

# COVER SHEET

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SEC Registration

D I Z O N C O P P E R - S I L V E R M I N E S , I N C .

( Company's Full Name )

2 1 4 S t a t e C o n d o m i n i u m I V ,  
O r t i g a s A v e n u e , G r e e n h i l l s ,  
S a n J u a n C i t y , M e t r o M a n i l a

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

\_\_\_\_\_

( Contact Person )

7 2 1 - 3 9 6 1

( Company Telephone Number )

1 2    3 1

Month    Day  
(Calendar Year)

## SEC FORM 17Q

(Form Type)

0 6    3 0

Month    Day

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(Secondary License Type, If Applicable)

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Dept. requiring this Doc

\_\_\_\_\_

Amended Articles Number/Section

\_\_\_\_\_

Total No. of Stockholders

Total Amount of Borrowings

\_\_\_\_\_

Domestic

\_\_\_\_\_

Foreign

To be accomplished by SEC Personnel concerned

\_\_\_\_\_

File Number

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**SEC Number**  
**FILE Number 30185**

DIZON COPPER-SILVER MINES, INC.  
**(Company's Full Name)**

Suite 214-215 State Condominium IV, Ortigas Ave., Greenhills, San Juan  
**(Company's Address)**

721-39-61 to 63  
**(Telephone Number)**

December 31  
**(Fiscal Year Ending)**  
**(Month & day)**

SEC FORM 17-Q  
**Form Type**

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**Amendment Designation (If applicable)**

June 30, 2011  
Period Ended Date

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**(Secondary License Type and File Number)**

**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 June 30, 2011

2. Commission identification number 30185

3. BIR TIN 310-000-841-269

Dizon Copper-Silver Mines, Inc.

4. Exact Name of issuer as specified in its charter

San Juan City

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

6. Industry Classification Code \_\_\_\_\_ (SEC Use Only)

Suite 214 –215 State Condominium IV, Ortigas Ave., Greenhills, San Juan

7. Address of registrant's principal office                      Postal Code

(02)721-39-61 to 63

8. Registrant's Telephone Number, including area code

NOT APPLICABLE

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

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 common  
stock outstanding and amount  
of debt outstanding

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

Yes  No

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

**Philippine Stock Exchange** - **Common Class B**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed 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  No

(b) has been subject to such filing requirements for past 90 days

Yes  No

## **PART 1 – FINANCIAL INFORMATION**

### **Item 1. Financial Statements.**

Financial Statements for the quarter required per SRC Rule 68 are attached.

The accounting policies and methods of computation that were applied in the interim financial statements are similar to the accounting policies and methods of computation that were used in the most recent annual audited financial statements.

In the absence of any operating activities during the period covered, only material variances are reflected or presented in the analysis of the company's financial statements. As can be gleaned clearly in the interim financial statements, there are no material changes in estimates and amounts that could possibly affect the assets, liabilities and equity of the company. Also, there are no material events subsequent to the end of interim period that have not been reflected in the notes of the financial statements for the interim period.

There were no issuances, repurchases, nor repayments of debt and equity securities.

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

With the continuous suspension of the mining operation, earnings from money market placements had remained to be the chief source of the corporation’s revenues for the quarter and it shall stay this way until the company can generate income from other sources. Revenue earned for the second quarter was mainly derived from the proceeds of sale of a Condominium unit of the Company.

Comparative amounts of revenues and expenses as of the second quarter ended June 30,2011 and 2010; and Assets, Liabilities and Stockholders’ Equity as of June 30, 2011 and 2010 are presented as follows (in millions of pesos):

	<u>2011</u>	<u>2010</u>
Revenues	P 4.97	P 0.44
Expenses	2.55	3.07
Net income/(loss) after tax	1.72	( 3.26)
Assets	41.61	41.05
Liabilities	5.92	6.21
Stockholders’ Equity	35.69	34.83

As mentioned above, the current quarter’s revenues were generated from gain sale on a Condominium unit on April 1, 2011 which amounted to P 4.73 million, this comprised about 95% of the total revenue. Interests on money market placements and rental income from condominium unit as of the end of the 2<sup>nd</sup> quarter 2011 amounted to P 0.045 million and P 0.188 million respectively. Interest income comprised 1 % and rental income comprised 3.8% of the total revenue for the current period . Compared to the same period last year, interest income and rental income declined by 29% or P 0.018million and 50% or P 0.188 million respectively. The decline in interest income had been brought about by reduction in interest income from money market placements caused by partial withdrawals from principal amounts, while the decline in rental income was brought about by the sale of the condominium unit in April 1, 2011, hence no rental income has been generated beginning 2<sup>nd</sup> quarter 2011.

As of the end of the current quarter, total mine site and administrative expenses amounted to P 2.55 million. This resulted to a favourable variance of 31% or a P1.15 million fall from same period of last year’s P3.70 million.. Reasons behind these variances will be discussed further in the succeeding paragraphs.

Total administrative expenses comprised 81 % of the company's total expenses as of the end of the current quarter. These include personnel costs, outside services, taxes and licenses, dues and subscription expenses, representation, utilities, gas and oil, among others. Total administrative expenses as of the end of the current quarter amounting to P 2.06 million resulted to a P 1.14 million or 36 % decline from same period of last year's P 3.20 million. As in the past, the company had been seriously implementing its cost-cutting measures; hence, the continuous decline in various expenses. Personnel costs as of the end of the current quarter declined by 20% or P0.15 million from figures as of the end of the same quarter in the preceding year. Fringe benefits expense was reduced by P 0.27 million or 98% compared to the same period last year. Representation expenses decline by 30 % or P 0.051 million compared to second quarter of 2010. Depreciation expenses registered the biggest decline of P 0.39 million or 99.5 % compared to second quarter of last year, this is due to the reclassification of the condominium and parking units from an investment property to an asset account held for sale which is no longer subject to depreciation. As mentioned above, this condominium was already sold by April 1, 2011. Legal expenses likewise registered about 95% decrease compared with last year's figure. Taxes and licenses for the second quarter of 2011 amounted to P 0.10 million, this has decreased by 42% or P 0.075 million compared to second quarter of 2010. Communication expenses, transportation, repairs and maintenance, representation, donations, utilities and miscellaneous expenses incurred during the current quarter of 2011 declined by a total P0.140 million compared to the same period of last year as a result of the company's thrust to cut down its expenses.

Total minesite expenses constituted the remaining 19% of the company's total expenses as of the end of the current quarter, this amounted to P 0.49 million. Compared to second quarter of 2010, minesite expenses registered a decrease of P 0.01 million or 3 % decline percentage. Minesite expenses include maintenance costs, taxes, personnel costs, security services and utilities, among others. The decrease is due to the net effect of certain charges such as: minesite taxes and licenses increase of P 0.043 million, security services increased by P 0.013 million and the increase in utilities of P 0.012 million and representation expenses increase of P 0.015million. Expenses that have declined this quarter compared with last year's second quarter balances are Minesite maintenance costs and miscellaneous expenses which have registered a decrease of P 0.071 million and P 0.030 million respectively.

Operations for the second quarter ended June 30,2011 resulted to a net income of P 1.72 million, Second quarter 2010 operations registered a net loss of P 3.26 million. As previously mentioned, the income was mainly attributed to the gain on sale on condominium unit held for sale amounting to P 4.73 million.

