ORIENTAL PETROLEUM AND MINERALS CORPORATION
34th. Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City
☏: 633-7631 to 40, 637-1670 to 79 Extensions 277, 278, 279, 280, 281 • 🖷: 395-2586

NOTICE OF THE REGULAR ANNUAL MEETING OF THE STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of the stockholders of **ORIENTAL PETROLEUM AND MINERALS CORPORATION** will be held at **Ballroom C, D, & E, 4th Floor, Crowne Plaza Galleria Manila, Ortigas Ave., cor. One ADB Avenue, Quezon City, on Thursday, June 28, 2012 at 3:00 P.M.**, pursuant to the resolution of the Board of Directors adopted in accordance with the By-Laws. The agenda of the meeting is as follows:

I. Call to order
II. Proof of due notice of meeting and determination of quorum
III. Approval of minutes
IV. Reports of officers/ Approval of the Annual Report
V. Election of Directors
VI. Election of External Auditors
VII. Other matters or business as may properly come before the meeting
VIII. Adjournment

Proxies on file with the Corporation will be recognized and/or used unless they have lapsed or have been specifically revoked or a new proxy is received by the Corporation.

Proxies must be filed with and received at the Corporation's office not later than by the close of business hours, five (5) working days prior to the date of meeting, viz., not later than 5:00 P.M. on June 21, 2012. Proxies received after the cut-off date shall not be recorded for this meeting.

Validation of proxies will begin on June 21, 2012 at 5:00 P.M. at the office of the Corporation

Pursuant to Article II, Section 6, par. 2 of the By-Laws, nominations for the position of directors, other than Independent Directors, must be received by the Corporate Secretary at least five (5) working days before the stockholders' meeting, i.e., not later than 5:00 P.M. on June 21, 2012. Nominations for Independent Director must be received by 5:00 P.M. on May 28, 2012. No further nominations shall be considered or entertained after the respective cut-off dates.

Only stockholders of record as at the close of business hours on May 28, 2012, shall be entitled to notice of, and to vote at, this meeting.

Pasig City, Metro Manila, May 16, 2012.

Ethelwoldo E. Fernandez
Corporate Secretary

COVER SHEET

4 0 0 5 8

SEC Registration Number

ORIENTAL PETROLEUM AND MINERALS C
ORPORATION AND SUBSIDIARIES

(Company's Full Name)

34th Floor, Robinsons Equitable T
ower, ADB Avenue, Ortigas Center,
Pasig City

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

Ehtelwoldo Fernandez
Corporate Secretary

(Contact Person)

633-7631 local 278

(Company Telephone Number)

1 2	3 1	S E C F O R M - 2 0 - I S	0 6 2 8
Month *Day* (Fiscal Year)		(Form Type)	*Month* *Day* (Annual Meeting)

DEFINITIVE INFORMATION STATEMENT

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20 – IS
Information Statement Pursuant to Section 17.1(b)
of the Securities Regulation Code

1.	Check the appropriate box	:	
			[ ] Preliminary Information Statement
			[X] Definitive Information Statement
2.	Name of Registrant as specified in its charter	:	**ORIENTAL PETROLEUM AND MINERALS CORPORATION**
3.	Province, country or other jurisdiction of incorporation or organization	:	**Metro Manila, Philippines**
4.	SEC Identification Number	:	**SEC Registration No. 40058**
5.	BIR Tax Identification Code	:	**TIN No. 321-000-483-747**
6.	Address of principal office	:	**34th Floor, Robinsons Equitable Tower, One ADB Ave., Ortigas Center, Pasig City**
7.	Registrant's telephone number, including area code	:	**(632) 633-7631 to 40**
8.	Date, time and place of the meeting of security holders	:	**June 28, 2012** **3: 00 P.M.** **Ballroom C, D, & E, 4th Floor** **Crowne Plaza Galleria Manila, Ortigas Ave., cor. One ADB Ave., Quezon City**
9.	Approximate date on which the Information Statement is first to be sent or given to security holders	:	**June 6, 2011**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, P0.01 par value	**200 Billion**

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes ___X____ No ________

Oriental Petroleum and Minerals Corporation's common stock is listed in the Philippine Stock Exchange

I. GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date, time and place of meeting		**June 28, 2012** **3: 00 P.M.** **Ballroom C, D, & E, 4th Floor,** **Crowne Plaza Galleria Manila, Ortigas Ave. cor. One ADB Ave., Quezon City**
Complete mailing address of principal office	:	**34th Floor Robinsons Equitable Tower, One ADB Ave., Ortigas Center, Pasig City**
Approximate date on which the Information Statement is first to be sent or given to security holders	:	**June 6, 2012**

PART II. SOLICITATION INFORMATION

<u>WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY</u>

Dissenters' Right of Appraisal

A stockholder has the right to dissent and demand payment of the fair value of his share; (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or of authorizing preference over the outstanding shares or of extending or shortening the term of corporate existence; (2) in case of any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; and (3) in case of any merger or consolidation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand on the corporation for the payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken.

There are no matters to be taken up that may warrant the exercise of the appraisal right.

Voting Securities and Principal Holders Thereof

Each of the 200,000,000,000 outstanding shares of the Company is entitled to one (1) vote. Said outstanding shares, all of which are common shares, are broken down as follows:

Class "A" -	120,000,000,000
Class "B" -	80,000,000,000

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy the number of shares of stock held in his name on the stock books of the Company as of the established record date, **May 28, 2012**, and said stockholder may vote such number of shares for as many as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. Eleven (11) directors are to be elected at the annual stockholders' meeting and there are no voting trust holders or warrants.

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

None of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

1. Directors or officers of the registrant at any time since the beginning of the last calendar year;
2. Nominees for election as a director of the registrant;
3. Associate of any of the foregoing persons.

Further, none of the Company's Directors has informed the Company in writing of their intentions to oppose any action taken by the Company at the meeting.

PART III. CONTROL AND COMPENSATION INFORMATION

Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities as of April 30, 2012 were as follows:

Class	Name and Address of Record Owner and relationship with the Issuer	Names of Beneficial Owner and relationship with record owner	Citizenship	No. of Shares Held	% to Total
Common	PCD Nominee Corporation[a] 37/F Tower I, The Enterprise Center, 6766 Ayala Ave. Cor. Paseo de Roxas (stockholder)	PCD Participants & their clients (see note a)	Filipino	83,191,840,902	41.60%
Common	Consolidated Robina Capital Corp.[b] 29/F Galleria Corporate Center Edsa Corner Ortigas Avenue (stockholder)	same as record owner (see note b)	Filipino	37,051,952,896	18.53%
Common	R. Coyiuto Securities, Inc.[c] 5th. Flr., Corinthian Plaza Paseo de Roxas, Makati City (stockholder)	same as record owner (see note c)	Filipino	21,652,380,152	10.83%
Common	Prudential Guarantee & Assurance Inc. [d] 119C Palanca St. Legaspi Village, Makati City (stockholder)	same as record owner (see note d)	Filipino	13,456,898,349	6.73%

Notes:

a. PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCDI"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCDI's participants, who hold the shares on their behalf, and their clients. PCDI is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

b. Consolidated Robina Capital Corporation is a 100% subsidiary of JG Summit Holdings, Inc. (JGSHI). OPMC and JGSHI share the following common directors: Mr. John Gokongwei, Jr., Mr. James L. Go, Mr. Lance Gokongwei and Gov.Gabriel Singson.
   - Any one of the following directors of the Company is authorized to vote: Messrs., John Gokongwei, Jr., James Go, Lance Gokongwei.

- Indirect ownership of Mr. John Gokongwei, Jr. is 1 share, Mr. James Go is 2 shares and Mr. Lance Gokongwei is 3 shares. Mr. Gabriel Singson has no indirect ownership in CRCC.

c. R. Coyiuto Securities, Inc. is majority-owned by Mrs. Rosie Coyiuto, wife of Mr. Robert Coyiuto, Jr. Mr. Coyiuto is the President and COO of Oriental Petroleum and Minerals Corp.
   - Any one of the following is authorized to vote: Ms. Rosie Coyiuto, Messrs. Philip K. Rico, Samuel Coyiuto, and James Coyiuto.
   - There are no participants in the above corporation who hold more than 5% of OPMC's outstanding capital stock.

d. Prudential Guarantee and Assurance, Inc. is majority owned by Coyiuto brothers.
   - Mr. Robert Coyiuto, Jr. is authorized to vote.
   - Indirect ownership of Mr. Robert Coyiuto, Jr. is 1,316,729 shares and Mr. James Coyiuto is 413,012 shares. Mr. Miguel Coyiuto has no indirect ownership in Prudential Guarantee and Assurance, Inc.

Security Ownership of Management as of April 30, 2012

Title of Class	Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership	Citizenship	% to Total Outstanding
A. Named Executive Officers[1]					
Common	James L. Go*	Chairman and CEO	1	Filipino	**
Common	Robert Coyiuto, Jr.*	Director, President and COO	565,664,986	Filipino	0.2828%
Common	Apollo P. Madrid*	SVP for Operations /Administration	1,812,766	Filipino	0.0009%
Common	Ethelwoldo E. Fernandez*	SVP for Legal / Corporate Secretary	604,787	Filipino	0.0003%
		Sub-total	568,082,540		0.2840%
B. Other Directors and Executive Officers					
Common	John L. Gokongwei, Jr.	Director	107,001	Filipino	0.0001%
Common	Amparo V. Barcelon	Director	964,213	Filipino	0.0005%
Common	Antonio Go	Director	1	Filipino	**
Common	Miguel R. Coyiuto	Director	101,595	Filipino	0.0001%
Common	Lance Y. Gokongwei	Director	1	Filipino	**
Common	Perry L. Pe*	Director and Asst. Corporate Secretary	513,621	Filipino	0.0003%
Common	Gabriel Singson	Director	1	Filipino	**
Common	Ricardo Balbido, Jr.	Director	100,000	Filipino	0.0001%
Common	James Coyiuto	Director	1	Filipino	**
		Sub-total	1,786,434		0.0011%
C. All directors and executive officers as a group unnamed			569,868,974		0.2851%

Voting Trust holdersr of 5% or More

There are no persons holding more than 5% or a class under a voting trust or similar agreement.

[1] Chief Executive Officer and three (3) among the four (4) most highly compensated executive officers as of December 31, 2011.

*Company's executive officers; **less than 0.0001%

Changes in Control

There has been no change in the control of the registrant since the beginning of its last calendar year.

Directors and Executive Officers

The names and ages of directors and executive officers of the Company are as follows:

Directors

Directors	*Names*	*Age*	*Citizenship*
Director, Chairman and Chief Executive Officer	James L. Go	73	Filipino
Director, President and Chief Operating Officer	Robert Coyiuto, Jr.	60	Filipino
Director	John Gokongwei, Jr.	85	Filipino
Director	Lance Y. Gokongwei	45	Filipino
Director	Antonio Go	71	Filipino
Director	Miguel R. Coyiuto	51	Filipino
Director	Amparo V. Barcelon	88	Filipino
Director	Gabriel Singson	82	Filipino
Director	James Coyiuto	58	Filipino
Director	Ricardo Balbido, Jr.	61	Filipino
Director, Assistant Corporate Secretary	Perry L. Pe	49	Filipino

Executive Officers

SVP – Operations and Administration	Apollo P. Madrid	71	Filipino
SVP – Legal and Corporate Secretary	Ethelwoldo E. Fernandez	83	Filipino
Chief Financial Officer/Treasurer	Jeanette U. Yu	58	Filipino

The Company's independent directors are Messrs. Antonio Go and Ricardo Balbido, Jr.

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until successor shall have been elected, appointed or shall have qualified.

The following directors of the Corporation are expected to be nominated by management for re-election / election this year.

The Independent directors of the Company are elected according to SRC Rule 38 – *Independent Directors.*

Brief discussion of the directors' and executive officers' business experience and other directorships held in other reporting companies for the last five years.

James L. Go, 73, has been the Chairman and Chief Executive Officer of the Company since 2002. He was a Director and Vice Chairman of the Board since 1994. He is the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. He had been the President and Chief Executive Officer of JG Summit Holdings, Inc. and was elected to the position of Chairman and Chief Executive Officer effective January 1, 2002 upon the resignation of Mr. John Gokongwei from this position. As Chairman and Chief Executive Officer, he heads the Executive Committee of JG Summit Holdings Inc. He is currently the Chairman and Chief Executive Officer of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation, Litton Mills, Inc., CFC Corporation, Universal Robina Sugar Milling Corporation, Southern Negros Development Corporation and Robinsons, Inc. He is also the President and a Trustee of Gokongwei Brothers Foundation, Inc. and a director of Philippine Long Distance Telecommunication, Digital Telecommunications Phils., Inc., First Private Power Corporation, Bauang Private Power Corporation, Cebu Air, Inc., Panay Electric Co., United Industrial Corp., Ltd., Singapore Land, Ltd., Marina Center Holdings, Inc., and JG Summit Capital Markets Corporation. He also serves as an advisory board member of Prudential Asia Investments Limited. Mr. James L. Go is the brother of Mr. John Gokongwei, Jr.

Robert Coyiuto, Jr., 60, has been a Director of the Company since 1982 and was previously both Chairman of the Board and President from 1991 to 1993. He has been President and Chief Operating Officer of the Company since 1994. He is also the Chairman of Prudential Guarantee & Assurance, Inc., Pioneer Tours Corporation, Coyiuto Foundation and Nissan North Edsa, President of PGA Sompo Japan Insurance, Inc. He also serves as Vice President of First Guarantee Life Assurance Co., Inc. and Director of Robinsons Land Corporation, Universal Robina Corporation; Canon Philippines, Inc. and Destiny Financial Plan Inc., Nominee of R. Coyiuto Securities, Inc. and Trustee of San Beda College. Mr. Robert Coyiuto Jr., is the brother of Mr. Miguel R. Coyiuto.

John L. Gokongwei, Jr., 85, is a Director of the Company. He had been Chairman of the Board and CEO of the Company from 1994 to 2002. He is the founder of JG Summit Holdings, Inc. (JGSHI) and Chairman Emeritus effective January 1, 2002. He had been Chairman of Board of Directors and Chief Executive Officer of JGSHI until his retirement and resignation from this position effective December 31, 2001. He continues to be a member of the Board of Directors of JGSHI and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JGSHI and is Chairman Emeritus of certain of its subsidiaries. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc.; Deputy Chairman and Director of United Industrial Corporation, Ltd., Singapore Land, Ltd. and a director of JG Summit Capital Markets Corporation, Digital Telecommunications Phils., Inc. He is also a non-executive director of A. Soriano Corporation and Philex Mining Corporation.

Lance Y. Gokongwei, 45, has been a Director of the Company since 1994. He is the President and Chief Operating Officer of Universal Robina Corporation. He had been Executive Vice President of Universal Robina Corporation and was elected President and Chief Operating Officer effective January 1, 2002 upon the resignation of Mr. James L. Go as President. He is also the President and Chief Operating Officer of JG Summit Holdings, Inc., Robinsons Land Corporation, JG Summit Petrochemical Corporation and Litton Mills, Inc. He is also the President and Chief Executive Officer of Cebu Air, Inc. (2006 – present) and Digital Telecommunications Phils., Inc., Chairman and Chief Executive Officer of Robinsons Savings Bank, President of Digital Information Technology Services, Inc., Vice Chairman of JG Summit Capital Markets Corporation, Director of Universal Industrial Corporation, and Singapore Land, Ltd. He is also trustee, secretary and treasurer of Gokongwei Brothers Foundation, Inc. Mr. Lance Y. Gokongwei is the son of Mr. John Gokongwei, Jr.

***Antonio L. Go**, 71, has been elected as Independent Director of the Company last Annual Stockholders Meeting held on July 3, 2007. He is the President and Director of Equitable Computer Services, Inc. since 1973. He is a director of Equicom Systems Management, Inc., Medilink Network, Inc., Motan Corp, Equitable Foundation, Inc. Equicom Manila Holdings, GO Kim Pah Foundation, Singapore Land Limited (SIN) and United Industrial Corporation (SIN). He used to be the Chairman of Visa International Asia-Pacific Region from 1998-2005 and a director from 1980 – 2005. He was also a member, Executive Committee and director of Visa International Worlwide from 2000 to 2005. Mr. Go was President of Equitable Card Network, Inc. (1990 to 2005), Chairman of Equitable PCI Bank (2001-2005), Director of Philex Mining Corporation (2004-2006) and Member, Board of Trustees of Philippine Business for Social Progress (2004-2005). He received his Bachelor of Science in Business Administration from Youngstown University, U.S.A. He attended International Advanced Management Program at International Management Institute, Geneva Switzerland. He also attended Financial Payment Program at ABA National School of Bankcard Management, Northwestern University.

Miguel R. Coyiuto, 51, has been a Director since 1995. From 1996 to present, Mr. Miguel Coyiuto is the Director and Senior Vice President of Prudential Guarantee & Assurance, Inc.; President of PGA Cars, Inc. and Nissan North Edsa; Director of First Guarantee Life Assurance, Inc and Pioneer Tours and a Consultant of R. Coyiuto Securities, Inc. Mr. Miguel R. Coyiuto is the brother of Mr. Robert Coyiuto, Jr.

James Coyiuto, 58, has been elected as Director of the Company last Annual Stockholders Meeting held on July 14, 2005. Since 1997, Mr. Coyiuto is the Senior Vice-President and Treasurer of Prudential Guarantee and Assurance, Inc., Guarantee Development Corporation and PGA, Sompo Japan Insurance Inc.

***Ricardo Balbido, Jr.**, 61, has been elected as Independent Director of the Company last Annual Stockholders Meeting held on July 14, 2005. From January 2001 up to present, he is the President and CEO of Philippine Veterans Bank. He was formerly the President and COO of Dao Heng Bank, Inc. (1998-2000). Mr. Balbido received his degree in Bachelor of Science in Business Administration Major in Accounting from Siliman University and earned his Master in Business Administration from Ateneo de Manila University.

Gabriel Singson, 82, has been elected as Director of the Company during the annual stockholders meeting held last July 14, 2005. He has been a Director and Senior Advisor of JGSHI since 1999. At present, he is the Chairman of the Board of Directors and President of JG Summit Capital Markets Corporation. He is a director of United Industrial Corporation, Ltd., Multinational Finance Group Ltd., Summit Forex Brokers Corporation, Summit Point Corporation, and a trustee of the Gokongwei Brothers Foundation, Inc. and of the Tan Yan Kee Foundation. He is also Chairman Emeritus of Philippine Airlines and Chairman of Great Pacific Life Insurance. He was former Governor of the Bangko Sentral ng Pilipinas (1993-1999) and President of the Philippine National Bank (1992-1993). Mr. Gabriel Singson obtained his LLB degree, cum laude, from the Ateneo Law School and received his Master of Laws from the Michigan Law School as a Dewitt Fellow and Fulbright scholar.

Amparo V. Barcelon, 88, has been a Director of the Company since 1986. She had been Vice Chairperson of the Board since 1986 to 2002. Since 1983, Mrs Barcelon hold the position of President of J. M. Barcelon and Co., Joam Investments Corporation, Jayvee Real Estate Corporation, Amarese Realty Development Corporation, ONA Real Estate Corporation; Chairman of F & J Holdings Corporation and Director of Magellan Capital Holdings Corporation.

Perry L. Pe, 49, has been the Assistant Corporate Secretary of the Company since 1994. He had been a Director since 1995. He is also the Corporate Secretary of Cebu Air, Inc.; Partner of Romulo, Mabanta, Buenaventura, Sayoc, and Delos Angeles Law Office; Chairman of Steniel Manufacturing Corporation and Advent Capital and Finance Corporation; and a Director of Singapore Land Ltd., Robinsons Savings Bank, East Asia Capitol Corporation, Delphi Group and Toledo Power Company. Mr. Perry L. Pe is the son-in-law of Mr. John Gokongwei, Jr.

Apollo P. Madrid, 71, has been the Senior Vice President - Operations and Administration of the Company since 1990.

Ethelwoldo E. Fernandez, 83, has been the Corporate Secretary of the Company since 1995. He had been Senior Vice President-Legal of the Company since 1992. He had been counsel to the Law firm of Sycip, Salazar, Hernandez and Gatmaitan until 2003. He is also the Corporate Secretary of Prudential Guarantee and Assurance Inc.

Jeanette U. Yu, 58, has been Chief Financial Officer/Treasurer since 1994. She is also the Vice President - Treasurer of Universal Robina Corporation and Cebu Air, Inc. and Senior Vice President of JG Summit Capital Markets Corporation, Summit Forex Brokers, Corporation and Multinational Finance Group Ltd.

Significant Employees

There are no persons who are not executive officers of the Corporation who are expected by the Corporation to make a significant contribution to the business.

Family Relationships

Mr. James L. Go is the brother of Mr. John L. Gokongwei, Jr. while Mr. Lance Y. Gokongwei is the son of Mr. John L. Gokongwei, Jr. Mr. Perry L. Pe is the son-in-law of Mr. John Gokongwei, Jr. Mr. Miguel R. Coyiuto and Mr. James Coyiuto are the brothers of Mr. Robert Coyiuto, Jr.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the members of the Board of Directors and Executive Officers of the Company are involved currently and/or for the past five years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limited their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law or have been found by a domestic or foreign court of competent jurisdiction, the Commission of comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation.

Certain Relationships and Related Transactions

The Corporation in the regular conduct of its business has entered into transactions with affiliates and other related parties principally consisting of loans, leases, insurances and regular banking transactions. Under the policy of the Corporation and its subsidiaries, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The Corporation has not entered into any business transactions with any of its former senior management that will result to a more or less favorable terms that will have a material effect on the Corporation's financial position or financial performance.

