed upon by the parties.

These proposed cooperation arrangements shall be covered by definitive agreements upon completion by the Parties of their technical and legal due diligence of the parties and the respective mining tenements described herein.

MINERAL PRODUCTION AND SHARING AGREEMENT

On February 10, 2010, the MGB has approved the MPSA application of Mina Tierra Gracia, Inc. and issued MPSA no. 315-2010-III in the name of Mina Tierra Gracia, Inc, covering the Botolan Mining Claim.

STOCK RIGHTS OFFERING

On January 14, 2009, the Philippine Stock Exchange, Inc. approved the application of the Company to list up to 500,000,000 common shares to cover its 5:1 Stock Rights Offering ("the Offer") at an offer price of P1.00 per share to existing qualified shareholders of record as of October 9, 2009.

The offer was conducted between November 23-27, 2009, and the Company raised a total of P500,000,000.00 in gross proceeds. The Offer Shares were listed in the PSE on December 15, 2009.

MANAGEMENT PLAN OF OPERATIONS

Plan of Operations

The Company shall use the balance of the net proceeds from the Offer to finance the acquisition of mining claims and/or mining companies, provision for advances to Oriental Vision Mining Philippines Corp. ("ORVI"), further exploration and permitting for the Botolan and Manticao Mining Claims, project due diligence, payment of shareholder/s advances and working capital requirements.

Botolan Mining Claim and Related Small-Scale Mining Claims

The Company will focus on implementing a Community Relations Program ("CRP") for the awarded Mineral Production Sharing Agreement (MPSA) for the Botolan Mining Claim. This CRP intends to establish a symbiotic relationship between the Company and the community. Establishing this foundation will allow the community to be informed of the plans and programs of the Company thereby enabling the Company to implement its exploration and mining activities in coordination with the corresponding stakeholders, in compliance with the practice of Good Corporate Social Responsibility. The implementation of the CRP and the subsequent exploration and development works as stipulated in the Company's approved work programs for the Botolan Mining Claim covers a period of at least two (2) years.

The Company shall thoroughly evaluate the renewal of the small-scale mining claims owned by its subsidiaries. If the renewal thereof is feasible and will be in line with the development and production schedule to be implemented subsequent to the completion of the CRP, the Company will renew these small scale mining claims in order to increase its tonnage capacity for production.

Manticao Mining Claim and Other Potential Areas

NiHAO and its subsidiaries likewise have several Exploration Permit Applications ("EPAs") in various stages of completion, such as the EPAs in Antique and North Cotabato, as well as an awarded Small Scale Mining Permit ("SSMP"). NiHAO will evaluate their respective mineral potentials through its technical team and/or third party geological services companies in order to determine the priority in which these EPAs shall be perfected and developed, as well as determine the viability of renewal of the SSMP.

After the necessary evaluation and subsequent awarding of the corresponding Exploration Permits ("EPs") and prospctive renewal of the SSMP, NiHAO shall implement exploration works according to the approved Exploration Work Program and Environmental Work Program attached to the EP and SSMP.

Plans and Prospects

The recent acquisition of a 30% stake in Oriental Vision Mining Philippines Corp. (ORVI) has prompted the study of outsourcing Mine Development and Operations to ORVI. NiHAO has started discussions with ORVI management on the possibility of assigning the operating rights of its properties to ORVI and entering into a profit-sharing agreement, a royalty agreement or a combination of the two.

The Company is also planning to build a processing plant for nickel ore through prospective partnering arrangements. This will mean that the Company will be able to add value to its raw nickel ore product meaning additional profit margins, reducing the risks associated with the commodity price swings.

a) There is no known trend, event or uncertainty that has or is reasonably likely to have a negative impact on the Company's short-term or long-term liquidity. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments.

b) The liquidity of the Company is expected to be generated from the Company's financial resources as well as from the proceeds of the Offer

c) 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.

d) There are no material commitments for capital expenditures except for those provided in the "Use of Proceeds" from the proposed 5:1 Stock Rights Offering.

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

f) There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL RISK EXPOSURE

Please refer to Note 3 of the notes to the financial statements.