With the suspension of its mining operations, the Company's present activities are confined to the care and maintenance of the mine site and the mining properties therein.

The Company is still looking for a new partner to operate the mines and the recovery of residual gold from its tailings dam which holds around 100 million metric tons mill tailings containing 0.33Au/T.

Port Dizon, the company's port facilities located in Subic, Zambales may still be used as loading facility for ore and aggregates should the company resume mining operations.

Total assets of the company as of the end of the current quarter amounted to P41.61 million, a result of a slight 1.37% or P 0.562 million increase from end of second quarter last year's P 41.047 million. As compared to December 2010 balance of P 41.553 million , total asset for the second quarter of 2011 likewise slightly increase by P 0.056 million or .13% . Detailed explanation to this is discussed in the next paragraphs.

The company's total current assets as of the end of the second quarter 2011 amounted of P9.46 million; comprising 23 % of the company's total assets. As compared with balance as of the end of the preceding year of P 9.414 million, current assets increased by P 0.046 million or .49%. Compared with end of second quarter of 2010 current assets' balance of P 4.54 million, the increase in the amount of current assets for the period amounted to P P4.918 million. This was brought about by the increase in cash and cash equivalents of P 4.71 million coming from the proceeds of sale of the condominium unit on April 1, 2011.

Cash and cash equivalents which constituted 93.56 % of the company's total current assets amounted to P 8.851 million as of the end of the current quarter. Cash in banks earn interest at the respective bank deposit rates. Cash equivalents consist of time deposits that are made for varying periods of up to three months and earn interest at the respective time deposit rates. Time deposits amounting to P 7.43 million comprised 84% of the cash and cash equivalents account. This amount was increased by additional placement of P 4.5 million and by the interest earned from these accounts up to the second quarter of 2011 when compared with the balance of end of last year's P 2.90 million and end of second quarter 2010 time deposits of P 3.56 million.

Receivables, which accounted for 0.08% of the company's total current assets, decreased to P0.007 million from end second quarter of last year's P0.015 million thereby showing a variance of negative 54% or P 0.008 million. When compared to December 2010 balance of P .094 million, receivables for the current period decreased by P 0.087 million or by 92%. This is due to collection of rental and other accounts during the two quarters of 2011.

Prepayments and other current assets account constitute 6.36% of the company's total current assets. This account went up by 57.39% or P 0.219 million from end of second quarter of last year's balance of P 0.382 million to P 0.602 million this period. This is due to increase in prepaid expense account. When compared with December 2010 balance of P 1.667 million, prepared expenses decreased by 64% or P 1.066 million due mainly to the application of input taxes to output taxes due arising from the sale of the Condominium unit on April 1, 2011.

Total noncurrent assets which accounted for 77% of the company's total assets amounted to P32.15 million as of the end of second quarter 2011. Compared with end of

last year's second quarter balance of P 36.506 million, this account was decreased by 12% or P 4.356 million. Compared with the balance of noncurrent assets as of December 2010 of P 32.14 million, this account slightly increases by 0.03% or P 0.010 million. Reasons for the changes are discussed in the preceding paragraphs.

Property and equipment (net of depreciation) amounting to P0.014 million as of the end of the current quarter represented only 0.04% of the company's total noncurrent assets. This account increased by P0.004 million from end of second quarter 2010 balance of P0.010 million, compared with end of 2010 balance, this account increased by P 0.010million due to purchase of office equipment in 2011.

Investment properties amounting to P30.012 million, which comprised 93 % of the total noncurrent assets of P 32.15 million remained at the same level compared with the balance as of end of last year. Compared with second quarter 2010 balance of P 34.181 million, the decrease of P 4.168 million represents the actual net book value of the condominium which was reclassified as current asset in December 2010 and was later on sold in April 2011 as mentioned in the preceding paragraph.

Available-for-sale financial assets which amounted to P 2.123 million as of the end of the current year's second quarter accounted for 6.60% of the company's total noncurrent assets. This account remained to be at the same amount as compared with the balance as of the end of last year. The balance of this account as of the end of second quarter 2011 was decreased by P 0.192 million when compared to P 2.315 million balance as of second quarter 2010 due mainly to the decline in the value of these investments.

Total liabilities as of the end of the current quarter amounted to P5.915 million, showing a P1.667 million or 22% net decrease from end of 2010 P 7.582 million and a decrease of P 0.300 million or about 5% from second quarter 2010. This was primarily caused by payment of accounts and accrued expenses in 2011.

The company's current liabilities as of the end of the current year's second quarter amounting to P 5.302 million accounted for 90 % of the total liabilities. There had been a 49 % or P 1.667 million decrease in the said account from end of last year's P6.969 million due to payment of accounts payable and accrued expenses account. Compared with second quarter 2010 balance of P 5.78 million, this account decreased by P 0.477 million or 8% .

Accounts payable and accrued expenses amounting to P 1.72 million as of the end of the current quarter accounted for 32 % of the total current liabilities of the company. As against last year's ending balance of P 3.384 million, this account showed a decrease of 49 % or P 1.67 million. As previously mentioned, the decrease was caused by payment of accounts and accrued expenses. Compared with second quarter of 2010 balance of P 2.195 million, this account declined by P 0.477 million or 21.74%.



Dividends payable comprised 68% of the total current liabilities of the corporation. This account remained at the same amount with end of last year's and second quarter balance of P 3.584 million.

Accrued retirement benefits payable, the sole noncurrent liability presented in the attached financial statements accounted for 10% of the company's total liabilities. There were no transactions during the current quarter that would affect the balance of the subject liability account, hence, its ending balance as of the current quarter remained at P0.613 million. Compared with June 2010 balance of P 0.435 million, this account increased by 41% or P 0.178 million due to additional accrual of retirement benefits.

The company still indicated a sound financial position as of the end of the second quarter of the year 2011 with total current assets of P 9.46 million and current liabilities of only P 5.30 million, thereby giving a current ratio of 1.78:1. The company, though suffering net losses for several periods already, is still having an impressive financial position in terms of liquidity. Overall liquidity ratio of the company is 7.03:1, total assets being P41.61 million against total liabilities of P 5.915 million only. Net income per share has been computed to be P 0.022 as of the end of the second quarter of the current year. Return on equity, on the other hand is a positive of .0443, net income as of the end of the second quarter being P 1.723 million and total stockholders equity being P38.907 million. Stockholder's equity ratio is 93.51%, stockholders equity being P38.907 million and total assets being P41.61 million.

The Bayarong tailings dam spillway partially collapsed resulting to some seepages and partial erosion of the tailings dam spillway. The Company contends that only Benguet should be held liable to rehabilitate the collapsed spillway, and/or take the necessary remedial measures to prevent any adverse environmental consequences. The following is a discussion of the status of this contingency:

In an Order dated June 26, 2003, the Secretary of the DENR required the Company and Benguet to take the necessary remedial measures to prevent further damage. However, in an Order dated December 10, 2003, the DENR Secretary required the Company to comply with measures to avert any danger, without prejudice to its right to proceed against Benguet for reimbursement and damages for possible breach of warranty.

The December 10, 2003 DENR Order (the Order) did not absolve Benguet of liability. It merely required the Company to initially perform the acts of rehabilitation without prejudice to its claims against Benguet. While the Order has become final, the Company still reserves its rights to proceed against Benguet for the reimbursement of its expenses.