Item 6. Executive Compensation

Summary Compensation Table

The following tables list the names of the Corporation's Chief Executive Officers and the four (4) most highly compensated executive officers for the two (2) most recent fiscal years and the ensuing year:

Name	**Position**	**Projected – Fiscal Year 2012** (in '000 US$)		
		Salary	**Other Compensation & Bonus**	**Total**

a) CEO & Four (4) most highly compensated executive officers		US$135.79	US$-	US$135.79
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations & Admin.			
Jeanette U. Yu	Treasurer and CFO			
Ethelwoldo Fernandez	Corporate Secretary			
b) All officers as a group		US$163.42	US$-	US$163.42

Name	Position	Actual Year 2011 (in '000 US$)		
		Salary	**Other Compensation & Bonus**	**Total**
a) CEO & Four (4) most highly compensated executive officers		US$125.34	US$-	US$125.34
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Jaime L. Ledesma	Executive Vice President			
Apollo P. Madrid	SVP – Operations & Admin.			
Jeanette U. Yu	Treasurer and CFO			
b) All officers as a group		US$160.26	US$-	US$160.26

Name	Position	Actual Year 2010 (in '000 US$)		
		Salary	**Other Compensation & Bonus**	**Total**
a) CEO & Four (4) most highly compensated executive officers		US$125.34	US$-	US$125.34
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Jaime L. Ledesma*	Executive Vice President			
Apollo P. Madrid	SVP – Operations & Admin.			
Jeanette U. Yu	Treasurer and CFO			
b) All officers as a group		US$160.26	US$-	US$160.26

**Mr. Ledesma retired from the Company on July 2010.*

Compensation of Directors

For 2011, the Company paid a total of US$39,947.65 to its Directors.

Standard Arrangements

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and the ensuing year.

Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year.

Employment Contracts and Termination of Employment and Change in control Agreement

There are no special employment contracts between the Corporation and the named executive officers.

There are no compensatory plans or arrangements with respect to the named executive officers.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the Corporation's CEO, the named executive officers, and all officers and directors as a group.

Information required by the SEC under SRC Rule 38 as amended on the nomination and election of Independent Directors

The following criteria and guidelines shall be observed in the pre-screening, short listing and nomination of Independent Directors:

A. DEFINITION

1. Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

    1.1. Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

    1.2. Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

    1.3. Is not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;

    1.4. Has not been employed in any executive capacity by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years;

2. When used in relation to a company subject to the requirements above:

    2.1. Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

    2.2. Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

B. QUALIFICATIONS OF INDEPENDENT DIRECTORS

1. An independent director shall have the following qualifications:

    1.1. He shall have at least one (1) share of stock of the corporation;

    1.2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;

    1.3. He shall be twenty one (21) years old up to seventy (70) years old, however, due consideration shall be given to qualified Independent Directors up to the age of eighty (80);

    1.4. He shall have proven to possess integrity/probity; and

    1.5. He shall be assiduous.

2. No person enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

    2.1. He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter (A) hereof;

    2.2. His beneficial security ownership exceeds 10% of the outstanding capital stock of the company where he is such director;

    2.3. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family.

    2.4. Such other disqualifications which the company's Manual on Corporate Governance provides.

C. NOMINATION AND ELECTION OF INDEPENDENT DIRECTOR/S

1. The Nomination Committee (Committee) conducts the nomination of Independent Directors/s prior to a stockholders' meeting.

2. The Committee solicits nominations for candidates to become Independent Director of the corporation.

    2.1. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

3. The Committee shall pre-screen the candidates to determine whether they are qualified per definition and listed qualifications above, General Guidelines listed in the Corporate Governance Manual, Articles of Incorporation, By Laws of the Corporation, and perceived needs of the Board of Directors and the corporation such as, but not limited to the following:

    3.1. Nature of the business of the corporations which he is a Director of

    3.2. Age of the nominee for Independent Director

    3.3. Number of directorships/active memberships and officerships in other corporations or organizations

4. The Committee shall prepare a list of all candidates and evaluate the candidates based on the required above-listed required qualifications to enable it to effectively review the qualifications of the nominees for Independent Director/s.

5. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV(A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with SRC Rule 17.1(b) or SRC Rule 20, respectively, or in such other reports the company is required to submit to the Commission.

    5.1. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

6. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates

shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting.

Below is the Final list of nominees for Independent Directors:

1. **Ricardo Balbido, Jr.**, 61, has been the Independent Director of the Company since 2005. From January 2001 up to present, he is the President and CEO of Philippine Veterans Bank. He was formerly the President and COO of Dao Heng Bank, Inc. (1998-2000). Mr. Balbido received his degree in Bachelor of Science in Business Administration Major in Accounting from Siliman University and earned his Master in Business Administration from Ateneo de Manila University.
   Mr. Balbido has been nominated as the other Independent Director by Mr. Apollo P. Madrid, a stockholder of the Corporation. They have no business or other relation, however, Mr. Madrid knows Mr. Balbido as a veteran banker.

2. **Antonio L. Go**, 71, has been elected as Independent Director of the Company last Annual Stockholders Meeting held on July 3, 2007. He is the President and Director of Equitable Computer Services, Inc. since 1973. He is a director of Equicom Systems Management, Inc., Medilink Network, Inc., Motan Corp, Equitable Foundation, Inc. Equicom Manila Holdings, GO Kim Pah Foundation, Singapore Land Limited (SIN) and United Industrial Corporation (SIN). He used to be the Chairman of Visa International Asia-Pacific Region from 1998-2005 and a director from 1980 – 2005. He was also a member, Executive Committee and director of Visa International Worlwide from 2000 to 2005. Mr. Go was President of Equitable Card Network, Inc. (1990 to 2005), Chairman of Equitable PCI Bank (2001-2005), Director of Philex Mining Corporation (2004-2006) and Member, Board of Trustees of Philippine Business for Social Progress (2004-2005). He received his Bachelor of Science in Business Administration from Youngstown University, U.S.A. He attended International Advanced Management Program at International Management Institute, Geneva Switzerland. He also attended Financial Payment Program at ABA National School of Bankcard Management, Northwestern University.
   Mr. Apollo P. Madrid nominated Mr. Antonio Go as candidate for Independent Director, a well - known banker. Mr. Madrid has no business and other relationship with Mr. Go. Further, Mr. Go is not related to any director or officer of the Company.

Below is the list of the Company's Nomination and Audit Committees:

Nomination Committee:

James L. Go – Chairman
Robert Coyiutp, Jr. - Member
Perry L. Pe – Member
Ricardo Balbido, Jr. – Member
James Balbido - Member

Audit Committee:

Antonio L. Go – Chairman
Lance Y. Gokongwei – Member
Miguel Coyiuto – Member
James Coyiuto – Member

Item 7. Independent Public Accountants

The accounting firm of SyCip Gorres Velayo & Co. has been the Company's independent public accountants at least for the last sixteen (16) years. The same firm is being recommended for appointment by the stockholders for the ensuing year. There has not been any disagreement between the Company and said accounting firm with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. SGV is expected to send a representative to the annual meeting with an opportunity to make statements if they so desire and will be available for questions from stockholders.

The current handling partner of SGV & Co. has been engaged by the Corporation for the fiscal year 2011 and is expected to be rotated every six (6) years in accordance with SRC Rule 68, as amended.

The information on Independent Accountant and other Related Matters are incorporated by reference to page 15 of the attached SEC Form 17-A referred to as Management Report to stockholders as required under SRC Rule 20.

OTHER MATTERS

Action with Respect to Reports

The Company will submit to the shareholders for approval the following:

1. Minutes of the Regular Stockholders' Meeting on July 7, 2011:

    - The President gave a brief summary of the operations of the year under review. The annual report for 2010 was submitted and approved.

    - The eleven (11) directors for incoming year, 2011-2012 were elected (see page 6 of this Report).

2. 2011 Annual Report, with Audited Financial Statements

3. Appointment of Sycip Gorres Velayo & Co. as Company's independent public accountants.

4. Ratification of acts of the Board of Directors and Officers of the Company in the regular course of business from July 7, 2011 to June 28, 2012.

Brief description of material matters approved by the Board of Directors and Management since the last annual stockholders' meeting of July 7, 2011 for ratification by the stockholders:

Date of Board/Management Approval	Description
July 7, 2011	Election of Officers, Members of the Governance Committees of the Corporation

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

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction. All shares of the Company are listed on the Philippine Stock Exchange.

Voting Procedures

The foregoing matters will require the affirmative vote of a majority of the shares of the Company present or represented and entitled to vote at the Annual Meeting. Likewise, directors shall be elected upon the majority vote of the shares present or represented and entitled to vote at the Annual Meeting.

The election is executed through balloting or by other means approved by the stockholders, done manually. Article II, Section 7, By-Laws: A Board of Election Inspectors appointed by the Board, composed of the Corporate Secretary and two (2) members, shall determine the validity of proxies, receive votes, ballots, etc. And determine and announce the results in the election of Directors.

Additional Information as of May 15, 2012 are as follows:

1. Market Price and Volume for the Corporation's Common Equity

	CLASS A		CLASS B	
	High	**Low**	**High**	**Low**
Stock price (in pesos)	0.019	0.018	0.020	0.020
Volume (in shares)	61,400,000		100,000	

2. As of April 30, 2012, there are approximately **12,203** stockholders both for Class "A" and "B" shares. The top 20 stockholders are:

Stockholders	**No. of shares held**	**% to total**
1. PCD Nominee Corporation	83,191,840,902	41.60%
2. Consolidated Robina Capital Corp.	37,051,952,896	18.53%
3. R. Coyiuto Securities, Inc.	21,652,380,152	10.83%
4. Prudential Guarantee & Assurance, Inc.	13,456,898,349	6.73%
5. JG Summit Holdings, Inc.	1,756,248,841	0.88%
6. PCD Nominee Corporation (Non-Filipino)	1,742,189,388	0.87%
7. F & J Prince Holdings Corp.	1,260,888,642	0.63%
8. Philippine Overseas Telecommunications Corp.	1,129,545,907	0.56%
9. Philippine Communications Satellite Corp.	1,111,496,010	0.56%
10. Ernesto Chua Chiaco	964,000,000	0.48%
11. Gibraltar International Holdings, Inc.	832,833,547	0.42%
12. Michael G. Seetekbeng	750,000,000	0.38%
13. Ernesto Chua Chiaco	699,000,000	0.35%
14. David Go Securities Corp.	698,258,201	0.35%
15. Tiong Keng Ching	622,512,998	0.31%
16. Victoria Duca	611,236,533	0.31%
17. Robert Coyiuto, Jr.	565,664,986	0.28%
18. Ernesto Chua Chiaco	546,000,000	0.27%
19. James Uy, Inc.	471,843,600	0.24%
20. R. Nubla Securities, Inc.	389,528,267	0.19%
	169,504,319,219	84.75%
Others	30,495,680,781	15.29%
Total	200,000,000,000	100.00%

PART II

INFORMATION REQUIRED IN A PROXY FORM

Not Applicable.

PART III

ORIENTAL PETROLEUM AND MINERALS CORPORATION, AS REGISTRANT, UNDERTAKES THAT A COPY OF THIS ANNUAL REPORT ON SEC FORM 17-A SHALL BE PROVIDED WITHOUT ANY CHARGE TO ANY STOCKHOLDER WHO MAKES A WRITTEN REQUEST FOR SUCH COPY. THE REQUEST SHOULD BE ADDRESSED TO THE CORPORATE SECRETARY, 34TH. FLOOR ROBINSONS EQUITABLE TOWER, ADB AVENUE, ORTIGAS CENTER, PASIG CITY.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on May 3, 2012.

ORIENTAL PETROLEUM AND MINERALS CORPORATION
Issuer

May 16, 2012
Date

ETHELWOLDO E. FERNANDEZ
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Antonio L. Go**, Filipino, of legal age and a resident of Cambridge Circle North Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Oriental Petroleum and Minerals Corporation.

2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
Equitable Computer Services, Inc.	Director and President	Present
Equicom Savings Bank	Chairman	Present
Digital Telecommunications Phils., Inc.	Director	Present
Medilink Network, Inc.	Director	Present
Maxicare Healthcare Corporation	Director	Present
Equicom Manila Holdings	Director	Present
Go Kim Pah Foundation, Inc.	Trustee	Present
Equitable Foundation, Inc.	Trustee	Present
Cebu Air, Inc.	Independent Director	Present
United Industrial Corporation Limited	Director	Present
Pin-An Holdings, Inc.	Director	Present
Equicom Information Technology	Director	Present
ALGO Leasing and Finance, Inc,	Director	Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Oriental Petroleum and Minerals Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Oriental Petroleum and Minerals Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this __ day of _____ 2012, at Makati City.

ANTONIO L. GO
Affiant

SUBSCRIBED AND SWORN to before me this _______ day of MAY 0 7 2012, 2012 at PASIG CITY, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. ______________ issued at ____________ on ____________.

Doc No. 76;
Page No. 17;
Book No. VI;
Series of 2012

ATTY. ROMUALD C. PADILLA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
IBP NO. 869859 / 12-5-11 / PASIG
PTR NO. 7549311 / 1-6-12 / PASIG
Roll of Attorneys No. 54298
TIN 170-266-059

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Ricardo A. Balbido, Jr.**, Filipino, of legal age and a resident of 408 Ipo, Ayala Alabang, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Oriental Petroleum and Minerals Corporation.

2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
Philippine Veterans Bank	President & CEO	11 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Oriental Petroleum and Minerals Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Oriental Petroleum and Minerals Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this __ day of _____ 2012, at Makati City.

RICARDO A. BALBIDO, JR.
Affiant

SUBSCRIBED AND SWORN to before me this _______ day of MAY 17 2012, 2012 at PASIG CITY, affiant personally appeared before me and exhibited to me his Community Tax Certificate No 35143027 issued at Muntinlupa City on January 11, 2012.

Doc No. 139;
Page No. 29;
Book No. VI;
Series of 2012

ATTY. ROMUALD C. PADILLA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
IBP NO. 869859 / 12-5-11 / PASIG
PTR NO. 7549311 / 1-6-12 / PASIG
Roll of Attorneys No. 54298
TIN 170-266-059

COVER SHEET

4 0 0 5 8

SEC Registration Number

ORIENTAL PETROLEUM AND MINERALS C
ORPORATION AND SUBSIDIARIES

(Company's Full Name)

34th Floor, Robinsons Equitable T
Ower, ADB Avenue, OrtiGas Center,
PasiG City

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

Ethelwoldo E. Fernandez	637-1670
(Contact Person)	(Company Telephone Number)

1 2 / 3 1	SEC FORM-17-A	
Month Day (Fiscal Year)	(Form Type)	Month Day (Annual Meeting)

Annual Report 2011

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

12,411		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2011**

2. SEC Identification number **40058**

3. BIR Tax Identification Code **321-000-483-747**

4. Exact name of registrant as specified in this charter **Oriental Petroleum and Minerals Corporation**

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

6. (SEC Use Only)
   Industry Classification Code

7. **34th Floor, Robinsons Equitable Tower, ADB Ave., Ortigas Center, Pasig City**: **1605**
   Address of principal office Postal Code

8. **(632) 633-7631 to 40**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name, former address and formal 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 (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, ₱0.01 par value	**200 Billion**

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes <u>X</u> No ________

If yes, state the name of such stock exchange and the classed of securities listed herein

<u>Philippine Stock Exchange</u> **<u>Common Stock</u>**

12. Check whether the registrant:

a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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 12 months (or for such shorter period the registrant was required to file such reports)

Yes **<u>X</u>** No ________

b) Has been subject to such filing requirements for the past 90 days.

Yes ______ No **<u>X</u>**

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date, within sixty - (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

The aggregate market value of stocks held by non-affiliates is ₱2,824.03 million

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Oriental Petroleum and Minerals Corporation (OPMC) is a Philippine corporation incorporated on December 22, 1969 with the purpose of exploring, developing and producing petroleum and mineral resources in the Philippines. As an exploration company, OPMC's operational activities depend principally on its Service Contracts with the government.

The Company, together with other oil exploration companies (collectively referred to as "a or the Contractor"), entered into a Service Contract (SC) with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of certain contract areas situated in offshore Palawan where oil discoveries were made. The Company's petroleum revenues and production and related expenses are derived from SC-14 Contract Area. SC 14 is composed of four Blocks, Block – A (Nido), Block -B (Matinloc), Block – C (Galoc & West Linapacan) and Block – D. Of these areas, only West Linapacan and Block –D are the non-producing areas; West Linapacan is currently under evaluation for re-activation after it was shut-in in 1991 due to water intrusion. Block – D, on the other hand, is designated as the Retention Block.

Production Data for 2011 and 2010

Area	Volume (in bbls.)		Average Selling Price (in US$/bbl.)	
	2011	2010	2011	2010
Nido / Matinloc	142,042	174,863	97.38	73.48
Galoc	2,143,622	2,640,826	111.78	82.06

Nido and Matinloc oilfields' combined production were sold and delivered to Pilipinas Shell while production from Galoc were sold and delivered to various customers. Sale is effected through physical transfer of crude oil from offshore production site from storage and processing ship to oil tanker of the buyer. Galoc crude oil can be sold at a higher price as compared to Nido/Matinloc crude oil due to volume.

Service Contracts (SCs) and Geophysical Survey and Exploration Contracts (GSECs) are the principal properties of the Company and owned by the State.

The contractors are bound to comply in the work obligations provided in the contract with the DOE. They should provide at their own risk the financing, technology and services needed in the performance of their obligations. Failure to comply with their work obligations means that they should pay the government the amount they should have spent had they pushed through with their undertaking. Operating agreement among the participating companies governs their rights and obligations under the contract.

Revenue from petroleum operations in 2011 totaled US$24.00 million, of which US$21.74 million came from Galoc operations. In 2010, the company recorded petroleum revenue of US$17.14 million; US$15.05 million came from its share in the Galoc operation.

As of December 31, 2011 OPMC has ten (10) employees, eight (8) executives and two (2) rank and file personnel. The Company is not expecting any change in the number of employees it presently employs. The Company has not entered into any Collective Bargaining Agreements (CBA).

It is a common knowledge in the industry that the major risk involved in the business of oil exploration, such as OPMC, is in the success of exploration ventures. The ratio of successful exploration is estimated to be 1 out of every 400 wells explored. The Company together with its partners in the various Service Contracts, conduct technical studies and evaluation of the areas believed to have oil reserves.

The Company organized three (3) wholly owned subsidiaries:

a) ORIENTAL MAHOGANY WOODWORKS, INC. (OMWI)

The Company was incorporated and started commercial operations on May 2, 1988 with the principal objective of supplying overseas manufacturers, importers and designers with high quality furniture.

On March 31, 1994, the Board of Directors approved the cessation of the Company's manufacturing operations effective May 1, 1994 due to continued operating losses. The management has no definite future plans for the Company's operations.

b) LINAPACAN OIL GAS AND POWER CORPORATION (LOGPOCOR)

The Company was incorporated on January 19, 1993 to engage in energy project and carry on and conduct the business relative to the exploration, extraction, production, transporting, marketing, utilization, conservation, stockpiling of any forms of energy products and resources. The Parent Company continues to recognize revenues arising from the operations of the assigned working interest. However, all related capitalizable expenses on such working interest continue to be capitalized to the Company's assigned costs of such working interest. On the other hand, depletion of such costs is transferred to the Parent Company and shown as a reduction of the assigned costs.

c) ORIENTAL LAND CORPORATION (OLC)

The Company was incorporated on February 24, 1989 as realty arm of OPMC. It has remained dormant since incorporation.

Item 2. Properties

The principal properties of the Company consist of petroleum exploration areas in the Philippines, onshore and offshore.

Listed below are OPMC's exploration undertakings through a consortium effort with the Department of Energy (DOE).

CONTRACT	LOCATION	Expiration Date	OPMC Share (%)
SC 6B (Bonita)	NW Palawan	February 28, 2024	14.0625
SC 14A (Nido)	NW Palawan	December 17, 2025	42.941
SC 14B (Matinloc)	NW Palawan	December 17, 2025	17.703
SC 14B1 (N. Matinloc)	NW Palawan	December 17, 2025	27.772
SC14C (West Linapacan)	NW Palawan	December 17, 2025	7.752
SC14C (Galoc)	NW Palawan	December 17, 2025	7.785
SC 14D	NW Palawan	December 17, 2025	20.829

Item 3. Legal Proceedings

None.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Principal market or markets where the registrant's common equity is traded:

- OPMC shares are actively traded in the Philippine Stock Exchange.

STOCK PRICES (in pesos)	CLASS A High	CLASS A Low	CLASS B High	CLASS B Low
2012				
First Quarter	.0320	.0170	.0330	.0180
2011				
First Quarter	.0140	.0120	.0150	.0130
Second Quarter	.0160	.0120	.0170	.0130
Third Quarter	.0190	.0130	.0190	.0140
Fourth Quarter	.0190	.0150	.0190	.0160
2010				
First Quarter	.0160	.0120	.0160	.0120
Second Quarter	.0150	.0120	.0150	.0120
Third Quarter	.0150	.0120	.0150	.0120
Fourth Quarter	.0140	.0120	.0150	.0120

VOLUME (in billion shares)	CLASS A	CLASS B
2012		
First Quarter	51.193	14.210
2011		
First Quarter	2.706	1.054
Second Quarter	8.438	1.949
Third Quarter	14.303	3.417
Fourth Quarter	6.349	2.850
2010		
First Quarter	2.078	0.833
Second Quarter	1.514	0.512
Third Quarter	2.721	1.253
Fourth Quarter	2.052	0.966

The Company has not declared any cash or stock dividends in the last two (2) years (2011 and 2010).

As of March 31, 2012, there are approximately **12,218** stockholders both for Class "A" and "B" shares. The top 20 stockholders are:

Stockholders	No. of shares held	% to total
1. PCD Nominee Corporation	82,920,722,633	41.46%
2. Consolidated Robina Capital Corp.	37,051,952,896	18.53%
3. R. Coyiuto Securities, Inc.	21,652,383,437	10.83%
4. Prudential Guarantee & Assurance, Inc.	13,456,898,349	6.73%
5. JG Summit Holdings, Inc.	1,756,248,841	0.88%
6. PCD Nominee Corporation (Non-Filipino)	1,742,189,388	0.87%
7. F & J Prince Holdings Corp.	1,260,888,642	0.63%
8. Philippine Overseas Telecommunications Corp.	1,129,545,907	0.56%
9. Philippine Communications Satellite Corp.	1,111,496,010	0.56%
10. Ernesto Chua Chiaco	964,000,000	0.48%
11. Gibraltar International Holdings, Inc.	832,833,547	0.42%
12. Michael G. Seetekbeng	750,000,000	0.38%
13. Ernesto Chua Chiaco	699,000,000	0.35%
14. David Go Securities Corp.	698,258,201	0.35%
15. Tiong Keng Ching	622,512,998	0.31%
16. Victoria Duca	611,236,533	0.31%
17. Robert Coyiuto, Jr.	565,664,986	0.28%
18. Ernesto Chua Chiaco	546,000,000	0.27%
19. James Uy, Inc.	471,843,600	0.24%
20. R. Nubla Securities, Inc.	389,528,267	0.19%
	169,233,204,235	84.62%
Others	30,766,795,765	15.38%
Total	200,000,000,000	100.00%

Description of Registrant's Securities

Common Stock - all shares of stock of the Company enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued to Filipino citizens or foreigners.

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

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction. All shares of the Company are listed on the Philippine Stock Exchange.

Item 6. Management's Discussion and Analysis or Plan of Operation

For the year 2011, combined crude oil production from both Nido and Matinloc Oil Fields reached 142,042 barrels, 18.77% lower than last year's 174,863 barrels production. Galoc Oil Field on the other hand, produced a total of 2,143,622 barrels, a decrease of around 497,000 barrels from 2010 production. These declines were attributable to the natural drop in the oilfield reserves.

The Company has no plans to purchase or to sell any plant and / or significant equipment nor does it expect any significant change in the number of employees for the next 12 months.

Results of Operations

2011 vs. 2010

For the year 2011, the Company recorded Petroleum Revenues at US$24.00 million, US$6.86 million higher than 2010's petroleum revenues of US$17.14 million.

The Company's petroleum revenues came mainly from its share in Galoc Operations amounting to US$21.74 million, 44% higher than last year's US$15.05 million. This increase was mainly due to the increase in average crude oil prices from US$82.06/bbl. in 2010 to US$111.78/bbl. in 2011.

In addition, Nido/Matinloc operations contributed US$ 2.26 million in petroleum revenues, 8% higher than last year's US$2.09 million. This positive variance was due to higher crude oil prices, from an average price of US$73.48/bbl. in 2010 to US$97.38/bbl. in 2011.

Both operations were based on Dubai Crude Oil Price; however, Galoc prices were more flexible in terms of price premiums due to higher volume.

Petroleum production costs totaled US$7.79 million in 2011. This was 37% higher than last year's US$5.67 million due to the increase in operating expenses particularly in Galoc operations which includes FPSO lease, fuel costs, management fees, fixed wing expenses among others.

Depletion and depreciation expense amounted to US$8.32 million for 2011, 4% lower than last year due to slightly lower crude oil production this year.

Other income (expenses)-net totaled US$1.06 million in 2011 as against US$0.79 million in 2010. The increase of 34% was mainly due to the increase in interest income from money market placements.

2010 vs. 2009

Petroleum revenues for the year ended December 31, 2010 amounted to US$ 17.14 million, an increase of US$11.62 million from last year's petroleum revenue of US$5.52 million.

The Company's petroleum revenues came mainly from its share in Galoc Operations amounting to US$15.05 million. This amount was US$11.36 million higher compared to last year's US$3.69 million share. The increase in crude oil prices (US$82.06/bbl. in 2010 vs. US$74.11/bbl. in 2009) contributed to the increase in revenues.

As for the Nido/Matinloc operations, it contributed US$ 2.09 million in revenues, 13% higher than last year's US$1.84 million. This positive variance was due to higher crude oil prices, from an average price of US$67.30/bbl. in 2009 to US$73.48/bbl. in 2010.

Crude oil prices are different between Galoc and Nido/Matinloc operations because the customers of each are different. Also, Galoc can command a better price since it can deliver a better volume as compared to Nido/Matinloc (325,000 barrels per delivery vs. 14,500 barrels per delivery).

Petroleum production costs for 2010 reached US$5.67 million, 127% higher than last year's US$2.50 million. The increase pertains mainly to the increase in operating expenses particularly in Galoc operations which includes FPSO lease, fuel costs, management fees, fixed wing expenses among others.

Depletion and depreciation expense amounted to US$8.69 million for 2010. This represents mainly depletion in the Galoc oilfield as a result of higher crude oil production.

Other income (expenses)-net totaled US$0.79 million in 2010 as against US$0.68 million in 2009. The increase of 29% was mainly due to the increase in interest income from money market placements.

2009 vs. 2008

Petroleum revenues for the year ended December 31, 2009 amounted to US$ 5.52 million, an increase of US$3.12 million from last year's petroleum revenue of US$2.40 million.

For 2009, Nido/Matinloc operations recorded revenue of US$1.84 million, a decrease of US$0.56 million from 2008 due to lower crude oil prices, from an average price of US$72.61/bbl. in 2008 to US$67.30/bbl. in 2009.

The Company started sharing from Galoc crude oil production since June 19, 2009 after declaration of commerciality of Galoc Oil Field. For the year 2009, Galoc operations contributed US$3.69 million in the Company's petroleum revenues from the production of 1.32 million barrels of crude oil at an average price of US$73.58/bbl.

The Company's share in the Nido/Matinloc Petroleum production costs reached US$1.11 Million for 2009 as against US$2.25 million for 2008. The 50% decrease was due to the decrease in platform expenses such as, boat expenses, fuels, repairs & maintenance and insurance.

For Galoc operations, the Company contributed US$1.38 million in operating expenses which includes FPSO lease, management fees, lifting and marketing fees among others.

Depletion and depreciation expense amounted to US$1.13 million for 2009. The increase of US$0.77 million represents mainly depletion expense related to Galoc operations.

Other income (expenses)-net totaled US$0.68 million in 2009 as against US$0.63 million in 2008. The increase of 8.13% was mainly due to increase in dividend income from investments made during 2008.

Financial Position

2011

As of December 31, 2011, the Company has consolidated assets amounting to US$65.07 million, 15% higher than last year's US$56.52 million.

Cash and cash equivalents as of December 31, 2011 reached US$33.04 million, US$14.58 million higher than last year's US$18.46 million. This increase of about 79% was attributable mainly to increased cash flows from Petroleum Operations as well as increased in interest income from money market placements

Accounts Receivable totaled US$5.06 million at the end of 2011 which represents the Company's share in the funds from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortiums, respectively. The Consortiums have a 30-day term with its buyers, thus this account consists mainly of December deliveries.

As of end 2011, there had been no Crude oil inventory recorded as deliveries were made towards the end of the year. Also, Galoc had commenced its Turret Project thus operations were discontinued.

Available-for-sale equity Securities totaled US$6.84 million at the end of 2011, 28% higher than last year's US$5.36 million. The Company had increased its investment in preferred shares thus explains the increase in this account.

Property and Equipment at the end of 2011 amounted to US$19.57 million as against 2010 balance of US$27.88 million. The decrease of US$8.31 million represents depletion and depreciation.

As at the end of 2011, the Company posted US$0.59 million in Accounts Payable and Accrued Expenses.

2010

As of December 31, 2010, the Company has consolidated assets of US$56.52 million, an increase of US$1.46 million from last year's consolidated assets of US$55.06 million.

Cash and cash equivalents as of December 31, 2010 totaled US$18.46 million as against US$2.02 million last year. An increase of US$16.44 million was mainly due to cash flows from Galoc Operations as discussed above (see Results of Operations 2010 vs. 2009).

Accounts Receivable as of December 31, 2010 amounting to US$1.57 million mainly represents the Company's share in the funds from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortiums, respectively. The Consortiums have a 30-day term with its buyers, thus this account consists mainly of December deliveries.

Crude oil inventory amounting to US$2.68 million represents the Company's share in oil produced and in tank as of December 31, 2010. Of this amount, US$2.50 million represents the Company's share in Galoc crude oil while the remaining US$0.18 million pertains to the Company's share in Nido/Matinloc crude oil.

Due from a related party had already been paid as of December 31, 2010 thus explains the zero balance.

As at the end of 2010, the Company recorded Available-for-sale equity Securities of US$5.36 million as against US$4.88 million in 2009. The increase refers mainly to the increase in price per share of securities held by the Company.

Property and Equipment at the end of 2010 amounted to US$27.88 million as against 2009 balance of US$36.57 million. The decrease of US$8.69 million represents depletion and depreciation.

The company wrote-off its share in SC-41 South Sulu Sea amounting to US$2.15 million due to the expiration of the service contract. This brings the deferred oil exploration and development account to US$0.56 million as of December 31, 2010.

Accounts Payable and Accrued Expenses at the end of 2010 amounted to US$0.57 million as against US$1.10 million in 2009. The decrease pertains mainly to the 2009 payable to Galoc operator which was already paid in January 2010.

2009

As of December 31, 2009, the Company has consolidated assets of US$55.06 million, an increase of 6.59% from last year's consolidated assets of US$51.65 million. This increase can be attributed to a profitable operation for the year 2009.

Cash and cash equivalents as of December 31, 2009 totaled US$2.02 million as against US$0.41 million last year. An increase of US$1.62 million was mainly due to cash flows from Galoc Operations as discussed above (see Results of Operations).

Accounts Receivable as of December 31, 2009 amounting to US$1.68 million mainly represents the Company's share of fund from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortiums, respectively. The Consortiums has a 30-day term with its buyers, thus this account consists mainly of December deliveries.

Crude oil inventory amounting to US$0.55 million represents the Company's share in oil produced and in tank as of December 31, 2009. Of this amount, US$0.41 million represents the Company's share in Galoc crude oil while the remaining US$0.14 million pertains to the Company's share in Nido/Matinloc crude oil.

Due from a related party amounted to US$6.63 million as of December 31, 2009, US$0.47 million higher than last year's US$6.16 million. The increase pertains mainly to interest earned during the year and the effect of foreign currency translation adjustment.

As at the end of 2009, the Company recorded Available-for-sale equity Securities of US$4.88million as against US$4.43 million in 2008. The increase refers mainly to the increase in price per share of securities held by the Company.

Property and Equipment at the end of 2009 amounted to US$36.57 million as against 2008 balance of US$37.53 million. The decrease of US$0.96 million is a net effect of depletion and depreciation amounting to US$1.12 million and purchase of additional participating interest in Galoc Block for US$0.16 million.

For 2009, Deferred oil exploration and development cost amounted to US$2.71 million.

Accounts Payable and Accrued Expenses at the end of 2009 amounts to US$1.10 million as against US$0.53 million in 2008. The increase in this account pertains mainly to amounts payable to Galoc operator due to timing difference. Part of the company's receivables account pertains to the company's share in Galoc crude oil sales, which will be used to offset this payable account with Galoc operator.

The causes for material changes (5% or more) of December 31, 2011 figures as compared to December 31, 2010 figures of the following accounts are:

Accounts	December 31, 2011	December 31, 2010	Change	%	Remarks
Balance Sheet					
Cash and cash equivalents	33,036,104	18,459,740	14,576,364	79%	Increase refers to cash receipts from petroleum operations and interest income from money market placements.
Accounts Receivable	5,057,121	1,567,596	3,489,525	222%	Increase pertains to higher volume and prices of crude oil deliveries.
Crude Oil Inventory	-	2,683,659	(2,683,659)	(100%)	There was no inventory at the end of 2011 as deliveries were made towards the end of December 2011.
Available – for Sale Securities	6,836,182	5,358,136	1,478,046	28%	Increase refers to additional investments made during the year.

Balance sheet continued…

Property, plant and equipment	19,568,646	27,880,963	(8,312,317)	(30%)	Decrease pertains to the recognition of depletion and depreciation for the year.
Pension Liability	257,569	231,101	26,468	11%	Increase refers to accrual of pension liability recognized for the year 2011.
Income Statement					
Revenues from Petroleum Operations	24,003,972	17,140,483	6,863,489	40%	Increase in this account can be attributed to the increase in crude oil prices as discussed in the Results of Operations above (page 9).
Petroleum Production Costs	7,794,239	5,673,112	2,121,127	37%	Please see discussion above under Result of Operations 2011 vs. 2010 (page 9).
Depletion, depreciation and amortization	8,316,902	8,693,959	(377,057)	(4%)	Decrease refers to slight decline in crude oil production.
Interest and Other Income (expenses) – net	1,062,122	791,965	270,157	34%	Increase refers to increase in interest income from money market placements.

I. Key Performance Indicators

	2011	2010	2009
Current Ratio	**64.62**	40.09	9.85
Net Working Capital Ratio	**0.58**	0.39	0.18
Return on Assets	**12.27%**	0.53%	4.16%
Return on Equity	**15.10%**	6.48%	6.26%
Ratio of Debt-to-Equity	**0.05**	0.07	0.11

Figures are based on Audited Financial Statements

Current ratios are computed by dividing current assets over current liabilities. Net working capital ratios are derived at by getting the difference of current assets and current liabilities divided by total assets. Return on assets percentage pertains to operating income (loss) over average total assets while return on equity percentage is computed by dividing net income (loss) over average stockholder's equity. Percentage of debt to equity resulted from dividing total borrowings (short-term & long-term borrowings) over stockholder's equity.

II. The Company has no knowledge of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

IV. There are no significant Capital expenditures during the reporting period.

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

VI. There are no seasonal aspects that had a material effect on the Company's financial condition or results of operation.

Item 7. Financial Statement

The Audited Consolidated Financial Statements are filed as part of this Form 17-A.

Item 8. Information on Independent Accountant and other Related Matters

1. External Audit Fees and Services
    a. Audit and Audit-Related Fees

        Our external auditor, SGV & Co. has billed the Company a total audit fee of US$16,401.23 for the last two (2) fiscal years, 2011 and 2010, for the audit of the Company's annual financial statements in connection with statutory and regulatory filings for the last two (2) fiscal years.

        Aside from the abovementioned service by the external auditor, there had been no other services that was requested from and performed by the external auditor.

    b. Tax Fees

        The Company had not contracted the external auditor for services related to tax accounting, compliance, advice, planning and any other form of tax services for the last two (2) fiscal years.

    c. All Other Fees

        The Company had not contracted the external auditor for product and services other than the services reported under items (a) and (b) above for the last two (2) fiscal years.

    d. The audit committee's approval policies and procedures for the above services

        The stockholders of the Company elect the external auditor during the Annual Stockholders Meeting. The audit committee evaluates and approves audit plans, programs, scope and frequency submitted by the external auditor.

2. Changes and Disagreements With Accountants On Accounting And Financial Disclosure

None.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors And Executive Officers Of The Registrant

The names and ages of directors and executive officers of the Company are as follows:

Directors

Director, Chairman and Chief Executive Officer	James L. Go	Filipino	72
Director, President and Chief Operating Officer	Robert Coyiuto, Jr.	Filipino	60
Director	John Gokongwei, Jr.	Filipino	85
Director	Lance Y. Gokongwei	Filipino	45
Director	Antonio Go	Filipino	71
Director	Miguel R. Coyiuto	Filipino	51
Director	Amparo V. Barcelon	Filipino	88
Director	Gabriel Singson	Filipino	82
Director	Ricardo Balbido, Jr.	Filipino	61
Director,	James Coyiuto	Filipino	58
Director, Assistant Corporate Secretary	Perry L. Pe	Filipino	49

Executive Officers

SVP- Operations and Administration	Apollo P. Madrid	Filipino	71
SVP – Legal and Corporate Secretary	Ethelwoldo E. Fernandez	Filipino	83
Chief Financial Officer/Treasurer	Jeanette U. Yu	Filipino	58

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until successor shall have been elected, appointed or shall have qualified.

The independent directors of the Company are elected according to SRC Rule 38 – *Independent Directors.*

A brief discussion of the directors' and executive officers' business experience and other directorships held in other reporting companies are as follows:

James L. Go, 72, has been the Chairman and Chief Executive Officer of the Company since 2002. He was a Director and Vice Chairman of the Board since 1994. He is the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. He had been the President and Chief Executive Officer of JG Summit Holdings, Inc. and was elected to the position of Chairman and Chief Executive Officer effective January 1, 2002 upon the resignation of Mr. John Gokongwei from this position. As Chairman and Chief Executive Officer, he heads the Executive Committee of JG Summit Holdings Inc. He is currently the Chairman and Chief Executive Officer of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation, Litton Mills, Inc., CFC Corporation, and Robinsons, Inc. He is also the President and a Trustee of Gokongwei Brothers Foundation, Inc. and a director of Philippine Long Distance Telecommunication, Digital Telecommunications Phils., Inc., First Private Power Corporation, Bauang Private Power Corporation, Cebu Air, Inc., Panay Electric Co., United Industrial Corp., Ltd., Singapore Land, Ltd., Marina Center Holdings, Inc., and JG Summit Capital Markets Corporation. He also serves as an advisory board member of Prudential Asia Investments Limited. Mr. James L. Go is the brother of Mr. John Gokongwei, Jr.

Robert Coyiuto, Jr., 60, has been a Director of the Company since 1982 and was previously both Chairman of the Board and President from 1991 to 1993. He has been President and Chief Operating Officer of the Company since 1994. He is also the Chairman of Prudential Guarantee & Assurance, Inc., Pioneer Tours Corporation, Coyiuto Foundation and Nissan North Edsa, President of PGA Sompo Japan Insurance, Inc.. He also serves as Vice President of First Guarantee Life Assurance Co., Inc. and Director of Robinsons Land Corporation, Universal Robina Corporation; Canon Philippines, Inc. and Destiny Financial Plan Inc., Nominee of R. Coyiuto Securities, Inc. and Trustee of San Beda College. Mr. Robert Coyiuto Jr., is the brother of Mr. Miguel R. Coyiuto.

John L. Gokongwei, Jr., 85, is a Director of the Company. He had been Chairman of the Board and CEO of the Company from 1994 to 2002. He is the founder of JG Summit Holdings, Inc. (JGSHI) and Chairman Emeritus effective January 1, 2002. He had been Chairman of Board of Directors and Chief Executive Officer of JGSHI until his retirement and resignation from this position effective December 31, 2001. He continues to be a member of the Board of Directors of JGSHI and some of its subsidiaries. He also continues to be a member of the Executive Committee of JGSHI and is Chairman Emeritus of some of its subsidiaries. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc.; Deputy Chairman and Director of United Industrial Corporation, Ltd., Singapore Land, Ltd. and a director of JG Summit Capital Markets Corporation, Digital Telecommunications Phils., Inc. He is also a non-executive director of A. Soriano Corporation and Philex Mining Corporation.

Lance Y. Gokongwei, 45, has been a Director of the Company since 1994. He is the President and Chief Operating Officer of Universal Robina Corporation. He had been Executive Vice President of Universal Robina Corporation and was elected President and Chief Operating Officer effective January 1, 2002 upon the resignation of Mr. James L. Go as President. He is also the President and Chief Operating Officer of JG Summit Holdings, Inc., Robinsons Land Corporation, JG Summit Petrochemical Corporation and Litton Mills, Inc. He is also the President and Chief Executive Officer of Cebu Air, Inc. and Digital Telecommunications Phils., Inc., Chairman and Chief Executive Officer of Robinsons Savings Bank, President of Digital Information Technology Services, Inc., Vice Chairman of JG Summit Capital Markets Corporation, Director of Universal Industrial Corporation, and Singapore Land, Ltd. He is also trustee, secretary and treasurer of Gokongwei Brothers Foundation, Inc. Mr. Lance Y. Gokongwei is the son of Mr. John Gokongwei, Jr.

Antonio L. Go 71, is the President and Director of Equitable Computer Services, Inc. since 1973. He is a director of Equicom Systems Management, Inc., Medilink Network, Inc., Motan Corp, Equitable Foundation, Inc. Equicom Manila Holdings, GO Kim Pah Foundation, Singapore Land Limited (SIN) and United Industrial Corporation (SIN). He used to be the Chairman of Visa International Asia-Pacific Region from 1998-2005 and a director from 1980 – 2005. He was also a member, Executive Committee and director of Visa International Worlwide from 2000 to 2005. Mr. Go was President of Equitable Card Network, Inc. (1990 to 2005), Chairman of Equitable PCI Bank (2001-2005), Director of Philex Mining Corporatio (2004-2006) and Member, Board of Trustees of Philippine Business for Social Progress (2004-2005). He received his Bachelor of Science in Business Administration from Youngstown University, U.S.A. He attended International Advanced Management Program at International Management Institute, Geneva Switzerland. He also attended Financial Payment Program at ABA National School of Bankcard Management, Northwestern University.

Miguel R. Coyiuto, 51, has been a Director since 1995. He is also a Director and Senior Vice President of Prudential Guarantee & Assurance, Inc.; President of PGA Cars, Inc. and Nissan North Edsa; Director of First Guarantee Life Assurance, Inc and Pioneer Tours and a Consultant of R. Coyiuto Securities, Inc. Mr. Miguel R. Coyiuto is the brother of Mr. Robert Coyiuto, Jr.

Amparo V. Barcelon, 88, has been a Director of the Company since 1986. She had been Vice Chairperson of the Board since 1986 to 2002. She is also the President of J. M. Barcelon and Co., Joam Investments Corporation, Jayvee Real Estate Corporation, Amarese Realty Development Corporation, ONA Real Estate Corporation; Chairman of F & J Holdings Corporation and Director of Magellan Capital Holdings Corporation.

James Coyiuto, 58, has been elected as Director of the Company last Annual Stockholders Meeting held on July 14, 2005. He is also the Director of Prudential Guarantee and Assurance, Inc., Guarantee Development Corporation and PGA, Sompo Japan Insurance Inc.

Ricardo Balbido, Jr., 61, has been elected as an Independent Director of the Company last Annual Stockholders Meeting held on July 14, 2005. Currently, he is the President and CEO of Philippine Veterans Bank. He was formerly the President and COO of Dao Heng Bank, Inc., Senior Vice- President of Bank of the Philippine Islands and AVP of BPI Leasing Corporation. Mr. Balbido received his degree in Bachelor of Science in Business Administration Major in Accounting from Siliman University and earned his Master in Business Administration from Ateneo de Manila University.

Gabriel Singson, 82, has been elected as Director of the Company during the annual stockholders meeting held last July 14, 2005. At present, he is the Chairman of the Board of Directors and President of JG Summit Capital Markets Corporation. He is a director of United Industrial Corporation, Ltd., Multinational Finance Group Ltd., Summit Forex Brokers Corporation, Summit Point Corporation, and a trustee of the Gokongwei Brothers Foundation, Inc. and of the Tan Yan Kee Foundation. He is also Chairman Emeritus of Philippine Airlines and Chairman of Great Pacific Life Insurance. He was former Governor of the Bangko Sentral ng Pilipinas (1993-1999) and President of the Philippine National Bank (1992-1993). Mr. Gabriel Singson obtained his LLB degree, cum laude, from the Ateneo Law School and received his Master of Laws from the Michigan Law School as a Dewitt Fellow and Fulbright scholar.

Perry L. Pe, 49, has been the Assistant Corporate Secretary of the Company since 1994. He has been a Director since 1995. He is also the Corporate Secretary of Cebu Air, Inc.; Partner of Romulo, Mabanta, Buenaventura, Sayoc, and Delos Angeles Law Office; Chairman of Steniel Manufacturing Corporation and Advent Capital and Finance Corporation; and a Director of Singapore Land Ltd., Robinsons Savings Bank, East Asia Capitol Corporation, Delphi Group and Toledo Power Company. Mr. Perry L. Pe is the son-in-law of Mr. John Gokongwei, Jr.