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:

JERRY C. ANGPING
President

Date signed: 5/14/10

MARIBEL O. SEVERINO
Treasurer / Chief Financial Officer
/Compliance Officer

Date signed: 5/14/10

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. & SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS

FORM 17-Q, Item 1

Consolidated Financial Statements

NIHAO MINERAL RESOURCES INTERNATIONAL , INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited Consolidated March 31, 2010		Audited Consolidated Dec 31, 2009
ASSETS				
Current Assets				
Cash and cash equivalents	₱	222,698,436	₱	344,541,110
Accounts receivable - net (Note 4)		5,874,076		5,928,535
Other current assets (Note 5)		4,832,333		4,559,532
Total Current Assets		233,404,844		355,029,177
Noncurret Assets				
Loans Receivable (Note 6)		35,100,000		
Investment in Shares of Stocks (Note 7)		33,000,000		
Mining Rights (Note 7)		49,496,586		49,496,586
Property and Equipment - net (Notes 8)		6,890,950		5,949,218
Other Assets		205,650		206,550
Total Noncurrent Assets		124,693,185		55,652,354
	₱	358,098,030	₱	410,681,531
LIABILITIES & STOCKHOLDERS' EQUITY				
Liabilities				
Accounts payable and other current liabilities (Note 9)	₱	3,873,562	₱	7,553,885
Due to related parties				42,053,835
Other Current Liabilities (Note 10)				5,042,635
Total Liabilities		3,873,562		54,650,355
Stocholder's Equity				
Capital Stock - P1 par value (Note 11)				
Authorized - 2,000,000,000 shares				
Issued - 600,000,000 shares		600,000,000		600,000,000
Additional Paid-In Capital		271,465		271,465
Deficit		(246,046,997)		(244,240,289)
Total Stockholders' Equity		354,224,468		356,031,176
	₱	358,098,030	₱	410,681,531

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

		January 1 to March 31, 2010 (Three Months)		January 1 to March 31, 2009 (Three Months)
REVENUES	₱		₱	
EXPENSES		3,960,112		3,136,672
INCOME (LOSS) BEFORE OTHER LOSSES		(3,960,112)		(3,136,672)
OTHER (INCOME) EXPENSES		(2,153,404)		(1,311)
INCOME (LOSS) BEFORE INCOME TAX BENEFIT		(1,806,708)		(3,135,361)
INCOME TAX BENEFITS				-
NET INCOME (LOSS)	₱	(1,806,708)	₱	(3,135,361)
WEIGHTED AVE. NUMBER OF COMMON SHARES		600,000,000		100,000,000
Loss Per Share		(0.003)		(0.031)

Note: No dividends declared during the period

NIHAO MINERAL RESOURCES INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Unaudited		Audited		Unaudited		Audited
		March 31, 2010		December 31, 2009		March 31, 2009		December 31, 2008
CAPITAL STOCK - P 1 par value								
Authorized no. of shares		2,000,000,000		2,000,000,000		100,000,000		100,000,000
Issued in shares		600,000,000		600,000,000		100,000,000		100,000,000
Issued	₱	600,000,000	₱	600,000,000	₱	100,000,000	₱	100,000,000
Additional Paid - in Capital		271,465		271,465		271,465		271,465
		600,271,465	₱	600,271,465	₱	100,271,465	₱	100,271,465
DEFICIT								
Balance at beginning of period		244,240,289		180,850,464		180,850,464		104,537,150
Net Income (loss)		(1,806,708)		(63,389,825)		(3,135,362)		(76,313,314)
Balance at end of period		246,046,997		244,240,289		183,985,826		180,850,464
STOCKHOLDERS' EQUITY, END	₱	354,224,468	₱	356,031,176	₱	(83,714,361)	₱	(80,578,999)