Nevertheless, in its regular meeting in January 2004, it was the opinion of the Company's BOD that, without prejudice to any and all legal action and recourse it might take, the Company had a social responsibility to ensure the safety of the residents. Thus, while the Company continues to dispute and impugn the December 10, 2003 DENR Order and it fully maintains its position that Benguet is liable for any damage and

rehabilitation, the Company believes that to wait for the conclusion of the legal dispute would be detrimental to the interest of the surrounding communities. Thus, without prejudice to its legal position and in recognition of the urgency for repairs, the Company has taken the necessary remedial measures to prevent adverse environmental consequences by constructing a second tunnel with the approval, consent and knowledge of both Benguet and the MGB.

Construction of the second tunnel was completed in August 2004. Total costs incurred amounting to 17.4 million were recognized as expense in 2004. In 2005, six additional safety measures were installed on the new tunnel as recommended by the MGB. These were completed on June 20, 2005 at a total cost of 6.7 million. As a last line of defense against flood waters, benching embankments were made on the old spillway. An open concrete canal with riprap dyke as draining berm was installed to channel excess water to the old Bayarong spillway. This is the third and last line of defense. Management believes that the completion of the six additional safety measures is the permanent solution to the stability of the dam. Management continues to maintain the second tunnel that was completed in August 2004 and the six additional safety measures.

On June 10, 2008, the Secretary of DENR wrote DCSMI demanding the payment of the penalties in view of the finality of the decision of the Honorable Court. Up to this time, DCSMI is adamant in its position in not paying the penalties demand by the Secretary of DENR.

In compliance with instructions and directives from the DENR and the EMB Region 3, the company has continued to maintain the dam structures, including the tunnels, the mini-spillway, and the plunge pool constructed to break the water discharge from the second tunnel. This speaks strongly of the company's sense of social responsibility and respect for the country's policies on environmental management.

On December 29, 2005, the Department of Environment and Natural Resources (DENR) Secretary issued an order declaring the Company's application MP-P-111-03-05 filed on January 31, 2005 *void ab initio* on the ground that the area applied for was still closed to mining application. The Company sought a reconsideration of this decision, but in an Order dated February 14, 2006, DENR denied the Company's Motion for Reconsideration. The Company elevated the matter by way of a Petition for Review to the Office of the President which issued a decision and resolution favorable to the Company dated December 4, 2006 and June 20, 2007, respectively. The DENR Order dated December 29, 2005 and February 14, 2006 were reversed and set aside. The issuance of MPSA No. 227-2006-III in favor of a stockholder was likewise set aside. While the decision of the Office of the President in favor to the Company further restored the latter's MPSA, Dr. Dizon appealed to the Court of Appeals in November 2007. As of February 11, 2008, both parties filed their respective memorandum and the case is now submitted for decision or resolution.

On May 9, 2008, the Court of Appeals issued its decision granting respondent's Petition for Review, reversing and setting aside the Office of the President

decision dated December 4, 2006 and Office of the President Resolution dated June 20, 2007, while reinstating DENR Order dated December 29, 2005 and February 14, 2006, respectively.

On August 21, 2008, the Company filed a Petition for review on Certiorari with the Supreme Court questioning the Decision dated May 9, 2008 and Resolution dated July 1, 2008 of the Court of Appeals. After the filing by both parties of their respective Memoranda, the Supreme Court case is now deemed submitted for resolution.

On January 31, 2011, the Supreme Court has rendered a resolution taking note of the “Motion to Resolve” filed by the Respondent of the case.

The company has completed studies of the metal content of the 85 million tons mineralization of the discovered ore bodies. Further studies are being reviewed by foreign and local exploration companies.

There is no immediate need to purchase equipment at present since there are equipment that are available under lease arrangements with lessors that can be utilized by the company. The company has no other material commitments for capital expenditures as of the current date.

As of now, the company is not anticipating significant changes in the number of employees. The company can employ on short contract basis on its present operation.

There is no existing nor probable governmental regulation that may affect the business operations of the company. As far as the DCSMI application is covered, there is no new pronouncement regarding government regulations (RA 7942) except for some procedural requirements imposed by the government.

There are no known trends, demands, commitments, events or uncertainties that will have material impact on the Company’s liquidity as of the current period. Except for the sale of the company’s condominium unit, there are no known trends, events, or uncertainties either that could have a material impact on the revenues of the company, if any. Neither is there any event that will trigger direct or contingent financial obligation that is material to the company. Furthermore, the company has no off-balance sheet transaction, arrangement nor obligation and relationship with unconsolidated entities or other persons created during the reporting period. Likewise, there are no seasonal aspects that could have a material effect on the financial condition or results of operation of the company. Since the Company is still very liquid, no acquisition from outside sources of funds is necessary.

### **Financial Assets and Liabilities**

The following table summarizes the carrying/fair values of financial assets and liabilities of the Company as of June 30, 2011 and December 31, 2010:

	June 30, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Loans and Receivables</b>				
Cash and cash equivalents	8,851,276	8,851,276	3,454,354	3,454,354
Receivables:				
Rent receivable		-	67,085	67,085
Advances to officers and employees	7,121	7,121	26,850	26,850
	<b>8,858,397</b>	<b>8,858,397</b>	<b>3,548,289</b>	<b>3,548,289</b>
<b>AFS Financial Assets</b>				
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
Equity investments:				
Quoted shares of stock	2,110,303	2,110,303	2,110,303	2,110,303
Unquoted shares of stock	12,680	12,680	12,680	12,680
	<b>2,122,983</b>	<b>2,122,983</b>	<b>2,122,983</b>	<b>2,122,983</b>
<b>Other Financial Liabilities</b>				
Accounts payable and accrued expenses				
Payable to stockholders	1,402,653	1,402,653	1,459,626	1,459,626
Accrued expenses	40,163	40,163	146,155	146,155
Rental deposits	255,000	255,000	255,000	255,000
Retention payable	-	-		
Others	-	-		
Dividends payable	3,584,876	3,584,876	3,584,786	3,584,786
	<b>5,282,692</b>	<b>5,282,692</b>	<b>5,445,567</b>	<b>5,445,567</b>

Due to the short-term nature of the cash and cash equivalents, receivables, and accounts payable and accrued expenses, the carrying values of these accounts approximate their fair values. AFS financial assets in quoted equity instruments are carried in the balance sheet at fair value, which is determined by reference to quoted market prices at the close of business on the balance sheet date.

AFS financial assets in unquoted equity securities are carried at cost less allowance for impairment losses because their fair values cannot be measured reliably due to lack of reliable estimates of future cash flows and discount rates necessary for the fair values.

### Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing these risks which are summarized as follows:

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risks are minimized and monitored by limiting the Company's associations to business parties with high creditworthiness. Receivables are monitored on an ongoing basis through the Company's management reporting procedures. The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments. The Company deals only with financial institutions duly evaluated and approved by the BOD.