Apollo P. Madrid, 71, has been the Senior Vice President - Operations and Administration of the Company since 1990.

Ethelwoldo E. Fernandez, 83, has been the Corporate Secretary of the Company since 1995. He had been Senior Vice President-Legal of the Company since 1992. He had been counsel to the Law firm of Sycip, Salazar, Hernandez and Gatmaitan until 2003. He is also the Corporate Secretary of Prudential Guarantee and Assurance Inc.

Jeanette U. Yu, 58, has been Chief Financial Officer/Treasurer since 1994. She is also the Vice President - Treasurer of Universal Robina Corporation and Cebu Air, Inc. and Senior Vice President of JG Summit Capital Markets Corporation, Summit Forex Brokers, Corporation and Multinational Finance Group Ltd.

The Company's independent directors are Messrs. Ricardo Balbido, Jr. and Antonio Go. They have possessed the qualifications of independent directors as set forth in the SRC Rule 38 – Independent Director, since the time of their initial election.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the directors and officers has been involved in any bankruptcy proceeding in the past five (5) years nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limited their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law.

Significant Employees

There are no persons who are not executive officers of the Corporation who are expected by the Corporation to make significant contribution to the business.

Item 10. Executive Compensation

Summary of annual compensation of Executive Officers (in thousand US$)

	Projected	**A C T U A L**	
	2012	**2011**	**2010**
a) CEO & 4 most highly compensated James L. Go – Chairman/CEO Robert Coyiuto, Jr.– President/COO Apollo P. Madrid – SVP Operations Jeanette U. Yu – Treasurer / CFO Ethelwoldo Fernandez – Corp. Secretary	135.79	136.31	125.34
b) All officers as a group	163.42	173.22	160.26

c) Compensation of Directors

For 2011, the Company paid a total of US$39,947.65 to its Directors.

d) Standard Arrangements

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

e) Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

f) There are no employment contracts between the registrant and any of its executive officer.

g) There are no compensatory plan or arrangement, including payments to be received from the registrant, with respect to any executive officer, if such plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer's employment with the registrant and its subsidiaries or from a change in control of the registrant or a change in any executive officer's responsibilities following a change in control and the amount involved, including all periodic payments or installments, which exceeds P2,500,000.

Item 11. Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities as of March 31, 2012 were as follows:

Class	Name and Address Record/ Beneficial Owner	Amount and Nature of Ownership (Record and/or beneficial ownership)		Citizenship	% to Total
Common	PCD Nominee Corporation[a] Old Makati Stock Exchange Bldg. Ayala Avenue, Makati City	82,920,722,633	Record	Filipino	41.46%
Common	Consolidated Robina Capital Corp.[b] CFC Bldg., E. Rodriguez Avenue Bagong Ilog, Pasig City	37,051,952,896	Record	Filipino	18.53%
Common	R. Coyiuto Securities, Inc.[c] 5th. Flr., Corinthian Plaza Paseo de Roxas, Makati City	21,652,383,437	Record	Filipino	10.83%
Common	Prudential Guarantee & Assurance Inc. [d] 119C Palanca St. Legaspi Village, Makati City	13,456,898,349	Record	Filipino	6.73%

a. PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCDI"), is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCDI's participants, who hold the shares on their behalf, and their clients. PCDI is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

b. Consolidated Robina Capital Corporation is a 100% subsidiary of JG Summit Holdings, Inc.
- Any one of the following directors of the Company is authorized to vote: Messrs., John Gokongwei, Jr., James Go, Lance Gokongwei

c. R. Coyiuto Securities, Inc. is majority-owned by Mrs. Rosie Coyiuto
- Any one of the following is authorized to vote: Ms. Rosie Coyiuto, Messrs. Philip K. Rico, Samuel Coyiuto, and James Coyiuto.
- There are no participants in the above corporation who hold more than 5% of OPMC's outstanding capital stock.

d. Prudential Guarantee & Assurance, Inc. is majority-owned by Coyiuto Brothers.

Security Ownership of Management as of December 31, 2011

Class	Name of Beneficial Owner	Position	Amount and Nature of Ownership (Record and/or beneficial ownership)		Citizenship	% to Total
A. Named Executive Officers[1]						
Common	JAMES L. GO*	Chairman and CEO	1	Beneficial	Filipino	Nil
Common	ROBERT R. COYIUTO, JR.*	Director, President and COO	565,664,986	Beneficial	Filipino	0.28%
Common	ETHELWOLDO E. FERNANDEZ*	SVP for Legal / Corporate Secretary	604,787	Beneficial	Filipino	Nil
Common	APOLLO P. MADRID*	SVP for Operations /Administration	1,812,766	Beneficial	Filipino	Nil
		Sub-total	568,082,540			
B. Other Directors and Executive Officers						
Common	JOHN L. GOKONGWEI, JR.	Director	107,001	Beneficial	Filipino	Nil
Common	AMPARO V. BARCELON	Director	964,213	Beneficial	Filipino	Nil
Common	ANTONIO GO	Director	1	Beneficial	Filipino	Nil
Common	MIGUEL R. COYIUTO	Director	101,595	Beneficial	Filipino	Nil
Common	LANCE Y. GOKONGWEI	Director	1	Beneficial	Filipino	Nil
Common	PERRY L. PE*	Director and Asst. Corporate Secretary	513,621	Beneficial	Filipino	Nil
Common	RICARDO BALBIDO, JR.	Director	100,000	Beneficial	Filipino	Nil
Common	JAMES COYIUTO	Director	1	Beneficial	Filipino	Nil
Common	GABRIEL SINGSON	Director	1	Beneficial	Filipino	Nil
		Sub-total	1,786,434			
All directors and executive officers as a group unnamed			569,868,974		0.28%	

Voting Trust holders of 5% or More

[1] Chief Executive Officer and three (3) among the five (5) most highly compensated executive officers as of December 31, 2011.
*Company's executive officers.

There are no persons holding more than 5% or a class under a voting trust or similar agreement.

Changes in Control

There has been no change in the control of the registrant since the beginning of its calendar year.

Item 12. Certain Relationships and Related Transactions

There had been no material transactions during the last two years, nor is any material transaction presently proposed, to which the Company was or is to be a party, in which any director or executive officer of the Company or owner of more than 10% of the Company's voting securities, any relative or spouse of any such director or officer who shares the home of such director or executive officer or owner or more than 10% of the Company's voting securities, is involved

PART IV. CORPORATE GOVERNANCE

The level of compliance of the Corporation to the provisions of the Corporate Governance Manual was reported and explained in the Corporate Governance Self-Rating Form submitted by the Corporation to the Securities and Exchange Commission (SEC). Deviations from the provisions of the Corporate Governance Manual were also set out in the said form submitted to the SEC.

The Board of Directors has yet to approve the evaluation system to be established by the company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance. Among the measures being undertaken by the Corporation in order to fully comply with the provision of the Corporate Governance Manual are periodic monitoring and evaluation of the internal control system for corporate governance. In order to improve the corporate governance of the Corporation, proposed amendments to the Corporate Governance Manual are under discussion to include new provisions required by the SEC and the Philippine Stock Exchange.

PART V. EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

None.

(b) Reports on SEC Form 17-C

The following reports on SEC Form 17-C were filed during the last six months period covering this report:

Item 9: Other Matters

1. Disclosure on the Result of Annual Stockholders' Meeting as of July 7, 2011 dated July 8, 2011.

SIGNATURES

Pursuant to the requirements of Section17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of _______________ on April _________, 2012.

By:

James L. Go
Chairman of the Board
& Chief Executive Officer

Robert Coyiuto, Jr.
President &
Chief Operating Officer

Ethelwoldo E. Fernandez
Corporate Secretary

Jeanette U. Yu
Treasurer & Chief Finance Officer

APR 16 2012

Subscribed and sworn to before me this _______ day of April 2012, affiants executed to me their Community Tax Certificates (CTC) / Passport as follows:

Name	CTC / Passport No.	Date of Issue	Place of Issue
James L. Go	11176031	January 31, 2012	Pasig City
Robert Coyiuto, Jr.	17618181	January 13, 2012	Manila
Ethelwoldo E. Fernandez	15142209	January 04, 2011	Taytay, Rizal
Jeanette U. Yu	EB0786448	August 17, 2010	DFA, Manila

DOC. NO. 506
PAGE NO. 103
BOOK NO. V
SERIES OF 2012

ATTY. ROMUALD C. PADILLA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
IBP NO. 869859 / 12-5-11 / PASIG
PTR NO. 7549311 / 1-6-12 / PASIG
Roll of Attorneys No. 54298
TIN 170-266-059

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS

FORM 17-A, ITEM 7

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ORIENTAL PETROLEUM AND MINERALS CORPORATION
40th Floor, c/o JG Summit, Robinsons PCI Tower, ADB Avenue, Ortigas Center, Pasig City, Philippines
Tel. No.: 637-1670/633-7631 Ext. 277/278/279/280/281 • Fax No.: 395-2586

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Securities and Exchange Commission
SEC Building, EDSA, Greenhills,
Mandaluyong City

The management of ORIENTAL PETROLEUM AND MINERALS CORPORATION is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2011 and 2010, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SGV & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed under oath by:

James L. Go
Chairman of the Board
and Chief Executive Officer

Jeanette U. Yu
Treasurer
and Chief Finance Officer

JURAT

SUBSCRIBED AND SWORN TO before me this 16th day of April 2012, affiants JAMES L. GO and JEANETTE U. YU, exhibiting, to me their respective Passport No. ZZ189715 and Passport No. EB 0786448 valid until August 16, 2015 issued at DFA, Manila as proof of their identity.

Doc. No. 506
Page No. 103
Book No. 5
Series of 2012

ATTY. ROMUALD C. PADILLA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
IBP NO. 869859 / 12-5-11 / PASIG
PTR NO. 7549311 / 1-6-12 / PASIG
Roll of Attorneys No. 54298
TIN 170-266-059

COVER SHEET

40058

SEC Registration Number

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

(Company's Full Name)

40th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City

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

Riana Caratay-Infante

(Contact Person)

637-1670

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

AAFS

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

12,411

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001,
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A),
February 4, 2010, valid until February 3, 2013

SGV & Co
ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Oriental Petroleum and Minerals Corporation
40th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited the accompanying consolidated financial statements of Oriental Petroleum and Minerals Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011 and 2010, and the consolidated statements of income, comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SGV & Co
Ernst & Young

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Oriental Petroleum and Minerals Corporation and Subsidiaries as at December 31, 2011 and 2010, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2011 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the consolidated financial statements. The suspension of the production activities in the West Linapacan Oilfield raises uncertainties as to the profitability of the petroleum operations. The profitability of the petroleum operations and the full recovery of unamortized costs of wells, platforms and other facilities and the deferred oil exploration costs incurred in connection with the Group's participation in the acquisition, exploration and development of petroleum concessions are dependent upon the discoveries of additional oil in commercial quantities and the success of future development thereof.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-1 (Group A),
March 11, 2011, valid until March 10, 2014
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2009,
June 1, 2009, valid until May 31, 2012
PTR No. 3174824, January 2, 2012, Makati City

April 10, 2012

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19 and 20)	**$33,036,104**	$18,459,740
Receivables (Notes 7, 8 and 19 and 20)	**5,057,121**	1,567,596
Crude oil inventory	**–**	2,683,659
Other current assets	**10,042**	10,006
Total Current Assets	**38,103,267**	22,721,001
Noncurrent Assets		
Available-for-sale investments (Notes 9 and 20)	**6,836,182**	5,358,136
Property and equipment (Notes 8 and 10)	**19,568,646**	27,880,963
Deferred exploration costs (Notes 8 and 11)	**559,332**	557,732
Other noncurrent assets	**1,140**	1,140
Total Noncurrent Assets	**26,965,300**	33,797,971
	$65,068,567	$56,518,972
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12 and 20)	**$587,829**	$566,707
Income tax payable	**1,840**	–
Total Current Liabilities	**589,669**	566,707
Noncurrent Liabilities		
Pension liability (Note 16)	**257,569**	231,101
Deferred tax liability (Note 17)	**2,538,583**	2,799,811
Total Noncurrent Liabilities	**2,796,152**	3,030,912
	3,385,821	3,597,619
Equity		
Paid up capital (Note 13)	**85,545,203**	85,545,203
Deficit	**(24,462,367)**	(33,114,328)
Other comprehensive income	**599,910**	490,478
Total Equity	**61,682,746**	52,921,353
	$65,068,567	$56,518,972

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2011	2010	2009
REVENUE FROM PETROLEUM OPERATIONS (Note 8)	**$24,003,972**	$17,140,483	$5,522,329
PETROLEUM PRODUCTION COSTS (Note 8)	**7,794,239**	5,673,112	2,498,306
GROSS PROFIT	**16,209,733**	11,467,371	3,024,023
Depletion, depreciation and amortization expenses (Note 10)	**8,316,902**	8,693,959	1,125,284
General and administrative expenses (Note 14)	**434,876**	325,114	319,979
Unrealized foreign exchange losses (gains)	**38,886**	(791,387)	(302,628)
Deferred exploration cost written off (Note 11)	**–**	2,150,712	–
Interest income (Notes 6 and 19)	**(626,415)**	(377,720)	(301,545)
Other income (Note 15)	**(435,707)**	(414,245)	(377,879)
	7,728,542	9,586,433	463,211
INCOME BEFORE INCOME TAX	**8,481,191**	1,880,938	2,560,812
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)			
Current	**90,458**	10,547	12,604
Deferred	**(261,228)**	(1,444,260)	(441,832)
	(170,770)	(1,433,713)	(429,228)
NET INCOME	**$8,651,961**	$3,314,651	$2,990,040
Basic/Diluted Earnings Per Share (Note 18)	**$0.000043**	$0.000017	$0.000015

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2011	2010	2009
NET INCOME	**$8,651,961**	$3,314,651	$2,990,040
OTHER COMPREHENSIVE INCOME			
Reserve for fluctuation in value of available-for-sale investments (Note 9)	**109,432**	189,653	307,929
Cumulative translation adjustment	–	(1,118)	(606)
	109,432	188,535	307,323
TOTAL COMPREHENSIVE INCOME	**$8,761,393**	$3,503,186	$3,297,363

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2011	2010	2009
NET INCOME	**$8,651,961**	$3,314,651	$2,990,040
OTHER COMPREHENSIVE INCOME			
Reserve for fluctuation in value of available-for-sale investments (Note 9)	**109,432**	189,653	307,929
Cumulative translation adjustment	–	(1,118)	(606)
	109,432	188,535	307,323
TOTAL COMPREHENSIVE INCOME	**$8,761,393**	$3,503,186	$3,297,363

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid up Capital					Other Comprehensive Income (Loss)			
	Capital Stock (Note 13)	Subscriptions Receivable (Note 13)	Capital in Excess of Par Value (Note 13)	Total Paid up Capital	Deficit	Reserve for fluctuation in value of Available-for-Sale Investments (Note 9)	Cumulative Translation Adjustment	Total Other Comprehensive Income (Loss)	Total
At January 1, 2011	**$82,268,978**	**($374,252)**	**$3,650,477**	**$85,545,203**	**($33,114,328)**	**$502,717**	**($12,239)**	**$490,478**	**$52,921,353**
Net income for the year	–	–	–	–	**8,651,961**	–	–	–	**$8,651,961**
Other comprehensive income	–	–	–	–	–	**109,432**	–	**109,432**	**109,432**
Total comprehensive income	–	–	–	–	**8,651,961**	**109,432**	–	**109,432**	**8,761,393**
At December 31, 2011	**$82,268,978**	**($374,252)**	**$3,650,477**	**$85,545,203**	**($24,462,367)**	**$612,149**	**($12,239)**	**$599,910**	**$61,682,746**
At January 1, 2010	$82,268,978	($374,252)	$3,650,477	$85,545,203	($36,428,979)	$313,064	($11,121)	$301,943	$49,418,167
Net income for the year	–	–	–	–	3,314,651	–	–	–	3,314,651
Other comprehensive income (loss)	–	–	–	–	–	189,653	(1,118)	188,535	188,535
Total comprehensive income	–	–	–	–	3,314,651	189,653	(1,118)	188,535	3,503,186
At December 31, 2010	$82,268,978	($374,252)	$3,650,477	$85,545,203	($33,114,328)	$502,717	($12,239)	$490,478	$52,921,353
At January 1, 2009	$82,268,978	($374,252)	$3,650,477	$85,545,203	($39,419,019)	$5,135	($10,515)	($5,380)	$46,120,804
Net income for the year	–	–	–	–	2,990,040	–	–	–	2,990,040
Other comprehensive income loss)	–	–	–	–	–	307,929	(606)	307,323	307,323
Total comprehensive income	–	–	–	–	2,990,040	307,929	(606)	307,323	3,297,363
At December 31, 2009	$82,268,978	($374,252)	$3,650,477	$85,545,203	($36,428,979)	$313,064	($11,121)	$301,943	$49,418,167

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**$8,481,191**	$1,880,938	$2,560,812
Adjustments for:			
Depletion, depreciation and amortization expenses (Note 10)	**8,316,902**	8,693,959	1,125,284
Unrealized foreign exchange loss	**38,886**	791,387	302,628
Deferred exploration cost written-off (Note 11)	–	2,150,712	–
Cumulative translation adjustment	–	(1,118)	(606)
Gain on disposal of property and equipment (Notes 10 and 15)	–	(2,163)	(312)
Dividend income (Note 15)	**(435,707)**	(412,082)	(377,567)
Interest income (Notes 6 and 19)	**(626,415)**	(377,720)	(301,545)
Operating income before working capital changes	**15,774,857**	12,723,913	3,308,694
Changes in operating assets and liabilities			
Decrease (increase) in:			
Receivables	**(3,489,525)**	117,059	(1,303,654)
Crude oil inventory	**2,683,659**	(2,132,431)	(533,252)
Other current assets	**(36)**	151	(165)
Other noncurrent assets	–	(58)	(29)
Increase (decrease) in:			
Accounts and other payables	**(1,516)**	(532,065)	572,956
Pension liability	**26,792**	(56,041)	(19,475)
Net cash flows generated from operations	**14,994,231**	10,120,528	2,025,075
Income tax paid	**(88,618)**	(17,865)	(2,589)
Net cash flows provided by operating activities	**14,905,613**	10,102,663	2,022,486
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received	**435,707**	412,082	377,567
Interest received	**626,415**	377,720	301,545
Decrease (increase) in amounts due from a related party	–	7,081,192	(286,886)
Proceeds from sale of property and equipment	–	2,163	312
Additions to deferred exploration costs (Note 11)	**(1,600)**	–	–
Acquisitions of property and equipment (Note 10)	**(4,585)**	(4,231)	(161,133)
Acquisitions of available-for-sale investments (Note 9)	**(1,393,349)**	(17,647)	–
Net cash flows provided by (used in) investing activities	**(337,412)**	7,851,279	231,405

(Forward)

	Years Ended December 31		
	2011	2010	2009
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**₱8,163**	(₱1,518,735)	(₱635,895)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**14,576,364**	16,435,207	1,617,996
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**18,459,740**	2,024,533	406,537
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**$33,036,104**	$18,459,740	$2,024,533

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Status of Operations

Oriental Petroleum and Minerals Corporation (the Parent Company) and its subsidiaries (collectively referred to as "the Group") were organized under the laws of the Republic of the Philippines to engage in oil exploration and development activities.

The Parent Company's principal office is located at 40th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City. The Parent Company was listed in the Philippine Stock Exchange (PSE) on October 14, 1970.

Service Contract (SC) 14
On December 15, 1975, pursuant to Section 7 of the Oil Exploration and Development Act of 1972, the Parent Company, together with other participants (collectively referred to as the Consortium), entered into a service contract with the Philippine Government through the Department of Energy (DOE) for the exploration, exploitation and development of the contract area in northwest offshore Palawan, Philippines, which was amended from time to time. This contract area includes the Galoc Field where significant hydrocarbon deposits were discovered.

The contract areas (i.e., Blocks A, B, C and D) covered by SC 14 are situated offshore Northwest of Palawan Island and West of Busuanga Island, Philippines. Crude oil production in the West Linapacan Oilfield in Block C of SC 14 was suspended in 1999 due to a significant decline in crude oil production caused by increasing water intrusion. However, the Parent Company participates in the production of other fields, including Nido and Matinloc. Total production from these fields is low but is enough to cover operating expenses and the overhead expenses of SC 14.

In 2011 and 2010, production activities continued in Blocks A, B and C of SC 14. Block C has declared commercial operations on June 22, 2009 with effectivity on June 19, 2009 while Block D remains suspended.

In December 2010, the DOE extended the term of SC 14 for another fifteen (15) years.

Farm-in Agreement (FA)
On September 23, 2004, Team Oil (TEAM) and Cape Energy (CAPE) entered into a FA with the SC 14C - Galoc joint venture partners for the development of the Galoc Field. The FA was concluded in a Deed of Assignment (DA) dated August 22, 2005 where TEAM and CAPE designated Galoc Production Company (GPC) as the special purpose company to accept the assigned participating interest and to act as the Operator of the Galoc production area.

Under the FA and DA, GPC will pay 77.721% of the cost to develop the Galoc Field in exchange for a 58.291% participating interest in the area. Other significant terms and conditions of the Agreements follow:

1) That GPC, together with the other paying party, Nido Petroleum Philippines, Pty. Ltd. (Nido Petroleum), be allowed to first recover their share of the development cost from crude oil sales proceeds from the Galoc Field after production expenses.

2) That GPC will be assigned its pro-rata share of the $68 million historical cost recovery of the Galoc block equivalent to $33 million to be recovered pursuant to the terms of the Block C agreement below.

3) That GPC will reimburse the joint venture partners (except GPC and Nido Petroleum) for expenditures previously incurred in relation to the Galoc Field as follows:

   a) $1.5 million payable out of 50% of GPC's share of the Filipino Participation Incentive Allowance (FPIA); and

   b) $1.5 million payable upon reaching a cumulative production of 35 million barrels of oil from the Galoc Field.

On July 1, 2009, GPC purchased additional interest in the field from Petroenergy Resources Corporation (Petroenergy) and Alcorn Gold Resources Corporation (AGRC).

As of December 31, 2011 and 2010, the Consortium consists of the Parent Company (5.105%), GPC (59.845%), Nido Petroleum (22.880%), Philodrill Corporation (Philodrill) (7.215%), Forum Energy Philippines Corporation (2.276%), and Linapacan Oil Gas and Power Corporation (LOGPOCOR) (2.680%).

<u>Extended Production Test (EPT) Agreement</u>
On August 10, 2006, an EPT agreement was made and entered into by the DOE and GPC and its partners (referred to as "contractors" under the EPT agreement). The purpose of the EPT is to obtain dynamic performance data for the Galoc reservoir and to confirm the presence and continuity of at least two significant channel sandbodies by undertaking an EPT of a well designed to prove each channel.

In consideration of the risk and undertaking assumed by the contractor under the EPT agreement, the contractor shall market crude produced and saved from the EPT and is allowed to retain the gross proceeds for the recovery of 100% of all operating expenses incurred in the EPT. Any amount of gross proceeds in excess of the cost of the EPT shall be subject to 60-40 sharing in favor of the Philippine Government.

The duration of the EPT is a minimum of ninety (90) days of actual crude flow from at least one well excluding delays which arise from breakdowns, repairs or replacements, well conditions or other conditions. The EPT will be terminated upon the earliest of one hundred eighty two (182) days of actual crude production or when sufficient data has been obtained or viability of the Galoc Field has been established by the contractors in conjunction with the DOE.

On termination, the contractors shall either declare commerciality of the field and commit to undertake development, or declare the field to be noncommercial for further development or production and commence abandonment and demobilization of the EPT facilities.

The EPT period ended on June 18, 2009.

Joint Operating Agreement (JOA)
On September 12, 2006, the Consortium entered into a JOA, amending the existing JOA, for the purpose of regulating the joint operations in the Galoc Block. The JOA shall continue for as long as:

1) the provisions in SC 14 in respect of the Galoc Block remain in force;

2) until all properties acquired or held for use in connection with the joint operations has been disposed of and final settlement has been made between the parties in accordance with their respective rights and obligations in the Galoc Block; and

3) without prejudice to the continuing obligations of any provisions of the JOA which are expressed to or by their natures would be required to apply after such final settlement.

Block C Agreement
In 2006, Block C Agreement was entered into by the consortium members (the Galoc Block Owners) of SC 14C - Galoc to specify gross proceeds allocation as well as the rights and obligations relating to their respective ownership interest in the Galoc Block (the "Galoc Contract Area Rights") and their respective ownership interest in the Remaining Block (except for GPC).

The agreement also clarifies how GPC and Philodrill, which are the designated Operator of the Galoc Block and the Remaining Block, respectively, shall work together to perform their obligations and exercise their rights as Operator.

The Allocation of Contract Area Rights under Section 3 of the Block C Agreement provides that:

1) GPC shall be entitled to the FPIA, Production Allowance, Recovery of Operating Expenses and the Net Proceeds of the SC 14 insofar as it relates to the Galoc Block.

2) The portion of the Galoc Contract Area Rights allocable as FPIA, Production Allowance and Net Proceeds shall be distributed as follows:

    a) GPC shall be allocated an amount equal to its participating interest in the Galoc Block which is currently 58.291%.

    b) Nido Petroleum and Philodrill shall be allocated an amount equal to 17.500% and 4.375%, respectively.

    c) The balance of 19.834% shall be allocated to the Remaining Block (except GPC) in accordance with number 5 below.

3) The portion of the Galoc Contract Area Rights allocable to recovery of operating expenses (the reimbursement amount) shall be distributed as follows:

    a) First, an amount equal to the operating expenses incurred by the Galoc Block Owners in respect of production costs on and from the date of the 2nd Galoc well being brought on stream shall be allocated to each Galoc Block Owner in accordance with each Galoc Block Owner's participating interest.

b) Second, an amount equal to the operating expenses incurred by GPC and Nido Petroleum in respect of the Galoc Block (excluding the $68 million historical cost assigned to the Galoc Block pursuant to the FA) shall be allocated 77.721% to GPC and the balance of 22.279% to Nido Petroleum.

c) Third, any reimbursement amount remaining after applying the provisions of 3a and 3b above shall be allocated 58.291% to GPC, 17.500% to Nido Petroleum, 4.375% to Philodrill and 19.834% to the Galoc Block Owners (except GPC but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) until all the Galoc Block Owners have received

in aggregate a total of $34 million in accordance with this provision. The 19.834% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

d) Fourth, any reimbursement amount remaining after applying the provisions of 3a, 3b and 3c above shall be allocated 38.861% to GPC, 17.500% to Nido Petroleum and the balance of 43.639% to the Galoc Block Owners (except GPC but including Nido Petroleum only in relation to its remaining 4.779% interest in the Galoc Block) until all the Galoc Block Owners have received in aggregate a total of $34 million in accordance with this provision. The 43.639% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

4) After the provisions in Clause 3.3 of the Block C Agreement (as detailed in number 3 above) have been satisfied, all the Galoc Block Owners shall share the reimbursement amount in accordance with each Galoc Block Owner's participating interest as follows:

   a) GPC, Nido Petroleum and Philodrill shall receive 58.291%, 17.500% and 4.375%, respectively; and

   b) The balance of 19.834% shall be distributed by GPC to the Galoc Block Owners (except Galoc but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) in accordance with Clause 5 of the Block C Agreement (see number 5 below).

5) All amounts due to the Galoc Block Owners (except GPC) pursuant to Clauses 3.2, 3.3c, 3.3d and 3.4 (see numbers 2, 3c, 3d and 4 above) (the "Outstanding Balance"), shall be distributed by GPC in accordance with written instructions to distribute the Outstanding Balance authorized by all the other Galoc Block Owners.

Effective July 1, 2009, the amount allocated to Petroenergy and AGRC in accordance with the Block C agreement shall be allocated to the remaining partners in accordance with the amount of additional interest they have purchased from Petroenergy and AGRC. The additional interest purchased are as follows: Nido Petroleum (0.60052%), Philodrill (0.19745%), Parent Company (0.13970%) and LOGPOCOR (0.07335%).

The Block C agreement shall terminate when SC 14 terminates.

Lifting Agreement

In 2008, GPC and its partners entered into a lifting agreement which provides for the lifting procedures to be applied by GPC to ensure that:

1) each lifter is able to lift its Lifting Entitlement on a timely basis;
2) each lifter receives its Actual Lifting Proceeds;
3) overlift and underlift position of each party are monitored and settled;
4) each lifter pays its Actual Lifting Deduction Payment to the GPC; and
5) GPC has sufficient funds in the Joint Account to pay the Philippine Government and the Filipino Group Entitlement.

The terms of the Block C Agreement shall prevail in the event of a conflict with the terms of this agreement.

The agreement shall terminate when SC 14 terminates unless terminated earlier by the unanimous written agreement by the parties.

Decommissioning Agreement (DA)

On December 12, 2008, GPC and its partners entered into a DA which provides for the terms upon which the wells, offshore installations, offshore pipelines and the Floating Production Storage and Offloading (FPSO) facility used in connection with the joint operations in respect of the Galoc Development shall be decommissioned and abandoned in accordance with the laws of the Philippines, including all regulations issued pursuant to the Oil Exploration and Development Act of 1972.

In accordance with the DA, each party has a liability to fund a percentage of the decommissioning costs (to be determined at a later date), which shall be equal to the party's percentage interest. The funding of the decommissioning costs shall commence on the date ("Funding Date") GPC issues a written notice to the DOE after completion of the EPT, specifying the date of commencement of commercial operations of the Galoc Block. The decommissioning cost, as funded, shall be kept in escrow with a bank of international standing and repute to be appointed by GPC.

As of December 31, 2011 and 2010, GPC and its partners have not yet began the funding of the estimated decommissioning liability.

The DA shall terminate when SC 14 terminates.

Participating Interests
As of December 31, 2011 and 2010, the Parent Company and LOGPOCOR have the following participating interests in the various SCs:

	2011	2010
SC 14 (Northwest Palawan)		
Block A (Nido)	**42.940%**	42.940%
Block B (Matinloc)	**17.703**	17.703
Block B-1 (North Matinloc)	**27.772**	27.772
Block C (West Linapacan)	**7.572**	30.287
Block C (Galoc)	**7.785**	7.785
Block D	**20.829**	20.829
SC 6 (Bonita)	**14.063**	14.063

The profitability of petroleum operations and full recovery of unamortized costs of wells, platforms and other facilities and deferred exploration costs incurred in connection with the Parent Company and LOGPOCOR's participation in the acquisition, exploration and development of petroleum concessions are dependent upon the discoveries of additional oil and gas in commercial quantities and the success of future development thereof.

On June 30, 2009, the Group acquired additional interest in SC 14-Galoc from Petroenergy and AGRC. Participating interest increased by 0.213%, resulting to increase in wells, platforms and other facilities amounting $0.16 million (Note 10).

2. Basis of Preparation

The accompanying consolidated financial statements of the Parent Company and its wholly-owned subsidiaries, LOGPOCOR, Oriental Mahogany Woodworks, Inc. (OMWI) and Oriental Land Corporation (OLC), collectively referred to as the "Group", which include the share in the assets, liabilities, income and expenses of the joint operations covered by the SCs as discussed in Note 1 to the consolidated financial statements, have been prepared on a historical cost basis, except for available-for-sale (AFS) investments that have been measured at fair value.

The consolidated financial statements are presented in U.S. Dollars, the Parent Company's functional currency. Amounts are adjusted to the nearest dollar unless otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 of each year. The subsidiaries are all incorporated in the Philippines.

The financial statements of LOGPOCOR, OMWI and OLC are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

A subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date such control ceases.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended PFRS and Philippine Interpretations which were adopted as of January 1, 2011. Except as otherwise indicated, the adoption of the new and amended standards, as well as the Philippine Interpretations, did not have any effect on the financial statements of the Group.

- Philippine Accounting Standards (PAS) 24, *Related Party Disclosures (Amendment)* (effective for annual periods beginning on or after January 1, 2011)
  The Standard clarified the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity.

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

- Amendment to Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement* (effective for annual periods beginning on or after January 1, 2011)
  The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset.

Improvements to PFRS
Improvements to PFRS is an omnibus of amendments to standards, deal primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- PFRS 3, *Business Combinations*
- PFRS 7, *Financial Instruments - Disclosures*
- PAS 1, *Presentation of Financial Statements*

Other amendments resulting from the 2010 Improvements to PFRS to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- PFRS 3, *Business Combinations* (Contingent consideration arising from business combination prior to adoption of PFRS 3 (as revised in 2008)
- PFRS 3, *Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards)
- PAS 27, *Consolidated and Separate Financial Statements*
- PAS 34, *Interim Financial Statements*

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*

<u>Future Changes in Accounting Policies</u>
The Group will adopt the following new and amended PFRS and Philippine Interpretations enumerated below when these become effective. Except as otherwise indicated, the following new and amended PFRS and Philippine Interpretations will not have significant impact to the financial statements of the Group:

Effective in 2012

- PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements* (effective for annual periods beginning on or after July 1, 2011)
  The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

- PAS 12, *Income Taxes* (Amendment) - *Deferred Tax: Recovery of Underlying Assets* (effective for annual periods beginning on or after January 1, 2012)
  The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40 should be determined on the basis that its carrying value amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets are measured using revaluation model in PAS 16 always be measured on a sale basis of the asset.

Effective in 2013

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2013)
  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set-off in accordance with PAS 32. These

disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c) The net amounts presented in the statement of financial position;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
   i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
   ii. Amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

- PFRS 10, *Consolidated Financial Statements* (effective for annual periods beginning on or after January 1, 2013)
  PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

- PFRS 11, *Joint Arrangements* (effective for annual periods beginning on or after January 1, 2013)
  PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosures of Involvement with Other Entities* (effective for annual periods beginning periods on or after January 1, 2013)
  PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PFRS 13, *Fair Value Measurement* (effective for annual periods beginning on or before January 1, 2013)
  PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

- PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income* (effective for annual periods beginning on or after July 1, 2012)
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified.

- Amendments to PAS 19, *Employee Benefits* (effective for annual periods beginning on or after January 1, 2013)
  Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording.

- Revised PAS 27, *Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2013)
  As a consequence of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- Revised PAS 28, *Investments in Associates and Joint Ventures* (effective for annual periods beginning on or after January 1, 2013)
  As a consequence of the new PFRS 11, *Joint Arrangements*, and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* (effective for annual periods beginning on or after January 1, 2013)
  This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs") and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset.

Effective in 2014

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2014)
  These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

Effective in 2015

- PFRS 9, *Financial Instruments: Classification and Measurement* (effective for annual periods beginning on or after January 1, 2015)
  PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

4. Summary of Significant Accounting Policies

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized:

Oil revenue
Revenue from producing oil wells is recognized as income at the time of production.

Interest income
Interest income is recognized as it accrues using the effective interest method, the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of that financial asset.

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Petroleum Production Cost
Petroleum production cost represents costs that are directly attributable in recognizing oil revenue.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

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

Financial instruments within the scope of PAS 39 are classified as either financial assets or liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets and other financial liabilities, as appropriate. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. The Group determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

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.

As of December 31, 2011 and 2010, the Groups's financial instruments are classified into loans and receivables, AFS investments and other financial liabilities.

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

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

Day 1 difference
Where the transaction price in a non-active market is different to 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 markets, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

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

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

This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables" and "Due from a related party".

AFS investments
AFS investments are those non derivative financial assets that are designated as such or do not qualify as financial assets at FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include government securities, equity investments and other debt instruments.

After initial measurement, AFS investments are measured at fair value with unrealized gains or losses being recognized directly in the consolidated statement of comprehensive income as "Reserve for fluctuation in value of AFS investments". When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the consolidated statement of income. Interest earned or paid on the investments is reported as interest income or expense using the EIR. Dividends earned on investments are recognized in the consolidated statement of income when the right to receive has been established.

This accounting policy relates to the consolidated statement of financial position caption "Available-for-sale investments".

Other financial liabilities
Issued financial instruments or their components, which are not designated as FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount of premium on the issue and fees that are an integral part of the effective interest rate (EIR). Any effects on restatement of foreign currency-denominated liabilities are recognized in the consolidated statement of income.

This accounting policy applies primarily to consolidated statement of financial position caption "Accounts and other payables" that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability, income tax payable and deferred tax liabilities).

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Impairment of Financial Assets
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

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

Loans and receivables
The Group 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. 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 a group of financial assets with similar credit risk 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 or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost 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 (excluding future expected credit losses that have not been incurred) discounted at the financial assets' original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in consolidated statement of income during the period in which it arises.

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 the consolidated statement of income, to the extent that the carrying value of the asset does not exceed the amortized cost at the reversal date.

AFS investments carried at cost
If there is an objective evidence that an impairment loss has occurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be measured reliably, 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.

AFS investments carried at fair value
In the case of equity investments classified as AFS, impairment indicators would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income, is removed from other comprehensive income and recognized in consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as AFS, 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 using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of "Other income" in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Derecognition of Financial Assets and Liabilities
Financial asset
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 rights to receive cash flows from the asset have expired;
- the Group 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 Group has transferred its rights 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 Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
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 the consolidated statement of income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placements and that are subject to insignificant risk of change in value.

Crude Oil Inventory
Crude oil inventory is valued at the prevailing market price at the time of production.

Property and Equipment
Transportation equipment and office furniture and equipment are carried at cost less accumulated depreciation and any impairment in value.

Wells, platforms and other facilities are carried at cost less accumulated depletion, depreciation and amortization and any impairment in value.

The initial cost of property and equipment, other than wells, platforms and other facilities, comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Subsequent costs are capitalized as part of these assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred. In situations where it can be clearly demonstrated that 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 additional cost of property and equipment.

When assets are retired or otherwise disposed of, the cost of the related accumulated depletion and depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited or charged against current operations.

Depreciation of property and equipment, other than wells, platforms and other facilities, commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the assets as follows:

	Years
Transportation equipment	6
Office furniture and equipment	5-10

Depletion, depreciation and amortization of capitalized costs related to the contract areas under "Wells, platforms and other facilities" in commercial operations is calculated using the unit-of-production method based on estimates of proved reserves. The depletion base includes the estimated future development costs of the undeveloped areas.

The EUL and depletion and depreciation, residual values and amortization methods are reviewed periodically to ensure that the period and methods of depletion and depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Interest in Jointly Controlled Assets
Interests in jointly controlled assets are accounted for by recognizing in the consolidated financial statements the Group's share in the jointly controlled assets and are included principally in the "Property and equipment" and "Deferred exploration costs" accounts in the consolidated statement of financial position and any liabilities incurred jointly with the other venturers as well as the related revenues and expenses of the joint venture. The Group also recognized the expenses which it has incurred in respect of its interest in the joint venture and the related liabilities.

Deferred Exploration Costs
The Group follows the full cost method of accounting for exploration costs determined on the basis of each SC/Geophysical Survey and Exploration Contract (GSEC) area. Under this method, all exploration costs relating to each SC/GSEC are deferred pending determination of whether the contract area contains oil and gas reserves in commercial quantities. The exploration costs relating to the SC/GSEC area where oil and gas in commercial quantities are discovered are subsequently capitalized as "Wells, platforms and other facilities" shown under the "Property and equipment" account in the consolidated statement of financial position upon commercial production. When the SC/GSEC is permanently abandoned or the Group has withdrawn from the consortium, the related deferred oil exploration costs are written-off. SCs and GSECs are considered permanently abandoned if the SCs and GSECs have expired and/or there are no definite plans for further exploration and/or development.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Group's property and equipment and deferred exploration costs.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. 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 depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate.

Paid up Capital

Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as additional paid-in capital (APIC). Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC.

Subscription receivable represents shares subscribed but not fully paid.

Capital in excess of par value represents the excess of cost over the par value.

Deficit

Deficit represents the cumulative balance of net income (loss), dividend distributions, prior period adjustments, effects of changes in accounting policy and other capital adjustments.

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.

Group as a lessee

Lease of assets under which the lessor effectively retains all the risks and rewards of ownership is classified as operating lease. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Income Tax

Current tax

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

Deferred tax
Deferred tax is provided, using the liability method, 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 tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences 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 nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

<u>Pension Expense</u>
Pension expense is actuarially determined using the projected unit credit (PUC) 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.

Pension expense includes current service cost, interest cost, past service cost, actuarial gains and losses and the effect of any curtailment or settlement.

The net pension liability recognized in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less any actuarial gains or losses not recognized. The defined benefit obligation is calculated annually by independent actuaries using the PUC method. 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 pension liability or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited to or charged against income when the net cumulative actuarial gains and losses at the end of the previous period exceed the 10% of the higher of the defined benefit obligation and the fair value of the 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.

Past service costs, if any, are recognized immediately in the consolidated statement of income, unless the changes to the pension plan are conditional on the employees remaining in the service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

Foreign Currency-Denominated Transactions and Translations
The consolidated financial statements are presented in U.S. Dollar, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. However, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign currency translations are charged or credited to the consolidated statement of income.

Earnings (Losses) Per Share
Earnings (losses) per share is determined by dividing net income (loss) by the weighted average number of shares outstanding for each year after retroactive adjustment for any stock dividends declared. Diluted earnings per share is computed by dividing net income applicable to common stockholders by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of dilutive potential common shares.

Provisions
Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) 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 expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of the resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Operating Segments
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's business segments consist of: (1) oil exploration and development; (2) furniture manufacturing and distribution; and (3) real estate. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change I n estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Determination of functional currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be U.S. Dollar. The U.S. Dollar is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the revenue and costs of the Group's operations.

Classification of financial instruments
The Group classifies a financial instrument, or its components, 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 consolidated statements of financial position. The classification of financial assets and financial liabilities of the Group are presented in Note 20.

Operating leases - Group as lessee
The Group has entered into property leases for its operations (Note 19). The Group has determined that the lessor retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Estimates and Assumptions
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 within the next financial year are discussed below:

Fair values of financial assets and liabilities
The Group carries certain financial assets and liabilities at fair value which requires extensive use of accounting estimates and judgments. While components of fair value measurements were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets would directly affect the consolidated statement of comprehensive income and consolidated statement of changes in equity, as appropriate.

Fair values of financial assets and financial liabilities amounted to $44.93 million and $0.45 million, respectively, as of December 31, 2011, and $25.39 million and $0.43 million, respectively, as of December 31, 2010 (Note 20).

Impairment of loans and receivables
The Group assesses on a regular basis if there is objective evidence of impairment of loans and receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original EIR. The Group uses individual impairment assessment on its loans and receivables. The Group did not assess its loans and receivables for collective impairment due to the few counterparties which can be specifically identified. The amount of loss is recognized in the consolidated statement of comprehensive income with a corresponding reduction in the carrying value of the loans and receivables through an allowance account.

As of December 31, 2011 and 2010, the total carrying value of the Group's receivables amounted to $5.06 million and $1.57 million, respectively (Note 7). No allowance for impairment was provided in 2011 and 2010.

Impairment of AFS investments
Quoted shares - at fair value
An impairment loss arises with respect of AFS investments when there is objective evidence of impairment, which involves significant judgment. In applying this judgment, the Group evaluates the financial health of the issuer, among others. In the case of AFS equity instruments, the Group's expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology and other factors that affect recoverability of the Group's investments.

Unquoted shares - at cost
Management believes that while the range of fair value estimates is significant, the probabilities of the various estimates cannot be reasonably assessed given the unquoted nature of equity investments. As a result, the Group carries unquoted AFS investments at cost, less any impairment in value.

A net increase in market value of AFS investments amounting $0.11 million, $0.19 million and $0.31 million was recognized in 2011, 2010 and 2009, respectively. AFS investments amounted to $6.84 million and $5.36 million as of December 31, 2011 and 2010, respectively (Note 9).

Estimation of proven oil reserves
Proven reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proven reserve estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

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

Estimated proven oil reserves totaled 10.90 million barrels for Galoc oil field and 1.37 million for Nido oil field.

Estimation of useful lives of property and equipment
The Group reviews annually the EUL of transportation equipment and office furniture and equipment based on expected asset utilization. It is possible that future results of operations could be affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of these assets would increase the recorded depreciation expense and decrease noncurrent assets.

As of December 31, 2011 and 2010, the Group's property and equipment amounted to $19.57 million and $27.88 million, respectively. Depletion, depreciation and amortization expense amounted to $8.32 million, $8.69 million and $1.13 million in 2011, 2010 and 2009, respectively (Note 10).

Impairment of nonfinancial assets
The Group assesses impairment on property and equipment and deferred exploration costs whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

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

An impairment loss is recognized whenever the carrying amount of an asset or investment exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price 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 CGU to which the asset belongs.

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

The related balances follow:

	2011	2010
Property and equipment (Note 10)		
Cost	**$69,515,910**	$69,511,325
Accumulated depreciation	**49,947,264**	41,630,362
Depreciation, depletion and amortization	**8,316,902**	8,693,959
Deferred exploration costs (Note 11)	**559,332**	557,732

Impairment and write-off of deferred exploration costs
The Group assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Until the Group has sufficient data to determine technical feasibility and commercial viability, deferred exploration costs need not be assessed for impairment.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources,* are as follows:

- the period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The carrying value of deferred exploration costs amounted to $0.56 million as of December 31, 2011 and 2010 (Note 11). No provision for impairment loss was recognized in 2011, 2010 and 2009.

In December 2011, the Group incurred additional $1,600 for the training assistance that DOE has required for the 15 year period extension of SC 6.

In August 2010, deferred exploration costs amounting $2.15 million were written off, subsequently after the surrender of the contract of SC 41 to the DOE.

Pension expense
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (Note 16). Actual results that differ from the Group'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 Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

The Group has unrecognized net actuarial gains of $0.16 million as of December 31, 2009. Actuarial gains and losses have been amortized entirely in 2010. Pension liability amounted to $0.26 million and $0.23 million as of December 31, 2011 and 2010, respectively (Note 16).

Recognition of deferred tax assets
Deferred tax assets are recognized for all temporary deductible differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. Management has determined based on business forecasts of succeeding years that there is not enough taxable income against which the deferred tax assets will be recognized.

As of December 31, 2011 and 2010, the Group has unrecognized deferred tax assets on temporary differences amounting $1.28 million and $1.21 million, respectively (Note 17).

Asset retirement obligation
Plug and abandonment costs are based on estimates made by the service contract operator. These costs are not clearly provided for in the SCs. Management believes that there are no legal and constructive obligation for plug and abandonment costs. As of December 31, 2011 and 2010, the Group has not recognized any asset retirement obligation.

6. Cash and Cash Equivalents

This account consists of:

	2011	2010
Petty cash fund	**$216**	$216
Cash in banks	**42,501**	6,159
Short-term deposits (Note 19)	**32,993,387**	18,453,365
	$33,036,104	$18,459,740

Cash in banks earns interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term deposit rates which ranges from 1.56% to 4.75% in 2011 and 1.55% to 4.00% in 2010.

Interest income earned on cash in banks and short-term deposits amounted to $0.63 million, $0.38 million, and $0.01 million in 2011, 2010 and 2009, respectively.

7. Receivables

This account consists of:

	2011	2010
Due from Operators (Note 8)	**$4,781,857**	$1,247,970
Trade receivables	**191,379**	254,538
Interest receivable	**50,160**	30,744
Dividend receivable	**33,725**	33,725
Others	–	619
	$5,057,121	$1,567,596

Due from Operators represents the excess of proceeds from crude oil liftings over the amounts advanced by the contract operator for the Group's share in exploration, development and production expenditures.

Trade receivables pertain to share of the Group on the receivables from customers for the sale of crude oil.

Trade receivables and amounts due from Operators are noninterest-bearing and are generally on one (1) to thirty (30) days' terms.

There are no past due nor impaired receivables as of December 31, 2011 and 2010.

8. Interest in Jointly Controlled Assets

The Group's interest in the jointly controlled assets in the various SCs and GSECs, and any liabilities incurred jointly with the other venturers, as well as the related revenue and expenses of the venture, which are included in the consolidated financial statements, are as follows:

	2011	2010
Current assets:		
Receivables		
Due from Operators (Note 7)	**$4,781,857**	$1,247,970
Noncurrent assets:		
Property and equipment (Note 10)		
Wells, platforms and other facilities	**69,305,379**	69,305,379
Less accumulated depletion, depreciation and amortization	**49,749,526**	41,435,766
Deferred exploration costs (Note 11)	**559,332**	557,732
	20,115,185	28,427,345
	$24,897,042	$29,675,315

	2011	2010	2009
Revenue from petroleum operations	**$24,003,972**	$17,140,483	$5,522,329
Cost of petroleum operations:			
Petroleum production costs	**7,794,239**	5,673,112	2,498,306
Depletion (Note 10)	**8,316,902**	8,693,959	1,125,284
	16,111,141	14,367,071	3,623,590
	$7,895,973	$2,773,412	$1,898,739

9. Available-for-Sale Investments

This account consists of:

	2011	2010
Quoted shares - at fair value	**$6,800,305**	$5,322,259
Unquoted shares - at cost	**35,877**	35,877
	$6,836,182	$5,358,136

As of December 31, 2011 and 2010, the unrealized gain on quoted equity securities amounted to $0.11 million and $0.19 million, respectively. This is presented as "Reserve for fluctuation in value of AFS investments" in the consolidated statement of comprehensive income.

The carrying values of listed shares have been determined as follows:

	2011	2010
At January 1	**$5,322,259**	$4,843,285
Additions	**1,393,349**	17,647
Reserve for fluctuation in value of AFS investments	**109,432**	189,653
Unrealized foreign exchange gains (loss)	**(24,735)**	271,674
At December 31	**$6,800,305**	$5,322,259

The carrying values of nonlisted shares have been determined as follows:

	2011	2010
At January 1	$35,877	$34,044
Unrealized foreign exchange gains (losses)	–	1,833
At December 31	$35,877	$35,877

10. Property and Equipment

The rollforward analysis of this account follows:

2011

	Wells, Platforms and Other Facilities (Notes 1 and 8)	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost				
At January 1	**$69,305,379**	**$167,373**	**$38,573**	**$69,511,325**
Additions	–	–	**4,585**	**4,585**
At December 31	**69,305,379**	**167,373**	**43,158**	**69,515,910**
Accumulated Depletion, Depreciation and Amortization				
At January 1	**41,435,766**	**167,373**	**27,223**	**41,630,362**
Depletion, depreciation and amortization	**8,313,760**	–	**3,142**	**8,316,902**
At December 31	**49,749,526**	**167,373**	**30,365**	**49,947,264**
Net Book Value	**$19,555,853**	**$–**	**$12,793**	**$19,568,646**

2010

	Wells, Platforms and Other Facilities (Notes 1 and 8)	Transportation Equipment	Office Furniture and Equipment	Total
Cost				
At January 1	$69,301,148	$183,489	$38,573	$69,523,210
Additions	4,231	–	–	4,231
Disposals	–	(16,116)	–	(16,116)
At December 31	69,305,379	167,373	38,573	69,511,325
Accumulated Depletion, Depreciation and Amortization				
At January 1	32,742,211	183,489	26,819	32,952,519
Depletion, depreciation and amortization	8,693,555	–	404	8,693,959
Disposals	–	(16,116)	–	(16,116)
At December 31	41,435,766	167,373	27,223	41,630,362
Net Book Value	$27,869,613	$–	$11,350	$27,880,963

The "Wells, platforms and other facilities" account includes the share of LOGPOCOR amounting $2.37 million and $6.84 million as of December 31, 2011 and 2010, respectively, which represents the accumulated costs related to its 12.6% working interest in SC 14 assigned by the Group in 1993.

Depletion, depreciation and amortization expense charged against operations amounted to $8.32 million, $8.69 million and $1.13 million in 2011, 2010 and 2009, respectively. The depletion expense amounting $5.24 million, $4.50 million and $0.75 million in 2011, 2010 and 2009, respectively, pertains to depletion of wells, platforms and other facilities assigned by Parent Company to LOGPOCOR.

11. Deferred Exploration Costs

The full recovery of the deferred oil exploration costs incurred in connection with the Group's participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil and gas in commercial quantities from the respective petroleum, concessions and the success of the future development thereof.

This account consists of various SCs as follows:

	2011	2010
SC 6	**$549,575**	$547,975
Others	**9,757**	9,757
	$559,332	$557,732

SC 6

The Bonita Block is part of the retained area of the original SC 6.

A 15-year extension period for the block was requested from and subsequently granted by the DOE in March 2009.

The conditions for the grant of the 15-year extension period require the submission and implementation of a yearly work program and budget. It includes as well financial assistance to the DOE for training and scholarships in geological and engineering studies.

In 2011, additional cost amounting $1,600 was incurred by the Group.

SC 41

The SC 41 consortium has fully complied with the work program for the first seven-year exploration stage of the contract. However, during the consortium meeting held on January 10, 2005, Union Oil of California (UNOCAL), the block operator, informed the partners of its intent to drop out of the service contract. UNOCAL's appreciation of the last two wells drilled in the block, which yielded generally negative results, prompted this decision. Sandakan Oil (OXY), BHP Billiton and TransAsia have also withdrawn, leaving a small all-Filipino consortium. The remaining members of the consortium have until April 10, 2005 to either opt for the three year extension of the contract period or to relinquish the area. The remaining consortium members had negotiated with the DOE for a reduction in the service contract in commitment well in year 8 to one well to the geological and geophysical program. The remaining consortium members voted Philex Mining Corporation as the interim operator of the block.

The consortium was given a 1-year extension by the DOE after the withdrawal of foreign parties. This extension gave the consortium time to evaluate further the possibilities of oil in the South Sulu Sea area. Basic Petroleum has been elected as the new operator of this block until mid-2006.

In 2006, SC 41 Consortium entered into a farm-in agreement with Tap Oil Ltd. of Australia (Tap Oil) and subsequently signed the Deed of Assignment. Tap Oil will earn majority of the interest and will become the operator of SC 41.

As stated in the farm-in agreement, Tap Oil will shoulder the cost of acquisition and interpretation of 300 square kilometers of Three-Dimensional seismic survey under the Contract Year-Eight. Results of the seismic survey will be used to identify possible drillable structures. Tap Oil has the option to drill a deepwater well on the 9th Contract Year (May 2007- May 2008). However, during 3D seismic survey in May 2007, the survey area was increased from 300 sq. km. to not less than 600 sq. km., with Tap Oil funding the whole cost of the project consistent with the Farm-in Agreement. With this development, the operator applied with the DOE for an extension of 1 year from May 10, 2008 to May 10, 2009. Another extension of 1 year (May 2009 - May 2010) was secured by the SC 41 Consortium from the DOE for the reprocessing of the 3-Dimensionl Seismic data for pre-stack depth migration (PSDM), regional basin modeling and re-evaluation of the prospectivity of the area. As a result, several prospect leads and structures have been identified which could be candidates for future drilling operations. The Group has a carried or non-paying interest of 5.463% in SC 41 under the farm-in agreement with Tap Oil.

Efforts of Tap Oil to invite new partners to the Sulu Sea Block and to secure extension of the term of SC 41 from the DOE were not favorably rewarded. In August 2010, the contract for SC 41 was surrendered to the DOE. The related deferred acquisition cost amounting $2.15 million was subsequently written-off by the Parent Company.

12. Accounts and Other Payables

This account consists of:

	2011	2010
Accounts payable and accrued expenses	**$454,115**	$429,071
Dividends payable	**99,384**	99,384
Subscriptions payable	**26,488**	26,488
Taxes payable	**7,842**	11,764
	$587,829	$566,707

Accounts payable and accrued expenses mainly consist of unpaid legal service fees. These are noninterest-bearing and are normally settled in thirty (30) to sixty (60)-day terms.

Dividends payable include amounts payable to the Group's shareholders.

13. Paid up Capital

As of December 31, 2011 and 2010, this account consists of:

Class A - $0.0004 (₱0.01) par value	
Authorized - 120 billion shares	
Issued and outstanding - 120 billion shares	$49,361,387
Class B - $0.0004 (₱0.01) par value	
Authorized - 80 billion shares	
Issued and outstanding - 80 billion shares	32,907,591
Subscriptions receivable	(374,252)
Capital in excess of par value	3,650,477
	$85,545,203

All shares of stock of the Group enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued either to Filipino citizens or foreign nationals.

14. General and Administrative Expenses

This account consists of:

	2011	2010	2009
Staff costs (Notes 16 and 19)	**$320,200**	$252,446	$251,695
Rent (Note 19)	**27,303**	9,093	8,612
Professional fees	**27,135**	18,454	17,174
Messengerial services	**19,444**	13,112	13,419
Printing	**14,781**	12,198	11,581
Registration and filing fees	**7,033**	6,946	5,963
Transportation and communication	**5,544**	6,341	6,382
Utilities	**3,764**	–	–

(Forward)

	2011	2010	2009
Entertainment, amusement and recreation (EAR)	**$2,921**	$1,685	$1,594
Advertising and publication	**246**	229	220
Insurance	**181**	534	552
Taxes and licenses	**11**	86	343
Repairs and maintenance	–	266	728
Miscellaneous	**6,313**	3,724	1,716
	$434,876	$325,114	$319,979

15. Other Income

This account consists of:

	2011	2010	2009
Dividend	**$435,707**	$412,082	$377,567
Gain on disposal of property and equipment	–	2,163	312
	$435,707	$414,245	$377,879

The dividend income is derived primarily by the Group from its investment in preferred shares.

16. Retirement Plan

The Group has a non-funded noncontributory tax-qualified defined benefit type of retirement plan covering substantially all of its employees. The benefits are based on defined contribution formula with a minimum lump-sum guarantee of 1 month for every year of service up to 20 years and 1.5 months in excess of 20 years. The latest actuarial valuation was made on June 30, 2009.

Components of retirement expense in the consolidated statement of income included in general and administrative expenses under 'Staff costs' account are as follows:

	2011	2010	2009
Current service cost	**$8,005**	$7,283	$6,538
Interest cost on defined benefit obligation	**18,787**	9,388	3,077
Amortization of net actuarial gains	–	(9,428)	(4,480)
Total pension expense	**$26,792**	$7,243	$5,135

The pension liability recognized in the consolidated statement of financial position follows:

	2011	2010	2009
Present value of defined benefit obligation	**$257,569**	$231,101	$125,550
Unrecognized net actuarial gain	–	–	161,592
	$257,569	$231,101	$287,142

Movements in net pension liability follow:

	2011	2010
Balances at beginning of year	**$231,101**	$287,142
Pension expense	**26,792**	7,243
Foreign currency translation adjustment	**(324)**	13,429
Benefits paid	**–**	(76,713)
Balances at end of year	**$257,569**	$231,101

Changes in the present value of defined benefit obligation follow:

	2011	2010
Balances at beginning of year	**$231,101**	$125,550
Current service cost	**8,005**	7,283
Interest cost on defined benefit obligation	**18,787**	9,388
Actuarial gains	**–**	210,841
Foreign currency translation adjustment	**(324)**	(45,248)
Benefits paid	**–**	(76,713)
Balances at end of year	**$257,569**	$231,101

Changes in unrecognized net actuarial gains follow:

	2011	2010
Balances at beginning of year	**$–**	$161,592
Amortization of net actuarial gains	**–**	(9,428)
Actuarial gains on defined benefit obligation	**–**	(210,841)
Foreign currency translation adjustment	**–**	58,677
Balances at end of year	**$–**	$–

The principal actuarial assumptions used in determining the pension liability for the Group's plan follow:

	2011	2010
Rate of salary increase	**5.50%**	5.50%
Discount rate		
Beginning	**8.03%**	12.73
Ending	**6.58%**	8.03

Amounts for the current and previous four periods follow:

	2011	2010	2009	2008	2007
Defined benefit obligation	**$257,569**	$231,101	$125,550	$91,793	$170,879
Plan assets	**–**	–	–	–	–
Deficit	**$257,569**	$231,101	$125,550	$91,793	$170,879

Experience adjustments gains are as follows:

	2011	2010	2009	2008	2007
Defined benefit obligation	**$–**	$–	$5,007	$56,428	$–

17. Income Tax

The provision for income tax consists of:

	2011	2010	2009
Final	**$88,618**	$10,547	$2,016
MCIT	**1,840**	–	10,588
Deferred	**(261,228)**	(1,444,260)	(441,832)
	($170,770)	($1,433,713)	($429,228)

The Group's deferred tax liability represents the deferred income tax effects of the excess of book base over tax base of property and equipment amounting $2.54 million and $2.80 million as of December 31, 2011 and 2010, respectively.

As of December 31, deferred tax assets have not been recognized with respect to the deferred tax effects of the following:

	2011	2010
NOLCO	**$3,975,905**	$3,752,635
Pension liability	**257,569**	231,101
MCIT	**12,428**	10,588
	$4,245,902	$3,994,324

The MCIT and NOLCO that are available for offset against future income tax due and future taxable income follow:

Inception Year	MCIT	NOLCO	Tax Effect of NOLCO	Expiry Year
2009	$10,588	$–	$–	2012
2010	–	3,670,699	1,101,210	2013
2011	1,840	305,206	91,562	2014
	$12,428	$3,975,905	$1,192,772	

Expired MCIT in 2011 and 2010 amounted to nil and $0.02 million, respectively. The 2008 NOLCO amounting $0.08 million expired in 2011.

The reconciliation of the statutory income tax rate to the effective income tax follows:

	2011	2010	2009
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Nondeductible expense	**27.57**	90.48	–
Changes in unrecognized deferred tax assets on deductible temporary differences	**1.08**	58.55	(2.38)
Interest income subjected to final tax	**(2.21)**	(1.51)	(0.04)
Dividend income	**(1.54)**	(6.57)	(4.42)
Movements in deferred tax liabilities	**(3.08)**	(76.78)	(5.18)
Income exempt from tax	**(67.67)**	(203.70)	(24.08)
Others	**17.86**	33.31	(10.66)
Effective income tax rate	**2.01%**	(76.22%)	(16.76%)

Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses.

18. Basic/Diluted Earnings Per Share

The Group's earnings per share were computed as follows:

	2011	2010	2009
Net income	**$8,651,961**	$3,314,651	$2,990,040
Divided by weighted average number of common shares outstanding	**200,000,000,000**	200,000,000,000	200,000,000,000
	$0.000043	$0.000017	$0.000015

For the years ended December 31, 2011, 2011 and 2010, there were no outstanding dilutive potential common shares.

19. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are related entities of the companies by virtue of common ownership and representation to management where significant influence is apparent.

Related party transactions consist mainly of the following:

a. The Group has money market placements with Robinson's Savings Bank, a subsidiary of a stockholder, with annual interest rates of 4.25% in 2011, 4.00% in 2010 and 4.00% in 2009. The outstanding balance of short-term deposits as of December 31, 2011 and 2010 amounted to $7.77 million and $8.31 million, respectively (Note 6). Total interest earned amounted to $0.04 million in 2011, $0.01 million in 2010 and 2009.

b. The Group entered into a lease agreement with a stockholder covering the office space it occupies, which is renewable annually. Rent expense charged to operations pertaining to the lease amounted to $27,303 in 2011, $9,093 in 2010 and $8,612 in 2009 (Note 14).

c. Compensation of key management personnel of the Group follows:

	2011	2010	2009
Short-term employee benefits	**$136,312**	$95,328	$102,504
Post employment benefits	**6,024**	4,016	4,318
	$142,336	$99,344	$106,822

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2011 and 2010. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise loans and receivables, accounts payable and accrued expenses and due to Operator. Exposure to liquidity, credit, market, foreign currency and interest rate risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

Fair Values
The following tables set forth the carrying values and estimated fair values of the Group financial assets and liabilities recognized as of December 31, 2011 and 2010:

	2011		2010	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**$33,036,104**	**$33,036,104**	$18,459,740	$18,459,740
Receivables				
Due from Operators	**4,781,857**	**4,781,857**	1,247,970	1,247,970
Trade receivables	**191,379**	**191,379**	254,538	254,538
Interest receivable	**50,160**	**50,160**	30,744	30,744
Dividend receivable	**33,725**	**33,725**	33,725	33,725
Others	**–**	**–**	619	619
Total loans and receivables	**38,093,225**	**38,093,225**	20,027,336	20,027,336
AFS investments				
Quoted AFS	**6,800,305**	**6,800,305**	5,322,259	5,322,259
Unquoted AFS	**35,877**	**35,877**	35,877	35,877
Total Financial Assets	**$44,929,407**	**$44,929,407**	$25,385,472	$25,385,472
Financial Liabilities				
Other financial liabilities				
Accounts payable and accrued expenses	**$454,115**	**$454,115**	$429,071	$429,071
Total Financial Liabilities	**$454,115**	**$454,115**	$429,071	$429,071

Due to the short-term nature of the transactions, the carrying values of loans and receivables and other financial liabilities approximate the fair value.

The fair value of the AFS investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date. Original costs have been used to determine the fair value of unlisted AFS investments for lack of suitable methods of arriving at reliable fair values.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2011 and 2010, the fair value of AFS securities under level 1 hierarchy amounted to $6.80 million and $5.32 million, respectively (Note 9).

The fair value of unquoted AFS financial assets are not reasonably determinable due to the unpredictable nature of future cash flows and the lack of suitable methods for arriving at the reliable fair value. Accordingly, these unquoted AFS financial assets are presented at cost.

The main risks arising from the Group financial instruments are liquidity, credit, equity price, foreign currency and interest rate risk.

The Group's risk management policies are summarized below:

a) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.

The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

As of December 31, 2011 and 2010, all financial liabilities are expected to mature within one (1) year. All commitments up to a year are either due within the time frame or are payable on demand.

Correspondingly, the financial assets that can be used by the Group to manage its liquidity risk as of December 31, 2011 and 2010 consist of loans and receivables and AFS investments which are usually collectible within a term of 30 days or on demand.

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The investment of the Group's cash resources is managed to minimize risk while seeking to enhance yield. The holding of cash and AFS investments expose the Group to credit risk of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets, if the counterparty is unwilling or unable to fulfill its obligation. Credit risk management involves entering into transactions with counterparties that have acceptable credit standing.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	2011	2010
Loans and receivables		
Cash and cash equivalents (excluding petty cash fund)	**$33,035,888**	$18,459,524
Due from Operators	**4,781,857**	1,247,970
Trade receivables	**191,379**	254,538
Interest receivable	**50,160**	30,744
Dividend receivable	**33,725**	33,725
Others	**–**	619
AFS investments	**6,836,182**	5,358,136
	$44,929,191	$25,385,256

As of December 31, 2011 and 2010, the trade receivables relates to the Consortium's customers: Pilipinas Shell Petroleum Corporation, Petron Corporation and several foreign firms.

The following table provides information regarding credit risk exposure of the Group by classifying financial assets according to credit quality:

2011

	Neither Past Due nor Impaired			Past Due		
		Average		but not		
	Low Risk	Risk	High Risk	Impaired	Impaired	Total
Cash and cash equivalents	$33,035,888	$–	$–	$–	$–	$33,035,888
Loans and receivables						
Due from Operators	4,781,857	–	–	–	–	4,781,857
Trade receivables	191,379	–	–	–	–	191,379
Interest receivable	50,160	–	–	–	–	50,160
Dividend receivable	33,725	–	–	–	–	33,725
AFS investments	6,836,182	–	–	–	–	6,836,182
Financial assets recognized in the consolidated statement of financial position	$44,929,191	$–	$–	$–	$–	$44,929,191

2010

	Neither Past Due nor Impaired			Past Due but not Impaired	Impaired	Total
	Low Risk	Average Risk	High Risk			
Cash and cash equivalents	$18,459,524	$–	$–	$–	$–	$18,459,524
Loans and receivables						
Due from Operators	1,247,970	–	–	–	–	1,247,970
Trade receivables	254,538	–	–	–	–	254,538
Interest receivable	30,744	–	–	–	–	30,744
Dividend receivable	33,725	–	–	–	–	33,725
Others	619	–	–	–	–	619
AFS investments	5,358,136	–	–	–	–	5,358,136
Financial assets recognized in the consolidated statement of financial position	$25,385,256	$–	$–	$–	$–	$25,385,256

The Group classifies credit risk as follows:

Low risk - credit can proceed with favorable credit terms; can offer term of up to thirty (30) days.

Average risk - credit can proceed normally; can offer term of up to forty five (45) days.

High risk - transaction should be under an advance payment or subject to review for possible upgrade to either low or average risk.

The aging analysis of financial assets as of December 31, 2011 and 2010 are as follows:

2011

	Total	**Neither past Due nor Impaired**	**Past due but not impaired**				
			< 30 days	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**
Cash and cash equivalents	**$33,035,888**	**$33,035,888**	**$–**	**$–**	**$–**	**$–**	**$–**
Due from Operators	**4,781,857**	**4,781,857**	–	–	–	–	–
Trade receivables	**$191,379**	**$191,379**	–	–	–	–	–
Interest receivable	**50,160**	**50,160**	–	–	–	–	–
Dividend receivable	**33,725**	**33,725**	–	–	–	–	–
AFS investments	**6,836,182**	**6,836,182**	–	–	–	–	–
	$44,929,191	**$44,929,191**	**$–**	**$–**	**$–**	**$–**	**$–**

2010

	Total	Neither past Due nor Impaired	Past due but not impaired < 30 days	30-60 days	60-90 days	90-120 days	>120 days
Cash and cash equivalents	$18,459,524	$18,459,524	$–	$–	$–	$–	$–
Due from Operators	1,247,970	1,247,970	–	–	–	–	–
Trade receivables	254,538	254,538	–	–	–	–	–
Interest receivable	30,744	30,744	–	–	–	–	–
Dividend receivable	33,725	33,725	–	–	–	–	–
Others	619	619	–	–	–	–	–
AFS investments	5,358,136	5,358,136	–	–	–	–	–
	$25,385,256	$25,385,256	$–	$–	$–	$–	$–

c) *Equity price risk*
Equity price risk is such risk where the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated statement of financial position as AFS investments. As of December 31, 2011 and 2010, AFS investment exposed to equity price risk amounted to $6.84 million and $5.36 million, respectively (Note 9).

The following table shows the sensitivity to a reasonably possible change in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Group's equity (through other comprehensive income) due to changes in the carrying value of the Group's AFS investments. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be the same in the following year.

The sensitivity analysis below is performed for a reasonably possible movement of the market indices with all other variables held constant, on the statement of comprehensive income.

2011

Market index	**Change in Market Index**	**Impact on Income before Income Tax**
Philippine Stock Exchange	**+4.07%**	**$68,447**
	-4.07%	**(68,447)**

2010

Market index	Change in Market Index	Impact on Income before Income Tax
Philippine Stock Exchange	+37.62%	$1,564,404
	-37.62%	(1,564,404)

2009

Market index	Change in Market Index	Impact on Income before Income Tax
Philippine Stock Exchange	+63.00%	$2,165,096
	-63.00%	(2,165,096)

d) *Foreign currency risk*
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso and its exposure to foreign currency exchange risk arises from purchases in currencies other than the Group's functional currency. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged.

The Group's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies. As a result of the Group's investments and other transactions in Philippine Peso, the consolidated statement of income can be affected significantly by movements in the USD.

The following table shows the foreign currency-denominated assets and liabilities expressed in Philippine Peso (PHP) and their U.S. Dollar (USD) equivalents as of December 31:

	2011		2010	
	In USD	**In PHP(1)**	In USD	In PHP(1)
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**$33,036,104**	**₱1,448,302,799**	$18,459,740	₱809,275,002
Interest receivable	**50,160**	**2,199,014**	30,744	1,347,817
Dividend receivable	**33,725**	**1,478,504**	33,725	1,478,504
AFS investments	**6,836,182**	**299,698,219**	5,358,136	234,900,682
	39,956,171	**1,751,678,536**	23,882,345	1,047,002,005
Other Financial Liabilities				
Accounts and other payables	**454,115**	**19,908,402**	429,071	18,810,473
Net foreign currency-denominated assets	**$39,502,056**	**₱1,731,770,134**	$23,453,274	₱1,028,191,532

(1) The exchange rate used is ₱43.84 to $1

The following table demonstrates sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Group's income before income tax in 2011, 2010 and 2009. There is no other impact on the Group's equity other than those already affecting income.

	Currency	Increase (decrease) in PHP rate	Effect on income before income tax
2011	**PHP**	**+2.0%**	**$790,041**
		-2.0	**(790,041)**
2010	PHP	+2.0%	$469,065
		-2.0	(469,065)

e) *Interest rate risk*
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the cash in bank with fixed interest rates.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers as capital the equity attributable to the equity holders, which amounted to $61.69 million and $52.92 million as of December 31, 2011 and 2010, respectively. No changes were made in the objectives, policies or processes during the years ended December 31, 2011 and 2010.

21. Operating Segment

Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the basis that is used internally for evaluating segment performance and allocating resources to segments. The Group only operates in one geographical location, thus, no information on geographical segments is presented.

The Group derives its revenues only from the Parent Company, with segment assets and liabilities amounting to $65.07 million and $0.85 million, respectively, as of December 31, 2011 and $56.52 million and $0.80 million, respectively, as of December 31, 2010. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations.

Segment assets and segment liabilities exclude deferred tax assets and liabilities.

22. Approval of Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on April 10, 2012.

SGV & Co
Ernst & Young

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BOA/PRC Reg. No. 0001,
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A),
February 4, 2010, valid until February 3, 2013

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Oriental Petroleum and Minerals Corporation
40th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Oriental Petroleum and Minerals Corporation and Subsidiaries as at and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated April 10, 2012. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-1 (Group A),
March 11, 2011, valid until March 10, 2014
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2009,
June 1, 2009, valid until May 31, 2012
PTR No. 3174824, January 2, 2012, Makati City

April 10, 2012

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors on Supplementary Schedules

I. Supplementary schedules required by Annex 68-E

  A. Financial Assets (Receivables, Available-for-sale Investments, and Other Short-Term Cash Investments)

  B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)

  C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

  D. Intangible Assets and Other Assets

  E. Long-Term Debt

  F. Indebtedness to Related Parties (Long-term from Related Companies)

  G. Guarantees of Securities of Other Issuers

  H. Capital Stock

II. Schedule of all of the effective standards and interpretations (Part 1, 4J)

III. Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C; Annex 68-C)

IV. Map of the relationships of the companies within the group (Part 1, 4H)

V. Supplementary schedule of financial ratios

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
RECEIVABLES, AVAILABLE-FOR-SALE INVESTMENTS AND OTHER SHORT-TERM INVESTMENTS
DECEMBER 31, 2011

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Amounts	Amount Shown in the Balance Sheet/ Notes	Value Based on Market Quotations At Balance Sheet Date	Income Received And Accrued
Short-term investments (money market palacements) in Savings Bank		$32,993,387	$32,993,387	$626,415
Receivables				
Due from Operators		4,781,857	4,781,857	–
Trade Receivables		191,379	191,379	–
Interest Receivables		50,160	50,160	–
Dividend Receivables		33,725	33,725	–
Total		5,057,121	5,057,121	626,415
Quoted AFS				
Alcorn Gold Resources (APM)	984,741,868	$314,471	$314,471	$–
Robinsons Land (RLC)	1,200	309	309	15
Philex (PX)	5,425	2,574	2,574	–
Lepanto A (LC)	4,750	167	167	–
PLDT - Common Shares	51	2,936	2,936	–

(Forward)

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Amounts	Amount Shown in the Balance Sheet/ Notes	Value Based on Market Quotations At Balance Sheet Date	Income Received And Accrued
Cebu Property VDC Shares A (CPV)	2,064,609	$113,026	$113,026	$518
First Philippine Holdings "Preferred " (FPHP)	26,300	62,990	62,990	5,340
Ayala Corporation "Preferred" (ACPA)	400,000	4,927,007	4,927,007	411,322
First Gen F "Preferred" (FGENF)	600,000	1,376,825	1,376,825	–
		6,800,305	6,800,305	417,195
Unquoted AFS Pilipinas Shell	68,862	35,877	35,877	18,511
Total		6,836,182	6,836,182	435,706
Total Financial Assets		$44,886,690	$44,886,690	$1,062,121

See Notes 6, 7 and 9 of the Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN AFFILIATES)
DECEMBER 31, 2011

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		
					Current	Noncurrent	Total

– Not applicable –

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2011

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		
					Current	Noncurrent	Total

– Not applicable –

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS AND OTHER ASSETS
DECEMBER 31, 2011

Description	Beginning Balance	Additions of Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other changes Additions (Deductions)	Ending Balance

– Not applicable –

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2011

Title of Issue and Type of Obligation	Amount authorized by indenture	Amount Shown under Caption "Current Portion of Finance Lease Obligation" in Related Balance Sheet	Amount Shown under Caption " Long-term Debt" in Related Balance Sheet

– Not applicable –

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

– Not applicable –

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2011

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee

– Not applicable –

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2011

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Employees	Others
Common Stock	200,000,000,000	200,000,000,000	–	70,806,672,785	569,868,974	128,623,458,241

See Note 14 of the Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

I. List of Philippine Financial Reporting Standards (PFRSs) effective as at December 31, 2011

PFRSs	Adopted/Not adopted/ Not applicable
PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*	Not applicable
PFRS 2, *Share-based Payment*	Not applicable
PFRS 3, *Business Combinations*	Not applicable
PFRS 4, *Insurance Contracts*	Not applicable
PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*	Not applicable
PFRS 6, *Exploration for and Evaluation of Mineral Resources*	Adopted
PFRS 7, *Financial Instruments: Disclosures*	Adopted
PFRS 8, *Operating Segments*	Adopted
PAS 1, *Presentation of Financial Statements*	Adopted
PAS 2, *Inventories*	Adopted
PAS 7, *Statement of Cash Flows*	Adopted
PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*	Adopted
PAS 10, *Events after the Reporting Period*	Adopted
PAS 11, *Construction Contracts*	Not applicable
PAS 12, *Income Taxes*	Adopted
PAS 16, *Property, Plant and Equipment*	Adopted
PAS 17, *Leases*	Adopted
PAS 18, *Revenue*	Adopted
PAS 19, *Employee Benefits*	Adopted
PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*	Not aplicable
PAS 21, *The Effects of Changes in Foreign Exchange Rates*	Adopted
PAS 23, *Borrowing Costs*	Adopted
PAS 24, *Related Party Disclosures*	Adopted
PAS 26, *Accounting and Reporting by Retirement Benefit Plans*	Not applicable
PAS 27, *Consolidated and Separate Financial Statements*	Adopted
PAS 28, *Investments in Associates*	Not applicable
PAS 29, *Financial Reporting in Hyperinflationary Economies*	Not applicable

PFRSs	Adopted/Not adopted/ Not applicable
PAS 31, *Interests in Joint Ventures*	Not applicable
PAS 32, *Financial Instruments: Presentation*	Adopted
PAS 33, *Earnings per Share*	Adopted
PAS 34, *Interim Financial Reporting*	Adopted
PAS 36, *Impairment of Assets*	Adopted
PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*	Adopted
PAS 38, *Intangible Assets*	Not applicable
PAS 39, *Financial Instruments: Recognition and Measurement*	Adopted
PAS 40, *Investment Property*	Not applicable
PAS 41, *Agriculture*	Not applicable
Philippine Interpretation IFRIC–1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	Adopted
Philippine Interpretation IFRIC–2, *Members' Shares in Co-operative Entities and Similar Instruments*	Not applicable
Philippine Interpretation IFRIC–4, *Determining whether an Arrangement contains a Lease*	Not applicable
Philippine Interpretation IFRIC–5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	Not applicable
Philippine Interpretation IFRIC–6, *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	Not applicable
Philippine Interpretation IFRIC–7, *Applying the Restatement Approach under* PAS 29, *Financial Reporting in Hyperinflationary Economies*	Not applicable
Philippine Interpretation IFRIC–9, *Reassessment of Embedded Derivatives*	Not applicable
Philippine Interpretation IFRIC–10, *Interim Financial Reporting and Impairment*	Adopted
Philippine Interpretation IFRIC–12, *Service Concession Arrangements*	Not applicable
Philippine Interpretation IFRIC–13, *Customer Loyalty Programmes*	Not applicable
Philippine Interpretation IFRIC–14, PAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	Not applicable
Philippine Interpretation IFRIC–16, *Hedges of a Net Investment in a Foreign Operation*	Not Applicable
Philippine Interpretation IFRIC–17, *Distributions of Non-cash Assets to Owners*	Not Applicable
Philippine Interpretation IFRIC–18, *Transfers of Assets from Customers*	Not Applicable

PFRSs	Adopted/Not adopted/ Not applicable
Philippine Interpretation IFRIC–19, *Extinguishing Financial Liabilities with Equity Instruments*	Not Applicable
Philippine Interpretation SIC–7, *Introduction of the Euro*	Not applicable
Philippine Interpretation SIC–10, *Government Assistance - No Specific Relation to Operating Activities*	Not Applicable
Philippine Interpretation SIC–12, *Consolidation - Special Purpose Entities*	Not Applicable
Philippine Interpretation SIC–13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	Not Applicable
Philippine Interpretation SIC–15, *Operating Leases – Incentives*	Not Applicable
Philippine Interpretation SIC–21, *Income Taxes - Recovery of Revalued Non-Depreciable Assets*	Not Applicable
Philippine Interpretation SIC–25, *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	Not Applicable
Philippine Interpretation SIC–27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	Not Applicable
Philippine Interpretation SIC–29, *Service Concession Arrangements: Disclosures*	Not Applicable
Philippine Interpretation SIC–31, *Revenue - Barter Transactions Involving Advertising Services*	Not Applicable
Philippine Interpretation SIC–32, *Intangible Assets - Web Site Costs*	Not Applicable

II. List of New and Amended Standards and Interpretations and Improvements to PFRS that became effective as at January 1, 2011

PFRSs	Adopted/Not adopted/Not applicable
New and Amended Standards and Interpretations	
PAS 24 (Amended), *Related Party Disclosures*	Adopted
PAS 32, *Financial Instruments: Presentation* (Amendment) – Classification of Rights Issues	Adopted
Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement*	Not Applicable
PFRS 1, *First-time Adoption of IFRS* – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	Not Applicable
Improvements to PFRS	
PFRS 1, *First-time Adoption of IFRS:* • Accounting policy changes in the year of adoption • Revaluation basis as 'deemed cost' • Use of 'deemed cost' for operations subject to rate regulation	Not Applicable
PFRS 3, *Business Combinations:* • Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. • Measurement of non-controlling interests • Un-replaced and voluntarily replaced share-based payment rewards	Not Applicable
PFRS 7, *Financial Instruments: Disclosures* – Clarification of disclosures	Adopted
PAS 1, *Presentation of Financial Statements* – Clarification of statement of changes in equity	Adopted
PAS 27, *Consolidated and Separate Financial Statements* – Transition requirements for amendments made as a result of IAS 27 Consolidated and Separate Financial Statements	Adopted
PAS 34, *Interim Financial Reporting* – Significant events and transactions	Adopted
Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes* – Fair value of award credits	Not Applicable
Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*	Not Applicable

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2011

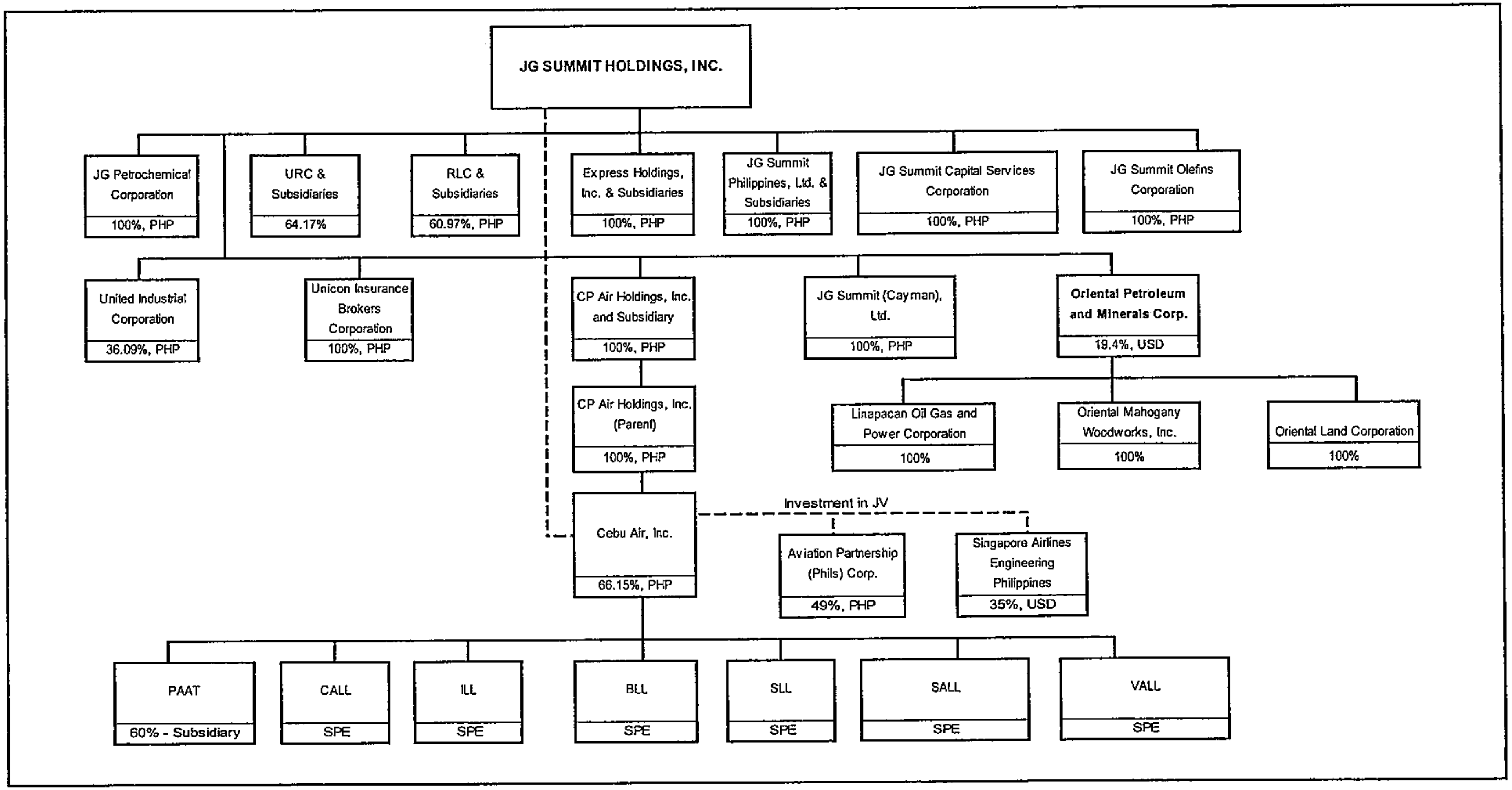
Unappropriated Retained Earnings adjusted to available for dividend distribution, beginning	($33,916,279)
Add: Net income actually earned/realized during the period	
Net income during the period closed to Retained Earnings	8,651,961
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	47,049
	($25,217,269)
Less: Provision for deferred tax	261,228
Unappropriated Retained Earnings available for dividend distribution, ending	($25,478,497)

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

FOR THE YEAR ENDED DECEMBER 31, 2011



ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL RATIOS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Financial Ratio	**2011**	2010
Current Ratio	**6462%**	4009%
Net Working Capital Ratio	**58%**	39%
Return on Assets	**12%**	1%
Return on Equity	**15%**	6%
Debt to Equity Ratio	**5%**	7%

COVER SHEET

4 0 0 5 8

SEC Registration Number

ORIENTAL PETROLEUM AND MINERALS C
ORPORATION AND SUBSIDIARIES

(Company's Full Name)

34th Floor, Robinson's Equitable
Tower, ADB AvenUe, Ortigas Center
, Pasig City

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

Ma. Riana M. Caratay

(Contact Person)

633-7631

(Company Telephone Number)

1 2 3 1

Month *Day*

(Fiscal Year)

SEC FORM-17-Q

(Form Type)

Month *Day*

(Annual Meeting)

1st Quarter Ending March 31, 2012

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2012**

2. Commission identification number **40058**

3. BIR Tax Identification No. **321-000-483-747**

4. **ORIENTAL PETROLEUM AND MINERALS CORPORATION**
   Exact name of issuer as specified in its charter

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

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

7. **34th Floor, c/o JG Summit, Robinsons Equitable Tower, ADB Avenue, Ortigas Center**
   Pasig City **1600**
   Address of issuer's principal office Postal Code

8. **(632) 637-1670 locals 279 and 281**
   Issuer's telephone number, including area code

9. N/A

   Former name, former address and formal 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 of common stock outstanding
Common Stock, P0.01 par value	**200 Billion**

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

    Yes [**x**] No [ ]

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

    Philippine Stock Exchange **Class A and B**

12. Indicate by check mark whether the registrant:

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

Yes [**x**]   No [ ]

(b) Has been subject to such filing requirements for the past ninety (90) days

Yes [**x**]   No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements – all tentative and unaudited filed as part of Form 17-Q

a) Consolidated Balance Sheets
b) Consolidated Statements of Income
c) Consolidated Statement of Comprehensive Income
d) Consolidated Statements of Changes in Stockholders' Equity
e) Consolidated Statements of Cash Flows

The above financial statements are prepared in conformity with accounting principles generally accepted in the Philippines and in compliance with the new SFAS and PFRS, which became effective in 2002 and 2005.

PFRS 9, *Financial Instruments: Classification and Measurements*
PFRS 9 as issued reflects the first phase of the work on replacing PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

The Company followed the same accounting policies and methods of computation in the interim financial statements for the 1st Quarter of 2012 as compared with the most recent annual audited financial statements ending December 31, 2011.

The Company' management discloses the following:

- Interim operations are not cyclical and or seasonal;
- There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual in nature, amount, size, or incidents;
- There are no changes in the amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

- There has been no issuances, repurchases, and repayments of debt and equity securities;
- There has been no issuances nor payment of dividends for all shares;
- The company maintains no business or geographical segment;
- There are no material events subsequent to the end of the interim period (January – March 2012) that have not been reflected in the interim reports;
- There has been no changes in the composition of the Company such as business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations;
- There are no contingent liabilities or contingent assets since the last annual balance sheet date ending December 31, 2011.
- There exists no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS – (*in thousand dollars) (except exchange rates and number of employees)*

As of and for the Period Ended March 31 (Unaudited)	**2012**	2011	Change
Income statement data			
Revenues from petroleum operations	**440.01**	3,713.72	(88.15%)
Depletion, depreciation and amortization	**84.03**	1,146.22	(92.67%)
Petroleum production costs	**1,315.44**	1,866.56	(29.53%)
Interest income	**178.40**	105.61	68.92%
Balance sheet data			
Cash and cash equivalents	**35,449.67**	20,915.49	69.49%
Available-for-sale equity securities – net	**7,201.11**	5,356.11	34.45%
Accounts receivable	**2,029.21**	3,792.11	(46.49%)
Other data			
Average peso dollar exchange rate	**43.046**	43.830	(1.79%)
Number of employees	**11**	11	-

The company's subsidiaries consolidated herewith are Oriental Mahogany Woodworks, Inc. , Oriental Land Corporation and Linapacan Oil Gas and Power Corporation . Brief descriptions of the subsidiaries are as follows:

a) ORIENTAL MAHOGANY WOODWORKS, INC. (OMWI)

OMWI (a wholly-owned subsidiary of Oriental Petroleum and Mineral Corporation - OPMC) was incorporated and started commercial operations on May 2, 1988 with principal objective of supplying overseas manufacturers, importers and designers with high quality furniture.

On March 31, 1994, the Board of Directors approved the cessation of OMWI's manufacturing operations effective May 1, 1994 due to continued operating losses. The management has no definite future plans for OMWI's operations.

b) LINAPACAN OIL GAS AND POWER CORPORATION (LOGPOCOR)

LOGPOCOR (a wholly-owned subsidiary of OPMC) was incorporated on January 19, 1993 to engage in energy project and carry on and conduct the business relative to the exploration, extraction, production, transporting, marketing, utilization, conservation, stockpiling of any forms of energy products and resources. OPMC acquired LOGPOCOR through transfer of 12.6 working interest in Blocks A, B, and C of SC14 in exchange for all of LOGPOCOR's capital stocks. Since July 1993, OPMC recognizes revenue from petroleum operation proportionate to the 12.6 working interest, however, LOCPOCOR continues to share in the related capitalizable expenses. On the other hand, the depletion of such costs is charged to OPMC and accordingly deducted from the unamortized cost.

c) ORIENTAL LAND CORPORATION (OLC)

OLC was incorporated on February 24, 1989 as realty arm of OPMC. It has remained dormant since incorporation.

Results of Operations

<u>March 31, 2012 vs. March 31, 2011</u>

As at end March 31, 2012, the company posted petroleum revenues of US$0.44 million, which represents the company's share from Nido/Matinloc operations. This amount was US$3.27 million lower than last year's US$3.71 million mainly due to no revenues were recorded from Galoc operations. The Galoc Consortium undertook operations upgrade in the FPSO which required shutting-in of production. Recommencement of production is expected in the 2nd half of the year.

Petroleum production costs as of March 31, 2012 amounted to US$1.32 million, 29.53% lower than same period last year. Lower expenses were recorded from Galoc operations due to lower rates during the upgrading of FPSO.

Depletion, depreciation and amortization as of March 31, 2012 totaled US$0.08 million, 92.67% lower than last year's US$1.15 mainly due to no production from Galoc.

Other income (expenses) –net increased by US$130,153 or 60.50% which is due to the increase in dividend income from various investments.

Financial Position

<u>March 31, 2012</u>

As of March 31, 2012, the company has consolidated assets amounting to US$64.74 million, 12.84% higher than last year's US$57.37. This increase can be attributed mainly to the increase in the Cash and Cash equivalents account.

Accounts Receivable as of March 31, 2012 totaled US$2.03 million, 46.49% lower than last year's US$3.79 million. The decrease pertains mainly to lower crude oil deliveries since there was no production from Galoc oilfield for the first half of 2012.

As at the end of March 31, 2012, the Company recorded Available-for-sale equity Securities of US$7.20 million as against US$5.36 million in the same period of 2011. The increase is mainly due to additional investments made by the company.

Consolidated Property and Equipment at the end of 1st quarter of 2012 amounted to US$19.48 million. The decrease of about US$7.25 million or 27.12% from the same period last year was due to depletion and depreciation.

Consolidated Accounts Payable and Accrued Expenses at the end of the 1st quarter of 2012 amounted to US$0.58 million.

<u>March 31, 2011</u>

As of March 31, 2011, the company has consolidated assets amounting to US$57.37 million, 4.34% higher than last year's US$54.98. This increase can be attributed mainly to the increase in the Accounts Receivable.

Accounts Receivable as of March 31, 2011 amounts to US$3.79 million, US$3.35 million higher than the same period last year due to more crude oil deliveries were made this quarter as compared to 1st quarter last year.

As at the end of March 31, 2011, the Company recorded Available-for-sale equity Securities of US$5.36million as against US$4.87 million in the same period of 2010. The increase is mainly due to the increase in market price per share of the equities held by the company.

Consolidated Property and Equipment at the end of 1st quarter of 2011 amounted to US$26.73 million. The decrease of about US$9.66 million from the same period last year was due to depletion and depreciation.

Deferred oil exploration cost amounted to US$0.56 million, 79.41% lower than last year. The company wrote-off its share in SC-41 South Sulu Sea amounting to US$2.15 million due to the expiration of the service contract.

Consolidated Accounts Payable and Accrued Expenses at the end of the 1st quarter of 2011 amounted to US$0.56 million.

<u>March 31, 2010</u>

As of March 31, 2010, the company has consolidated assets amounting to US$54.98 million, 6.71% higher than last year's US$51.52. This increase can be attributed mainly to the increase in the cash and cash equivalents account.

Accounts Receivable as of March 31, 2010 amounts to US$0.44 million mainly pertains to the Company's share of fund from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company, for the SC 14 Consortium.

As at the end of March 31, 2010, the Company recorded Available-for-sale equity Securities of US$4.87million as against US$4.43 million in the same period of 2009. The increase is mainly due to the increase in market price per share of the equities held by the company.

Consolidated Property and Equipment at the end of 1st quarter of 2010 amounted to US$36.39 million.

Deferred oil exploration and development cost amounted to US$2.71 million.

Consolidated Accounts Payable and Accrued Expenses at the end of the 1st quarter of 2010 amounts to US$0.55 million.

<u>March 31, 2012 versus December 31, 2011</u>

Consolidated Cash and Cash Equivalents consist of cash in bank and money market placements. As of March 31, 2012, this account totaled US$35.45 million as against US$33.04 million at the beginning of the year. The increase in this account pertains mainly to the company's share in the cash distribution from the Galoc operations.

Accounts Receivable – net mainly represents the Company's share in the funds from crude oil sale held in trust by the operator, The Philodrill Corporation and Galoc Production Company, for the SC 14A&B and SC 14C Consortiums, respectively. As at end March 31, 2012, this account decreased by 59.87% from US$5.06 million at the end of December, mainly due to cash distribution from Galoc operations.

Consolidated Accounts Payable and Accrued Expenses at the end of the 1st quarter of 2012 amounted to US$0.58 million.

The causes for material changes (5% or more) of March 31, 2012 figures as compared to December 31, 2011 figures of the following accounts are:

Accounts	March 31, 2012	December 31, 2011	Change	%	Remarks
Balance Sheet					
Cash	35,449,669	33,036,104	2,413,565	7.31%	Increase refers mainly to the company's share in the cash distribution from Galoc operations.
Accounts Receivable – net	2,029,212	5,057,121	(3,027,909)	(59.87%)	Please refer to the discussion above.
Available for sale equity	7,201,109	6,836,182	364,927	5.34%	Increase in this account is attributed mainly to the increase in share prices of the stocks held by the company.

The causes for material changes (5% or more) of March 31, 2012 figures as compared to March 31, 2011 figures of the following accounts are:

Accounts	March 31, 2012	March 31, 2011	Change	%	Remarks
Balance Sheet					
Cash	35,449,669	20,915,487	14,534,182	69.49%	Increase pertains mainly to the company's share in the cash distribution from Galoc operations.
Accounts Receivable – net	2,029,212	3,792,106	(1,762,893)	(46.49%)	Decrease refers to lower crude oil delivery for the 1st quarter of 2012 as compared with the same period last year.
Available for-sale equity	7,201,109	5,356,106	1,845,003	34.45%	Increase pertains mainly to the additional investment made by the company.
Property, plant and equipment	19,484,611	26,734,745	(7,250,134)	(27.12%)	Decrease pertains to depletion and depreciation.

Income Statement					
Revenues from Petroleum Operations	440,006	3,713,721	(3,273,715)	(88.15%)	There had been no production from Galoc oilfield thus explains the decrease in this account.
Petroleum Production Costs	1,315,437	1,866,559	(551,122)	(29.53%)	Please refer to the discussion above (Result of Operations, p.4).
Depletion, depreciation and amortization	84,305	1,146,218	(1,062,183)	(92.67%)	Decrease in this account was mainly due to no production from Galoc oilfield.
Other Income (expenses) – net	345,288	215,134	130,153	60.50%	Increase in this account represents increase in dividend income.

I. Key Performance Indicators

	March 31, 2012	March 31, 2011
Current Ratio	**64.71**	44.36
Net Working Capital Ratio	**0.57**	0.42
Return on Assets	**(0.017)**	0.012
Return on Equity	**(0.012)**	0.017
% of Debt-to-Equity	**0.06**	0.07

Figures are based on Unaudited Financial Statements

Current ratios are computed by dividing current assets over current liabilities. Net working capital ratios are derived at by getting the difference of current assets and current liabilities divided by total assets. Return on assets percentage pertains to operating income (loss) over average total assets while return on equity percentage is computed by dividing net income (loss) over average stockholder's equity. Percentage of debt to equity resulted from dividing total borrowings (short-term & long-term borrowings) over stockholder's equity.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables, due from a related party, AFS investments, due to Operator, accounts payable and accrued expenses, dividends payable and subscriptions payable. Exposure to liquidity, credit, market, foreign currency and interest rate risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

Fair Values

Due to the short-term nature of the transactions, the carrying values of loans and receivables and other financial liabilities approximate the fair value.

The fair value of the AFS investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date. Original costs have been used to determine the fair value of unlisted AFS investments for lack of suitable methods of arriving at reliable fair values.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The main risks arising from the Group financial instruments are liquidity, credit, market, foreign currency and interest rate risk.

The Group's risk management policies are summarized below:

a) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.

The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The investment of the Group's cash resources is managed to minimize risk while seeking to enhance yield. The holding of cash and AFS investments expose the Group to credit risk of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets, if the counterparty is unwilling or unable to fulfill its obligation. Credit risk management involves entering into transactions with counterparties that have acceptable credit standing.

The Group classifies credit risk as follows:

Low risk - credit can proceed with favorable credit terms; can offer term of up to thirty (30) days.

Average risk - credit can proceed normally; can offer term of up to forty five (45) days.

High risk - transaction should be under an advance payment or subject to review for possible upgrade to either low or average risk.

c) *Market risk*

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument.

The Group's market risk (the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument) originates from its holdings of securities and equities. The Board of Directors (BOD) approves significant investments which should provide a relatively stable rate of return. AFS investments exposed to market risk amounted to \$7.20 million and \$5.36 million as of March 31, 2012 and 2011.

d) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso and its exposure to foreign currency exchange risk arises from purchases in currencies other than the Group's functional currency. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged.

The Group's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies. As a result of the Group's investments and other transactions in Philippine Peso, the consolidated statement of income can be affected significantly by movements in the USD.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the cash in bank with fixed interest rates.

<u>Capital Management</u>

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers as capital the equity attributable to the equity holders, which amounted to \$61.36 million and \$53.78 million as of March 31, 2012 and

2011, respectively. No changes were made in the objectives, policies or processes during the periods ended March 31, 2012 and 2011.

As of March 31, 2012, OPMC's Capital stock consists of the following:

1. Common Stock – Class "A" with par value of ₱0.01 per share, 120 billion shares issued and outstanding out of the 120 billion authorized shares
2. Common Stock – Class "B" with par value of ₱0.01 per share, 80 billion shares issued and outstanding out of the 80 billion authorized shares

All OPMC shares of stock enjoy the same rights and privileges, except that Class "A" shares shall be issued solely to Filipino citizens, whereas Class "B" shares can be issued either to Filipino citizens or foreign nationals.

The Company's management discloses the following information:

- There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
- There are no material commitments for capital expenditures.
- There are no known trends or uncertainties, that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- There are no significant elements of income or loss that did not arise from continuing operations.
- There are no seasonal aspects that had a material effect on the financial condition or results of operations.
- There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Other matters:

The owners of more than 5% of the Company's securities as of April 30, 2012 were as follows:

Class	Stockholders	Amount of ownership	% to Total
Common	PCD Nominee Corporation	83,191,840,902	41.60%
Common	Consolidated Robina Capital Corp.	37,051,952,896	18.53%
Common	R. Coyiuto Securities, Inc.	21,652,380,152	10.83%
Common	Prudential Guarantee & Assurance, Inc.	13,456,898,349	6.73%

As of April 30, 2012, OPMC has approximately 12,203 stockholders both for Class "A" and "B" shares.

Board of Directors and Executive Officers

The Company's Board of Directors and executive officers as of March 31, 2012 are as follows:

Board of Directors

Chairman	James L. Go
Director	Robert Coyiuto, Jr.
Director	John Gokongwei, Jr.
Director	Lance Y. Gokongwei
Director	Antonio Go
Director	Miguel R. Coyiuto
Director	Amparo V. Barcelon
Director	Gabriel Singson
Director	Perry L. Pe
Director	James Coyiuto
Director	Ricardo Balbido

Executive Officers

Chief Executive Officer	James L. Go*
President and Chief Operating Officer	Robert Coyiuto, Jr.*
SVP - Operations and Administration	Apollo P. Madrid
SVP – Legal and Corporate Secretary	Ethelwoldo E. Fernandez
Assistant Corporate Secretary	Perry L. Pe*
Chief Financial Officer/Treasurer	Jeanette U. Yu

**Member of the Board of Directors*

PART II – OTHER INFORMATION

All current disclosures were already reported under SEC Form 17-C.

SIGNATURES

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

ORIENTAL PETROLEUM AND MINERALS CORPORATION

ROBERT COYIUTO, JR.
President and COO

JEANETTE U. YU
Treasurer and CFO

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Three Months Ended March 31 (UNAUDITED)		Year ended December 31
	2012	2011	2011 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	$ 35,449,669	$ 20,915,487	33,036,104
Accounts receivable	2,029,212	3,792,106	5,057,121
Crude oil inventory	-	-	-
Due from an affiliate	-	-	-
Other current assets	9,986	9,865	10,042
Total current assets	37,488,867	24,717,458	38,103,267
Noncurrent Assets			
Available-for-sale investments	7,201,109	5,356,106	6,836,182
Property and equipment - net	19,484,611	26,734,745	19,568,646
Deferred exploration costs	559,332	557,732	559,332
Other assets	1,140	1,140	1,140
Total Noncurrent assets	27,246,192	32,649,723	26,965,300
	$ 64,735,059	$ 57,367,181	$ 65,068,567
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	$ 579,320	$ 557,167	587,829
Income taxes payable	1,840	-	1,840
Pension liability	257,569	231,101	257,569
Deferred tax liability	2,538,583	2,799,811	2,538,583
Total Liabilities	3,377,312	3,588,079	3,385,821
Stockholders' Equity			
Paid-up capital	85,545,203	85,545,203	85,545,203
Other comprehensive income (loss)	964,837	488,447	599,910
Deficit	(25,152,292)	(32,254,548)	(24,462,367)
Total Equity	61,357,748	53,779,102	61,682,746
	$ 64,735,059	$ 57,367,181	$ 65,068,567

ORIENTAL PETROLEUM AND MINERALS CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED

	Three Months Ended	
	March 31, 2012	March 31, 2011
INCOME		
Revenues from petroleum operations	**$ 440,006**	$ 3,713,721
COSTS AND EXPENSES		
Depletion, depreciation and amortization	**84,035**	1,146,218
Petroleum production costs	**1,315,437**	1,866,559
General and administrative	**75,747**	56,299
Foreign Exchange (Gain) / Loss	**-**	-
	1,475,219	3,069,076
OPERATING INCOME (LOSS)	**(1,035,213)**	644,645
OTHER INCOME (EXPENSES) - Net	**345,288**	215,134
INCOME (LOSS) BEFORE INCOME TAX	**(689,925)**	859,780
PROVISION FOR INCOME TAX	-	-
NET INCOME (LOSS)	**$ (689,925)**	$ 859,780
Weighted Average Number of Common Stock Outstanding	200,000,000,000	200,000,000,000
Income (Loss) per share	$ (0.000003)	$ 0.000004

ORIENTAL PETROLEUM AND MINERALS CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
UNAUDITED

	Three Months Ended	
	March 31, 2012	March 31, 2011
NET INCOME (LOSS)	**$ (689,925)**	$ 859,780
OTHER COMPREHENSIVE INCOME (LOSS)		
Reserve for fluctuation in value of available-for-sale investment	**364,927**	(2,030.00)
Cumulative translation adjustment		-
	364,927	(2,030.00)
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ (324,998)**	$ 857,750

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY UNAUDITED

	Paid up capital					Other comprehensive income (loss)			
	Capital Stock	Subscription receivables	Capital in excess of par value	Total paid up capital	Deficit	Reserve for fluctuation in value of AFS	Cumulative translation adjustment	Total other comprehensive income (loss)	Total
At January 1, 2012	**$82,268,978**	**$ (374,252)**	**$ 3,650,477**	**$85,545,203**	**$ (24,462,367)**	**$ 612,149**	**$ (12,239)**	**$ 599,910**	**$61,682,746**
Net income for the period	-			-	(689,925)	-		-	(689,925)
Other comprehensive income (loss)	-			-		364,927	-	364,927	364,927
Total comprehensive income	-	-	-	-	(689,925)	364,927	-	364,927	(324,998)
At March 31, 2012	**$82,268,978**	**$ (374,252)**	**$ 3,650,477**	**$85,545,203**	**$ (25,152,292)**	**$ 977,076**	**$ (12,239)**	**$ 964,837**	**$61,357,748**
At January 1, 2011	$82,268,978	$ (374,252)	$ 3,650,477	$85,545,203	$ (33,114,328)	$ 502,717	$ (12,239)	$ 490,478	$52,921,353
Net income for the period	-			-	859,780	-		-	859,780
Other comprehensive income (loss)	-			-		(2,030)	-	(2,030)	(2,030)
Total comprehensive income	-	-	-	-	859,780	(2,030)	-	(2,030)	857,750
At March 31, 2011	$82,268,978	$ (374,252)	$ 3,650,477	$85,545,203	$ (32,254,548)	$ 500,687	$ (12,239)	$ 488,448	$53,779,103
At January 1, 2010	$82,268,978	$ (374,252)	$ 3,650,477	$85,545,203	$ (36,428,979)	$ 313,064	$ (11,121)	$ 301,943	$49,418,167
Net income for the period	-			-	484,708			-	484,708
Other comprehensive income (loss)	-			-		(7,635)	44,253	36,618	36,618
Total comprehensive income	-	-	-	-	484,708	(7,635)	44,253	36,618	521,326
At March 31, 2010	$82,268,978	$ (374,252)	$ 3,650,477	$85,545,203	$ (35,944,271)	$ 305,429	$ 33,132	$ 338,561	$49,939,493

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

	Three Months Ended	
	March 31, 2012	March 31, 2011
CASH FLOWS FROM OPERATING ACTIVITES		
Income (Loss) before income tax	**$ (689,925)**	$ 859,780
Adjustments for:		
Depletion, depreciation and amortization	**84,035**	1,146,218
Interest income	**(178,402)**	(105,614)
Dividend income	**(166,885)**	(109,521)
Cumulative translation adjustment	**-**	-
Operating income (loss) before working capital changes	**(951,178)**	1,790,863
Decrease (increase) in:		
Accounts receivable	**3,026,159**	(2,233,141)
Crude oil inventory	**-**	2,683,659
Other current assets	**56**	141
Increase (decrease) in accounts payable and accrued expenses	**(8,509)**	(9,540)
Increase (decrease) in deferred tax liability	**-**	-
Cash generated from (used in) operations	**2,066,528**	2,231,982
Income taxes paid	**-**	-
Net cash provided (used) by operating activities	**2,066,528**	2,231,982
CASH FLOWS FROM INVESTING ACTIVITES		
Interest received	**180,152**	114,244
Dividends received	**166,885**	109,521
Acquisitions of property and equipment	**-**	-
Increase in amounts due from affiliates	**-**	-
Net cash provided by (used in) investing activities	**347,038**	223,764
CASH FLOWS FROM FINANCING ACTIVITES	**-**	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,413,565**	2,455,747
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**33,036,104**	18,459,740
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 35,449,669**	$ 20,915,487

ORIENTAL PETROLEUM AND MINERALS CORPORATION
Aging of Accounts Receivable
As of March 31, 2012 (in US Dollar)

Type of Accounts Receivable	Total Amount	30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 360 days	360 days and above
Accounts receivable - trade	**$ 1,947,078**	1,947,078					
Dividends receivable	**33,725**	33,725					
Interest receivable	**48,410**	48,410					
Grand Total	**$ 2,029,212**	2,029,212					