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

		January 1 to March 31, 2010 (Three Months)		January 1 to March 31, 2009 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	₱	(1,806,708)	₱	(3,135,361)
Adjustment to reconcile net loss to net cash provided by operating activities				
Depreciation		299,571		468,450
Changes in operating assets and liabilities				
Decrease (increase) in :				
Accounts receivable		120,708		(345,709)
Loans Receivable		(35,100,000)		
Other current assets		(272,801)		(157,467)
Other non-current assets				(220,967)
Other assets		(65,349)		
Increase (decrease) in :				
Accounts payable and accrued expenses		(3,680,323)		17,518
Other Liabilities		(42,053,835)		
Net cash provided by operating activities		(82,558,737)		(3,373,536)
CASH FLOWS FROM INVESTING ACTIVITIES				
Disposals (acquisitions) of property and equipment		(1,241,302)		
Investment in Shares of Stocks		(33,000,000)		
Net cash used in investing activities		(34,241,302)		-
CASH FLOWS FROM FINANCING ACTIVITIES				
Payable - Others		(5,042,635)		2,868,461
Long-term borrowings				
Net cash provided by (used in) financing activities		(5,042,635)		2,868,461
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(121,842,674)		(505,075)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		344,541,110		1,142,579
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱	222,698,436	₱	637,504

NiHAO MINERAL RESOURCES INTERNATIONAL, INC. AND SUBSIDIARIES
(Formerly Magnum Holdings, Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2010
(with comparative figures for December 31, 2009)

NOTE 1 – CORPORATE INFORMATION

1.1 Corporate Information

NiHAO Mineral Resources International, Inc., (the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 9, 1975 as a mining company under the name Summit Minerals, Inc. On October 3, 1990, the Parent Company's shares were offered to the public and listed on the PSE. On December 10, 1993, the Parent Company changed its primary purpose to that of a holding company. Subsequently, on February 24, 1994, the Parent Company changed its corporate name to "Magnum Holdings, Inc." On June 28, 2007, the Parent Company changed its corporate name to "NiHAO Mineral Resources International, Inc." and its primary purpose to that of a mining company.

The Parent Company has investments in the following subsidiaries, which are all incorporated in the Philippines:

			Percentage of Ownership	
	Subsidiaries	Date of Incorporation	2010	2009
Mina Tierra Gracia, Inc. (MTGI)	June 6, 2007	100%	100%	100%
Companhia Minera Tierra, Inc. (CMTI)*	June 18, 2007	100%	100%	100%
Companhia Nube Minerale, Inc. (CNMI)*	June 18, 2007	100%	100%	100%
Minedomain, Inc. (MI)*	October 25, 2006	100%	100%	100%
Bountiful Geomines, Inc. (BGI)	September 14, 2007	100%	100%	100%
Visayas Ore Philippines, Inc. (VOPI)	October 31, 2006	100%	100%	100%

*Indirect ownership through MTGI

On October 16, 2007, the Parent Company acquired all the outstanding shares of MTGI for a total consideration of P61.5 million (see Note 7).

On January 9, 2008, the Parent Company acquired all the outstanding shares of BGI and VOPI pursuant to Deeds of Absolute Sale between the Parent Company and the former shareholders of BGI and VOPI. Also on January 9, 2008, MTGI acquired all the outstanding shares of CMTI, CNMI and MI pursuant to a Deeds of Absolute Sale executed between MTGI and its subsidiaries' former stockholders.

The primary purpose of the Parent Company and its subsidiaries (the Group) 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 nickel, chromite, and other kinds of ores, metal, minerals and by-products.

The registered office address and principal place of business of the Group is located at 107 L.P. Leviste Street, Salcedo Village, Makati City.

1.2 Status of Operations

As of March 31, 2010, the Group has four mining claims located in the provinces of Zambales, Misamis Oriental, North Cotabato, and Antique. In addition, the Group operated two small-scale mining claims in Botolan, Zambales as well as a small-scale mining claim in Manticao, Misamis Oriental. The Group's mining claims and small-scale mining claims cover a total area of approximately 20,841 hectares.

The Group plans to sell ore mined from Botolan on the spot market to establish the branding for Zambales ore and is currently in contact with a range of interested buyers. These buyers are mainly representatives of trading companies and smelter operators in China. Trial shipments of ore will be sold to these buyers to allow the latter to determine their suitability for the technical configurations of their nickel processing facilities. To mitigate the risks from spot market volatility, the Company also has plans to establish long-term supply contracts through joint venture partnerships with Chinese nickel smelting and refining companies. Discussions with prospective partners are ongoing.