The Company's maximum exposures to credit risk arising from financial instruments are shown in the following table:

	<u>June 30, 2011</u>
Cash and cash equivalents (excluding cash on hand)	8,813,176
Receivables:	
Advances to officers and employees	7,121
AFS financial assets:	
Shares of stock	2,122,983
<u>Total credit risk exposure</u>	<u>10,943,280</u>

Credit quality per class of financial instrument as of June 30, 2011:

	<u>Neither Past Due nor Impaired</u>		Past due but not Impaired	Past due or Individually Impaired	Total
	High Grade	Standard Grade			
Cash and cash equivalents	8,851,276	-	-	-	8,851,276
Receivables:					
Advances to officers and employees		7,121			7,121
AFS financial assets					
Shares of stock	-	-	-	2,122,983	2,122,983
Short-term investments	-	-	-	-	
<u>Total</u>	<u>8,851,276</u>	<u>7,121</u>	<u>-</u>	<u>2,122,983</u>	<u>10,981,380</u>

The following table provides the age analysis of financial assets that are past due but not impaired as of June 30, 2011:

		Less than 6 months	More than 6 months but less than 1 year	Total
Receivables	P	7,121	-	7,121

The credit quality of the financial assets was determined as follows:

### *Cash and AFS Financial Assets*

Cash are classified as “Grade Satisfactory” since cash are placed in high profile banking institutions while AFS financial assets are determined based on its fair market value.

### *Receivables*

Receivables are categorized based on the collection experience with the counterparties.

- a. High Grade - settlements are obtained from counterparty following the terms of the contracts without much collection effort.
- b. Standard Grade - some reminder follow-ups are performed to obtain settlement from the counterparty.
- c. Impaired - difficult to collect with some uncertainty as to collectability of the accounts.

Overall, the Company considers its high grade and standard grade accounts of good quality and it expects to collect all its receivables except for impaired accounts where credit losses maybe incurred.

### Liquidity Risk

Liquidity risk arises from the possibility that an entity will encounter difficulty in raising funds to meet associated commitments with financial instruments. The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated funds from sale of mine site assets.

The Company’s objectives to manage its liquidity profile are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The table below summarizes the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments:

*As of June 30, 2011:*

	<b>Less than 6 months</b>	<b>More than 6 months but less than one year</b>	<b>Total</b>
<b>Accounts payable and accrued expenses</b>			
Payable to stockholders	–	1,402,653	1,402,653
Accrued expenses	--	–	--
Rental deposits	255,000	-	255,000
Retention payable	--	–	--
Others	--	–	--
<b>Dividends payable</b>	<b>3,584,876</b>	<b>–</b>	<b>3,584,876</b>
	<b>3,839,876</b>	<b>1,402,653</b>	<b>5, 242,529</b>

*As of December 31, 2010*

	Less than	More than 6 months but less	Total
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	6 months	than one year	
Accounts payable and accrued expenses			
Payable to stockholders	1,459,626		1,459,626
Accrued expenses		146,155	146,155
Rental deposits		255,000-	255,000
Retention payable			
Others			
Dividends payable	3,584,786	—	<b>3,584,786</b>
	5,044,412	401,155	5,445,567

### Capital Management

The Company maintains a capital base to cover risks inherent in the business. The primary objective of the Company is to ensure that the mine site is properly maintained while expenditures are kept at a low level.

	June 2011	December 2010
Capital stock	79,087,499	79,087,499
Deficit	(41,255,214)	(42,978,166)
	37,832,285	36,109,333
Treasury stock	(3,212,935) (I)	(3,212,935)
	<b>34,619,350</b>	<b>32,896,398</b>

## PART II - OTHER INFORMATION

On June 23, 2011, the Company filed a letter informing the Commission of the approved date of Annual Stockholders Meeting which is on August 31, 2011 in accordance with the by-laws of the Corporation.





**DIZON COPPER SILVER MINES, INC.  
COMPARATIVE BALANCE SHEETS**

		<u>June 30, 2011</u>		<u>June 30, 2010</u>
<b>A S S E T S</b>				
<b>Current Assets</b>				
Cash & cash equivalents	P	8,851,276	P	4,143,920
Receivables		7,121		15,476
Prepayments & other current assets		601,766		382,352
		<u>9,460,163</u>		<u>4,541,748</u>
Non current assets held for sale		<u>-</u>		<u>-</u>
<b>Total Current Assets</b>		<b><u>9,460,163</u></b>		<b><u>4,541,748</u></b>
<b>Noncurrent Assets</b>				
Property and equipment - net		13,744		9,588
Investment properties - net		30,012,940		34,181,370
Available-for-sale financial assets		2,122,983		2,315,007
		<u>32,149,667</u>		<u>36,505,965</u>
Total Noncurrent Assets		<u>32,149,667</u>		<u>36,505,965</u>
<b>TOTAL ASSETS</b>	<b>P</b>	<b><u>41,609,830</u></b>	<b>P</b>	<b><u>41,047,714</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	P	1,717,439	P	2,194,509
Dividends payable		3,584,876		3,584,876
		<u>5,302,315</u>		<u>5,779,385</u>
<b>Total Current Liabilities</b>		<b><u>5,302,315</u></b>		<b><u>5,779,385</u></b>
<b>Noncurrent Liability</b>				
Accrued retirement benefits payable		612,800		435,500
		<u>612,800</u>		<u>435,500</u>
<b>Total Liabilities</b>		<b><u>5,915,115</u></b>		<b><u>6,214,885</u></b>
<b>Equity</b>				
Capital Stock - P 1 par value		79,087,499		79,087,499
Authorized - 101,250,000 shares				
Issued and outstanding - 79,087,499 shares				
Net changes in fair values of available-for-sale financia assets		1,075,365		1,197,389
Retained Earnings (Deficit)		(41,255,214)		(42,239,124)
		<u>38,907,650</u>		<u>38,045,764</u>
Cost of treasury shares - 1,080,812 shares		(3,212,935)		(3,212,935)
		<u>35,694,715</u>		<u>34,832,829</u>
Total Equity		<u>35,694,715</u>		<u>34,832,829</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P</b>	<b><u>41,609,830</u></b>	<b>P</b>	<b><u>41,047,714</u></b>

**DIZON COPPER SILVER MINES, INC.  
COMPARATIVE BALANCE SHEETS**

		<u>June 30,2011</u>		<u>AUDITED Dec. 31, 2010</u>
<b>A S S E T S</b>				
<b>Current Assets</b>				
Cash & cash equivalents	P	8,851,276	P	3,454,354
Receivables		7,121		93,935
Prepayments & other current assets		601,766		1,667,397
		<u>9,460,163</u>		<u>5,215,686</u>
Non current assets held for sale		-		4,198,607
		<u>9,460,163</u>		<u>9,414,293</u>
<b>Noncurrent Assets</b>				
Property and equipment - net		13,744		3,599
Investment properties - net		30,012,940		30,012,940
Available-for-sale financial assets		2,122,983		2,122,983
		<u>32,149,667</u>		<u>32,139,522</u>
<b>TOTAL ASSETS</b>	<b>P</b>	<b><u>41,609,830</u></b>	<b>P</b>	<b><u>41,553,815</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	P	1,717,439	P	3,384,376
Dividends payable		3,584,876		3,584,876
		<u>5,302,315</u>		<u>6,969,252</u>
<b>Total Current Liabilities</b>		<b><u>5,302,315</u></b>		<b><u>6,969,252</u></b>
<b>Noncurrent Liability</b>				
Accrued retirement benefits payable		612,800		612,800
		<u>5,915,115</u>		<u>7,582,052</u>
<b>Total Liabilities</b>		<b><u>5,915,115</u></b>		<b><u>7,582,052</u></b>
<b>Equity</b>				
Capital Stock - P 1 par value		79,087,499		79,087,499
Authorized - 101,250,000 shares				
Issued and outstanding - 79,087,499 shares				
Net changes in fair values of available-for-sale financial assets		1,075,365		1,075,365
Retained Earnings (deficit)		(41,255,214)		(42,978,166)
		<u>38,907,650</u>		<u>37,184,698</u>
Cost of treasury shares - 1,080,812 shares		(3,212,935)		(3,212,935)
		<u>35,694,715</u>		<u>33,971,763</u>
<b>Total Equity</b>		<b><u>35,694,715</u></b>		<b><u>33,971,763</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P</b>	<b><u>41,609,830</u></b>	<b>P</b>	<b><u>41,553,815</u></b>

**DIZON COPPER SILVER MINES, INC.**  
**COMPARATIVE INCOME STATEMENTS**  
January-June 2010 & 2011 and April-June 2011 & 2010

	<u>Jan to June 2011</u>	<u>Jan to June 2010</u>	<u>April to June 2011</u>	<u>April to June 2010</u>
<b>INCOME (EXPENSES)</b>				
Minesite and administrative expenses	P <u>(2,552,838)</u>	P <u>(3,704,277)</u>	P <u>(1,136,396)</u>	P <u>(1,862,786)</u>
Other income:				
Gain on Sale of Non current asset held for sale	4,729,964	-	4,729,964	-
Interest income	45,490	63,773	26,065	24,701
Rental income	188,304	376,607	-	188,304
Others	9,460	1,235	-	-
Total	<u>4,973,218</u>	<u>441,615</u>	<u>4,756,029</u>	<u>213,005</u>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<u>2,420,381</u>	<u>(3,262,662)</u>	<u>3,619,633</u>	<u>(1,649,781)</u>
<b>PROVISION FOR INCOME TAX</b>	<u>697,428</u>	<u>-</u>	<u>697,428</u>	<u>-</u>
<b>NET INCOME / (LOSS) AFTER TAX</b>	<u>P 1,722,953</u>	<u>P (3,262,662)</u>	<u>P 2,922,205</u>	<u>P (1,649,781)</u>
<b>EARNINGS/(LOSS) PER SHARE</b>	<u>0.0221</u>	<u>(0.0418)</u>	<u>0.0375</u>	<u>(0.0211)</u>

\*\*Computed using the weighted average number of shares of 78,006,687

**DIZON COPPER SILVER MINES INC.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED JUNE 30, 2011 AND 2010**

	CAPITAL STOCK	NET CHANGES IN FAIR VALUES OF AVAILABLE FOR SALE FINANCIAL ASSETS	RETAINED EARNING (DEFICIT)	TREASURY SHARES	TOTAL
BALANCES , JANUARY 1, 2011	79,087,499	1,075,365	(42,978,166)	(3,212,935)	33,971,763
NET INCOME (LOSS) FOR THE QUARTER	-		1,722,952		1,722,952
<b>BALANCES , JUNE 30, 2011</b>	<b>79,087,499</b>	<b>1,075,365</b>	<b>(41,255,214)</b>	<b>(3,212,935)</b>	<b>35,694,715</b>
BALANCES , JANUARY 1, 2010	79,087,499	1,197,389	(38,976,462)	(3,212,935)	38,095,491
NET INCOME (LOSS) FOR THE QUARTER	-		(3,262,662)		(3,262,662)
<b>BALANCES , JUNE 30, 2010</b>	<b>79,087,499</b>	<b>1,197,389</b>	<b>(42,239,124)</b>	<b>(3,212,935)</b>	<b>34,832,829</b>

**DIZON COPPER SILVER MINES, INC.**  
**COMPARATIVE CASH FLOW STATEMENTS**  
January to June 2011 & 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income / (Loss)	P 1,722,953	P (3,262,662)
Adjustment to reconcile Net Income / (Loss) to net cash provided by operating activities:		
Depreciation	1,685	395,034
(Increase) / Decrease in receivables	86,815	168,548
(Increase) / Decrease in prepayments & other current assets	1,065,630	(22,822)
(Increase) / Decrease in non current asset held for sale	4,198,607	
Increase/(Decrease) in accts. payable & other liabilities	<u>(1,666,938)</u>	<u>214,556</u>
 <b>Net Cash Provided/(Used) by Operating Activities</b>	 <b><u>5,408,752</u></b>	 <b><u>(2,507,346)</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property & equipment	<u>(11,830)</u>	<u>(4,601)</u>
 <b>Net Cash Used in Investing Activities</b>	 <b><u>(11,830)</u></b>	 <b><u>(4,601)</u></b>
 <b>NET DECREASE IN CASH &amp; CASH EQUIVALENT</b>	 <b>5,396,922</b>	 <b>(2,511,947)</b>
 CASH & CASH EQUIVALENTS January 1, 2011 & 2010	 <u>3,454,354</u>	 <u>6,655,867</u>
 <b>ENDING BALANCE - 2nd Quarter (June 30, 2011)</b>	 <b>P <u><u>8,851,276</u></u> P</b>	 <b><u><u>4,143,920</u></u></b>

## **DIZON COPPER-SILVER MINES, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **1. Corporate Information, Status of Operation and Management Plans**

##### Corporate Information

Dizon Copper-Silver Mines, Inc. (the Company), a publicly listed company, is incorporated in the Philippines on August 18, 1966 to acquire, purchase, lease, hold, work and operate mines, mining claims, grounds or lodes in the Philippines or in foreign countries. Its registered business address is Suite 214, State Condominium IV, Ortigas Avenue, Greenhills, San Juan, Metro Manila.

##### Status of Operations and Management Plans

The Company incurred recurring net losses of 4,001,704, 7,744,020 and 10,319,499 in 2010, 2009 and 2008, respectively, and reported deficit of 42,978,166 and 38,976,462 as of December 31, 2010 and 2009, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Pursuant to a mine operating agreement referred to as the Dizon Copper Operations (DCO) executed in 1975 between Benguet Corporation (Benguet) and the Company, Benguet acted as the operator of the Company's mining operations at San Marcelino, Zambales. Under the DCO, Benguet explored, developed and placed 57 mineral claims into commercial operations. The agreement provided that at the end of the mine life, the land, roads, bridges, piers and all other immovable improvements of the DCO shall revert to the Company. With respect to machinery and building, their residual value shall be shared equally by Benguet and the Company.

Effective August 1, 1997, Benguet suspended mining operations due to the extensive damage to the mine site caused by a typhoon. On November 25, 1997, Benguet assigned its rights, claims and interests in the DCO to the Company through a memorandum of agreement (MOA), which provided the following, among others:

- a. In return for the assignment of the DCO operating rights, the Company shall pay a consideration of 10 million, which will be applied against the Company's share in the net deficit of the DCO project. It was agreed that the Company's share in the DCO net deficit is to be offset against its share in the DCO excise tax fund and that, it has no further obligation to pay such share in the deficit.
- b. Except for assets that the Company shall deem necessary for the continued operations of the mines, which, as discussed, were assigned to the Company, DCO's assets including the materials and supplies inventory, shall be disposed and the proceeds thereof shall be distributed equally to both parties.
- c. The proceeds of the insurance claims related to the two fully depreciated heavy equipment of the DCO project that were damaged by the typhoon are remitted by the insurers to Benguet. Management believes that in accordance with the DCO's and the MOA, the Company is entitled to a 50% share in the proceeds remitted to Benguet.

With the suspension of its mining operations, the Company's present activities are confined to the care and maintenance of the minesite and the mining properties therein (Note 7). The Company is now looking for a new partner to operate the mines and the recovery of residual gold from its tailing dam which holds around 100 million metric tons mill tailings containing 0.33 gold per ton

(Au/T) as reported by Medusa Mining Ltd. of Australia in June 2005. Further, the Company is still exploring other potential ore reserve within the mining claims.

#### *Port Operation*

Port Dizon, the Company's port facilities located in Subic, Zambales, may still be used as loading facility for ore and aggregates should the Company resume mining operations (Note 8).

The ultimate outcome of management's actions and programs as discussed above cannot be presently determined. The financial statements do not include any adjustment that may result from the outcome of this uncertainty.

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## **2. Summary of Significant Accounting Policies and Financial Reporting Policies**

### Basis of Preparation

The financial statements are prepared under the historical cost basis, except for available-for-sale (AFS) financial assets which are carried at fair value. The financial statements are presented in Philippine Peso (Peso), which is the Company's functional currency and amounts are rounded to the nearest Peso unless otherwise stated.

### Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended and revised PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation, based on the International Financial Reporting Interpretations Committee (IFRIC) interpretations, starting January 1, 2010.

The following changes in accounting standards are currently not relevant or applicable to the Company:

- Amendments to PFRS 2, *Share-based Payment - Group Cash-settled Share-based Payment Transactions*
- Revised PFRS 3, *Business Combinations*, and amendment to PAS 27, *Consolidated and Separate Financial Statements*
- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
- Philippine Interpretation IFRIC 17, *Distribution of Non-cash Assets to Owners*

### *Improvements to PFRS in 2009*

The omnibus amendments to PFRS were issued primarily with a view to remove inconsistencies and clarify wordings. The following improvements are either currently not relevant to or did not have significant impact on the financial statements of the Company, except otherwise stated.

- PFRS 2, *Share-based Payment*
- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*

- PFRS 8, *Operating Segments*
- PAS 1, *Presentation of Financial Statements*
- PAS 7, *Statement of Cash Flows*
- PAS 17, *Leases*
- PAS 36, *Impairment of Assets*
- PAS 38, *Intangible Assets*
- PAS 39, *Financial Instruments: Recognition and Measurement*
- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*
- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*

New Accounting Standards, Interpretations, and Amendments to  
Existing Standards Effective Subsequent to December 31, 2010

The Company will adopt the following standards, interpretations and amendments to existing standards enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have a significant impact on the financial statements.

*Effective in 2011*

- Philippine Interpretation IFRIC 14 (Amendment) - *Prepayments of a Minimum Funding Requirement*

The amendment to Philippine Interpretation IFRIC 14 is effective for annual periods beginning on or after January 1, 2011, with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*

Philippine Interpretation IFRIC 19 is effective for annual periods beginning on or after July 1, 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.

- PAS 24 (Amended), *Related Party Disclosures*

The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

- PAS 32, *Financial Instruments: Presentation (Amendment) - Classification of Rights Issues*  
The amendment to PAS 32 is effective for annual periods beginning on or after February 1, 2010. The amendment changed the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.



#### *Improvements to PFRS in 2010*

Improvements to IFRSs is an omnibus of amendments to PFRSs. The amendments have not been adopted as they become effective for annual periods on or after either July 1, 2010 or January 1, 2011. The amendments listed below, are expected to have no significant impact on the Company's financial statements:

- *PFRS 3, Business Combinations*  
The revised PFRS 3 clarifies that the amendments to PFRS 7, *Financial Instruments: Disclosures*, PAS 32 and PAS 39, *Financial Instruments: Recognition and Measurement*, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of PFRS 3.
- *PFRS 7, Financial Instruments: Disclosures*  
The amendment to PFRS 7 emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments which should be applied retrospectively.
- *PAS 1, Presentation of Financial Statements*  
The amendment to PAS 1 clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
- *PAS 27, Consolidated and Separate Financial Statements*  
The amendment to PAS 27 clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates*, and PAS 31, *Interests in Joint Ventures*, apply prospectively for annual periods beginning on or after July 1, 2010 or earlier when PAS 27 is applied earlier.
- *Philippine Interpretation IFRIC 13, Customer Loyalty Programmes*  
The amendment to Philippine Interpretation IFRIC 13 clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

#### *Effective in 2012*

- *Philippine Interpretation IFRIC 15, Agreement for Construction of Real Estate*  
This interpretation, effective for annual periods beginning on or after January 1, 2012, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.
- *PAS 12, Income Taxes (Amendment) - Deferred Tax: Recovery of Underlying Assets*  
The amendment provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will, normally, be through sale.

- PFRS 7, *Financial Instruments: Disclosures (Amendments) - Disclosures - Transfers of Financial Assets*

The amendments to PFRS 7 are effective for annual periods beginning on or after July 1, 2011. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

#### *Effective in 2013*

- PFRS 9, *Financial Instruments: Classification and Measurement*

PFRS 9, as issued in 2010, reflects the first phase of the work on the replacement of PAS 39, and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, hedge accounting and derecognition will be addressed. The completion of this project is expected in early 2011. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

The Company continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to December 31, 2010 on the Company's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

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

#### Cash and Cash Equivalents

Cash includes cash on hand and in banks. 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 acquisition and that are subject to an insignificant risk of changes in value.

#### Financial Assets and Financial Liabilities

##### *Classification and recognition*

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit and loss (FVPL). Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily 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 Company recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the market place.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial assets and financial liabilities are further classified into the following categories: financial asset or financial liability at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets and other financial liabilities. The Company determines the classification at initial recognition and re-evaluates this designation at every reporting date.

The Company has not designated any financial instruments as financial assets or financial liabilities at FVPL and HTM investments in 2010 and 2009.

a. Loans and Receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments 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 classified as “other financial assets held for trading”, designated as “AFS financial assets” or “financial assets designated at FVPL.”

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

As of June 30, 2011 and December 31, 2010, the Company’s loans and receivables include cash and cash equivalents and receivables.

b. AFS Financial Assets

AFS financial assets are nonderivatives that are either designated in this category or not classified in any of the other categories. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers and other debt instruments.

After initial measurement, AFS financial assets are measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in profit or loss. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded, net of tax, from reported earnings and are reported in other comprehensive income.

When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the profit or loss. 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 or paid on the financial is reported as interest income or expense using the effective interest rate.

Dividends earned on financial are recognized in the profit or loss when the right of payment has been established. The losses arising from impairment of such financial assets are recognized in profit or loss. Unquoted AFS financial assets, on the other hand, are carried at cost, net of any impairment, until the investment is derecognized. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from the reporting date.

As of June 30, 2011 and December 31, 2010, the Company has equity investments which are designated as AFS financial assets.

c. Other Financial Liabilities

This category pertains to financial liabilities that are not held for trading or not designated as FVPL upon inception of the liability. These include accounts payable and accrued expenses and dividends payable.

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization for any related premium, discount and any directly attributable transaction costs.

Derecognition of Financial Assets and Financial Liabilities

*Financial Assets*

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

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right 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.

*Financial Liabilities*

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

Where an 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 amounts is recognized in profit or loss.

#### Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where the inputs are made of data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the Day 1 difference.

#### Offsetting of Financial Instruments

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

#### Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired.

##### a. Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of loss, if any, is recognized in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Company about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in the collective assessment of impairment.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

b. Assets carried at cost

If there is objective evidence that an impairment loss of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

c. AFS financial assets

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in profit or loss. In the case of equity investments classified as AFS financial assets, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in profit or loss, but as other comprehensive income.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "interest income" in profit or loss. If, in subsequent years, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Prepayments

Prepayments are expenses paid in advance and recorded as asset before they are utilized. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as other noncurrent assets.

Noncurrent Assets Held for Sale

Noncurrent assets held for sale are carried at the lower of its carrying amount and net realizable value (NRV), which is the fair value less cost to sell. At reporting date, the Company classifies assets as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must be initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. However, events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Company's control and there is sufficient evidence that the Company remains committed to its plan to sell the asset.

At reporting date, assessment is done to determine if properties under this account qualify to be classified as asset held for sale and are not depreciated for the year.

Property and Equipment

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

The initial cost of property and equipment comprises of its purchase price, including import duties, taxes and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

When assets are sold or retired, their cost and accumulated depreciation and any impairment loss are eliminated from the accounts. Any gain or loss resulting from their disposal is included in profit or loss.

Depreciation commences when the property and equipment are available for use. It ceases at the earlier of the date that it is classified as noncurrent asset held for sale and the date the asset is derecognized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of years
Building improvements	5
Transportation equipment	4
Office furniture and equipment	2-3

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

Investment Properties

Investment properties consist of land and condominium unit held for lease. Land is stated at cost less any impairment in value. Condominium unit held for lease are measured at cost less accumulated depreciation and impairment in value, if any. The condominium unit held for lease is depreciated on a straight-line basis over their estimated useful life of 18 years.

Depreciation commences when the property and equipment are available for use. It ceases at the earlier of the date that it is classified as noncurrent asset held for sale and the date the asset is derecognized.

The useful life and depreciation method are reviewed periodically to ensure that the periods, method of depreciation and residual value are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognized in profit or loss in the year of derecognition.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

#### Impairment of Nonfinancial Assets

The carrying values of investment properties and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount is the greater of fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses, if any, are recognized in profit or loss.

The Company assesses at each reporting date whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Company considers external and internal sources of information in its assessment of the reversal of previously recognized impairment losses. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Capital Stock

Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and number of shares issued.

#### Treasury Shares

The common shares which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in profit or loss on the purchase of common shares.

#### Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

#### *Rental income*

Rental income from operating lease is recognized on a straight-line basis over the lease term.



*Interest income*

Interest income is recognized as the interest accrues.

Costs and Expenses

Costs and expenses are charged to operations when incurred.

Retirement Benefits Cost

Retirement benefits cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Retirement benefits cost includes current service cost, interest cost, expected return on plan assets and amortization of actuarial gains and losses.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of the previous reporting year exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The accrued retirement benefits cost recognized by the Company is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized, reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating to the terms of the related retirement benefits cost.

Operating Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires 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. A reassessment is made after inception of the lease only if one of the following applies:

- (a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

The Company determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease receipts and payments are recognized as revenue and expense, respectively, in the profit or loss on a straight-line basis over the term.

### Income Taxes

#### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered 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 at the reporting date.

#### *Deferred income tax*

Deferred income tax recognized on all temporary differences at the reporting 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 taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of the excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carry forward benefits of unused MCIT and NOLCO can be utilized.

Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and is not recognized if it is not probable that sufficient future taxable profits will be available to allow the deferred income tax assets to be utilized.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in equity is recognized as other comprehensive income and not in profit or loss.

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

### Provisions and Contingencies

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event (i.e., environmental rehabilitation) and it is probable 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. If the effect of the time value of money is material, provisions are determined by discounting the effective future cash flows at a pretax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense.

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

is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

#### Loss Per Share

Basic loss per share is computed by dividing net loss for the year by the weighted average number of ordinary shares issued and outstanding after considering the retroactive effect, if any, of stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net loss by the weighted average number of ordinary shares outstanding during the year and adjusted for the effects of all dilutive potential common shares, if any.

#### Events After the Balance Sheet Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are nonadjusting events are disclosed in the notes to the financial statements when material.

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### **3. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances that are believed to be reasonable as of the date of the financial statements.

#### Judgments

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

##### *Classification of financial instruments*

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Company's balance sheet.

The Company determines the classification at initial recognition and re-evaluates this designation at every financial reporting date. The classifications of the various financial instruments of the Company are disclosed in Note 16.

##### *Distinction among property and equipment, investment property and noncurrent assets held for sale*

The Company determines whether a property qualifies as property and equipment, investment property or noncurrent assets held for sale. In making its judgment, the Company considers whether the property is held for use in the supply of services or is held for capital appreciation and earn rentals or is held with the intention of selling within one year, in which case the property shall be classified as property and equipment, investment properties and noncurrent assets held for sale, respectively, as the case may be. The Company considers each property separately in making its judgment.

As of December 31, 2010, the Company presented and accounted for its Condominium Unit Held for Lease as noncurrent asset held for sale because the Company has already located a buyer and the sale is expected to be completed in 2011. The sale was consummated on April 1, 2011

*Determination of operating lease commitments - Company as lessor*

The Company has entered into commercial property leases on its properties. The Company has determined that it retains the significant risks and reward of ownership of the properties leased out. As such, the Company accounts the leases as operating leases.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities follow:

*Impairment of AFS financial assets*

The Company determines AFS equity securities as impaired when there has been a significant or prolonged decline in the fair value of the financial assets below its cost or where other objective evidence of impairment exists. The determination of what is significant or prolonged requires judgment. The Company treats 'significant' generally as 20% or more of the original cost of investment and 'prolonged' as greater than six months. In addition, the Company evaluates other factors, including normal volatility in share price for unquoted equities

*Estimation of useful lives of nonfinancial assets*

The Company estimates the useful lives of its nonfinancial assets based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of these properties based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. .

*Recognition of deferred income tax assets*

The Company reviews the carrying amounts at each reporting date and recognizes deferred income tax assets to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

As of March 31, 2011 December 31, 2010 deferred income tax assets have not been recognized on deductible temporary differences and the carryforward benefits of unused tax credits from MCIT and unused NOLCO as the Company does not expect significant future taxable profits or reversal of taxable temporary differences against which the deductible temporary differences and the carryforward benefits of MCIT and NOLCO may be utilized .

*Estimation of provisions and contingencies*

The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at reporting date, net of any estimated amount that may be reimbursed to the Company. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information. The Company did not recognize any provision in 2010, 2009 and 2008.

*Estimation of impairment of nonfinancial assets*

The Company assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net realizable value (NRV) and value-in-use. The NRV 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.

As of June 30, 2011 and December 31, 2010, total nonfinancial assets which comprise of property and equipment and investment properties amounted to 30.0 million. Based on management's current assessment, there is no impairment loss that needs to be recognized on these nonfinancial assets in 2011 and 2010

*Estimation of retirement benefits cost*

The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 12 and include, among others, discount rates, expected rates of return on plan assets and salary increase rates. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Company believes that the assumptions are reasonable and appropriate, differences in the actual experience or changes in the assumptions may materially affect the retirement obligations.

SCHEDULE A

**DIZON COPPER SILVER MINES, INC.**  
**SCHEDULE OF CASH AND CASH EQUIVALENTS**  
**June 30, 2011**

CASH ON HAND		P	38,099
CASH IN BANK			1,380,146
TIME DEPOSITS			
Metrobank	773,849		
BPI	6,659,181		
	<u>        </u>		<u>        </u>
<b>TOTAL</b>		<b>P</b>	<b>8,851,276</b>

## SCHEDULE B

**DIZON COPPER SILVER MINES, INC.**  
**SCHEDULE OF RECEIVABLE FROM OFFICERS & EMPLOYEES**  
**30-Jun-11**

NAME	DESIGNATION	BALANCE 12/10/2010	ADDITIONS	DEDUCTIONS	BALANCE 6/30/2011
Y. Gavano	Chief Accountant	6,650		5,440	1,210
M. Cabrera	Executive Secretary	1,543	7,418	6,050	2,911
F. Matsuda	Treasurer	6,650		6,650	-
B. Rodriguez	Security Manager	3,000			3,000
<b>TOTAL</b>		<b>17,843</b>	<b>7,418</b>	<b>18,140</b>	<b>7,121</b>

**DIZON COPPER SILVER MINES, INC.**  
**AGING OF ACCOUNTS RECEIVABLE**  
**June 30, 2011**

P A R T I C U L A R S	TOTAL AMOUNT	CURRENT	30 DAYS	OVER 90 DAYS
Accounts Receivable-Others	-		-	-
A/Receivable-Officers and Employees	4,121	4,121		
Advances for Expenses	3,000			3000
<b>TOTAL</b>	<b>7,121</b>	<b>4,121</b>	<b>0</b>	<b>3,000</b>



**DIZON COPPER SILVER MINES, INC.**  
**SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT**  
**June 30, 2011**

	31-Dec-10	Additions	Write-off	30-Jun-11
AT COST				
Building Rights & Improvement	1,569,512			1,569,512
Transportation Equipment	1,175,000			1,175,000
Office Furniture and Fixtures	625,045	11,830		636,875
<b>TOTAL</b>	<b>3,369,557</b>	<b>11,830</b>	<b>-</b>	<b>3,381,387</b>

**DIZON COPPER SILVER MINES, INC.**  
**SCHEDULE OF ACCUMULATED DEPRECIATION**  
**June 30, 2011**

	31-Dec-10	Additions	Write-off	30-Jun-11
Building Rights & Improvement	1,569,512			1,569,512
Transportation Equipment	1,175,000			1,175,000
Office Furniture and Fixtures	621,446	1,685		623,131
<b>TOTAL</b>	<b><u>3,365,958</u></b>	<b><u>1,685</u></b>	<b><u>0</u></b>	<b><u>3,367,643</u></b>

## SCHEDULE F

**DIZON COPPER SILVER MINES, INC.**  
**SCHEDULE OF INVESTMENT PROPERTIES**  
**June 30, 2011**

	31-Dec-10	Additions	Write-off	30-Jun-11
Port Dizon	30,000,000			30,000,000
Kenter	12,940			12,940
	<b>30,012,940</b>	-	-	<b>30,012,940</b>

**SCHEDULE OF NON CURRENT ASSET HELD FOR SALE**  
**June 30, 2011**

	31-Dec-10	Additions	Write-off	30-Jun-11
Tektite Condominium unit	4,198,607	-	4,198,607	-
	<b>4,198,607</b>	-	<b>4,198,607</b>	-

**DIZON COPPER SILVER MINES, INC.**  
**SCHEDULE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS**  
**June 30, 2011**

Name of Issuing Entity	Number of Shares	Amount
Urban Bank Inc. / Export and Industry Bank	6,075,000	1,917,199
Urban Corp. Investment	88,820	87,704
Subic Bay Waterfont	1	-
Clinica Manila	8,500	-
Urban Corp. Realty Developers, Inc.	492,720	-
Uniwide	40,000	5,400
Others		112,680
<b>TOTAL</b>		<b><u>2,122,983</u></b>

**DIZON COPPER SILVER MINES, INC.**  
**SCHEDULE OF CAPITAL STOCK**  
**June 30, 2011**

Title of Issue	Number of Authorized	Number of Shares Issued & Outstanding	Number of Shares Held by Affiliates	Number of Shares Held by Officers & Employees	Number of Shares Held by Others
Common Stock	101,250,000	79,087,499	None	1,891,926	77,195,573
Less: Treasury Shares		1,080,812			1,080,812
	<u>101,250,000</u>	<u>78,006,687</u>		<u>1,891,926</u>	<u>76,114,761</u>

**DIZON COPPER SILVER MINES, INC.**  
**LIST OF TOP TWENTY (20) STOCKHOLDERS**  
**As of June 30, 2011**

<b>STOCKHOLDERS</b>		<b>SHARES</b>	<b>%</b>	
1	PCD NOMINEE CORPORATION	Filipino	34,644,093	43.80%
2	LORDIZ AND CO., INC.	Filipino	10,360,350	13.10%
3	DIZ-MARC FORTUNES, INC.	Filipino	10,156,459	12.84%
4	FORDJEM ENTERPRISES INC.	Filipino	4,707,504	5.95%
5	LUTGARDA D. LACSON	Filipino	2,609,868	3.30%
6	PCD NOMINEE CORPORATION	Other Alien	1,484,371	1.88%
7	JUVER ENTERPRISES INC	Filipino	1,231,345	1.56%
8	GIBRALTAR MINING ENT. INC.	Filipino	1,161,950	1.47%
9	JUVENCIO D. DIZON	Filipino	1,035,084	1.31%
10	LOURDES D. DIZON	Filipino	1,003,135	1.27%
11	CARLLO, INC.	Filipino	868,091	1.10%
12	TERESITA D. DIZON	Filipino	850,641	1.08%
13	LU-JEL MANAGEMENT RESOURCES, INC.	Filipino	525,500	0.66%
14	DIZON COPPER-SILVERS MINES INC. RET. FUND	Filipino	409,000	0.52%
15	LAKESIDE REALTY AND DEVT. CORP.	Filipino	378,000	0.48%
16	MA. ODILIA D. FELICIANO	Filipino	272,000	0.34%
17	FRANCISCO M. VARGAS	Filipino	223,250	0.28%
18	JOHN C. JOVEN	Filipino	195,000	0.25%
19	PUA YOK BING	Filipino	124,921	0.16%
20	JESUS DEL FIERRO MAGSAYSAY	Filipino	117,014	0.15%
SUB - TOTAL			72,357,576	92.76%
OTHER STOCKHOLDERS			6,729,923	8.63%
SUB - TOTAL			79,087,499	
<i>LESS : TREASURY SHARES</i>			1,080,812	
TOTAL SHARES			78,006,687	100.00%