The Company also plans to build a processing plant for nickel ore upon further expansion of its resource and reserve figures. This will mean that the Company will have another outlet for its ore and will have a value-added product to sell to the downstream market. The profit margins for ferronickel products are significantly better compared to raw ore sales and will further lessen the risks from the price swings of the commodity.

On February 12, 2008, the Mines and Geosciences Bureau (MGB) of the Department of Environment 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. (Saprolite), the original applicant. Saprolite 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 and MTGI whereby Saprolite assigned its rights and interests in the Botolan Mining Claim to MTGI. On April 9, 2008, MTGI registered the Deed of Assignment with the MGB.

On July 1, 2008, MTGI approved a supplemental agreement with Saprolite to clarify and affirm the intent of the deed of assignment dated July 31, 2007. Under the deed of assignment, Saprolite assigned in favor of MTGI all its rights, interests in the Botolan mining claim located in the towns of Botolan and Iba in Zambales.

On September 23, 2008, the MGB issued an Order approving the assignment of EP-001-2008-III in favor of MTGI. The Order further provided that EP-001-2008-III would now be recorded on the name of MTGI. On October 13, 2008, MTGI applied for the conversion of the entire 5,081 hectares covered by EP-001-2008-III to a Mineral Production Sharing Agreement (MPSA). The MPSA was subsequently approved by the MGB on February 10, 2010.

The significant terms and conditions of the MPSA follows:

a. The MPSA shall have a term of 25 years from the date of approval, subject to renewal for another term not exceeding 25 years;
b. The MPSA shall cover a contract area of approximately 5,082 hectares, situated in Iba and Botolan, Zambales;
c. The Company shall commence exploration activities not later than three months after the approval date for a period of two years;
d. Within the term of the exploration period, the Company shall file in the concerned regional office the Declaration of Mining Project Feasibility of the contract area;
e. The Company shall cause the survey of the perimeter of the contract area;
f. The Company shall complete the development of the mine including the construction of production facilities within 36 months from the submission and approval of the Declaration of Mining Project Feasibility;
g. The Company shall pay excise tax on mineral products at the time of removal and at the rate provided for in the tax code, as well as other taxes, duties and fees levied by existing laws;
h. The Company shall dispose of the minerals and by-products produced at the highest market price prevailing in the locality. The Company shall also pay the lowest achievable marketing commissions and related fees and shall negotiate for more advantageous terms and conditions;
i. If minerals other than nickel and associated mineral deposits are discovered in commercial quantities in the contract area, the value thereof shall be added to the value of the principal mineral in computing for the government's share; and
j. The Contractor shall establish a Contingent Liability and Rehabilitation Fund which shall be in the form of the Mine Rehabilitation Fund and the Mine Waste and Tailings Fee.

BGI has an EP application with the MGB covering the Manticao Mining Claim with an area of 1,944 hectares. As of March 31, 2010, the EP application is undergoing initial evaluation by the MGB.

VOPI has an EP application covering the Cotabato Mining Claim with an area of approximately 11,441 hectares and another EP application covering the Antique Mining Claim with an area of approximately 2,374 hectares. As of March 31, 2010, the EP applications for both the Cotabato and Antique Mining Claims are undergoing initial evaluation by the MGB.

CNMI and CMTI each have Small-Scale Mining Permits (SSMP) over 5-hectare parcels of land in Botolan, Zambales. The SSMPs allow CNMI and CMTI to extract and remove up to 50,000 metric tons of nickel per annum from their respective SSMP. MI, on the other hand, filed an Application for Small-Scale Mining Permit (ASSMP) over another 5-hectare small-scale mining claim in Botolan, Zambales. MI also has a SSMP over the Manticao Small-Scale Mining Claim with an area of 20 hectares. Pursuant to its SSMP, MI is allowed to mine/extract and remove up to 50,000 metric tons of nickelferous laterite ore per annum from the Manticao Small-Scale Mining Claim.

The Group is still in its development stage and has not yet started its normal commercial and principal operation. As part of the management's overall business plan, in 2009, the Parent Company has issued additional 500 million shares to raise capital through stock rights offering (see Note 11). As such, the Group incurred losses during its development stage of **₱** 1.8 million and ₱63.4 million for the period ended March 31, 2010 and year ended December 31, 2009, respectively. Accordingly, it has capital deficiency of **₱ 246.05** million as of March 31, 2010 and ₱244.24 million in 2009.

As an entity under development stage, management is currently undertaking the following initiatives:

- Continue to expedite completion of its exploration work programs to further define and enhance resource/reserve estimates of its mining claims.
- Build up the Group's operating capability to explore and develop the mining claims.
- Enter into strategic alliances and joint ventures that will further strengthen the Company's operating capabilities.
- Establish a strong base of foreign clients.
- Expand into nickel processing.
- Pursue strategic leveraging on management's experience and expertise.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on the historical cost basis. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1 (Revised 2007), *Presentation of Financial Statements*. The Group presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Group applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Group's functional currency (the currency of the primary economic environment in which the Group operates), and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of New Interpretations, Revisions and Amendments to PFRS

Effective in 2009 that are Relevant to the Group

In 2009, the Group adopted PAS 1 (Revised 2007), *Presentation of Financial Statements* that is relevant to the Group and effective for financial statements for the annual period beginning on or after January 1, 2009. PAS 1 (Revised 2007) requires an entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate statement of income and a statement of comprehensive income. Income and expense recognized in profit or loss is presented in the statement of income in the same way as the previous version of PAS 1. The statement of comprehensive income includes the profit or loss for the period and each component of income and expense recognized outside of profit or loss or the "non-owner changes in equity," which are no longer allowed to be presented in the statements of changes in equity, classified by nature (e.g., gains or losses on available-for-sale assets or translation differences related to foreign operations). A statement showing an entity's financial position at the beginning of the previous period is also required when the entity retrospectively applies an accounting policy or makes a retrospective restatement, or when it reclassifies items in its financial statements.

The Group's adoption of PAS 1 (Revised 2007) did not result in any material adjustments in its financial statements as the change in accounting policy only affects presentation aspects. However, as a result of retrospective restatement, the Group presented two comparative periods for the consolidated statement of financial position. The Group has also elected to present a single consolidated statement of comprehensive income (see Note 2.1).

*2.3 **Basis of Consolidation***

The Parent Company obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1.1, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income and expenses, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate an impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

Subsidiaries are all entities over which the Parent Company has the power to control the financial and operating policies. The Parent Company obtains and exercises control through voting rights. Subsidiaries are consolidated from the date the Parent Company obtains control until such time that such control ceases.

Acquired subsidiaries are subject to the application of the purchase method for acquisitions. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statements of financial position at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

2.4 Business Combination

Business acquisitions are accounted for using the purchase method of accounting. 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 costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

2.5 Financial Assets

Financial assets, which are recognized when the Group becomes a party to the contractual terms of the financial instrument, include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting period at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The Group's financial assets are categorized under loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents and Receivables in the consolidated statement of financial position. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.6 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of raw materials is the current replacement cost.

2.7 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on the straight-line basis over the estimated useful life of the assets as follows.

Office and household equipment	3 years
Transportation equipment	5 years
Drilling and exploration equipment	5 years
Laboratory equipment	5 years

Leasehold rights and improvements are amortized over the shorter of the estimated useful life of the improvements of 5 years or the terms of the related leases, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.16).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.8 Interest in a Joint Venture

With respect to the Group's interest in jointly-controlled operations, the Group recognizes in its financial statements:

(a) the assets that it controls and the liabilities that it incurs; and,

(b) the expenses that it incurs and its share in the income that it earns from the sale of goods or services by the joint venture. The Group's share in the income and expense of the joint venture are recorded as part of the related income and expense accounts.

2.9 Mining Rights

Mining rights pertain to the excess of the cost of Parent Company's acquisition of the investment over the fair value of the net assets of MTGI at the date of acquisition. Mining rights are carried at cost less any impairment in value. The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.16).

2.10 Financial Liabilities

Financial liabilities include Accounts Payable and Accrued Expenses, Due to a Related Party and Other Current Liabilities.

Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. Financial liabilities are initially recognized at their fair value and subsequently measured at amortized cost.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.11 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.12 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred.

2.13 Mining Exploration and Development Cost

Expenditures for mine exploration work prior to drilling are charged to profit or loss. 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 costs are capitalized and carried under mining exploration and development cost until the start of commercial operations when such costs are transferred to property and equipment. When the results are determined not to be commercially viable, the accumulated costs are written-off.

2.14 Leases

Leases, which do not transfer to the Group substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments are recognized as expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

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

2.15 Foreign Currency Transactions

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of income or loss from operations.

2.16 Impairment of Non-financial Assets

The Group's property and equipment and mining rights are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets, except goodwill, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.17 Loss Per Share

Loss per share is determined by dividing consolidated net loss by the weighted average number of common shares issued and outstanding during the year.

2.18 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Deficit includes all current and prior period results of operations as disclosed in the consolidated statement of comprehensive income.

NOTE 3 RISKS MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's risk management is coordinated with the BOD, and focuses on actively securing the Group's short-to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

3.1 Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits and investment in bonds.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statement of financial position, as summarized below.

	March 31, 2010	Dec. 31, 2009
Cash and cash equivalents	**P 222,693,436**	P 344,536,110
Receivables	**5,874,076**	5,928,535
Deposits	**206,550**	206,550
	P 228,774,062	P 350,671,195

Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution. Other financial assets are not secured by any collateral or other credit enhancements. As of March 31 2010 and December 31, 2009, the Group has cash on hand amounting to P5,000.

3.2 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands. Funding for long-term liquidity needs is obtained from advances granted by related parties.

NOTE 4 - RECEIVABLES

This account consists of:

	March 31, 2010	Dec. 31, 2009
Advances to suppliers	**P 4,622,343**	P 4,622,343
Advances to officers and employees	1,449,055	879,692
Interest receivable		245,972
Other receivables	**5,887,662**	6,265,512
	11,959,060	12,013,519
Allowance for impairment	**(6,084,984)**	(6,084,984)
	P 5,874,076	P 5,928,535

Advances to suppliers pertain to advance payment for services to be rendered for the development of the project.

Interest receivable pertains to the amount of interest accrued on the Group's deposits on a local bank.

Other receivables include unsecured noninterest-bearing advances granted to former employees and other third parties. In 2008, this account includes the outstanding balance of advances granted by the Group to former stockholders amounting to P15,261,649. In 2009, the Group executed agreements with the former stockholders to offset the entire outstanding balance of advances granted to former stockholders against the amount of outstanding advances granted to/obtained by the Group from its former stockholders. The outstanding balances of advances to/from former stockholder prior to offsetting are presented below.

Advances to former stockholders	P	15,261,649
Advances from former stockholders		15,436,501
Excess of payables over receivables	P	174,852

Aging of Receivables:

	March 31, 2010	Dec. 31, 2009
Below 6 months	P 1,516,914	P 1,519,768
Over 6 months	10,442,146	10,493,751
	P11,959,060	P 12,013,519

NOTE 5 - OTHER CURRENT ASSETS

This account consists of:

	March 31, 2010	Dec. 31, 2009
Input value-added tax (VAT)	P 4,354,754	P 4,081,953
Deferred input VAT	477,579	477,579
	P 4,832,333	P 4,559,532

Input VAT represents VAT paid related to the acquisition and payment for services to outside parties. Deferred input VAT represents VAT component of accrued expenses still unpaid by the Group.

NOTE 6 - LOANS RECEIVABLE

This account consists of advances granted to Oriental Vision Mining Philippines Corporation (ORVI) for their working capital requirements payable either in cash or in shares of stocks of ORVI or in a company listed with the PSE as may be mutually agreed upon by the parties.

NOTE 7 - ACQUISITION OF SUBSIDIARIES

On March 24, 2010, the Parent Company acquired 30% equity interest in the privately-held mining operator Oriental Vision Mining Philippines Corporation ("ORVI"). NiHAO purchased 3,000 shares of ORVI shares at par value of P1,000 per share or equivalent to P3 million and paid P30 million as down payment to ORVI shareholders for acquisition of additional 60,000 shares at par or equivalent to P60 million through the conversion of P200 million shareholder advances to equity.

Mining Rights

On October 16, 2007, the Parent Company acquired all of the outstanding shares of MTGI. Details for the purchase price and fair value of net assets acquired are presented below.

Total purchase price	P	61,469,586
Fair value of net assets acquired		11,973,000
Excess of purchase price over fair value of net assets acquired	P	49,496,586

The excess of the purchase price over the fair value of the net assets acquired is presented as Mining Rights in the consolidated statements of financial position.

NOTE 8 - PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2010 are shown below.

	Office and Household Equipment	Transportation Equipment	Leasehold Improvement	Drilling and Exploration Equipment	Laboratory Equipment	Total
December 31, 2009						
Cost	P 1,715,964	P 1,458,900	P 3,042,667	P 51,864	P 1,659,785	P 7,929,180
Additions	1,241,302					1,241,302
Total	P 2,957,266	P 1,458,900	P 3,042,667	P 51,864	P 1,659,785	P 9,170,482
Accumulated depreciation						
Dec. 31, 2009	1,051,918	455,540		34,576	437,928	1,979,962
Depreciation Jan to March 2010	139,314	72,945	-	4,322	82,989	299,570
Total	P 1,191,232	P 528,485	P	P 38,898	P 520,917	P 2,279,532
Net carrying amount	P 1,766,034	P 930,415	P 3,042,667	P 12,966	P 1,138,868	P 6,890,950

NOTE 9 - PAYABLE AND ACCRUED EXPENSES

This account includes salary related expenses payable to government agencies and other unpaid expenses relative to small scale mining operations conducted at Botolan, Zambales by Comphania Nube Minerale, Inc. , a wholly owned subsidiary of Mina Tierra Gracia, Inc.

NOTE 10 - OTHER CURRENT LIABILITIES

The 2009 balances pertain to cash accommodations received from third parties to finance the Group's capital expenditures and working capital requirements. These payables are noninterest-bearing and are not secured by any of the Group's assets. Full payment was made during the first quarter of 2010.

NOTE 11 - CAPITAL STOCK

Capital stock consists of following number of shares:

	2010	2009
Common shares – P1 par value		
Authorized		
Balance at beginning of year	**2,000,000,000**	100,000,000
Increase during the year	**0**	1,900,000,000
Balance at end of year	**2,000,000,000**	2,000,000,000
Issued and outstanding		
Balance at beginning of year	**600,000,000**	100,000,000
Issuance during the year	**0**	500,000,000
Balance at end of year	**600,000,000**	600,000,000

On May 31, 2007, the Parent Company's BOD and Stockholders approved a 5:1 stock rights offering to raise up P500 million gross proceeds. On the same date, the Parent Company's BOD also approved the increase in the Parent Company's authorized capital stock from 100 million common shares with par value of P1 per share to 2 billion common shares with par value of P1 per share. On January 14, 2009, the PSE approved the application of the Parent Company to list up to 500 million common shares to cover its stock rights offering as well as the Parent Company's application for the increase in authorized capital stock.

On October 8, 2009, the SEC issued an order rendering effective the Parent Company's registration statement, which sought the registration of the Parent Company's 500 million common shares with a par value of P1 per share to be offered by way of a stock rights offering to eligible stockholders as of October 9, 2009 record date at the offer price of P1 per share. Pursuant to the order, a Certificate of Permit to Offer Securities for Sale was issued by the SEC on October 8, 2009 in favor of the Parent Company.

The offer was conducted by the Parent Company from October 19, 2009 to October 23, 2009. The 500 million common shares offered were fully subscribed and taken up by the existing shareholders of the Parent Company. Accordingly, the Parent Company issued 500 million common shares in October 2009.

In 2007, the Parent Company issued 14,960,000 shares at a total price of P15,041,465 resulting to the recognition of additional paid-in capital amounting to P81,465.

NOTE 12 - CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to eventually eliminate its deficit. The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares.