

CR02516-2015

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED

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
Dec 31, 2014
2. SEC Identification Number
12942
3. BIR Tax Identification No.
000-104-320-000
4. Exact name of issuer as specified in its charter
Marcventures Holdings, Inc
5. Province, country or other jurisdiction of incorporation or organization
Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
4F Citibank Center, Paseo de Roxas, Makati City Postal Code 1227
Postal Code
1227
8. Issuer's telephone number, including area code
+63(2)831-4479
9. Former name or former address, and former fiscal year, if changed since last report
16F Citibank Tower, Paseo de Roxas, Makati City Postal Code 1227
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---------------------|---|
| Common | 1,821,358,599 |
11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes No
 If yes, state the name of such stock exchange and the classes of securities listed therein:
 Philippine Stock Exchange/Common Shares
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 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 twelve (12) months (or for such shorter period that the registrant was required to file such reports)

- Yes No

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

- Yes No

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

3,792,362,835 based on PSE closing price as of April 1, 2015

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

- Yes No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

-

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Marcventures Holdings, Inc.

MARC

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2014
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2014	Dec 31, 2013
Current Assets	907,772,795	428,951,889
Total Assets	3,716,584,378	2,928,520,960
Current Liabilities	566,493,638	128,444,253
Total Liabilities	637,596,710	159,287,206
Retained Earnings/(Deficit)	1,030,073,433	735,219,661
Stockholders' Equity	3,078,987,668	2,769,233,754
Stockholders' Equity - Parent	2,863,384,813	2,565,745,573
Book Value per Share	1.57	1.41

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2014	Dec 31, 2013
Operating Revenue	1,122,041,660	1,257,592,432
Other Revenue	24,209,138	1,454,282
Gross Revenue	1,146,250,798	1,259,046,714
Operating Expense	306,993,513	201,522,364
Other Expense	877,027	41,175,616
Gross Expense	307,870,540	242,697,980
Net Income/(Loss) Before Tax	838,380,258	1,016,348,734

Income Tax Expense	-2,881,094	-1,519,155
Net Income/(Loss) After Tax	841,261,352	1,017,867,889
Net Income/(Loss) Attributable to Parent Equity Holder	841,261,352	1,017,867,889
Earnings/(Loss) Per Share (Basic)	0.46	0.58
Earnings/(Loss) Per Share (Diluted)	0.46	0.58

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2014	Dec 31, 2013
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	1.6	3.3
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	1.21	2.4
Solvency Ratio	Total Assets / Total Liabilities	5.83	18.39
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.17	0.05
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.21	0.06
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	956.93	25.68
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.21	1.06
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.44	0.5
Net Profit Margin	Net Profit / Sales	0.33	0.4
Return on Assets	Net Income / Total Assets	0.22	0.35
Return on Equity	Net Income / Total Stockholders' Equity	0.27	0.37
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	14.57	5.09

Other Relevant Information

-

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

File Number: _____

SEC Number: 12942

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

For the calendar year ended
December 31, 2014

Industry Classification Code:
(SEC Use Only)

MARCVENTURES HOLDINGS INC.

(Company Name)

Philippines

(Province, country or other jurisdiction of
incorporation or organization)

000-104-320-000

(BIR Tax Identification No.)

Unit 4-3 4th Floor Citibank Center 8741 Paseo de Roxas, Makati City (Zip Code)
(Company's Address)

Registrant's telephone numbers, including area code: **(632) 831-44-79**

Securities registered pursuant to Sections 4 and 8 of the RSA:

<u>Title of each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>	<u>Name of each stock exchange in which securities are listed</u>
Common Stock (P1.00 par value)	1,821,358,599 common shares	Philippine Stock Exchange

Indicate whether the registrant has filed all reports required to be filed by Section 11 of the Revised Securities Act (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**

Indicate whether the registrant has been subject to such filing requirements for the past 90 days. **Yes**

The aggregate market value of voting stock held by non-affiliates is 773,951,599 shares equivalent to ₱3,792,362,835 based on the closing price of PhP 4.90 at the Philippine Stock Exchange as of April 1, 2015.

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION	4
ITEM 1. BUSINESS.....	4
Major Risks of the Business	7
Item 2 : DESCRIPTION OF PROPERTIES	7
Mineral Properties	7
ITEM 3. LEGAL PROCEEDINGS	12
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	13
PART II – OPERATIONAL AND FINANCIAL INFORMATION	13
ITEM 5. MARKET PRICE OF AND DIVIDENDS ON REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	14
ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION	15
ITEM 7. FINANCIAL STATEMENTS	22
ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS.....	22
External Audit Fees and Services	22
Changes in and disagreements with Accountants on Accounting and financial Disclosure.....	23
There was no event in the past years where the external auditor and the Registrant had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.....	23
PART III – CONTROL AND COMPENSATION INFORMATION	23
ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT	23
ITEM 10. EXECUTIVE COMPENSATION.....	28
ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND	29
MANAGEMENT.....	29
ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	30

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Background

Marcventures Holdings, Inc. (Formerly: AJO.net Holdings, Inc.), the Parent Company (or Company), was incorporated and registered with the Securities and Exchange Commission (SEC) on August 7, 1957, with a primary purpose to acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own and use for investment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, traffic, deal in, and with, and otherwise operate, manage, enjoy and dispose of, any and all properties of every kind and description and wherever situated, including land as and to the extent permitted by law, including but not limited to, buildings, tenements, warehouses, factories, edifices and structures and other improvements and bonds, debentures, promissory notes, shares of stock, or other securities or obligations, created, negotiated or issued by any corporation, association or other entity, foreign or domestic and while the owner, holder or possessors thereof, to exercise all rights, powers and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all rentals, dividends, interest and income derived therefrom, and the right to vote on any proprietary or other interest, on any shares of the capital stock, and upon any bonds, debentures or other securities having voting power, so owned or held; and provided it shall not engage in the business of an open-end or close-end investment company as defined in the Investment Company Act (Republic Act 2629), or act as a securities broker or dealer.

On December 15, 2009, the Parent Company entered into a Memorandum of Agreement (MOA) between the shareholders of Marcventures Mining & Development Corporation (Investor Group) and their partners to exchange their ownership of MMDC for a total value of ₱1.3 billion consisting of: (i) new Parent Company shares worth ₱100 million representing the full payment of the balance for the subscription to the increase in authorized capital stock; (ii) additional Parent Company shares worth ₱1.15 billion to be issued from the authorized capital stock as increased, and the new par value of the Parent Company after its corporate restructuring; and (iii) 488 membership certificates of The Metropolitan Club, Inc. (Metroclub Certificates) with an agreed net value of 50 million together with the Parent Company's rights, obligation and interests. The consolidated financial statements assumed June 30, 2010 as the acquisition date.

In March 2010, the Company reduced the par value of its capital stock from ₱0.10 to ₱0.01, which resulted in a reduction in its issued and outstanding capital stock in the amount of ₱459 million and in a corresponding increase in its Additional Paid-in Capital account. Subsequently, the Company issued 5 billion new shares (par value of Php0.01) at a price of ₱0.02, which resulted in additional paid-in capital of ₱50 million. The Company also transferred the amount of ₱441 million from its Additional Paid-in Capital to reduce its Deficit account.

On, September 30, 2010, the Securities and Exchange Commission approved the change in the par value of its capital stock from ₱0.01 to ₱1.00

Marcventures Mining & Development Corporation (MMDC), a wholly-owned Subsidiary of the Parent Company, and incorporated in the Philippines is engaged primarily to carry on the business of mining, smelting, extracting, smelting mineral ores such as, but not limited to nickel, chromites, copper, gold, manganese and other similar ores and/natural metallic or non-metallic resource from the earth. To operate, manage and/or engage in the business of smelting, and/or operate smelting plant, to refine and/or convert metals, ore, and other precious metals into finished products within the commerce of man. On July 19, 2010 the Subsidiary was registered with the Board of Investments (BOI) in accordance with the

provisions of the Omnibus Investments Code of 1987, as amended, as a New Producer of Nickel Laterite Ore. As a BOI registered entity, the Subsidiary is entitled to an Income Tax Holiday (ITH) for four (4) years from July 2010 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration.

The Company is not involved in any bankruptcy, receivership or similar proceedings nor in any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of business.

The Company is listed in the Philippine Stock Exchange. The consolidated financial statements include those of the Parent Company and its wholly-owned subsidiary, Marcventures Mining & Development Corporation (MMDC).

The Parent Company's current registered office is located at Unit 4-3 4th Flr. Citibank Center Condominium 8741 Paseo de Roxas, Makati City.

Products/Sales/Competition

The Company's Subsidiary's main product for the past three years is nickel ore. All of its nickel ore production for the past three years were exported to China. The principal market for nickel ore production from the Philippines is currently China. In 2007, Philippine nickel ore shipments accounted for around 50% of China's total imports of nickel ore. Chinese companies prefer Philippine-sourced nickel ore due to savings in freight costs because of the proximity of the Philippines to China. Nickel ore is sold to Chinese customers based on FOB shipping point and customers handle the charter of vessels. China also relies heavily on imported nickel ore due to insufficient domestic supplies. While the Company does not rely heavily on a single customer, it is affected by the market price of nickel ore depending on domestic and foreign supply and demand.

Sources and availability of Raw Materials

MMDC's nickel ore is extracted from its mining property covered by MPSA No. 016-93-XIII in Surigao del Sur in the municipalities Cantilan, Carrascal and Madrid

Equipment, spare parts, and other operating supplies are readily available both locally and abroad and as such the Company is not expected to be dependent upon one or a limited number of suppliers.

Mining Claim

MMDC has been granted by the DENR of the Philippine National Government a Mineral Production Sharing Agreement (MPSA) No. 016-93-XIII covering an area of approximately 4,799 hectares located in Surigao Del Sur. As the holder of the said MPSA, MMDC has the exclusive right to conduct and develop mining operations within the mineral property over a period of 25 years from July 1, 1993. The MPSA is valid until 2018 and renewable for another 25 years. MMDC has identified Nickel Ore as the primary mineral that will be extracted and sold to third parties due to the abundance and favorable characteristics of nickel within the mineral property.

The MPSA was originally granted to Ventura Timber Corporation on July 1, 1993. In January 1995, a deed of assignment (Deed) was executed, wherein Ventura assigned to MMDC all its rights, title and interest in and to MPSA No. 016-93-XIII. The Deed was duly registered with the Mines and Geosciences Bureau (MGB) Regional Office (RO) No. XIII on February 9, 1995, and was subsequently approved on January 15, 2008, making the Subsidiary the official contractor of the mineral property.

To date the Company has done exploration work on 1,659 hectares and has performed mining operations on 82.83 hectares on the above MPSA covered area.

Government Approvals; Effect of Existing or Probable Government Regulations on the Business

As mentioned above the Company's subsidiary is a holder of an MPSA issued by the Mine and Geosciences Bureau (MGB) which defines the percentage share of the local and national government in the mining revenues. MGB also regulates the export of mineral ores with the issuance of Ore Transport/Mineral Ore permits before any shipment can be made. The Department of Environment and Natural Resources (DENR) monitors compliance with the environmental protection and enhancement program, as well as, the social development and management programs of the Company and requires a certain percentage of the Company's operating cost to be allotted to this programs. The costs of complying with the above regulatory requirements are appropriately reflected in the books either as an expense or as a capital asset under the GAAP.

Determination of the effect of probable government regulations cannot be known until specific provisions are made clear.

Costs and Effects of Compliance with Environmental Laws

The Company is strongly committed to its policy of protecting and enhancing the environment. It spent Php 36.49 Million on its environmental and enhancement program (EPEP) in 2014. For 2015, the Company has budgeted Php 23.627 Million for its EPEP."

Business Transactions with Related Parties

As of December 31, 2014, Carac-an Development Corporation has an outstanding balance of Php60,985,516 which represents a non-interest bearing unsecured loan to be settled on demand. Please refer to Note 21 on page 26 of the 2014 Audited Financial Statements (AFS).

Employees

- Parent Company

The Company currently has a total of 8 employees, consisting of 1 executive position, 1 in legal, 2 in accounting/clerical, 2 in administrative, 2 messenger personnel. For the ensuing 12 months, the Company anticipates it will have the same number of employees. There is no employees' union and neither is there a collective bargaining agreement with the employees. There has not been a strike by the employees in the Company's history. The Company believes relations with the employees are good.

- Marcventures Mining & Development Corporation

As of December 31, 2014, MMDC currently has a total of 604 employees, of which 450 are regular, 20 are probationary, and 134 are contractual.

Of the 519 employees, a total of employees perform administrative work and employees are involved directly in mine site operations.

For 2014, there was no employees' union nor was there a collective bargaining agreement with the employees. There has not been a strike in MMDC's history.

Major Risks of the Business

Market Risk

While the business is currently enjoying great demand for the nickel ore because of the export ban policy of Indonesia, one of the major nickel exporters, revenues will be affected by the volatility of the price and demand. As such, the company closely monitors prices and demand trends for the product and if possible enter into long term supply contracts to hedge against this risk. Customers also make advances on certain shipments at a fixed price.

Foreign exchange risk

As all revenues are in US dollars, the company revenues are affected by fluctuations in the US\$/PHP exchange rate. To mitigate this risk, the Company closely monitors foreign exchange rates trends and properly timed conversion of dollars at the best rates.

Other risks

For a discussion of other risks affecting the Company, please refer to Note 26 on page 28-29 of the 2014 Audited Financial Statements.

Item 2 : DESCRIPTION OF PROPERTIES For update

Mineral Properties

The Company, through its subsidiary Marcventures Mining & Development Corporation, holds Mineral Production Sharing Agreement No. 016-93-XIII which covers 4,799 hectares in the province of Surigao Del Sur. It is physiologically located within the Diwata Mountain Range.

Estimates of the MPSA's mineral resources and reserves are as follows:

RESOURCE	
Volume	Measured & Indicated Saprolite: 3.2 million WMT at 1.90% Nickel, 11.98% Iron Limonite 62.2 million WMT at 0.83% Nickel and 46.02% Iron Inferred Saprolite: 2.30 million WMT at 1.69% and 14.18% Iron Limonite: NA

These estimates were prepared by **Mr. Radeundo de Luna, a Competent Person in Geology**, to study the exploration data on the mineral property and verify its nickel resources

	RESERVES
Volume	64.79 million WMT laterite ore
Ore Grade	Average 0.89% Ni grade, Fe 44.57%

Area	1,659 hectares
------	----------------

These estimates are based on the measured & indicated mineral resource computed which was readily convertible to prove and probable ore reserve. For other discussion of mining properties, please refer to Note 10, page 20 of the 2014 AFS.

Property, Plant and Equipment

Office Space

The Company was previously leasing an office space located at Unit 16A Citibank Tower, 8741 Paseo de Roxas, Makati City. The office space has a total area of 307.9 square meters. The lease of the space is for three (3) years starting March 15, 2011 to March 14, 2014. The rent is ₱169,144.32 per month inclusive of twelve percent (12%) value-added taxes, less five percent (5%) withholding tax and subject to a yearly 10% escalation fee. The Company renewed the lease contract for a period of six (6) months commencing from March 15, 2014 to September 14, 2014 with monthly rental fee amounting to Two Hundred Twenty Five Thousand One Hundred Thirty One Pesos & 10/100 (₱225,131.10).

In January 2014, the company acquired two (2) condominium units located at Citi Center Condominium Project, Citibank Center, 8741 Paseo de Roxas, Makati City, with an aggregate floor area of, more or less, nine hundred sixty-seven and 7/100 (967.07) square meters and amounting to Sixty-Eight million pesos (₱68,000,000.00). The property is covered by Condominium Certificates of Title Nos. 006-2011006557 and 006-2011006558 issued by the Register of Deeds of Makati City. The said property became the Company's new principal office address starting September 2014

MMDC Properties

The table below sets forth a summary of the properties owned by MMDC.

	Land Owner	Area	Amount
1	Agyang, Banjelito		50,000.00
2	Agyang, Juanita	2,487.00	49,740.00
3	Ampo, Cayetana	4,341.00	86,820.00
4	Angeles, Bambina	26,000.00	250,000.00
5	Angeles, Bambina	26,000.00	270,000.00
6	Angeles, Lucas	9,684.00	193,680.00
7	Angeles, Lucas	2,939.00	58,780.00
8	Antad, Felipe	2,917.00	61,958.00
9	Antad, Miguela	2,087.00	41,740.00
10	Arreza, Joel	238.00	300,000.00
11	Ascares Jr, Alfonso	6,510.00	130,200.00
12	Ating Jr, Venancio	3,893.60	77,872.00
13	Ating Jr, Venancio	1,424.12	28,482.40
14	Ating Jr, Venancio	1,166.42	23,328.40
15	Ating, Fabian	1,791.00	35,820.00
16	Ating, Fabian	4,487.17	89,743.40
17	Ating, Fabian	523.00	10,460.00
18	Ating, Fabian	1,746.63	34,932.60
19	Ating, Fabian	721.16	14,432.20
20	Batad, Arnulfo	3,544.00	15,948,000.00
21	Bat-ao, Bandino	1,645.00	32,900.00
22	Bat-ao, Benjamin	1,450.00	29,000.00
23	Bat-ao, Felino	3,538.00	70,760.00
24	Bat-ao, Jose	235.00	4,700.00
25	Bat-Ao, Pelino	2,242.00	55,652.00

SEC FORM 17-A
MARCVENTURES HOLDINGS, INC.

26	Bat-Ao, Roger	4,490.00	89,800.00
27	Bat-Ao, Tomasito	7,177.00	143,540.00
28	Bat-Ao, Wenifredo	2,855.00	57,100.00
29	Bulabog, Charlito		80,000.00
30	Bruzon, Jose		150,000.00
31	Cabadonga, Julian	10,695.00	320,850.00
32	Cabadonga, Julian		64,024.00
33	Ciez, Bonifacio D.	4,890.12	489,012.00
34	Ciez, Bonifacio D.	22,192.00	1,500,000.00
35	Ciez, Bonifacio D.	47,920.00	4,000,000.00
36	Cosmiano, Paz		50,000.00
37	Dagno, Margarita	2,882.00	57,640.00
38	Dodiog, Margarita/ Osio, Ruben	2,882.00	56,000.00
39	Emboc, Cosme	2,312.00	46,240.00
40	Entino, Reynaldo		80,000.00
41	Guiral, Juan	14,700.00	450,000.00
42	Guiral, Petra	4,706.14	200,000.00
43	Hunahunan, Calixtrato	6,762.00	135,240.00
44	Hunahunan, Calixtrato	2,970.00	70,524.00
45	Hunahunan, Calixtrato	3,088.00	61,760.00
46	Hunahunan, Sefa	920.00	18,400.00
47	Hunahunan, Calixtrato/Agyang, William	12,460.00	256,120.00
48	Huniog Jr, Antonio	4,450.93	89,018.60
49	Huniog Jr, Antonio	2,929.00	69,550.00
50	Huniog Jr, Antonio	3,891.00	77,820.00
51	Huniog, Ryan	2,673.00	53,460.00
52	Lumayno, Lamberto		80,000.00
53	Nadao, Antioco	1,983.00	49,200.00
54	Nadao, Antioco	6,408.00	128,160.00
55	Ondao, Jose	5,005.00	100,100.00
56	Ondao, Margarito	2,746.00	54,920.00
57	Ortiz, Myrna	7,496.00	224,880.00
58	Paceno, Jacqueline/ Castro, Justo	8,196.00	200,000.00
59	Pebojot, Alejandro/ Julve, Carina	12,938.74	1,293,874.00
60	Petros, Heirs of Basilisa	38,856.00	4,000,000.00
61	Polida, Richard	9,239.00	1,100,000.00
63	Solejon, Nelita	685.00	274,000.00
64	Sotoniel, Nelia	7,028.00	702,800.00
65	Sumberan, Francisco	12,696.00	253,920.00
66	Sumberan, Francisco	13,463.00	269,260.00
67	Sumberan, Marlon	11,692.00	233,840.00
68	Sumberan, Marlon	2,786.00	59,324.00
70	Tawide, Rodrigo	10,962.00	253,240.00
71	Tindugan, Benjamin		180,000.00
72	Tuldanes, Virgilio	48,758.00	4,875,799.96
73	Urbiztondo, Romulo	17,895.00	1,789,500.00
74	Urbiztondo, Romulo	10,000.00	1,000,000.00
75	Valle, Jessie james	6,599.00	1,600,000.00
76	Vertudes, Edilberto	2,408.00	240,800.00
77	Yparraguirre, Modesto/ Castorico, Cornello	12,237.00	1,500,000.00
		529,532.03	47,078,717.56

SEC FORM 17-A
MARCVENTURES HOLDINGS, INC.

Leased

The table below presents a summary of the properties currently being leased to MMDC.

	LAND OWNER	AREA (sqm)	AMOUNT
1	Ajit, Alan D.	1,944.00	1,103.26
2	Ajit, Alfredo	727.00	1,000.00
3	Ajit, Fermin A.	1,396.00	1,490.86
4	Arquillano, Ma. Loreto A.	19,555.00	51,010.00
5	Asupra, Rogelio C.	1,070.00	15,000.00
6	Bobias, Bernard Ardel	1,939.00	1,919.42
7	Bobias, Luna Y.	7,010.00	4,803.51
8	Bonani, Porfirio	2,648.00	1,520.13
9	Buar, Arturo A.	1,595.00	1,288.91
10	Bucarile, Juan Sr.	3,703.00	3,703.00
11	Comparativo, Alfred Y.	543.00	1,000.00
12	Consad, Robinson M.	7,971.08	3,346.38
13	Cosmiano, Paz B.	22,099.00	50,000.00
14	Cotecson, Lolita/Glenn C. (Lot No. 223)	579.46	16,000.00
15	Cuajao, Eladio Jr.	641.00	1,000.00
16	Cuajao, Marcos	3,141.00	2,742.69
17	Dagasdas, Benito	698.00	500.00
18	Dagasdas, Winefredo	872.00	500.00
19	Ellorico, Elenita	600.00	500.00
20	Intano, Nora	1,007.00	1,007.00
21	Jacobe, Alberta Y.	705.00	1,000.00
22	Jubac, Decena A.	2,481.00	1,852.86
23	Julve, Carina P.	1,795.12	1,795.12
24	Marzon, Charita	928.88	7,000.00
25	Moreno, Emilia C.	917.00	1,119.54
26	Ortiz, Myrna Elauria	50,000.00	27,631.58
27	Pimentel, Marie Louise H.	2,626.89	2,626.89
28	Rafaila, Librada C.	834.00	500.00
29	Roculas, Charita	11,905.00	11,905.00
30	Rodilla, Elisa P.	2,274.67	2,433.47
31	Solejon, Diosdado	901.00	700.00
32	Suarez, Agustin P.	1,824.00	1,636.20
33	Younglove-Kyle, Helenita	1,282.00	1,000.00
34	Yparraguirre, Andres N. Jr.	15,400.00	15,400.00
35	Aguilar, Dionesio	2,432.00	2,432.00
36	Ajoc, Lucita	1,910.00	1,910.53
37	Angeles, Lucas	1,939.00	1,979.00
38	Arpilleda, Pablo B. Jr.	4,848.00	4,848.00
39	Bacol, Virginia P.	2,765.68	2,765.68
40	Barrios, Julieta C.	667.00	700.00
41	Bat-ao, Mardonio A.	1,000.00	1,000.00
42	Bat-ao, Mike	345.00	500.00
43	Bat-ao, Polito	192.00	500.00

SEC FORM 17-A
MARCVENTURES HOLDINGS, INC.

44	Buar, Henry	1,123.00	1,200.00
45	Burlat, Herminigildo D.	1,793.00	1,793.00
46	Cabadonga, Antonio	2,142.00	2,000.00
47	Cabadonga, Efficano	1,367.00	1,500.00
48	Cabadonga, Julian	1,565.00	1,565.00
49	Cabadonga, Luis	4,089.00	5,000.00
50	Consigna, Rosalina	4,146.71	4,146.71
51	Consigna, Faustino	3,939.37	3,939.97
52	Cordita, Dioneto	4,603.00	4,603.00
53	Cordita, Dioneto	5,595.80	5,595.80
54	Cordita, Jemelito	3,288.00	3,288.00
55	Cordita, Jemelito	3,516.42	3,516.42
56	Cotecson, Lolita/Glenn C. (Lot No. 130 & 133)	3,602.00	3,602.00
57	Cotecson, Lolita/Glenn C. (Lot No. 183)	49,435.00	54,259.50
58	Dagno, Roberto	1,194.00	1,194.00
59	Dagno, Roberto	3,793.50	3,793.50
60	Galdo, Carmelita Ladroma	2,427.00	3,000.00
61	Guardalupe, Nonita Plaza (deceased)	1,437.00	1,500.00
62	Guiral, Alfredo	1,390.00	2,000.00
63	Huerte, Edelyn	2,575.00	2,575.00
64	Hunahunan, Danilo	281.00	500.00
65	Huniog, Antonio Jr.	4,128.00	4,743.00
66	Huniog, Antonio Jr.	11,475.70	11,475.70
67	Huniog, Ronnie	289.00	1,621.00
68	Ilagan, Punella	1,621.00	1,621.00
69	Intano, Anastacio	3,725.00	4,000.00
70	Intano, Nora	12,188.00	12,188.00
71	Intano, Policarpio	1,920.00	2,000.00
72	Intano, Romen	16,000.00	12,000.00
73	Jubac, Decena A.	1,406.00	1,406.00
74	Papilleras-Isiang, Buenafe	16,300.00	16,300.00
75	Pebojot, Teodulo	18,702.73	18,702.73
76	Pedraraja, Benjamin	1,146.00	1,500.00
77	Plaza, Estemson Sr. (Late)	774.00	1,000.00
78	Portillano, Rudy P.	13,600.00	13,600.00
79	Sampinit, Merlinita	6,692.62	6,692.62
80	Sandag, Banjelito	462.00	500.00
81	Sandag, Emilda Cordeta	1,388.71	1,388.71
82	Sandag, Jimmy	1,057.00	1,057.00
83	Trugillo, Rogelio S.	913.50	5,230.00
84	Tuldanes, Virgelio	4,276.00	5,000.00
85	Villarin, Sergio	10,671.00	10,671.00
86	Villarin, Sergio/ Pefecto Erno	4,602.00	4,602.00
		426,352.84	500,541.69

The renewals of the above leases are subject to agreement by the parties.

The above leased properties are used by MMDC for hauling roads and stockpile areas.

MMDC will acquire and/or lease additional properties to be utilized for hauling roads and stockpile areas as needed for its operations. The cost of such acquisitions will depend on

negotiations with prospective owners and lessors. MMDC plans to finance such acquisitions from internally generated funds and borrowing from banks.

The Company's equipment mostly pertain to heavy and transportation equipment related to the mining operations. For details of the property and equipment, please refer to Note 9 on pages 19 of the 2014 AFS. The Company intends to acquire new heavy equipment within the next 12 months.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2014, the Company is not a party to any legal proceedings. It is not involved in any pending legal proceedings with respect to any of its properties. It is not involved in any claims or lawsuits involving damages that may materially affect it or its subsidiaries.

However, as of December 31, 2014, Marcventures Mining & Development Corporation (MMDC), the Company's wholly-owned subsidiary, is involved in the following legal proceedings which may affect the operations of MMDC and the Company:

- a. Cantilan Irrigation System Federation of Irrigators Association (CISFIAI) vs. Marcventures Mining and Development Corporation, et al before the Office of the Secretary, Department of Environment and Natural Resources. This case was filed on 24 July 2009 which seeks to cancel the Mineral Production Sharing Agreement [MPSA] issued in favor of Marcventures Mining and Development Corporation. This case was dismissed on 17 December 2012. However, the Complainant filed a Motion for Reconsideration which is pending for resolution.
- b. Jaime Bat-ao, et al v. Marcventures Mining and Development Corporation, Civil Case No. 224, filed before the Regional Trial Court, Branch 41, Carignan, Surigao del Sur. This case was filed on 10 November 2010. This case seeks to secure a Temporary Environmental Protection Order [TEPO] against the mining operations of Marcventures Mining and Development Corporation. The TEPO expired as of 14 November 2010. The mediation is set on 4 March 2014.
- c. Tribal Coalition of Mindanao (TRICOM), Inc. v. Taganito Mining Corporation, et al The Petition was filed before the Supreme Court on 30 May 2011. Marcventures Mining and Development Corporation is just one of the Respondents in the Petition. The Petition seeks to stop the mining operations of the mining companies. But the Supreme Court denied the application for Writ of Kalikasan. After the denial of the Writ of Kalikasan, the Supreme Court delegated the reception of evidence to the Court of Appeals, Mindanao.
- d. Bat-ao and Huna-Hunan Clans vs. MMDC. The case is for alleged violation of MMDC of the Memorandum of Agreement with the Manobo Tribe dated 15 July 2008 and that MMDC desecrated several sacred areas of the Manobos pending before the NCIP Regional Hearing Officer, Butuan City. The NCIP required the Bat-ao and Huna-Hunan Clans to settle among themselves considering that Cesar Bat-ao, their authorized representative, already signed a Notice to Dismiss. During the last hearing on 20 February 2015, the complainants were required to submit a formal written manifestation regarding their offer to MMDC as a form of amicable settlement.

To the knowledge and/or information of the Company, none of its directors or its executive officers, is presently or during the last five (5) years been involved in any material legal proceeding in any court or government agency on the Philippines or elsewhere which would put to question their ability and integrity to serve Marcventures Holdings Inc. and its stockholders.

The Company is not aware of: (a) any bankruptcy petition filed by or against any business of which a director or executive officer or person nominated to be become a director or

executive officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, excluding traffic violations and other minor offenses; (c) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company submitted the following matters to a vote of the security holders during the 2014 Annual Meeting:

1. Approval of Minutes of the previous meeting
2. Approval of Management Report and Audited Financial Statements
3. Ratification of Management's Acts
4. Authority to enter into a Management Agreement with Marcventures Mining Development Corp.
5. (A) Amendment of the Articles of Incorporation: (a) to change the Principal Office address; (b) to include in its purpose the issuance of corporate guarantees and sureties in favor of its subsidiaries and affiliates and (c) to increase the number of directors from 7 to 9; (B) Amendment of the By Laws: (a) to change the annual meeting to last Friday of May of each year and (b) to grant compensation to the Members of the Board.
6. Election of Directors
7. Appointment of External Auditor

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The principal market for the registrant's common stock is the Philippine Stock Exchange ("PSE"). The Company's stock symbol is "MARC"

Stock Prices – Common Shares

The following table sets forth the high and low closing sales prices per share of the Common Shares listed on the PSE during the respective periods indicated as per published financial sources.

SEC FORM 17-A
MARCVENTURES HOLDINGS, INC.

	Price per Share (In Pesos)**	
	High	Low
	2012	
January – March	3.50	1.80
April – June	3.82	2.35
July – September	2.75	2.17
October – December	2.35	1.71
	2013	
January – March	2.08	1.68
April – June	1.93	1.40
July – September	1.96	1.55
October – December	4.22	1.81
	2014	
January – March	4.22	2.70
April – June	5.41	3.66
July - September	8.20	4.82
October – December	7.48	5.56

Latest Market Price

On March 23, 2015 trading date, the closing market price of the Company's common stock was ₱5.20 per share.

Stockholders

The number of shareholders of record as of December 31, 2014 was 2,166. The outstanding shares as December 31, 2014 were 1,821,358,599 common shares, 99.60% of which are owned by Filipinos

MARCVENTURES HOLDINGS, INC.
List of Top 100 Stockholders
As of 12/31/2014

1	PCD NOMINEE CORPORATION (FILIPINO)	1,482,627,424	81.40%
2	STINSON PROPERTIES INC.	87,834,569	4.82%
3	SUREGUARD PROPERTIES INC.	86,514,534	4.75%
4	MYOLNER PROPERTIES INC.	86,514,533	4.75%
5	PCD NOMINEE CORP. (NON—FILIPINO)	32,907,340	1.81%
6	GLORIOUS DECADE PROPERTIES, INC	30,000,000	1.65%
7	GLORIOUS DECADE PROPERTIES, INC.	13,013,000	0.71%
8	ATC SECURITIES, INC.	808,023	0.04%
9	BENJAMIN S. GELI	100,000	0.01%
10	JOHN C. JOVEN	100,000	0.01%
11	ANSALDO GODINEZ & CO., INC.	92,255	0.01%
12	PACIFICO B. TACUB	50,000	0.00%
13	ARNOLD JANSSEN T. BANTUGANOR CHRISTINE ANGELI L. BANTUGAN	45,000	0.00%
14	TERESITA N. LIM	40,000	0.00%
15	VICENTE GOQUIOLAY & CO., INC.	39,599	0.00%
16	ALBERTO MENDOZA&/OR JEANIE MENDOZA	30,000	0.00%
17	INDEPENDENT REALTY CORPORATION	20,400	0.00%
18	RAMON SALVADOR	20,000	0.00%
19	CHIONG & CO., INC.	13,787	0.00%
20	AO 1. LOK	13,000	0.00%
		<u>1,820,783,464</u>	<u>99.96%</u>

The Company has no other class of registered securities outstanding aside from common shares.

Dividends

DIVIDENDS

2014

On 19 September 2014, the Board approved the initial declaration of cash dividends of PhP 273.2 Million or Php 0.15 per common share in favor of shareholders of record as of October 3, 2014, payable on or before October 22, 2014. Subsequently, on November 14, 2014, the Board approved the second round of cash dividends of PhP 273.2 Million or Php 0.15 per common share in favour of Shareholders of Record as of December 19, 2014, payable on or before January 6, 2015 and later moved to January 16 considering the holidays.

Sales of Securities

As of December 31, 2014, there are no sales of unregistered or exempt Securities

ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes as of December 31, 2014 and 2013 prepared in conformity with PFRS hereto attached in the Exhibits.

The financial information for the three years ended December 31, 2014, 2013 and 2012 are as follows:

2014 vs. 2013

Results of operations

	Audited		Increase(Decrease)	
	2014	2013	Amount	%
	<i>(in PhP Millions)</i>			
Revenues	2,526.96	2,516.60	10.36	0.41
Cost of Sales	1,404.92	1,259.01	145.91	11.59
Operating Expenses	306.99	201.52	105.47	52.34

- **Revenues**

The Company's revenue from nickel ore amounted to ₱2,526.96 million for the year 2014, ₱10.36 million or 0.41% higher as compared to ₱2,516.60 million in 2013. The increase is attributable to the increase in the average price of saprolite and limonite combined of US\$26.04 in 2014 versus \$21.22 in 2013 or an average increase of \$4.82 per wet metric tonnes (WMT). For the year 2014, MMDC made 39 shipments to China for a total volume of 2,103,238 wet metric tonnes (WMT) of nickel ore as compared to 50 shipments with a total volume of 2,775,755 WMT or 11 vessels short in 2013. This is equivalent to a volume decrease of 672,517 (WMT) or 24.22% from last year. The significant drop of volume was primarily due to the suspension of extraction activities pursuant to the Order issued by MGB in April 2014.

- **Cost of Sales**

The Company's cost of sales amounted to ₱1,404.92 million in 2014 as compared to ₱1,259.01 million in 2013, an increase of ₱145.91 million or 11.59%, due to longer distance in loading and hauling of its inventory and other cost related to mining.

- **Operating Expenses**

- **Increase in salaries and wages** by ₱58.05 million or equivalent to 117.76% due to hiring of additional office personnel for both managerial and executives positions the increase also include salary adjustments of officers and employees in line with company's thrust to strengthen the corporate structure.
- **Increase in Retirement expense** by 14.567 million or equivalent to 302.97%, due to increase in number of regular employees.
- **Increase in Taxes and licenses** by ₱5.02 million or equivalent to 83.47% mainly due to increase in documentary stamp in connection with the increase in capital, fees paid to MGB for the extension of exploration period and other business taxes.
- **Increase in Depreciation expense** by ₱9.30 million or 106.81% mainly due to depreciation of newly acquired service vehicles, office equipment, furniture & fixtures.
- **Increase in Advertisement** by ₱6.42 million or 4,196.13% mainly due to the infomercial produced by Asian Business Channel ("ABC") for the Company. ABC is an independent production company that specializes in producing program that focus on the economic development.
- **Increase in Professional and Consultancy Fees** by ₱24.06 million or equivalent to 303.71% due to the hiring of additional management, technical personnel, consultants and legal services.
- **Increase in supplies** by ₱1.26 million or equivalent to 38.26% due to printing of various forms for warehouse for office use and increase in other office equipment.
- **Increase in the cost for social development mining program** by ₱12.52 million consistent with the increase in operating cost wherein 1.5% was allocated to the development of host and neighboring communities.
- **Increase in Communication, light and water** by ₱4.04 million or equivalent to 424.70% due to additional light and power utility charges incurred.
- **Increase in outside services** by ₱1.68 million or 70.87% primarily due to special assessment dues of ₱1.1 million and fees of ₱0.5 million in related to due diligence.

The above increases in cost were partly offset by the following :

- **Decrease in Representation** by ₱11.25 million or equivalent to 62.10%
- **Decrease in Donation** by ₱2.025 million or equivalent to 7.86%.

- **Decrease in freight and shipping** by ₱4.04 million or 24.23% due to decrease in shipment of nickel ore in 2014.
- **Decrease in rent** by ₱0.307 million or 11.0% due to purchase of condominium unit for Makati office space.
- **Decrease in royalties** by ₱1.43 million or 5.34% due to decrease on sale of nickel ore for the year 2014.
- **Decrease in other expenses** by ₱2.15 million or 27.98% primarily due to payment of ₱1.9 million to SEC in 2013 relating to the increase in authorized capital stock.

Financial Position

	Audited		Increase(Decrease)	
	2014	2013	Amount	%
	<i>(in PhP Millions)</i>			
Assets	₱3,718.12	₱2,928.52	784.25	26.78
Liabilities	637.60	159.29	478.31	300.28
Stockholders' Equity	3,080.52	2,769.23	305.94	11.05

- **Assets**

The consolidated total assets of the Company increased to ₱7,718.12 million as of December 31, 2014 from ₱2,928.52 million as of December 31, 2013. The 26.96% increase was mainly due to the net effect of the following:

- Cash** increased by ₱310.65 million 102.36% from the proceeds of the bank loan amounting to ₱100 million and collection of its credit sales.
- Trade receivables** increased by ₱4.81 million or 58.23 % due to improved collection policy.
- Advances to related parties** recorded the highest increase of ₱60.32 million or 9034.50% mainly due to advances of Carac-an Development Corp which was used for its exploration.
- Inventories of ready to ship ore increased by 110.39% from the 2013 level of ₱80.98 million to ₱ 170.37 million in 2014. The company maximized its resources in anticipation of higher sales volume in 2015.
- Other current assets** increased by ₱15.22 million or 42.80% due to 15% creditable withholding tax withheld by MMDC in connection with management services fee rendered by the parent company.
- Other noncurrent assets** increased by ₱13.46 million or 5.46% mainly due to the increase in accumulated Input tax amounting to ₱18.23 million on the other hand mining supplies used in operation decreased by ₱8.26 million.
- Property and equipment** increased by ₱158.49 million or 44.51%. The capex was due to the acquisition and renovation of Makati head office, purchase of heavy equipment, service vehicles, office furnitures and equipments.

- **Liabilities**

As of December 31, 2014, the total liabilities of the Company amounted to ₱637.60 million or 300.28% higher than ₱159.29 million as of December 31, 2013. The increase was due to the following:

- a) **Loans Payable** increased by ₱99.32 million or 7,369.95%, the company secured a ₱100 million short term loan which matured in January 16, 2015.
 - b) **Trade and other payable** increased by ₱338.73 million or 53.51%, because of the company's dividend payable which amounted to P273.20 million and continued focus to catch up from the suspension. The company strengthened its loading and hauling capacity by increasing contractors deployed upon resumption of its operation which caused an increase in trade payable. The other reason for the increase were due to increase in taxes and other statutory payable.
 - c) **Provision for mine site rehabilitation** increased by ₱42.17 million or 2,590.30%, the increase is mainly due to the amendment in estimated outflow of resources including economic benefits to settle the obligation and to rehabilitate the negative environment impact.
 - d) **Retirement liability** increased by ₱1.91 million or 6.54% due to recognition of higher retirement expense based on latest actuarial valuation
- **Stockholders' Equity**

As of year-end 2014, the stockholders' equity amounting to ₱3,080.52 million is higher by ₱311.29 million or 11.24% from the year-end 2013 level of ₱2,769.23. The increase was on the account of :

- a) **Retained Earnings** increased by ₱311.29 mainly due to the registered net comprehensive income of ₱842.80 million, partly offset by the declaration of cash dividends of P546.4 million which were paid in Oct 22, 2014 and January 6, 2015 respectively.

Consolidated Cash Flow

	Audited		Increase(Decrease)	
	2014	2013	Amount	%
	<i>(in PhP Millions)</i>			
Cash provided by operating activities	1,202.71	1,028.44	837.36	558.62
Cash used in investing activities	444.10	125.62	(145.67)	(53.70)
Cash used in financing activities	447.97	612.46	541.65	1,828.05

The cash provided by operating activities improved from ₱1,028.44 million in 2013 to ₱1,202.71 million in 2014. This increase is net of the ₱342.85 million cash required for working capital due to increase in the inventory level, increase in advances to related party and trade and other payables.

In 2014, the company's noncurrent assets increased by ₱318.48 million of which ₱263.67 million were invested in property and equipment and ₱140.26 million pertains to additions to mine properties, primarily in Cabangahan area.

With the positive results of operations the Company was able to pay dividends of ₱546.41 million to its stockholders.

2013 vs. 2012

Results of operations

	Audited		Increase(Decrease)	
	2013	2012	Amount	%
	<i>(in PhP Millions)</i>			
Revenues	2,516.60	697.49	1,819.11	261.81
Cost of Sales	1,259.01	499.74	759.27	151.93
Operating Expenses	201.52	68.29	133.23	195.09

• **Revenues**

The Company's revenue from nickel ore amounted to ₱2,516.60 million for the year 2013, P1,819.11 million or 260.81% higher as compared to ₱697.49 million made in 2012 mainly as a result of higher volume and the strengthening of peso as against US Dollar. For the year 2013, MMDC made 50 shipments to China for a total volume of 2,775,755 wet metric tonnes (WMT) of nickel ore as compared to 12 shipments with a total volume of 637,933 WMT in 2012. This is equivalent to a volume increase of 2,137,822 (WMT) or 335% from last year.

• **Cost of Sales**

The Company's cost of sales amounted to ₱1,259.01 million in 2013 as compared to ₱499.74 million in 2012, an increase of ₱759.27 million or 151.93% attributable to higher tonnage of ore sold in 2013. Gross margin rate improved from the 28.35% experienced in 2012 to 49.97% to in 2013 largely due to shorter hauling distances from the minesite to the coastway.

• **Operating Expenses**

The operating expenses for the year 2013 amounted to ₱201.52 million as compared to ₱68.29 million in 2012. The increase of ₱133.23 million or 195.09% is mainly attributable the following accounts:

- a) Salaries and wages for the year ended December 31, 2013 increased by 436% from ₱9.2 million in 2012 to P49.3 million this year. The increase was mainly due to hiring of new employees for the managerial and executive positions, as well as, for the rank and file in anticipation of higher production volumes.
- b) Donations for the year 2013 increased by 930% from ₱2.50 million in 2012 to P25.8 million in 2013. These donations were contributed to various calamity areas hit by typhoons which entered the country. Freight and shipping, royalties and social development program increased by 358%, 284% and 429%, respectively, as these expense items are directly proportional to increase in revenues.
- c) Professional fees and outside services increased by ₱ 6.4 million and ₱1.43 million respectively, in 2013 due to additional management consultants and security services.

Financial Position

	Audited		Increase(Decrease)	
	2013	2012	Amount	%
	<i>(in PhP Millions)</i>			
Assets	2,928.52	2,643.07	285.45	10.08
Liabilities	159.29	519.27	359.98	6.54
Stockholders' Equity	2,769.23	2,123.80	645.43	30.39

- **Assets**

The consolidated total assets of the Company increased to ₱2,928.52 million as of December 31, 2013 from ₱2,643.07 million as of December 31, 2012. The 10.80% increase was mainly due to the net effect of the following:

- h) **Cash** increased by ₱290.36 million or 2,211.83% due to the significant increase in the sale of nickel ore.
- i) **Trade receivables** decreased by ₱3.72 million or 31.03 % and **receivables from related parties** decreased by 0.656 million or 50.24% due to collection from various customers and receivables from related parties respectively.
- j) Ending inventory of ready to ship ore increased by 443.56% from the 2012 level of P14.90 million to PP66.08 million in 2013 in anticipation of higher sales volume in 2014.
- k) **Deferred tax asset** increased by ₱7.74 million or 377.39% due to the deferred tax recognized on higher retirement expense based on latest actuarial valuation.
- l) **Other noncurrent assets** increased by ₱98.90 million or 67.03% mainly due to the increase in accumulated Input tax amounting to ₱99.08 million.
- m) **Property and equipment** decreased by ₱109.20 million or 23.47% due to depreciation.

- **Liabilities**

As of December 31, 2013, the total liabilities of the Company amounted to ₱159.29 million or 6.54% lower than ₱519.27 million as of December 31, 2012. The decrease was due to the following:

- e) **Trade and other payable** decreased by ₱138.70 million or 53.51% due to payment made to contractors and creditors in the normal course of business.
- f) **Related party payables** decreased by ₱33.14 million or 80.08% due to full settlement of advances from the stockholders.
- g) **Current portion of long term loans** decreased by 24.15 million or 94.72% due to full payment of the loan to Orix Metro.
- h) **Long term loan** decreased by ₱189.22 or 100%, as a result of the full settlement of loans with aggregate amount of ₱149.8 million by way of conversion into shares of the Company's stock and the full settlement of the loan with UCPB leasing amounting to ₱39.42 million.
- i) **Pension liability** increased by ₱25.24 million or 634.20% due to recognition of higher retirement expense based on latest actuarial valuation

- **Stockholders' Equity**

As of year-end 2013, the stockholders' equity amounting to ₱2,769.23 million is higher by ₱645.43 million or 30.39% from the year-end 2012 level of ₱2,123.80 . The increase was on the account of the following:

- b) **Capital Stock** increased by ₱85.68 million or 4.94% due to the conversion of the investors' loan amounting to P149.80 million into subscription of P68.09 million at a price of ₱2.20 per share. Furthermore, the exercise of all the corresponding remaining warrants resulted to additional subscription of ₱17.59 million.
- c) **Additional Paid in capital** increased by ₱102.82 million or 93.61% as a result of the conversion of the investors' loan and the exercise of all the related warrants at a price higher than the par value of P1 per share

- d) **Retained Earnings** increased by ₱456.9 million or 164.2% higher than the 2012 level of P278.3 million mainly due to the registered net comprehensive income of ₱1,003.34 million, partly offset by the declaration of cash dividends of P546.4 million which were paid in December 18, 2013

Consolidated Cash Flow

	Audited		Increase(Decrease)	
	2013	2012	Amount	%
	<i>(in PhP Millions)</i>			
Cash provided by operating activities	1,028.44	175.74	837.36	558.62
Cash used in investing activities	125.62	271.29	(145.67)	(53.70)
Cash used in financing activities	612.46	55.46	541.65	1,828.05

The cash provided by operating activities improved from ₱175.74 million in 2012 to ₱1,028.44 million in 2013 primarily due to higher income from significant volume of ore shipped in 2013. This increase is net of the P234.2 million cash required for working capital due to increase in the inventory level, decrease in trade and other payables and payable to related parties.

In 2013, the company's noncurrent assets increased by ₱125.62 million of which ₱26.72 million were invested in property and equipment and ₱98.9 million pertains to the increase in input VAT.

With the improved results of operations and additional equity infusion, the Company was able to pay dividends of ₱546.41 million, and reduced debt by ₱63.6 million.

Financial Indicators

Key Performance Indicators (KPI's)

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2014 and December 31, 2013:

	2014	2013
Net Income	₱841,261,3524	₱1,017,867,889
Current assets	909,311,007	428,951,888
Total assets	3,718,122,590	2,928,520,960
Current liabilities	566,493,638	128,444,253
Total liabilities	637,596,710	159,287,206
Stockholders' Equity	3,080,525,880	2,769,233,754
No. of common shares outstanding	1,821,358,599	1,821,358,599

	2014	2013
Current ratio ¹	1.61	2.69
Book value per share ²	1.69	1.52
Debt ratio ³	0.21	0.06
Profit per share ⁴	0.46	0.56
Return on assets ⁵	0.25	0.37

Note:

1. Current assets / current liabilities
2. Stockholder's Equity / Total outstanding number of shares

3. Total Liabilities / Stockholder's Equity
4. Net Income (Loss) / Total outstanding number of shares
5. Net income / average total assets

Other Information

Other material events and uncertainties known to management that would address the past and would have an impact on the Company's future operations are discussed below.

1. Except as disclosed in the management discussion and notes to the financial statements, there are no other known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
2. Except as disclosed in the management discussion and notes to the financial statements, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on revenues or income from operations.
3. All significant elements of income or loss from continuing operations are already discussed in the management discussion and notes to financial statements. Likewise any significant elements of income or loss that did not arise from the registrant's continuing operations are disclosed either in the management discussion or notes to financial statements.
4. There is no material off-balance sheet transaction, arrangement, obligation, and other relationship of the company with unconsolidated entities or other persons created during the reporting period.
5. The company does not expect any liquidity or cash problem within the next twelve months.
6. There no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described. If the registrant knows of events that will cause material change in the relationship between cost and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.
7. There are no significant elements of income or loss that did not arise from the registrant's continuing operations;
8. The Company's mining operations starts during dry season and ends during rainy season.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A. The management is not aware of any significant or material events or transactions not included nor disclosed in the consolidated financial statements in compliance with the SRC Rule 68.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

	Year Ended December 31	
	2014	2013
Audit Fees	₱500,000	₱450,000
Audit-Related Fees	50,000	45,000

Total	₱550,000	₱445,000
--------------	-----------------	-----------------

Audit Fees. Represents professional fees of the external auditor for the audit services rendered on Company's Annual Financial Statements for the year 2014.

Audit-Related Fees. Represents the out of pocket expenses of the individuals who will perform the audit, it also includes postage and reproduction of Financial Statements as billed by the external auditor.

Tax Fees. Represents professional fees for tax advisory/consultation services rendered.

Audit services provided to the Company by external auditor have been pre-approved by the Audit Committee. The Audit Committee has reviewed the magnitude and nature of these services to ensure that they are compatible with maintaining the independence of the external auditor.

Changes in and disagreements with Accountants on Accounting and financial Disclosure

There was no event in the past years where the external auditor and the Registrant had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Board of Directors and Executive Officers

Board of Directors and Executive Officers

The names, ages, citizenship, position and business experience of all directors and executive officers held for the past five (5) years (except those years stated otherwise) are as follows:

Name	Age	Citizenship	Position
Cesar C. Zalamea	74	Filipino	Chairman
Isidro C. Alcantara, Jr.	61	Filipino	President/ Director
Antonio H. Ozaeta	82	Filipino	Vice Chairman & Independent Director
Macario U. Te	85	Filipino	Director
Augusto C. Serafica	53	Filipino	Director
Carlos Alfonso T. Ocampo	50	Filipino	Independent Director
Marianne Regina T. Dy	38	Filipino	Director
Rolando S. Santos	65	Filipino	Treasurer/ SVP Finance & Administration
Roberto V. San Jose	73	Filipino	Corporate Secretary
Ana Maria A. Katigbak	46	Filipino	Asst. Corporate Secretary and Corporate Information Officer,
Diane Madelyn C. Ching	32	Filipino	Asst. Corporate Secretary and Corporate Information Officer and Compliance Officer

SEC FORM 17-A
MARCVENTURES HOLDINGS, INC.

Reuben F. Alcantara	32	Filipino	Vice President for Marketing, Business Development and Strategic Planning and Investor Relations Officer
Rhodel B. Salvador	34	Filipino	Asst. Vice President Finance

Incoming Directors:

Reynato S. Puno	74	Filipino	Independent Director
Michael L. Escaler		Filipino	Director

Mr. Cesar C. Zalamea was elected Chairman of Marcventures Holdings, Inc. (MHI) in June 2013. He served as the Company's President from June 2013 to September 2014. He also serves as Chairman of Marcventures Mining and Development Corp. (MMDC) and Bright Kindle Resources Inc. (formerly Bankard Inc.). He is an independent director of Araneta Properties Inc., a company he joined as Director in December 2008. He is also a member of the Advisory Board of Campbell Lutyens & Co. Ltd., an investment advisory company based in the U.K. In 1945, Mr. Zalamea joined AIG where he started as an Investment Analyst at the Philippine American Life Insurance Company (Philamlife) and, later, its President in May 1969. While with Philamlife, he was called to serve the Program Implementation Agency (PIA) in 1964 as Deputy Director General. PIA was an economic group that reported directly to the President of the Philippines. He returned to Philamlife in 1965. In 1969, Mr. Zalamea was appointed Member of the Monetary Board of the Central Bank of the Philippines, representing the private sector. In 1981, he left Philamlife to become Chairman of the Development Bank of the Philippines, giving up his post in the Monetary Board. In 1986, he left the DBP to go back to AIG. He was then stationed in Hong Kong to be the first President of AIG Investment Corporation (Asia) Ltd. At this time, he was elected to serve as Director in many AIG affiliated companies in Asia, such as the AIA Insurance Co., Nan Shan Life Insurance Co., and Philamlife. He left AIG in 2005 to work directly with Mr. Maurice R. Greenberg at C.V. STARR Companies, where he was appointed President and CEO of Starr Investment Co. (Asia) Ltd. In 2008, he became its Chairman until he retired in 2010.

Mr. Zalamea obtained his BS in Accounting and Banking in 1951 from Colegio de San Juan de Letran, where he graduated valedictorian. In 1953, Mr. Zalamea received his MBA from New York University.

Mr. Antonio H. Ozaeta was elected as Independent Director of the Company in August 2013 and is now the Vice Chairman of the Board. He also sits as Chairman of the Board in Philippine Commercial Capital Inc. (July 1989 – present), Alaska Milk Corporation (May 2010 – present), Magellan Capital Holdings Corp. (June 1992 – present), and Magellan Utilities Development Corporation (June 1992 – present). He is a director of Insular Life Health Care, Inc. and Home Credit Mutual Building and Loan Association since April 1999. He sits as Vice Chairman of the Board of Bright Kindle Resources & Investments, Inc. He is a founding member of the Makati Business Club. He was previously the President and CEO of the Philippine Commercial International Bank (PCI Bank). He was also the Executive Vice President, Treasurer and Chairman of the Board of Manila Electric Company (Meralco). He was, likewise, the previous President of the Bankers Association of the Philippines and Founding Member and Chairman of the Board of Trustees of Philippine Business for Social Progress.

Mr. Ozaeta obtained his BS in Economics degree from Ateneo de Manila, BSBA from De La Salle College, graduating *cum laude*, and MBA from Harvard University.

Mr. Macario U. Te was elected as Director in June 2013. He serves as director of Bright Kindle Resources & Investments, Inc. He was the previous President of Macte International Corp, and Linkwealth Construction Corp.; Chairman of Autobus Industries Corporation; and CEO of M.T. Holdings, Inc. He previously sat as director in Bulawan Mining Corp., PAL Holdings Inc., Philippine National Bank, Oriental Petroleum and Minerals Corp., Gotesco Land Inc., PNB Capital and Investment Corp., PNB General Insurers Co. Inc., PNB Holdings Corp., PNB Remittance Center, PNB Securities Inc., PNB-IFL, PNB Italy SPA, Balabac Resources and Holdings, Nissan North Edsa, Beneficial-PNB Life and Insurance Co. Inc., Waterfront Phils., Fontana Golf Club., Baguio Gold Holding Corp., Traders Royal Bank, Traders Hotel, Pacific Rim Oil Resources Corporation, Suricon Resources Corporation, Alcorn Petroleum & Minerals Corp., Associated Development Corp., and Palawan Consolidated Mining Corporation.

Mr. Te obtained his BS in Commerce from Far Eastern University.

Atty. Carlos Alfonso T. Ocampo was elected as Independent Director in August 2013. He is also an independent director of Bright Kindle Resources & Investments, Inc. He is the founder of Ocampo & Manalo Law Firm. He is a member of the Board in various corporations, including Panalpina Transport Phils Inc., MAA General Assurance Phils. Inc., South Forbes City College Corporation, Columbian Autocar Corporation, Asian Carmakers Corp., Jam Transit Inc., Prestige Cars Inc., Autohaus Quezon City Inc., Timebound Trading Corp., and Monpierre Foods Corporation. He is the Corporate Secretary of PSI Healthcare Development Services Corp., PSI Prescription Solutions Corp., Adrianse Phils. Inc., Bluelion Motors Corp., First Charters and Tours Transport Corp., Brycl Resorts and International Inc., AVK Philippines Inc., Jam Liner Inc., and Manila Golf and Country Club. He previously served as Vice President and General Counsel of Air Philippines Corporation.

Atty. Ocampo obtained his Bachelor of Laws from the University of the Philippines. Upon graduation from college, he was admitted into the honor societies of Phi Kappa Phi and Pi Gamma Mu. He also completed an Executive Management Program at the Asian Institute of Management and previously taught business law at the College of St. Benilde in De La Salle University. In 2013, he was named as a leading adviser as well as a commercial law expert by Acquisition International and Global Law Experts, respectively.

Ms. Marianne Regina T. Dy was elected Director in September 2014. She is the Vice President and Chief Operating Officer of So-Nice International Corporation and an active member of the Meat Importers and Traders Association (MITA).

She is a graduate of De La Salle University with degrees in Psychology, Marketing Management, and Finance for Senior Executives from the Asian Institute of Management.

Mr. Isidro C. Alcantara Jr. was elected President last September 2014 and Director in August 2013. Before his election, he served as the Company's Executive Vice President. He is also the Vice Chairman and Director of MMDC. Mr. Alcantara is the President of Financial Risk Resolutions Advisory, Inc. He has been a Director of Benguet Corp. since November 2008. He served as Senior Vice President and Head of Corporate & Institutional Banking at HSBC. He was elected President and Chief Executive officer of Philippine Bank of Communications (PBCom) in Manila Philippines from 2000 to 2004. In addition, he served as Executive Vice President of the Corporate Banking Group of Equitable PCI Bank (EPCIB) from 1981 to 2000. He served as Director of Bankers Association of the Philippines from 2000 to 2003. He also served at Bancom Finance Corporation, PCI Bank, and Insular Bank of Asia and America (a Bank of America affiliate) from 1975 to 1981.

Mr. Alcantara Jr. is a Certified Public Accountant. He obtained his BSc in Accounting and BS in Economics degrees from De La Salle University, graduating *magna cum laude*. He also attended the Special Studies in International Banking at the Wharton School, University of Pennsylvania.

Mr. Augusto C. Serafica Jr. was elected as Director in June 2013. He sits as Chairman of the Board in Premiere Horizon Alliance Corporation, Digiwave Solutions Inc., AOB Management Corporation, TLC Manna Consulting Inc., and Global Ideology Corporation. He is an independent director of Bright Kindle Resources & Investments, Inc. He is also the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings and Development Corp. He is the Treasurer of Sinag Energy Philippines Inc. and Ardent Property Development Corporation. He serves as a director of Investment House Association of the Philippines. He is the Chairman of the AIM Alumni Association, Treasurer of AUM Leadership Foundation Inc., and Chapter Head of the Makati chapter of Brotherhood of Christian Businessmen and Professionals. He was connected with Sycip, Gorres, Velayo & Co. from 1985 to 1989.

Mr. Serafica Jr. obtained his Bachelor of Commerce in Accountancy from San Beda College and Masters in Business Management from Asian Institute of Management. He is a Certified Public Accountant.

Justice Reynato S. Puno was elected independent director on November 14, 2014, which took effect upon the Securities and Exchange Commission's approval of the Company's amendment of the Articles of Incorporation to increase the number of directors from seven to nine on January 13, 2015. He is an independent director of San Miguel Corp., San Miguel Brewery Hong Kong Limited, PT Delta Djakarta Tbk, Union Bank of the Philippines, Inc., and Manila Standard Today. He was the Chief Justice of the Supreme Court from December 6, 2006 until his retirement on May 17, 2010. He joined the Supreme Court as an Associate Justice on June 1993 and was previously Associate Justice of the Court of Appeals (1986 to 1993), Appellate Justice of the Intermediate Appellate Court (1983), Assistant Solicitor General (1974 – 1982), and City Judge of Quezon City (1972 – 1974). He also served as Deputy Minister of Justice from 1984 to 1986.

Justice Puno completed his Bachelor of Laws from the University of the Philippines in 1962, and has a Master of Laws degree from the University of California in Berkeley (1968) and a Master in Comparative Law degree from the Southern Methodist University, Dallas, Texas (1967).

Mr. Michael L. Escaler was elected Director on November 14, 2014, which took effect upon the Securities and Exchange Commission's approval of the Company's amendment of the Articles of Incorporation that increased the number of directors. He is the President and CEO of All Asian Countertrade Inc., the largest sugar trader in the Philippines, founded in 1994 in partnership with Louis Dreyfus and Nissho-Iwai. He is also the Chairman, President, and CEO of Pampanga Sugar Development Co. Inc. (PASUDECO), President and CEO of San Fernando Electric Company (SFELAPCO), Chairman and CEO of Sweet Crystals Integrated Mill Corp, Okeelanta Corporation, Balibago Walterworks System Inc., JSY Transport, Aldrew and Gray Transport, Silver Dragon Transport, and Metro Clark Waste Management Inc. He serves as a Director of Lorenzo Shipping Corporation, PowerSource Philippines Inc., Empire Insurance Co., Trinity Insurance Co., Trinity Healthcare Services Inc., MHI, and Leyte AgriCorp. A sugar trader in New York and London from 1974 to 1993, he began his career at Nissho-Iwai of America for two years and left for ACLI International, one of the largest privately held trading company. Later on, he transferred to Philipp Brothers as Vice President to head its white sugar trading operation before starting his own trading company in the Philippines.

Mr. Escaler was a Hall of Fame Sprinter for Ateneo de Manila University, where he graduated *cum laude* in Economics. He obtained his MBA in International Marketing in New York University. A philanthropist, he supports various charities including Habitat for Humanity, Coca Cola Foundation, PGH Medical Foundation, Mano Amiga Academy, and Productive Internships in Dynamic Enterprise (PRIDE).

Mr. Rolando S. Santos was elected Treasurer in March 2014 and concurrently holds the position of Senior Vice President for Finance and Administration. He also serves as Treasurer for MMDC, Bright Kindle Resources and Investments, Inc., and Bright Green Resources Corp. He was previously the Branch head/Cluster head of Branches for Banco De Oro from 2001 to 2013, Bank of Commerce from 1984 to 2001, Producers Bank of the Philippines from 1981 to 1984, and Far East Bank from 1972 and 1981. He obtained his degree in BS Business Administration from the University of the East.

Mr. Roberto V. San Jose is the Corporate Secretary of the Company and has held the office since 2010. He is also a Director, Corporate Secretary, or an officer of various companies which are clients of the law firm of Castillo Laman Tan Pantaleon & San Jose, where he is a Senior Consultant. He is a member of the Integrated Bar of the Philippines.

Ms. Ana Maria A. Katigbak is the Co-Assistant Corporate Secretary of the company and has held the office since 1997. She is a partner in Castillo, Laman, Tan, Pantaleon & Sna Jose Law Offices. She is a member of the Integrated Bar of the Philippines.

Ms. Diane Madelyn C. Ching was elected as Co-Assistant Corporate Secretary in August 2013. She also serves as General Counsel and Corporate Secretary of MMDC and Corporate Secretary of Bright Kindle Resources & Investments, Inc. She is a director and Assistant Corporate Secretary of Prime Media Holdings, Inc. She obtained her degrees in BSE Economics and AB Psychology from De La Salle University. She obtained her Bachelor of Laws from San Beda College-Mendiola in 2009 and was admitted to the Philippine Bar in 2010.

Mr. Reuben F. Alcantara is the Vice President for Marketing, Business Development, and Strategic Planning. He is also the Company's Investor Relations Officer. He joined the company in September 2013. He previously served as Relationship and Credit Officer for Security Bank and has had stints in Corporate Banking in Bank of Commerce and Maybank Philippines.

Mr. Rhodel B. Salvador was promoted to Assistant Vice President for Finance from Finance Manager in September 2014. He was an Audit Manager, Quality Assurance of MG Madrid & Co. from 2005 to 2013, and Project Manager and Business Processing Licensing for Business Solutions & Outsourcing Inc. (BSO) from 2007 to 2011. He is a Certified Public Accountant.

Period in Which Directors and Executive Officers Should Serve

The directors and executive officers should serve for a period of one (1) year.

Terms of Office of a Director

The nine (9) directors shall be stockholders and shall be elected annually by the stockholders owning majority of the outstanding capital stock for a term of one (1) year and shall serve until the election and qualification of their successors.

Any vacancy in the board of directors other than removal or expiration of term may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.

Significant Employees

The Company is not highly dependent on any individual who is not an executive officer.

Family Relationships

Mr. Isidro C. Alcantara, Jr., Director and President is the father of Mr. Reuben Alcantara, VP for Marketing, Business Development and Strategic Planning.

Except for Mr. Isidro Alcantara and Mr. Reuben Alcantara, the directors and executive officers named above are not related.

Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

During the board meeting held September 19, 2014, the board of directors accepted the resignation of Regular Director Mr. Dy Chi Hing, and election of Ms. Marianne Regina Dy as his replacement as disclosed in the Company's 17-C Report on September 19, 2014.

ITEM 10. EXECUTIVE COMPENSATION

The following table summarizes certain information regarding compensation paid or accrued during the last three fiscal years and to be paid in the ensuing fiscal year to the Company's President and each of the Company's three other most highly compensated executive officers:

SUMMARY OF COMPENSATION TABLE

Names	Position	SALARY	BONUS	OTHER COMPENSATION
Cesar Zalamea Antonio Ozaeta Isidro C. Alcantara, Jr. Roberto San Jose Diane Madelyn Ching Ana Maria Katigbak	Chairman Vice Chairman President Corporate Secretary Asst. Corporate Secretary Asst. Corporate Secretary			
All above named officers as a group	2012	₱5,490,000	₱150,000	₱390,000
	2013	₱6,060,000	₱1,600,000	₱915,000
	2014	₱19,050,000.	₱6,692,352.94	₱14,316,788.24
	2015 Estimated	₱22,200,000	₱19,749,709.6	₱15,667,058.83
All officers and directors as group unnamed	2012	₱5,490,000	₱500,000	₱390,000
	2013	₱6,060,000	₱1,600,000	₱2,040,000
	2014	₱3,600,000	0	₱ 1,350,000
	2015 Estimated	₱3,600,000	₱8,823,529.42	₱ 1,800,000

The above executive officers are covered by standard employment contracts and can be terminated upon appropriate notice.

Non-executive Directors are entitled to a per diem allowance of ₱75,000 for each attendance in Regular Board meetings.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security ownership of certain record (“r”) and beneficial (“b”) owners of five percent (5%) or more of the outstanding capital stock of the Registrant as of December 31, 2014:

Title of Class	Name , address of record owner and relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation (registered owner in the books of the stock transfer agent)	Bright Kindle Resources & Investments Inc.	Filipino	600,000,000	32.94%
		Dy Chi Hing	Filipino	218,500,000	12.00%
		Sonia T. Techico	Filipino	130,000,000	7.14%
		Arturo L. Tiu	Filipino	87,629,000	4.81%
		Except those enumerated above, the Company is not aware of other persons with lodged shares who are the beneficial owners of more than 5% of its outstanding capital stock. PCD authorizes its trading participants to vote the shares registered in their name.	Filipino	446,498,424	24.51%
TOTAL				1,482,627,424	81.40%

As of December 31, 2014 the foreign ownership level of Marcventures Holdings, Inc. (MARC) is 32,993,248 shares or equivalent to 1.81%.

Security Ownership of Management – Record “r” and Beneficial “b” (direct/indirect) owners as of December 31, 2014:

Title of Class	Name of Beneficial Owner	Amount and nature of ownership (Indicate record (“r”) and/or beneficial (“b”))	Citizenship	Percent of Class
Common	Cesar C. Zalamea Chairman	1,000– “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Macario U. Te Director	1,000 – “r” (direct) -0- “b” (indirect)	Filipino	0.00%

SEC FORM 17-A
MARCVENTURES HOLDINGS, INC.

Common	Isidro C. Alcantara, Jr. Director & President	2,000 – “r” (direct) 5,100,000 “b” (indirect)	Filipino	0.00% 0.28%
Common	Marianne Regina T. Dy* Director	1– “r” (direct) 5,999,999- “b” (indirect)	Filipino	0.00% 0.33%
Common	Antonio H. Ozaeta Vice Chairman/ Independent Director	1,000– “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Carlos T. Ocampo Independent Director	1,000– “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Augusto C. Serafica, Jr. Director	10,000– “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Reynato S. Puno Incoming Director	1– “r” (direct)		
Common	Michael L. Escaler Incoming Director	1– “r” (direct)		
Common	Rolando S. Santos Treasurer	-0- “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Roberto V. San Jose Corporate Secretary	-0- “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Ana Katigbak Asst. Corporate Secretary	-0- “r” (direct) 150,000 – “b” (indirect)	Filipino	0.01%
Common	Diane Madelyn C. Ching Asst. Corporate Secretary	-0- “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Reuben F. Alcantara VP Marketing, Business Development and Strategic Planning and Investor Relations Officer	-0- “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Rhodel S. Salvador Asst. VP for Finance	-0- “r” (direct) 12,000 – “b” (indirect)	Filipino	0.00%
	TOTAL	16,003 “r” 11,261,999 “b”		0.00% 0.62%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As of December 31, 2014 Carac-an Development Corporation has an outstanding balance of Php60,985,516 which represents a non-interest bearing unsecured loan to be settled on demand. Please refer to Note 21 on page 25 of the 2014 Audited Financial Statements (AFS).

The Company retains the law firm of Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPS) where the corporate secretary, Atty. Roberto V. San Jose, is a senior partner. During the last fiscal year, the Company paid CLTPS legal fees which the Company believes to be reasonable.

The Company is involved in nickel mining operations in Surigao del Sur, through its subsidiary Marcventures Mining & Development Corporation (MMDC), a wholly-owned company. The area covered by MMDC's Mineral Production Sharing Agreement, No. 016-93-XI, is physiologically located in the Diwata mountain range of Surigao del Sur and covers an area of

4,799 hectares. The mine is covered by ECC NO. 0807-022-1093 issued by the Department of the Environment and Natural Resources. Please refer to Note 2 of the 2013 AFS.

Other than the foregoing, there has been no transaction outside of the ordinary course of business during the last two years, nor is any 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 or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have had transactions with other companies in which some of the foregoing persons may have an interest.

PART IV - EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C c/o Raquel F

- (a) Exhibits
- (b) Reports on SEC Form 17-C

December 15, 2014 – Bright Kindle Resources
December 8, 2014 – Result of Board Meeting
November 14, 2014 – Result of ASM 2014
November 11, 2014 – Increase number of directors
October 16, 2014 – Company’s wholly owned subsidiary
September 24, 2014 – Change of office address
September 19, 2014 – Result of Board meeting
September 12, 2014 – ASM 2014 schedule
August 22, 2014 – News article
August 19, 2014 – Lifting of Cantilan Suspension
June 19, 2014 – Sworn notification re postponed ASM meeting
May 20, 2-14 – update disclosure
April 29, 2014 – reply letter issued by MGB
April 25, 2014 – news articles entitled MGS suspend mining operation
March 31, 2014 – Board meeting result
March 24, 2014 – updated competent persons report

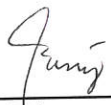
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on _____, 2015.

By:


 ISIDRO C. ALCANTARA, JR
 President


 ROLANDO S. SANTOS
 SVP Finance


 RENITA S. TY
 Principal Accounting Officer


 ATTY. ANA MARIA KATIGBAK-LIM
 Asst. Corporate Secretary (In the absence of
 Atty. Roberto San Jose Corporate Secretary)

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2015
 at MAKATI CITY, affiant(s) exhibiting to me their Passport as follows:

Name	Passport Number	Date/Place Issued
Isidro C. Alcantara, Jr.	EB83030977	06/04/2013 / DFA Manila
Rolando S. Santos	Senior#14467	March 2010/Antipolo
Renita S. Ty	EB67364618	11/12/12 / DFA NCR East
Atty. Ana Maria Katigbak-Lim	EB6978724	12/20/2012/DFA Manila

Doc. No. 202
 Page No. 14
 Book No. 483
 Series of 2015.

Notary Public
ATTY. VIRGILIO R. BATAALLA
 NOTARY PUBLIC FOR MAKATI CITY
 APPOINTMENT NO. M 32
 UNTIL DECEMBER 31, 2016
 ROLL OF CITY NO. 48348
 MCLE COMPLIANCE NO. IV-0116333/4-10-2013
 IBP NO. 706762 - LIFETIME MEMBER
 PTR. NO. 474 - 8510 JAN 05, 2015
 EXECUTIVE BLDG. CENTER
 MAKATI AVE., COR., JUPITER


**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of Marcventures Holdings, Inc. ("Marcventures") is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2014 and the 2013, 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 the consolidated 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.

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

The Board of Directors reviews and approves the consolidated financial statements submitted the same to the stockholders of the Company.

REYES TACANDONG & CO., the independent auditors appointed by the Stockholders for the years ended December 31, 2014 and 2013, has examined the consolidated 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 the presentation upon completion of such examination.



CESAR C. ZALAMEA
Chairman of the Board



ISIDRO C. ALCANTARA, JR.
President



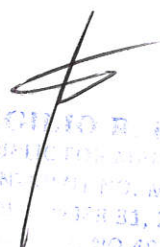
ROLANDO S. SANTOS
Treasurer

Signed this ____ day of March, 2015

SUBSCRIBED AND SWORN to before me this APR 14 2015 day of MAKATI CITY, 2015 at MAKATI CITY, affiant(s) exhibiting to me their Passport as follows:

Name	Valid ID	Date/Place Issued
Cesar C. Zalamea	Senior#14467	12-19-08/ Mandaluyong
Isidro C. Alcantara	Passport# EB8303097	06-04-13/DFA-MANILA
Rolando S. Santos	Senior#1003235	March 2010/Antipolo

Doc. No. 201
Page No. 42
Book No. 483
Series of 2015.


Notary Public
ATTY. VIRGILIO R. BALLESTEROS
NOTARY PUBLIC FOR THE CITY OF MAKATI
APPOINTED BY DEPT. OF JUSTICE
UNITED STATES OF AMERICA
APR 31, 2015
ROLL NO. 402348
SCALE COMMISSIONER NO. 2016333/4-10-2013
IBP NO. 706108 - LIFE TIME MEMBER
PTR. NO. 474 - 8910 JAN 05, 2015
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER

Marcventures Holdings, Inc. and Subsidiary

**Consolidated Financial Statements
December 31, 2014 and 2013**

With independent auditor's report provided by



REYES TACANDONG & CO.

FIRM PRINCIPLES. WISE SOLUTIONS.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						1	2	9	4	2
--	--	--	--	--	--	---	---	---	---	---

Company Name

M	A	R	C	V	E	N	T	U	R	E	S		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D		S		
U	B	S	I	D	I	A	R	Y																										

Principal Office (No./Street/Barangay/City/Town) Province

U	n	i	t		1	6	A	,		1	6	t	h		F	l	o	o	r	,		C	i	t	i	b	a	n	k		T	o		
w	e	r	,		P	a	s	e	o		d	e		R	o	x	a	s	,		M	a	k	a	t	i		C	i	t	y			

Form Type

A	A	C	F	S
---	---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	A
---	---

COMPANY INFORMATION

Company's Email Address

mhicorporate@macventures.com.ph

Company's Telephone Number/s

817-6791

Mobile Number

09989850229

No. of Stockholders

2,166

Annual Meeting
Month/Day

Last Friday of May

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. Rolando S. Santos

Email Address

rolly.santos@marcventures.com.ph

Telephone Number/s

817-6791

Mobile Number

09989850229

Contact Person's Address

No. 2 James St. Filinvest Homes, Marcos Highway, Antipolo City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Marcventures Holdings, Inc. and Subsidiary
Unit 16A, 16th Floor, Citibank Tower
Paseo de Roxas, Makati City

We have audited the accompanying consolidated financial statements of Marcventures Holdings, Inc. and Subsidiary which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, 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.

Auditor's 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 consolidated 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.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Marcventures Holdings, Inc. and Subsidiary, as at December 31, 2014 and 2013 and their financial performance and their cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards.

Other Matter

The consolidated statement of comprehensive income, changes in equity and cash flows of Marcventures Holdings, Inc. and Subsidiary for the year ended December 31, 2012 were audited by another auditor whose report dated April 11, 2013, expressed an unmodified opinion on those statements. The opinion of such auditor, however, did not include restatements discussed in Note 28 to the financial statements.

REYES TACANDONG & Co.

Belinda B. Fernando

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2015

SEC Accreditation No. 1022-AR-1 Group A

Valid until October 2, 2016

BIR Accreditation No. 08-005144-4-2013

Valid until November 26, 2016

PTR No. 4748325

Issued January 5, 2015, Makati City

March 20, 2015

Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2014	2013
ASSETS			
Current Assets			
Cash	6	₱614,134,346	₱303,487,214
Trade and other receivables	7	13,073,991	8,262,555
Inventories		170,374,619	80,981,120
Advances to a related party	21	60,985,516	667,640
Other current assets	8	49,204,323	35,553,360
Total Current Assets		907,772,795	428,951,889
Noncurrent Assets			
Property and equipment	9	514,558,741	356,064,467
Mining rights on explored resources	10	1,157,773,183	1,173,704,197
Mine and mining properties	10	867,786,012	713,559,812
Deferred tax assets	24	8,790,696	9,795,377
Other noncurrent assets	11	259,902,951	246,445,218
Total Noncurrent Assets		2,808,811,583	2,499,569,071
		₱3,716,584,378	₱2,928,520,960
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	14	₱100,666,400	₱1,347,619
Trade and other payables	12	465,827,238	127,096,634
Total Current Liabilities		566,493,638	128,444,253
Noncurrent Liabilities			
Retirement benefit liability	20	27,304,938	29,214,953
Provision for mine site rehabilitation and decommissioning	13	43,798,134	1,628,000
Total Noncurrent Liabilities		71,103,072	30,842,953
Equity			
Capital stock	15	1,821,358,599	1,821,358,600
Additional paid-in capital		212,655,494	212,655,493
Retained earnings		1,030,073,433	735,219,661
Remeasurement gain on retirement liability	20	14,900,142	-
Total Equity		3,078,987,668	2,769,233,754
		₱3,716,584,378	₱2,928,520,960

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31		
	Note	2014	2013	2012
REVENUE	16	₱2,526,963,186	₱2,516,601,260	₱697,491,039
COST OF GOODS SOLD	17	1,404,921,526	1,259,008,828	499,743,107
GROSS INCOME		1,122,041,660	1,257,592,432	197,747,932
OPERATING EXPENSES	18	306,993,513	201,522,364	68,292,797
INCOME FROM OPERATIONS		815,048,147	1,056,070,068	129,455,135
INTEREST EXPENSE	14	(877,027)	(41,175,616)	(25,833,206)
INTEREST INCOME	6	1,013,040	1,406,471	325,502
OTHER INCOME	19	23,196,098	47,811	9,759,934
INCOME BEFORE INCOME TAX		838,380,258	1,016,348,734	113,707,365
PROVISION FOR (BENEFIT FROM) INCOME TAX	24	(2,881,094)	(1,519,155)	(859,128)
NET INCOME		841,261,352	1,017,867,889	114,566,493
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss</i>				
Remeasurements of net retirement liability	20	14,900,142	(14,523,539)	–
TOTAL COMPREHENSIVE INCOME		₱856,161,494	₱1,003,344,350	₱114,566,493
Basic earnings per share	25	₱0.46	₱0.58	₱0.07
Diluted earnings per share	25	₱0.46	₱0.58	₱0.06

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31				
	Note	2014	2013	2012
CAPITAL STOCK				
	15			
Balance at beginning of year		₱1,821,358,599	₱1,735,676,781	₱1,721,460,874
Conversion of private placements		–	68,090,909	8,009,089
Exercise of underlying warrants		–	17,590,909	6,206,818
Balance at end of year		1,821,358,599	1,821,358,599	1,735,676,781
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		212,655,494	109,837,312	92,778,223
Conversion of private placements		–	81,709,091	9,610,909
Exercise of underlying warrants		–	21,109,091	7,448,180
Balance at end of year		212,655,494	212,655,494	109,837,312
RETAINED EARNINGS				
Balance at beginning of year		735,219,661	278,282,891	163,716,398
Net income		841,261,352	1,017,867,889	114,566,493
Actuarial loss - net of deferred tax	20	–	(14,523,539)	–
Dividends declared	15	(546,407,580)	(546,407,580)	–
Balance at end of year		1,030,073,433	735,219,661	278,282,891
OTHER COMPREHENSIVE INCOME				
Balance at beginning of year		–	–	–
Actuarial loss (gain) - net of deferred tax	20	14,900,142	14,523,539	–
Reclassified to retained earnings		–	(14,523,539)	–
Balance at end of year		14,900,142	–	–
		₱3,078,987,668	₱2,769,233,754	₱2,123,796,984

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31				
	Note	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱838,380,258	₱1,016,348,734	₱113,707,365
Adjustments for:				
Depreciation	9	131,877,483	107,437,917	94,166,550
Depletion	10	44,140,938	93,230,600	43,376,780
Interest income	6	(1,013,040)	(1,406,471)	(325,502)
Interest expense	14	877,027	41,175,616	25,833,206
Operating income before working capital changes		1,014,262,666	1,256,786,396	276,758,399
Decrease (increase) in:				
Inventories		(89,393,499)	(66,082,829)	(122,015,413)
Advances to a related party		(60,317,876)	656,686	(1,306,971)
Other current assets		(13,650,963)	(693,821)	(12,350,501)
Trade and other receivables		(4,811,436)	3,724,731	10,086,179
Increase (decrease) in:				
Trade and other payables		338,730,603	(50,823,548)	239,471
Advances from related parties		–	(121,022,685)	22,231,288
Retirement Liability		19,375,923	4,487,881	1,768,238
Net cash generated from operations		1,204,195,418	1,027,032,811	175,410,690
Interest received		1,013,040	1,406,471	325,502
Income tax paid		(2,500,000)	–	–
Net cash provided by operating activities		1,202,708,458	1,028,439,282	175,736,192
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	9	(297,839,996)	(26,718,157)	(224,290,358)
Mine and mining properties	10	(132,796,751)	–	–
Other noncurrent assets		(13,457,733)	(98,901,296)	(46,998,273)
Cash used in investing activities		(444,094,480)	(125,619,453)	(271,288,631)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(546,407,580)	(546,407,580)	–
Availment of loans		99,958,754	–	–
Payments of:				
Loans		(639,993)	(63,576,967)	(43,282,838)
Interest		(877,027)	(41,175,616)	(25,833,206)
Proceeds from stock subscription		–	38,700,000	13,654,998
Net cash used in financing activities		(447,965,846)	(612,460,163)	(55,461,046)
NET INCREASE (DECREASE) IN CASH		310,648,132	290,359,666	(151,013,485)
CASH AT BEGINNING OF YEAR		303,487,214	13,127,548	164,141,033
CASH AT END OF YEAR		₱614,135,346	₱303,487,214	₱13,127,548
NONCASH FINANCIAL INFORMATION				
Reclassification from construction in progress to mine and mining properties	9	₱7,469,239	₱28,486,135	–

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Marcventures Holdings, Inc. (the Parent Company), singly and collectively with subsidiary, is referred herein as “the Company.”

The Parent Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 7, 1957. Its primary purpose is to acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own and use for investment or otherwise, and to transfer any and all properties of every kind and description and wherever situated to the extent permitted by law provided it shall not engage in the business of an open-end or close-end investment company as defined in the Investment Company Act (Republic Act 2629), or act as a securities broker or dealer.

On August 7, 2007, the SEC approved the extension of the corporate life of the Parent Company.

The Parent Company’s shares of stock were initially listed in the Philippine Stock Exchange (PSE) on January 10, 1958. As at December 31, 2014 and 2013, 1,821,358,599 shares of the Parent Company’s shares of stock are listed in the PSE.

The Parent Company owns 100% interest in Marcventures Mining and Development Corporation (MMDC), a company incorporated in the Philippines.

MMDC has been granted by the Philippine Department of Environment and Natural Resources (DENR) a Mineral Production Sharing Agreement (MPSA) covering an area of approximately 4,799 hectares located in Cantilan, Surigao Del Sur.

Originally, the MPSA was granted to Ventura Timber Corporation (VTC). In January 1995, VTC executed a deed of assignment (Deed) to transfer to MMDC all its rights and interest in and title to the MPSA. On January 15, 2008, the Deed was approved by the Mines and Geosciences Bureau (MGB).

On October 29, 2009, MMDC’s Declaration of Mining Feasibility was partially approved by the MGB because of certain limitations concerning the Environmental and Compliance Certificate (ECC), allowing MMDC to commence development and operation only within a 300-hectare area covered in the MPSA. On April 23, 2013, the ECC was amended. MMDC was granted authorization to develop and operate the whole 4,799-hectare area covered in the MPSA.

On July 19, 2010, MMDC was registered with the Board of Investments (BOI) in accordance with the provisions of the Omnibus Investments Code of 1987, as amended, as a New Producer of Nickel Laterite Ore. As a BOI registered entity, MMDC is entitled to an Income Tax Holiday (ITH) for four (4) years from July 2010 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration. On September 18, 2014, the BOI approved the extension of the ITH for another year.

On January 13, 2015, the SEC approved the change of registered office of the Parent Company from 16th floor Citibank Tower to 4th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City.

The consolidated financial statements as at and for the year ended December 31, 2014 were approved and authorized for issue by the Board of Directors (BOD) on March 20, 2015.

2. Basis of Preparation and Presentation, Statement of Compliance and Basis of Consolidation

Basis of Preparation and Presentation

The consolidated financial statements of the Company have been prepared on a historical cost basis. The consolidated financial statements are presented in Philippine Peso, which is the Company's functional currency. All values are in absolute amounts unless otherwise indicated.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the Philippine SEC, including Philippine SEC pronouncements. This financial reporting framework includes Philippine Accounting Standard (PAS) and Philippine Interpretations from the International Financial Reporting Interpretations Committee (IFRIC).

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary, MMDC, as at December 31, 2014 and 2013.

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 that such control ceases.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets, are eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.

3. Summary of Changes in PFRS

Adoption of New and Revised PFRS

The accounting policies adopted are consistent with those of the previous financial years, except for the adoption of the following new and amended PFRS and Philippine Interpretation from International Financial Reporting Interpretation Committee (IFRIC) which the Company adopted effective January 1, 2014:

- Amendment to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* – The amendment addresses inconsistencies in current practice when applying the offsetting criteria in PAS 32. The amendments clarify (1) the meaning of 'currently has a legally enforceable right of set-off'; and (2) that some gross settlement systems may be considered equivalent to net settlement.
- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 27, *Separate Financial Statements - Investment Entities* – These provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.
- Philippine Interpretation IFRIC 21, *Levies* – It clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

The adoption of the foregoing new and amended PFRS did not have any material effect on the Company's financial position or performance. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

New and Revised PFRS Not Yet Adopted

Relevant new and revised PFRS which are not yet effective for the period ended December 31, 2014 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after July 1, 2014:

- Amendment to PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation* – The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways: (a) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses; or (b) the accumulated depreciation is eliminated against the gross carrying amount of the asset.
- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* – The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans.
- Amendments to PAS 24, *Related Party Disclosures - Key Management Personnel* – The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.
- Amendments to PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization* – The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways: (a) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses; or (b) the accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with PAS 38.

- Amendment to PAS 40, *Investment Property - Clarifying the Interrelationship between PFRS 3, Business Combination and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property* – The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination and investment property requires the separate application of PAS 40 and PFRS 3, *Business Combination*.
- Amendment to PFRS 1, *First-time Adoption of International Financial Reporting Standards - Meaning of Effective PFRSs* – This amendment clarifies the meaning of ‘each PFRS effective at the end of an entity’s first PFRS reporting period’ as used in PFRS 1. Consequently, if a first-time adopter chooses to early apply a new PFRS, that new PFRS will be applied throughout all the periods presented in its first PFRS financial statements on a retrospective basis, unless PFRS 1 provides an exemption or an exception that permits or requires otherwise.
- Amendment to PFRS 2, *Share-based Payment - Definition of Vesting Condition* – This amends the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for ‘performance condition’ and ‘service condition’ (which were previously part of the definition of ‘vesting condition’).
- Amendments to PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination and Scope Exceptions for Joint Ventures* – The amendments require that the contingent consideration that is classified as an asset or liability is measured at fair value at each reporting date and changes in fair value are recognized in profit or loss, including contingent considerations that are classified as financial instrument.

The amendments also clarifies that the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself is excluded in the scope of PFRS 3.

- Amendments to PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments’ Assets to the Entity’s Assets* – The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments’ assets to the entity’s assets if such amounts are regularly provided to the chief operating decision maker.
- Amendments to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception* – The amendments clarify that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

It also clarifies that the scope of the portfolio exception includes all contracts accounted for within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities.

Effective for annual periods beginning on or after January 1, 2016:

- PFRS 14, *Regulatory Deferral Accounts* – This standard specifies the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

Effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments: Classification and Measurement* – This standard establishes principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amount, timing and uncertainty of an entity's future cash flows.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the financial statements. Additional disclosures will be included in the financial statements, as applicable.

4. Summary of Significant Accounting and Reporting Policies

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

Fair Value Measurement

The Company uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial Assets and Liabilities

a. Recognition

Financial instruments are recognized in the consolidated statement of financial position when the Company becomes a party to the contractual provision of the instruments. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using trade date accounting. The initial measurement of the financial instruments, except for those classified at fair value through profit or loss (FVPL), includes transaction costs.

b. Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

As at December 31, 2014 and 2013, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and any transaction cost which are directly attributable in the acquisition of the financial instrument. The amortization is included in profit or loss.

This category includes cash in bank, trade and other receivables (excluding advances to officers and employees), advances to related parties and rental deposit.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

This category includes loans payable and trade and other payables (excluding statutory payables).

c. Derecognition

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

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

Where the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

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 the new liability, and the difference in the respective carrying amount is recognized in profit or loss.

d. Offsetting

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

e. Impairment of Financial Assets

Loans and Receivables. The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that 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 group of financial assets that can be reliably estimated. The carrying value of

the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

Inventories

Inventories, which consist of ore stockpile are physically measured or estimated and valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. Cost is determined using the moving average method.

Other Assets

Other current assets include expenses paid in advance and recorded as assets before these are utilized.

Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise these are classified as noncurrent assets.

Value Added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

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

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Other noncurrent assets" in the statements of financial position.

Property and Equipment

Property and equipment, except for land, are initially measured at cost less accumulated depreciation and impairment losses, if any. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Cost also includes any asset retirement obligation and capitalized interest on borrowed funds used in the case of a qualifying asset.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expense in the period in which these are incurred.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Building	5-20
Office equipment and furniture and fixture	2-5
Heavy and transportation equipment	4-10

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

Construction in-progress is included in property and equipment and stated at cost which includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time the relevant assets are ready for operational use.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Mine and Mining Properties

Upon start of commercial operations, mine development costs and deferred exploration costs are capitalized as part of mine and mining properties and presented as a separate line item in the consolidated statements of financial position. These costs are subject to depletion, which is computed using the units-of-production method based on proven and probable reserves, which is reviewed periodically to ensure that the estimated depletion is consistent with the expected pattern of economic benefits from the mine and mining properties.

Development costs, including the construction-in-progress incurred on an already operating mine area, are stated at cost and included as part of mine and mining properties. Such costs pertain to expenses incurred in sourcing new resources and converting these into reserves, which are not depleted or amortized until the development has been completed and become available for use.

Mining Rights on Explored Resources

Rights over mineral reserves, which are measured, indicated or inferred, are capitalized as part of mining rights on explored resources if the reserves are commercially producible and that geological data demonstrate with a specified degree of certainty that recovery in future years is probable.

Mining rights are subject to amortization or depletion from the commencement of production on a unit of production basis, based on proven and probable reserves. Costs used in the unit of production calculation comprise the net book value of capitalized costs plus the estimated future development costs. Changes in the estimates of mineral reserves or future development costs are accounted for prospectively.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that property and equipment, mine and mining properties and mining rights on explored resources may be impaired when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and if the carrying value exceeds the estimated recoverable amount, the asset or cash-generating unit is written down to its

recoverable amount, which is the greater of fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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 recoverable amount is estimated. 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. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Employee Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits.

Retirement Benefits. The Company has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment; and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit liability is the aggregate of the present value of the retirement liability. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Borrowing Costs

Borrowing costs directly attributable to the development, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the asset. Capitalization of borrowing costs commences when activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Borrowing costs consist of interest and other financing costs that the Company incurs in connection with the borrowing of funds.

All other borrowing costs are recognized and charged to profit or loss as incurred.

Capital Stock

Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital

Additional paid-in capital is the excess over par value of consideration received for the subscription and issuance of shares of stock.

Retained Earnings

Retained earnings represent the cumulative balance of all current and prior period operating results, less any cash, stock or property dividends declared in the current and prior periods.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is the fair value of the consideration received or receivable from gross inflow of economic benefits during the period arising from the course of the ordinary activities of the entity and it is shown net of taxes such as value added tax (if applicable), estimated returns, discounts and volume rebates. Revenue is recognized as follows:

Sale of ore. Sales are recognized upon delivery of goods to and acceptance by customers.

Reservation fee for ore allocation. Revenue is recognized when the grant of right to ore to be provided in the future is established.

Interest. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expenses Recognition

Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably. Cost and expenses are presented using the function of expense method.

Cost of Goods Sold. Cost of Goods Sold is recognized as expenses when the related goods are sold.

Operating Expenses. Operating expenses constitute cost of administering the business and costs incurred to sell and market goods and services. These are expensed as incurred.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

Company as Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. For income tax purposes, expenses under operating lease agreements are treated as deductible expense in accordance with the terms of the lease agreements.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. All differences are recognized in profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided 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. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax,

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

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 rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as other comprehensive income.

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

Related Parties

Parties are considered to be 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. Parties are also considered to be related if they are subject to common control or common significant influence.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, 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 a finance cost.

Provisions for Mine Rehabilitation and Decommissioning. The Company recognizes provisions when there is partial fulfillment of obligation to restore operating locations at the end of the reporting period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste site and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location.

Where applicable, the Company recognizes an asset under property and equipment related to the obligation arising from the mine rehabilitation and decommissioning. The cost of such asset corresponds to the present value of future cost of rehabilitation and decommissioning and depreciated over expected settlement of the obligation on a straight line basis. The estimated future costs of rehabilitation and decommissioning are reviewed annually and adjusted prospectively. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. Any amount deducted from the cost of asset shall not exceed its carrying amount. In case the decrease in the obligation exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

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 in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Earnings Per Share

Basic. Basic earnings per share is calculated by dividing the net income attributable to the ordinary stockholders of the Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares.

Diluted. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential dilutive common shares during the period.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting

The Company has only one operating segment which consists of mining exploration and development.

5. Significant Judgments, Accounting Estimates and Assumptions

PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

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

Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso, which is the currency of the primary economic environment in which the Company operates.

Operating Lease Commitment - Company as Lessee. The Company has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease (see Note 22).

Estimates

The key estimates 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 described below.

Estimating Allowance for Receivable Impairment. The Company maintains allowance for receivable impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customer, the customer's payment behavior and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

Trade and other receivables, net of allowance, amounted to ₱13.1 million and ₱8.3 million as at December 31, 2014 and 2013, respectively. Allowance for receivable impairment amounted to ₱11.0 million as at December 31, 2014 and 2013 (see Note 7).

Estimating Net Realizable Value of Inventories. The Company recognizes loss on inventories whenever net realizable values become lower than costs due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Net realizable value is reviewed on a monthly basis to reflect the accurate valuation in the financial records. The carrying value of inventories, which is measured at cost, amounted to ₱170.4 million and ₱81.0 million as at December 31, 2014 and 2013, respectively.

Estimating the Realizability of Input VAT. The Company assesses the realizability of input VAT based on its ability to utilize the asset. The assessment is made on a continuing basis year on year. The carrying value of input VAT, which is included as part of "Other noncurrent assets" in the consolidated statements of financial position, amounted to ₱253.1 million and ₱240.0 million as at December 31, 2014 and 2013, respectively (see Note 11).

Estimating Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

There is no change in estimated useful lives of property and equipment in 2014 and 2013. Property and equipment, net of accumulated depreciation, amounted to ₱514.6 million and ₱356.1 million as at December 31, 2014 and 2013, respectively (see Note 9).

Estimating Depletion Rate and Recoverable Reserves. Depletion rates used to amortize mine and mining properties and mining rights on explored resources are assessed on an annual basis based on the results of latest estimate of recoverable reserves, which is subject to future revisions. Recoverable reserves and resource estimates for development project are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cost based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven 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. The Company's reserves are estimated based on local regulatory guidelines provided under the Philippine Mineral Reporting Code and duly reviewed and verified by a competent person.

Mine and mining properties, net of accumulated depletion, amounted to ₱867.8 million and ₱713.6 million as at December 31, 2014 and 2013, respectively (see Note 10).

Mining rights on explored resources, net of accumulated depletion, amounted to ₱1,157.8 million and ₱1,173.7 million as at December 31, 2014 and 2013, respectively (see Note 10).

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

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

No impairment loss was recognized in 2014 and 2013.

Estimating Provision for Mine Rehabilitation and Decommissioning. The obligation to rehabilitate and decommission a mine generally arises when the ground/environment is disturbed at the production location. The amount of provision depends on the completeness of rehabilitation and decommissioning activities performed by the Company during and immediately after every mining operation. Changes in rehabilitation and decommissioning costs are recognized as additions or charges to the corresponding provision when these occur.

Provision for mine site rehabilitation and decommissioning amounted ₱43.8 million and ₱1.6 million as at December 31, 2014 and 2013, respectively (see Note 13).

Estimating Asset Retirement Obligation. The Company recognizes provision for its obligation to decommission and rehabilitate mine sites at the end its MPSA. The provision represents the best estimate of the expenditures required to settle the present obligation at the current reporting date.

While the Company has made its best estimate in establishing the decommissioning and rehabilitation provision, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning and rehabilitation activities, the ultimate provision requirements could either increase or decrease significantly from the Company's current estimates. Changes in decommissioning and rehabilitation obligation that result from a change in the current best estimate of cash flows required to settle the obligation or a change in the discount rate are added to or deducted from the amount of asset recognized.

Mine rehabilitation asset, recognized under mine and mining properties, amounted to ₱42.2 million and nil as at December 31, 2014 and 2013, respectively (see Note 10).

Provision for mine site rehabilitation and decommissioning amounted ₱43.8 million and ₱1.6 million as at December 31, 2014 and 2013, respectively (see Note 13).

Estimating Retirement Benefit Liability. The determination of the Company's retirement obligation and costs is dependent on the selection by management of assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate.

Actual results that differ from the Company's assumptions are recorded as addition to or deduction from retirement benefit liability and recognized in profit or loss or other comprehensive income. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of the retirement obligation estimated as at reporting date may differ significantly from the amount reported.

Retirement benefit liability amounted to ₱27.3 million and ₱29.2 million as at December 31, 2014 and 2013, respectively. (see Note 20).

6. Cash

This account consists of:

	2014	2013
Cash in banks	₱614,001,323	₱303,334,740
Cash on hand	133,023	152,474
	₱614,134,346	₱303,487,214

Cash in banks earn interest at the respective bank deposit rates. Interest income from cash in banks amounted to ₱1.0 million, ₱1.4 million and ₱0.3 million in 2014, 2013 and 2012, respectively.

7. Trade and Other Receivables

This account consists of:

	2014	2013
Trade receivables	₱1,885,786	₱6,922,453
Advances to officers and employees	14,204,887	5,155,823
Others	8,019,845	7,220,806
	24,110,518	19,299,082
Allowance for impairment	(11,036,527)	(11,036,527)
	₱13,073,991	₱8,262,555

Trade receivables are usually due within 30 days and are noninterest-bearing.

Advances to employees are unsecured, noninterest-bearing and subject to liquidation within one year.

Others primarily pertain to advances to former related parties which are fully provided with allowance.

Movements of allowance for impairment in 2014 and 2013 are as follows:

	Trade receivables	Advances to employees	Others	Total
Balance at January 1, 2013	₱-	₱1,671,863	₱5,074,680	₱6,746,543
Impairment	1,885,785	605,605	1,798,594	4,289,984
Balance at December 31, 2013	1,885,785	2,277,468	6,873,274	11,036,527
Impairment	-	-	-	-
Balance at December 31, 2014	₱1,885,785	₱2,277,468	₱6,873,274	₱11,036,527

8. Other Current Assets

This account consists of:

	2014	2013
Mining and office supplies	₱24,400,769	₱32,658,100
Prepaid expenses	18,078,325	1,415,801
Advances to contractors and suppliers	5,414,359	879,459
Others	1,310,870	600,000
	₱49,204,323	₱35,553,360

Prepaid expenses pertain to insurance and rent.

9. Property and Equipment

Movements in this account are as follows:

	2014					Total
	Land	Building and improvements	Office equipment and furniture and fixture	Heavy and transportation equipment	Construction in-progress	
Cost						
Balance at beginning of year	₱29,646,649	₱18,876,757	₱37,530,399	₱516,419,485	₱11,624,194	₱614,097,484
Additions	17,432,095	94,281,895	10,578,232	160,683,608	14,864,166	297,839,996
Reclassification	–	–	–	–	(7,469,239)	(7,469,239)
Balance at end of year	47,078,744	113,158,652	48,108,631	677,103,093	19,019,121	904,468,241
Accumulated Depreciation						
Balance at beginning of year	–	5,606,897	24,197,510	228,227,610	–	258,032,017
Depreciation	–	11,674,150	5,871,790	114,331,543	–	131,877,483
Balance at end of year	–	17,281,047	30,069,300	342,559,153	–	389,909,500
Net carrying amount	₱47,078,744	₱95,877,605	₱18,039,331	₱334,543,940	₱19,019,121	₱514,558,741

	2013					Total
	Land	Building and improvements	Office equipment and furniture and fixture	Heavy and transportation equipment	Construction in-progress	
Cost						
Balance at beginning of year	₱26,697,157	₱15,995,088	₱35,409,505	₱499,323,838	₱38,438,874	₱615,864,462
Additions	2,949,492	1,058,314	2,120,894	17,095,647	3,493,810	26,718,157
Reclassification	–	1,823,355	–	–	(30,309,490)	(28,486,135)
Balance at end of year	29,646,649	18,876,757	37,530,399	516,419,485	11,623,194	614,096,484
Accumulated Depreciation						
Balance at beginning of year	–	2,525,981	15,397,118	132,671,001	–	150,594,100
Depreciation	–	3,080,916	8,800,392	95,556,609	–	107,437,917
Balance at end of year	–	5,606,897	24,197,510	228,227,610	–	258,032,017
Net carrying amount	₱29,646,649	₱13,269,860	₱13,332,889	₱288,191,875	₱11,623,194	₱356,064,467

Heavy and transportation equipment with carrying amount aggregating ₱1.0 million and ₱1.7 million as at December 31, 2014 and 2013, respectively, are used as security for a bank loan (see Note 14).

Depreciation expense was presented as part of the following:

	Note	2014	2013	2012
Cost of goods sold	17	₱113,861,206	₱98,726,212	₱87,616,704
Operating expenses	18	18,016,277	8,711,705	6,549,846
		₱131,877,483	₱107,437,917	₱94,166,550

10. Mine and Mining Properties and Mining Rights

Movements in mine and mining properties and mining rights on explored resources are as follows:

	2014			
	Mining rights on explored resources	Mine and mining properties		Total
		Mine development costs	Mine rehabilitation asset	
Cost				
Balance at beginning of year	₱1,294,766,157	₱783,040,505	₱-	₱2,077,806,662
Additions	-	140,265,990	42,170,134	182,436,124
Balance at end of year	1,294,766,157	923,306,495	42,170,134	2,260,242,786
Accumulated Depletion				
Balance at beginning of year	121,061,960	69,480,693	-	190,542,653
Depletion	15,931,014	28,209,924	-	44,140,938
Balance at end of year	136,992,974	97,690,617	-	234,683,591
Net carrying amount,	₱1,157,773,183	₱825,615,878	₱42,170,134	₱2,025,559,195

	2013		
	Mining rights on explored resources	Mine and mining properties	Total
Cost			
Balance at beginning of year	₱1,294,766,157	₱754,555,370	₱2,049,321,527
Additions	-	28,485,135	28,485,135
Balance at end of year	1,294,766,157	783,040,505	2,077,806,662
Accumulated Depletion			
Balance at beginning of year	53,718,729	43,593,324	97,312,053
Depletion	67,343,231	25,887,369	93,230,600
Balance at end of year	121,061,960	69,480,693	190,542,653
Net carrying amount	₱1,173,704,197	₱713,559,812	₱1,887,264,009

Mining rights on explored resources represent the excess of the fair value of shares issued by the Company over the book value of the net assets of MMDC when the Company acquired 100% ownership in MMDC.

A third party was commissioned for a fairness opinion on the fair and reasonable value of MMDC, primarily in the explored mineral resources covered in MMDC's MPSA. The assumptions used on the valuation, which was approved by the SEC, include, among others, discount rate of 25% and a constant nickel price of US\$11,000 per metric ton over a ten-year projection period.

In 2014, additions to mine and mining properties primarily represent development costs of mine in Cabangahan area. In 2013, additions include reclassifications from construction-in-progress under property and equipment.

11. Other Noncurrent Assets

This account consists of:

	2014	2013
Input VAT	₱253,062,540	₱240,046,106
Rehabilitation cash fund (RCF)	5,294,620	5,258,606
Rental deposit	1,146,204	841,486
Monitoring trust fund (MTF)	161,632	161,065
Others	237,955	137,955
	₱259,902,951	₱246,445,218

RCF is reserved as part of the Company's compliance with the approved rehabilitation activities and schedules for specific mining project phase, including research programs as defined in the Environmental Protection and Enhancement Program (EPEP).

MTF is exclusively used in activities approved by the Mine Rehabilitation Fund Committee.

12. Trade and Other Payables

This account consists of:

	2014	2013
Trade payables	₱96,591,391	₱27,467,900
Dividend payable	255,809,371	2,443,861
Advances from customers	40,426,805	44,512,593
Accrued expenses		
Excise tax and other statutory payable	62,591,020	42,715,794
Salaries and wages	5,879	1,711,225
Others	1,059,493	1,968
Others	9,343,279	8,243,293
	₱465,827,238	₱127,096,634

Trade payables primarily consist of liabilities arising from transactions with contractors related to the normal course of business. These are noninterest-bearing and are generally on a 90-day credit term.

Advances from customers represent preliminary collections related to the sale and shipment of nickel ores.

Others pertain to advances from a former related party and utilities.

13. Provision for Mine Site Rehabilitation

The movements in this account are as follows:

	2014	2013
Balance at beginning of year	₱1,628,000	₱1,628,000
Addition	42,170,134	–
	₱43,798,134	₱1,628,000

A provision is recognized by the Company for the estimated rehabilitation costs of MMDC's mine site upon termination of the MPSA, which is 25 years. The provision is calculated by the Company's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 4.53% as the effective interest rate.

14. Loans Payable

Bank Loan

In December 2014, the Company obtained a short-term loan from a local bank amounting to ₱100.0 million with an annual interest of 5.5% to be repriced every month and maturing on January 16, 2015. Proceeds were used by the Company to meet working capital requirements, in particular, to finance the build-up of inventory. The loan is secured by the interests and rights on 647,692 shares of stocks of the Parent Company.

In 2013, the loan of the Company from UCPB of ₱1.5 million was used for working capital requirements and for the purchase of transportation equipment. The loan, which bears an annual interest rate of 11.81%, is secured by a heavy and transportation equipment (see Note 9). As at December 31, 2014 and 2013, the carrying value of this loan amounted to ₱0.7 million and ₱1.3 million, respectively.

Interest expense amounted to ₱0.9 million, ₱41.2 million and ₱25.8 million in 2014, 2013 and 2012, respectively.

15. Equity

Capital Stock

Movements in the Company's shares of capital stock consist of the following:

	Note	2014	2013
Authorized number of shares - ₱1 par value		2,000,000,000	2,000,000,000
Issued:			
Balance at beginning of year		1,821,358,599	1,735,676,781
Issuance			–
Conversion of notes payable	14	–	68,090,909
Exercise of warrants	14	–	17,590,909
		1,821,358,599	1,821,358,599

Convertible notes were issued in 2011 giving creditors then the option to convert all or portion of this loan balance into shares of the Parent Company's stock at a price of ₱2.20 per share. When a loan is converted, the creditor is entitled to a warrant to subscribe to one share of the Parent Company's stock for every four converted shares at a price of ₱2.20 per share.

In 2012, ₱17.6 million of the convertible notes were converted into the Parent Company's shares of stock. Warrants were exercised that resulted to the additional subscription to 6,206,818 shares of the Company's stock, which have been fully paid and issued as at December 31, 2013. Conversion of the notes was approved by the SEC in 2012.

In 2013, all the remaining convertible notes aggregating ₱149.8 million were converted into 68,090,909 shares of the Parent Company's shares of stock. Moreover, all remaining warrants were exercised that resulted to the additional subscription to 17,590,909 shares of the Company's stock, which have been fully paid and issued as at December 31, 2013. Conversion of the notes was approved by the SEC in 2013.

Retained Earnings

Cash dividends declared and paid by the Company are as follows:

Date Approved	Per Share	Total Amount (In Thousands)	Stockholders of Record Date	Payment Date
November 12, 2013	₱0.30	₱546,407,580	November 26, 2013	December 18, 2013
September 19, 2014	0.15	273,203,790	October 1, 2014	October 22, 2014
November 14, 2014	0.15	273,203,790	December 19, 2014	January 16, 2015

16. Revenue

This account consists of:

	2014	2013	2012
Sale of ore	₱2,415,263,186	₱2,516,601,260	₱697,491,039
Reservation fee for ore allocation	111,700,000	—	—
	₱2,526,963,186	₱2,516,601,260	₱697,491,039

17. Cost of Goods Sold

This account consists of:

	Note	2014	2013	2012
Contractual services		837,267,603	783,585,098	283,354,395
Production overhead		213,707,059	142,875,936	75,623,248
Personnel costs		170,985,668	119,795,784	94,491,308
Depreciation	9	113,861,206	98,726,212	87,616,704
Demurrage costs		66,047,287	35,845,841	421,602
Excise tax		48,305,264	51,032,185	17,735,149
Depletion	10	44,140,938	93,230,600	43,376,780
Net movement in inventory		(89,393,499)	(66,082,828)	(102,876,079)
		₱1,404,921,526	₱1,259,008,828	₱499,743,107

Contractual services pertain to activities directly related to mining. The services include, among others, mine extraction, loading, hauling, barging, and stevedoring.

Excise tax represents the Philippine Government's share on mineral production as defined under MMDC's MPSA. The MPSA also provides that any term favorable to the contractor resulting from the enactment of a new law shall inure to the benefit of the contractor and such law shall be considered part of the MPSA.

On March 3, 1995, Republic Act No. 7942 (RA 7942) or the Mining Act of 1995 was passed and enacted into law. Section 80 of RA 7942 prescribes that the total government share in an MPSA shall be the excise tax of 2.0% on gross revenue on mineral products.

18. Operating expenses

This account consists of:

	Note	2014	2013	2012
Salaries and allowances		₱107,342,308	₱49,294,650	₱9,195,954
Professional fees		31,982,689	7,922,246	1,526,935
Royalties	23	25,360,264	26,791,897	6,974,910
Donations		23,734,697	25,759,772	2,501,434
Social development program		19,831,654	7,307,769	1,381,513
Retirement benefit expense	20	19,375,901	4,808,046	1,768,238
Depreciation	9	18,016,277	8,711,705	6,549,846
Freight and shipping		12,619,434	16,654,531	3,707,599
Taxes and licenses		11,026,788	6,010,237	4,858,234
Representation		6,865,219	18,111,649	10,126,225
Advertisement		6,573,943	153,020	1,181,504
Communication, light and water		4,992,049	951,418	824,897
Office supplies		4,558,078	3,296,626	2,854,986
Outside services		4,043,996	2,366,704	932,563
Dues and subscriptions		2,646,254	—	—
Rental	22	2,483,664	2,790,767	2,586,054
Moisture penalty		—	8,608,233	10,495,035
Provision for probable losses		—	4,289,984	—
Others		5,540,298	7,693,110	826,870
		₱306,993,513	₱201,522,364	₱68,292,797

19. Other Income (Charges)

This account consists of:

	2014	2013	2012
Foreign exchange gain	₱22,874,060	₱47,811	₱10,989,235
Provision for mine site rehabilitation	—	—	(1,628,000)
Gain on sale of property and equipment	—	—	395,998
Others	322,038	—	2,701
	₱23,196,098	₱47,811	₱9,759,934

20. Retirement Benefits

The Company has an unfunded, noncontributory defined benefit plan covering all its regular full-time employees.

The components of retirement benefit expense presented under "Operating expenses" account in profit or loss are as follows:

	2014	2013
Current service cost	₱17,917,358	₱4,583,595
Net interest cost	1,458,543	224,451
	₱19,375,901	₱4,808,046

The retirement benefit liability recognized in the consolidated statement of financial position as at December 31, 2014 and 2013 and changes in the present value of defined benefit obligation are as follows:

	2014	2013
Balance at beginning of year	₱29,214,953	₱3,979,159
Current service cost	17,917,358	4,583,595
Interest cost	1,458,543	224,451
Net actuarial gain/losses	(21,285,916)	20,747,913
Retirement benefits paid	-	(320,165)
Balance at end of year	₱27,304,938	₱29,214,953

The principal actuarial assumptions used to determine retirement benefit for 2014 and 2013 are as follows:

	2014	2013
Discount rates	4.68%	3.70% to 5.04%
Salary increase rates	5.00%	10.00%

Sensitivity analysis on defined benefit obligation as at December 31, 2014 is as follows:

	Change in basis points	Effect on defined benefit liability
Discount rate	+100	(₱3,937,381)
	-100	4,970,880
Salary increase rate	+100	4,624,730
	-100	(3,763,511)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged.

The changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed more responsible.

The expected future benefit payments follow:

Financial Year	Amount
2015	₱5,771,210
2016	186,261
2017	525,630
2018	3,201,439
2019	29,453,915
2053	1,156,965,461

Weighted average duration of the defined benefit obligation is 11 years.

21. Related Party Transactions

Significant transactions with related parties include the following:

Related Parties	Transaction Amounts		Outstanding Balances		Nature and Terms	Conditions
	2014	2013	2014	2013		
Advances to a related party:						
Carac-an Development Corp. (CDC)	₱62,472,337	₱620,809	₱60,985,516	₱667,640	Working fund; unsecured; non-interest bearing; settled on demand	None

CDC is a company under common management.

Compensation of key management personnel of the Company consists of short-term benefits amounting to ₱73.8 million, ₱54.2 million and ₱12.9 million in 2014, 2013 and 2012, respectively.

22. Lease Commitments

The Company leases an office space for its operations. The lease is for a period of five (5) years. The minimum lease payments under operating lease amounted to nil and ₱0.4 million in 2014 and 2013, respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating lease that fall due as follows:

	2014	2013
Within 1 year	₱276,000	₱855,123
More than 1 year but within 5 years	115,000	391,000
	₱391,000	₱1,246,123

The rental expense amounted to ₱2.5 million, ₱2.8 million, and ₱2.6 million in 2014, 2013, and 2012, respectively.

23. Significant Contract

Royalty Agreement

In July 2008, the Company entered into a memorandum of agreement with the Indigenous Cultural Communities/Indigenous People (ICC/IP) and National Commission on Indigenous People (NCIP) whereby royalties equivalent to a certain percentage of gross revenue shall be paid to the ICC/IP.

Royalty payable to ICC/IP amounted to ₱3.7 million in 2014 and ₱33,153 in 2013. Royalty expense amounted to ₱25.4 million, ₱26.8 million and ₱7.0 million in 2014, 2013 and 2012, respectively (see Note 18).

24. Income Taxes

As discussed in Note 1, MMDC is registered with the BOI in accordance with the provisions of the Omnibus Investments Code of 1987, as amended, as a New Producer of Nickel Laterite Ore and enjoys ITH for a period of four years until June 2014. In 2014, the BOI approved the extension of the ITH for another year.

The reconciliation of income before tax computed at the statutory income tax rate to the provision for income tax is as follows:

	2014	2013	2012
Income tax at statutory rate	₱251,514,077	₱304,904,620	₱34,112,210
Add (deduct) income tax effects of:			
Nondeductible interest expense	125,364	174,051	40,281
Movement in unrecognized deferred tax assets	7,356,515	(5,743,505)	(28,030,132)
Interest income subjected to final tax	(303,912)	(421,941)	(97,651)
Income covered by ITH	(261,573,138)	(300,432,380)	(6,883,836)
	(₱2,881,094)	(₱1,519,155)	(₱859,128)

The Company's deferred tax assets arising from temporary differences as at December 31, 2014 and 2013 are summarized as follows:

	2014	2013
Retirement liability	₱7,448,806	₱8,453,487
Allowance for receivable impairment	1,341,890	1,341,890
	₱8,790,696	₱9,795,377

Details of unrecognized deferred tax assets are as follows:

	2014	2013
NOLCO	₱20,176,049	₱34,618,941
Retirement liability	6,866,444	2,280,067
MCIT	2,500,000	-
	₱29,542,493	₱36,899,008

Details of NOLCO of the Parent Company are as follows:

Year incurred	Expiry date	Amount	Applied	Expired	Balance
2014	2017	₱-	₱-	₱-	₱-
2013	2016	57,410,040	-	-	57,410,040
2012	2015	34,794,610	(24,897,589)	-	9,843,457
2011	2014	23,191,820	(23,191,820)	-	-
		₱115,396,470	(₱48,089,409)	₱-	₱67,253,497

The Company's MCIT was incurred in 2014 and can be utilized until 2017.

These deferred tax assets were not recognized because management believes that there will be no future taxable income against which the deferred tax asset may be applied.

25. Earnings Per Share

Earnings per share is calculated by dividing the net income attributable to stockholders of the Company by the weighted average number of ordinary shares issued during the year. Earnings per share in 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Net income shown in the statements of comprehensive income (a)	₱842,799,564	₱1,017,867,889	₱114,566,493
Weighted average number of common shares (b)	1,821,358,599	1,750,894,584	1,735,676,782
Effect of dilution from conversion options and warrants	-	-	85,113,636
Weighted average number of common shares adjusted for the effect of dilution (c)	1,821,358,599	1,750,894,584	1,820,790,418
Basic earnings per share (a/b)	₱0.46	₱0.58	₱0.07
Diluted earnings per share (a/c)	₱0.46	₱0.58	₱0.06

26. Financial Risk Management Objectives and Policies

General

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and loans payable. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as trade and other receivables, trade and other payables and related party receivables and payables, which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk, liquidity risk, currency risk and market risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Foreign Currency Risk. The Company's foreign exchange risk results primarily from movements of the Philippine peso against the US dollar with respect to US dollar-denominated financial assets.

The Company's transactional currency exposures arise from its trade receivables and advances from customers which are denominated in currencies other than the Company's functional currency. The Company periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk.

The following table shows the Company's US dollar-denominated monetary financial assets and liabilities and their Philippine Peso equivalent as at December 31, 2014 and 2013:

	2014		2013	
	Philippine Peso	US Dollar	Philippine Peso	US Dollar
Current financial assets:				
Cash in banks	₱192,887,556	\$4,313,228	₱55,924,730	\$1,259,566
Trade receivables	–	–	5,037,224	113,451
	192,887,556	4,313,228	60,961,954	1,373,017
Current financial liabilities:				
Advances from customers	40,426,805	903,998	44,517,616	1,002,649
Net financial asset	₱152,460,751	\$3,409,230	₱16,444,338	\$370,368

For purposes of restating the outstanding balances of the Company's foreign currency-denominated financial assets and liabilities as at December 31, 2014 and 2013, the exchange rate applied was ₱44.72 and ₱44.40 per US\$1, respectively.

The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's income before tax for the years ended December 31, 2014 and 2013 (due to changes in the fair value of financial assets and liabilities). There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2014	+0.57	₱51,826
	-0.57	(51,826)
December 31, 2013	+1.35	(₱499,997)
	-1.35	499,997

Credit Risk. Credit risk arising from the inability of counterparty to meet the terms of the Company's financial instrument is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligation of the Company. With respect to credit risk arising from the other financial assets of the Company, which comprise cash in banks, trade and other receivables and advances to a related party, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade and other receivables balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The tables below show the credit quality per class of financial assets and an aging analysis of financial assets that are past due but not impaired as at December 31, 2014 and 2013.

Credit Quality per Class of Financial Assets

December 31, 2014						
	Neither Past Due nor Impaired			Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Cash in banks	₱614,001,323	₱-	₱-	₱-	₱-	₱614,001,323
Trade and other receivables*	-	1,146,572	-	-	8,759,059	9,905,631
Advances to a related party	-	60,985,516	-	-	-	60,985,516
	₱614,001,323	₱62,132,088	₱-	₱-	₱8,759,059	₱684,892,470

*Excluding advances to officers and employees amounting to ₱14.2 million in 2014.

December 31, 2013						
	Neither Past Due nor Impaired			Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Cash in banks	₱303,334,740	₱-	₱-	₱-	₱-	₱303,334,740
Trade and other receivables*	5,036,668	347,532	-	-	8,759,059	14,143,259
Advances to a related party	-	667,640	-	-	-	667,640
	₱308,371,408	₱1,015,172	₱-	₱-	₱8,759,059	₱318,145,639

*Excluding advances to officers and employees amounting to ₱5.2 million in 2013.

The credit quality of the financial assets is managed by the Company using internal credit quality ratings. High grade accounts consist of receivable from debtors with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts. Receivables that are still collectible but require persistent effort from the Company to collect are considered substandard grade accounts.

Cash in banks are classified as high grade since these are deposited in reputable banks having good credit rating and low probability of insolvency.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows on the fair values of financial instruments. The Company follows a prudent policy on managing its assets or liabilities so as to ensure that exposures to fluctuations in interest rate are kept within acceptable limits.

Short-term loan is exposed to changes in market interest rates since the loans are subject to variable interest rates.

The table below set forth the estimated change in the Company's income before tax to a reasonably possible change in the market prices of loans payable brought about by reasonably possible change in interest rates as at December 31, 2014.

	Increase/Decrease in Interest Rate	Effect on Income before Tax
December 31, 2014	+0.09%	₱320,548
	-0.09%	(320,548)

Liquidity Risk. The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, including debt principal and interest payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies.

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2014 and 2013, based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.

	On Demand	Less than 3 months	3 to 6 Months	6 to 12 months	More than 1 year	Total
December 31, 2014						
Trade and other payables*	₱35,999,095	₱293,941,129	₱5,763,906	₱17,481,137	₱9,624,147	₱362,809,414
Loans payable	100,000,000	124,950	124,950	249,900	166,600	100,666,400
	₱135,999,095	₱294,066,079	₱5,888,856	₱17,731,037	₱9,790,747	₱463,475,814
December 31, 2013						
Trade and other payables*	₱-	₱13,589,139	₱-	₱-	₱26,279,108	₱39,868,247
Loans payable	-	-	-	1,347,619	-	1,347,619
	₱-	₱13,589,139	₱-	₱1,347,619	₱26,279,108	₱41,215,866

*Excluding statutory payables and advances from customers amounting to ₱103.0 million in 2014 and ₱87.2 million in 2013.

Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidated sale.

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the consolidated financial statements:

	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables:				
Cash in banks	₱614,001,323	₱614,001,323	₱303,334,740	₱303,334,740
Trade and other receivables	8,623,036	8,623,036	13,553,206	13,553,206
Advances to a related party	60,985,516	60,985,516	667,640	667,640
Rental deposits	1,146,204	1,146,204	841,486	841,486
	₱684,756,079	₱684,756,079	₱318,397,072	₱318,397,072
Other financial liabilities:				
Trade and other payables	362,809,414	362,809,414	39,868,247	39,868,247
Loans payable	100,666,400	100,666,400	1,347,619	1,347,619
	₱463,475,814	₱463,475,814	₱41,215,866	₱41,215,866

*Excluding statutory payables and advances from customers amounting to ₱103.0 million in 2014 and ₱87.2 million in 2013.

Cash, Trade and other receivables, Advances to a related party and Trade and other payables. Due to the short-term nature of transactions, the fair values approximate the amount of consideration at reporting period.

Loans payable. The fair value approximates carrying value because the effective interest rate is comparable to prevailing market rates.

Rental Deposits. The fair value of rental deposit has not been determined using observable market data because management believes that the difference between fair value and carrying amount would not be significant.

27. Capital Management Objectives, Policies and Procedures

Capital Management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or by conversion of related party advances to an equity component item.

The Company monitors its capital using the debt to equity ratio, which is the total debt divided by the total equity. The Company includes total liabilities within the total debt. Equity includes capital stock, additional paid-in capital, retained earnings, and other comprehensive income.

	2014	2013
Total debt	637,596,710	159,287,206
Total equity	3,078,987,678	2,769,233,754
Debt-to-equity ratio	0.21	0.06

28. Prior Period Adjustments

The beginning balances of retained earnings and depletion expense in 2012 were adjusted to reflect the recognition of depletion related to the Company's mining rights on explored resources. Impact on beginning retained earnings in 2012 is a decrease of ₱30.8 million while depletion expense for the year increased by ₱22.9 million.



REYES TACANDONG & Co.
FIRM PRINCIPLES. WISE SOLUTIONS.

26th Floor Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
www.reyestacandong.com
Phone: +632 982 9100
Fax : +632 982 9111
BOA/PRC Accreditation No. 4782
November 12, 2012, valid until December 31, 2015
SEC Accreditation No. 0207-FR-1 (Group A)
September 6, 2013, valid until September 5, 2016

**REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
Marcventures Holdings Inc. and Subsidiary
Unit 16A, 16th Floor, Citibank Tower
Paseo de Roxas, Makati City

We have audited the accompanying consolidated financial statements of Marcventures Holdings, Inc. (the Company) and Subsidiary as at and for the year ended December 31, 2014, on which we have rendered our report dated March 20, 2015.

In compliance with Securities Regulations Code Rule 68, as amended, we are stating that the Company has 938 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2015

SEC Accreditation No. 1022-AR-1 Group A

Valid until October 2, 2016

BIR Accreditation No. 08-005144-4-2013

Valid until November 26, 2016

PTR No. 4748325

Issued January 5, 2015, Makati City

March 20, 2015

Makati City, Metro Manila



REYES TACANDONG & Co.

FIRM PRINCIPLES. WISE SOLUTIONS.

26th Floor Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
www.reyestacandong.com
Phone: +632 982 9100
Fax : +632 982 9111
BOA/PRC Accreditation No. 4782
November 12, 2012, valid until December 31, 2015
SEC Accreditation No. 0207-FR-1 (Group A)
September 6, 2013, valid until September 5, 2016

REPORT OF INDEPENDENT AUDITOR ON SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND SCHEDULE OF PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

The Stockholders and the Board of Directors
Marcventures Holdings, Inc. and Subsidiary
Unit 16A, 16th Floor, Citibank Tower
Paseo de Roxas, Makati City

We have audited in accordance with Philippines Standards on Auditing, the financial statements of Marcventures Holdings, Inc. and Subsidiary (the Company) as at and for the year ended December 31, 2014 and have issued our report thereon dated March 20, 2015. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Adoption of Effective Accounting Standards and Interpretations and Schedule of Parent Company's Retained Earnings Available for Dividend Declaration are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, as amended, and are not part of the financial statements. This information has been subjected to the procedures applied in the audit of the financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2015

SEC Accreditation No. 1022-AR-1 Group A

Valid until October 2, 2016

BIR Accreditation No. 08-005144-4-2013

Valid until November 26, 2016

PTR No. 4748325

Issued January 5, 2015, Makati City

March 20, 2015

Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

**SUPPLEMENTARY SCHEDULE OF ADOPTION OF
EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2014**

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements	✓		
Conceptual Framework Phase A: Objectives and qualitative characteristics			
PFRSs Practice Statement Management Commentary			✓

Philippine Financial Reporting Standards (PFRSs)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendment to PFRS 1: Meaning of effective PFRSs			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities			✓
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and payables	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance – No Specific Relation to Operating Activities			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases – Incentives			✓
SIC-21	Income Taxes – Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue – Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets – Web Site Costs			✓

MARVENTURES HOLDINGS, INC. AND SUBSIDIARY

FINANCIAL RATIOS**DECEMBER 31, 2014**

Below is a schedule showing financial soundness indicators in the years 2014 and 2013.

	2014	2013
Current/Liquidity Ratio	1.61	3.34
Current assets	₱909,311,007	₱428,951,889
Current liabilities	566,493,638	128,444,253
Solvency Ratio	1.59	7.64
Income before income tax, depreciation, depletion and amortization	₱1,014,398,679	₱1,217,017,251
Total liabilities	637,596,710	159,287,206
Debt-to-equity Ratio	0.21	0.06
Total liabilities	₱637,596,710	₱159,287,206
Total equity	3,080,525,880	2,769,233,754
Asset-to-equity Ratio	1.21	1.06
Total assets	₱3,718,122,590	₱2,928,520,960
Total equity	3,080,525,880	2,769,233,754
Interest rate coverage Ratio	956.93	25.68
Pretax income before interest	₱839,257,285	₱1,057,524,349
Interest expense	877,027	41,175,616
Profitability Ratio	0.27	0.37
Net income	₱842,799,564	₱1,017,867,889
Total equity	3,080,525,880	2,769,233,754

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF PARENT COMPANY'S
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2014

	Amount
Unappropriated retained earnings available for dividend declaration at the beginning of year	₱725,424,284
Net income during the year closed to retained earnings	842,799,564
Add movements in the deferred tax assets*	1,004,681
Net income earned during the year	1,569,228,529
Less cash dividends	(546,407,580)
Total retained earnings available for dividend declaration at end of year	₱1,022,820,949

Reconciliation:

	Amount
Unappropriated retained earnings at beginning of year as shown in the financial statements	₱735,219,661
Less deferred tax assets at beginning of year*	(9,795,377)
Total unappropriated retained earnings available for dividend declaration at beginning of year	₱725,424,284

	Amount
Unappropriated retained earnings at end of year as shown in the financial statements	₱1,031,611,645
Less deferred tax assets at end of year*	(8,790,696)
Total unappropriated retained earnings available for dividend declaration at end of year	₱1,022,820,949

**excludes amount presented in other comprehensive income.*

MARVENTURES HOLDINGS, INC. AND SUBSIDIARY
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF SRC RULE 68 AS AMENDED
DECEMBER 31, 2014

Table of Contents

<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	<u>1</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>2</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>3</u>
D	Intangible Assets - Other Assets	<u>4</u>
E	Long-Term Debt	<u>5</u>
F	Indebtedness to Related Parties	<u>6</u>
G	Guarantees of Securities of Other Issuers	<u>7</u>
H	Capital Stock	<u>8</u>

Schedule A. Financial Assets
December 31, 2014

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end reporting period	Income received and accrued
--	---	---	--	-----------------------------

There are no Financial assets required to be disclosed that reach 5% or more of the total current assets.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
December 31, 2014

Name and designation of debtor	Balance of beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
<i>Related Parties</i>							
Carac- an Development Corp.	P667,640	P60,317,876	P-	P-	P60,985,516	P-	P60,985,516

Schedule C. Amounts Receivable from Related Parties Eliminated during the Consolidation of Financial Statements
December 31, 2014

Name of debtor	Balance of beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
Marcventures Mining and Development Corp.	₱260,945,021	₱23,459,770	₱-	₱-	₱-	₱284,404,791	₱284,404,791

Schedule D. Intangible asset
December 31, 2014

Description	Beginning Balance	Additions at cost	Charge to cost and expenses	Charge to other accounts	Other charges additions (deduction)	Ending balance
Mining rights on explored resources	₱1,173,704,197	₱-	₱15,931,014	₱-	₱-	₱1,157,773,183

Schedule E. Long term debt
December 31, 2014

Title of issue and type of obligation	Amount shown under caption "Current portion of long-term debt"	Amount shown under caption "Long-Term portion of long-term debt"
<i>Notes Payable</i> United Coconut Planters Bank	P666,400	P-

Schedule F. Indebtedness to Related Parties

December 31, 2014

Name of related party	Beginning Balance	Ending balance
-Not Applicable -		

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2014

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

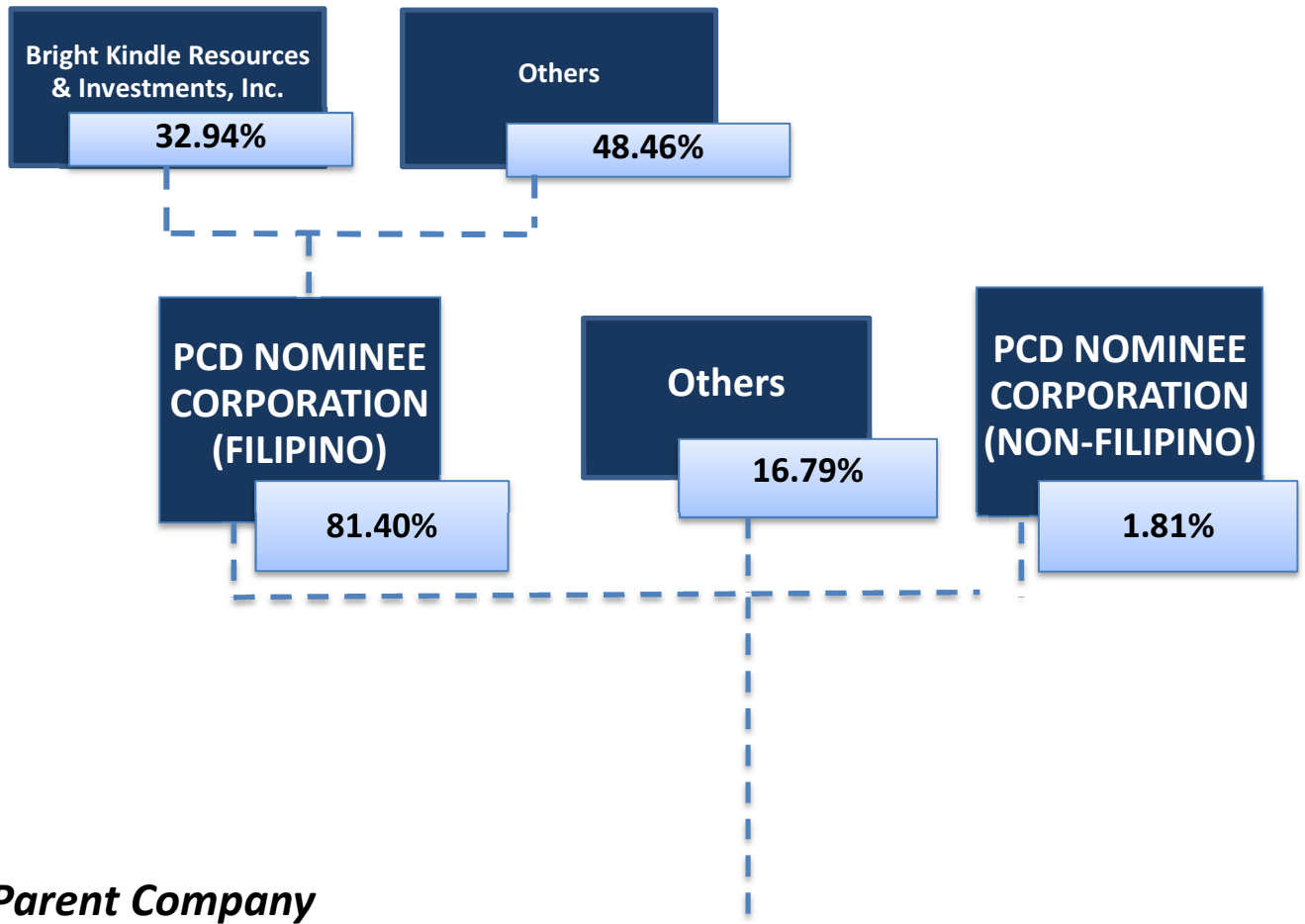
-Not Applicable -

Schedule H. *Capital Stock*

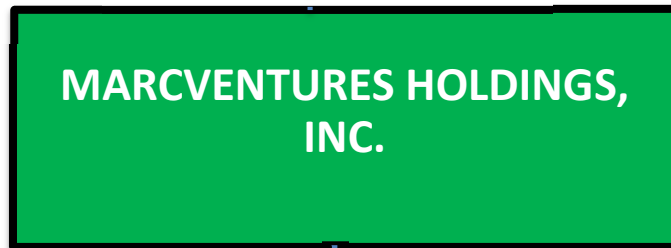
Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	No. Of shares held by related parties	Directors officers and employees	Others
<i>Common Stock</i>	2,000,000,000	1,821,358,599	-	-	11,278,002	1,810,080,597

CONGLOMERATE MAP

Stockholders



Parent Company



Subsidiary



COVER SHEET

1	2	9	4	2					
---	---	---	---	---	--	--	--	--	--

S.E.C Registration Number

M	A	R	C	V	E	N	T	U	R	E	S		H	O	L	D	I	N	G	S		I	N	C					
(f	o	r	m	e	r	l	y		A	J	O	N	E	T		H	O	L	D	I	N	G	S		I	N	C)

(Company's Full Name)

4	T	H		F	L	O	O	R																				
C	I	T	I	B	A	N	K		C	E	N	T	E	R														
P	A	S	E	O		D	E		R	O	X	A	S		M	A	K	A	T	I								

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

Raquel Frondoso

Contact Person

(632) 836-8609

Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

Calendar Year

Consolidated Changes in the ACGR for the year 2014

FORM TYPE

--	--

Month

--	--

Day

Annual Meeting

Secondary License Type, If Applicable

Corporate Finance
Department

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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

File Number

_____ LCU

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

Document I.D.

_____ Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM – ACGR
ANNUAL CORPORATE GOVERNANCE REPORT**

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year 2014
2. Exact Name of Registrant as Specified in its Charter MARCVENTURES HOLDINGS, INC.
3. 4th Floor Citibank Center, Paseo de Roxas, Makati City 1227
Address of Principal Office Postal Code
4. SEC Identification Number 12942 5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 000-104-320 
7. TELEFAX NOS. +63(2)836-8609 OR +63(2)856-7976
Issuer's Telephone number, including area code
8. 16th Floor Citibank Tower, Paseo de Roxas, Makati City
Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS	5
1) BOARD OF DIRECTORS	
(a) Composition of the Board	5
(b) Corporate Governance Policy/ies	5
(c) Review and Approval of Vision and Vision	5
(d) Directorship in Other Companies	6
(e) Shareholding in the Company	7
2) CHAIRMAN AND CEO	7
3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS	8
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS	8
5) CHANGES IN THE BOARD OF DIRECTORS	13
6) ORIENTATION AND EDUCATION PROGRAM	15
B. CODE OF BUSINESS CONDUCT & ETHICS	16
1) POLICIES	16
2) DISSEMINATION OF CODE	17
3) COMPLIANCE WITH CODE	17
4) RELATED PARTY TRANSACTIONS	17
(a) Policies and Procedures	17
(b) Conflict of Interest	17
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS	17
6) ALTERNATIVE DISPUTE RESOLUTION	18
C. BOARD MEETINGS & ATTENDANCE	18
1) SCHEDULE OF MEETINGS	18
2) DETAILS OF ATTENDANCE OF DIRECTORS	18
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS	19
4) QUORUM REQUIREMENT	19
5) ACCESS TO INFORMATION	19
6) EXTERNAL ADVICE	20
7) CHANGES IN EXISTING POLICIES	20
D. REMUNERATION MATTERS	20
1) REMUNERATION PROCESS	20
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS	22
3) AGGREGATE REMUNERATION	22
4) STOCK RIGHTS, OPTIONS AND WARRANTS	23
5) REMUNERATION OF MANAGEMENT	24
E. BOARD COMMITTEES	24
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES	27
2) COMMITTEE MEMBERS	27
3) CHANGES IN COMMITTEE MEMBERS	29
4) WORK DONE AND ISSUES ADDRESSED	29
5) COMMITTEE PROGRAM	30
F. RISK MANAGEMENT SYSTEM	31
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM	31
2) RISK POLICY	31
3) CONTROL SYSTEM	32
G. INTERNAL AUDIT AND CONTROL	33
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM	33
2) INTERNAL AUDIT	
(a) Role, Scope and Internal Audit Function	34
(b) Appointment/Removal of Internal Auditor	35
(c) Reporting Relationship with the Audit Committee	35
(d) Resignation, Re-assignment and Reasons	35
(e) Progress against Plans, Issues, Findings and Examination Trends	35

(f) Audit Control Policies and Procedures.....	36
(g) Mechanisms and Safeguards.....	36
H. ROLE OF STAKEHOLDERS.....	37
I. DISCLOSURE AND TRANSPARENCY.....	38
J. RIGHTS OF STOCKHOLDERS.....	39
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	39
2) TREATMENT OF MINORITY STOCKHOLDERS.....	42
K. INVESTORS RELATIONS PROGRAM.....	45
L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.....	45
M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL.....	47
N. INTERNAL BREACHES AND SANCTIONS.....	47

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	<u>7</u>
---	----------

Actual number of Directors for the year	<u>7</u>
---	----------

*On January 14, 2015, the SEC approved the Company's Amendment of the Articles of Incorporation to increase the number of directors to 9.

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
*Cesar C. Zalamea	NED	NA	<u>Nominations Committee</u>	June 28, 2013	<u>November 14, 2014</u>	Annual Meeting	1 yr. 8 mos
Macario U. Te	NED	NA	<u>Nominations Committee</u>	June 28, 2013	<u>November 14, 2014</u>	Annual Meeting	1 yr. 8 mos
***Dy Chi Hing	NED	NA	<u>Nominations Committee</u>	Mar. 19, 2010 ORG Mtg.Feb. 10, 2010 ASM	<u>June 28, 2013</u>	Annual Meeting	3 yrs. 3mos.
<u>Marianne Dy</u>	<u>NED</u>	NA	<u>Nominations Committee</u>	<u>September 19, 2014</u>	<u>November 14, 2014</u>	Board Meeting	6 mos.
Carlos T. Ocampo	ID	NA	<u>Nominations Committee</u>	August 2, 2013	<u>November 14, 2014</u>	Board Meeting	1 yr. 6 mos.
Augusto Serafica, Jr.	NED	NA	<u>Nominations Committee</u>	June 28, 2013 BOD Mtg.	<u>November 14, 2014</u>	Annual Meeting	1 yr. 5 mos.
**Isidro C. Alcantara, Jr.	ED	NA	<u>Nominations Committee</u>	August 2, 2013	<u>November 14, 2014</u>	Board Meeting	1 yr. 3 mos.
Antonio H. Ozaeta	ID	NA	<u>Isidro Alcantara</u>	August 2, 2013	<u>November 14, 2014</u>	Board Meeting	1 yr. 3 mos.

*resigned as president on September 19, 2014

**appointed as president on September 19, 2014

*** resigned on September 19, 2014

Note: During the Annual Meeting on 14 November 2014, the shareholders elected Justice Reynato Puno (Independent director) and Michael Escaler (regular director) to take effect upon approval of the Company's amendment of the Articles of Incorporation increasing the number of directors from 7 to 9. On January 14, 2015, the SEC approved the Company's Amendment of the Articles of Incorporation to increase the number of directors to 9.

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The following are the policies adopted by the board as stated in the Corporation's Corporate Governance Manual (CG Manual), relative to the treatment of all shareholders, respect for the rights of minority shareholders and other stakeholders, disclosure duties, and board responsibilities:

¹ Reckoned from the election immediately following January 2, 2012.

Item 1.6.1 it is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

Item 4, the Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely the right to vote on all matters that require their consent or approval, pre-emptive right to all stock issuances of the corporation; right to inspect corporate books and records; right to information; right to dividends and appraisal rights.

Item 6, transparency and timely disclosure of pertinent information which include among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate exchange mechanisms and submissions to the Commission.

How often does the Board review and approve the vision and mission?

The Board conducts a review and approval of the corporation's vision and mission from time to time as may be needed.

(c) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Cesar C. Zalamea	Marcventures Mining and Development Corp (MMDC)	Non Executive Director-Chairman
Isidro C. Alcantara, Jr.	Marcventures Mining and Development Corp (MMDC)	Non Executive Director-Vice Chairman

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Cesar C. Zalamea	Bright Kindle Resources & Investment Inc.	Chairman of the Board
	Benguet Corp.	Non Executive Director
Macario U. Te	Bright Kindle Resources & Investment Inc.	Non Executive Director
	Benguet Corporation	Executive Director
Isidro Alcantara, Jr.	Bright Kindle Resources & Investment Inc.	Executive Director
	Bright Kindle Resources & Investment Inc.	Independent Director
Carlos T. Ocampo	Bright Kindle Resources & Investment Inc.	Independent Director
Antonio H. Ozaeta	Bright Kindle Resources & Investment Inc.	Vice Chairman
Augusto Serafica, Jr.	Premiere Horizon	Chairman & President
	Bright Kindle Resources & Investment Inc.	Independent Director

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

(iii) **Relationship within the Company and its Group**

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
<u>Marianne Dy</u>	<u>Dy Chi Hing</u> <u>Sonia T. Techico</u>	<u>Father</u> <u>Mother</u>

(iv) **Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:**

Although the Corporation's CG Manual provides that the Board may consider the adoption of guidelines on the number of directorships its members can hold in stock and non-stock corporations, no limit has been set. The Board believes the capacity of its directors to diligently and efficiently perform their duties and responsibilities to the boards have not been compromised.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	NA	NA
Non-Executive Director	NA	NA
CEO	NA	NA

(d) **Shareholding in the Company**

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Cesar C. Zalamea	1,000	NA	0.00%
Macario U. Te	1,000	NA	0.00%
*Dy Chi Hing	218,500,000	130,000,000 /Sonia T. Techico	20.08%
<u>Marianne Dy</u>	<u>1</u>	<u>5,999,999(Lodged)</u>	<u>0.33%</u>
Isidro C. Alcantara, Jr.	2,000	<u>5,100,000 (Lodged)</u>	0.22%
Antonio H. Ozaeta	1,000	NA	0.00%
Augusto C. Serafica, Jr.	<u>10,000</u>	<u>NA</u>	<u>0.00%</u>
Carlos T. Ocampo	1,000	NA	0.00%
TOTAL			

*Resigned on September 19, 2014

2) **Chairman and CEO**

(a) **Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.**

Yes No

Identify the Chair and CEO:

Chairman of the Board	Cesar C. Zalamea
CEO/President	<u>Isidro Alcantara, Jr. (elected on Sept. 19, 2014)</u>

The Board Committees, which recommend actions to be taken by the Board, have independent directors as either Chairman or members and this ensure that the Board gets the benefit of independent views.

(b) **Roles, Accountabilities and Deliverables**

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

The summary of the roles, accountabilities of the Chairman and Chief Executive Officer as defined in the Corporation's Amended by-laws and Revised Manual of Corporate Governance is stated below

	Chairman	Chief Executive Officer
Role	<ul style="list-style-type: none"> • Preside at the meeting of the Directors and Stockholders • Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; • Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and • Maintain qualitative and timely lines of communication and information between the Board and Management. 	<p>The President shall be the Chief Executive Officer of the Company.</p> <ul style="list-style-type: none"> • In the absence of the Chairman of the Board, preside at all meetings of the Board of Directors • Act as temporary Chairman at and call to order all meetings of the stockholders of the Company. • He shall have general supervision of the business affairs and property of the Company, and over its several officers and employees. <p>He shall see that all orders and resolutions of the Board of Directors are carried into effect.</p> <p>He shall do and perform such other duties or from time to time may be assigned to him by the Board of Directors.</p>
Accountabilities	The chairman is accountable to all the shareholders of the Corporation.	The CEO is accountable to the Board of Directors in carrying out the corporate mission and goals.
Deliverables	Same as role	<ul style="list-style-type: none"> • Develop corporate objectives and policies and formulate plans and programs for the approval of the Board. • Have general supervision of the business affairs and property of the Company. • Ensures that the Company's policies are implemented • Submit to the Board of Directors as soon as may be after the close of the fiscal year , and to the stockholders of each annual meeting, a complete report of the operations

3) **Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?**

The Board understands the need to ensure that the Board and executive management are always well provided, with the right people in terms of skills and experience to deliver the Company's strategy. Board composition is regularly reviewed to ensure the Board is refreshed progressively. Factors considered include length of tenure, background, experience, including industry knowledge, and diversity.

The Board and Nominations & Compensation Committee are responsible for both executive and non-executive Director Succession planning and recommend new appointments to the Board.

4) **Other Executive, Non-Executive and Independent Directors**

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The company does not have a board diversity policy. The board ensures it maintains high-caliber members of mostly broad range of senior individuals within the business to take on additional roles to gain valuable board experience.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

The board has more than one non- executive director with experience in the sector or industry the Company belongs to. Messrs. Antonio Ozaeta, Macario Te, Augusto Serafica, Jr. and Carlos Ocampo, are also board members of companies listed with the Philippine Stock Exchange.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
	The executive director is a director who performs any work related to operations and is an officer of the company	A non-executive director is a director who does not perform any work related to operations	An independent director is a person who is independent of management
Accountabilities	Executive Directors are accountable to the Board of Directors as they are involved in the day to day activities of the corporation	Non-Executive Directors and independent director are accountable to the shareholders of the corporation as they are responsible for fostering the long term success of the corporation and to sustain its competitiveness and profitability.	
Role	<p>The director assumes the duties and responsibilities of the officer position to which he is appointed.</p> <p>The role of the board of Directors, whether ,Executive, Non-Executive or independent are stated in the Revised Manual of corporate Governance as follows:</p> <p><u>Responsibilities, Duties and Functions of the Board</u></p> <p>General Responsibility</p> <p>It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.</p> <p>The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p> <p>Duties and Functions</p> <ul style="list-style-type: none"> • To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions: • Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management. • Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance. • Ensure the corporations faithful compliance with all applicable laws, regulations and best business practices • Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporations CEO or chief financial officer shall exercise oversight responsibility over this program. • Identify the sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them. <p>Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporations internal control system in order to maintain</p>		

its adequacy and effectiveness.

- Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Notice, quorum and voting requirements for the meeting, including attendance by teleconference facility, shall be subject to the requirements of the By-laws, the Corporation Code and applicable regulations of the Securities and Exchange Commission. Independent views during Board meetings should be encouraged and given due consideration.
- Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- Appoint a Compliance Officer who shall have the rank of at least vice president, In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer

Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A director should observe the following norms of conduct:

Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

Act judiciously.

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

Exercise independent judgment.

A director should view each problem or situation objectively. If a disagreement with other directors

	<p>arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the corporation.</p> <p>Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.</p> <p>Observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p> <p>To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.</p> <p>Internal Control Responsibilities of the Board</p> <p>The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p> <p>The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:</p> <ul style="list-style-type: none"> Definition of the duties and responsibilities of the CEO who is ultimately accountable for the corporation's organizational and operational controls; Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO; Evaluation of proposed senior management appointments; Selection and appointment of qualified and competent management officers; And Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
<p>Deliverables</p>	<ul style="list-style-type: none"> • The Board of Directors should develop long term strategies for the Company that will lead to improved shareholders value • Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management. • Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance. • Ensure the corporations faithful compliance with all applicable laws, regulations and best business practices • Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporations CEO or chief financial officer shall exercise oversight responsibility over this program.

- Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the
- Decision-making and reporting processes at all times. There should be a continuing review of the corporations internal control system in order to maintain its adequacy and effectiveness.
- Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates,
- Affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Notice, quorum and voting requirements for the meeting, including attendance by teleconference facility, shall be subject to the requirements of the By-laws, the Corporation Code and applicable regulations of the Securities and Exchange Commission. Independent views during Board meetings should be encouraged and given due consideration.
- Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- Appoint a Compliance Officer who shall have the rank of at least vice president, In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as compliance Officer

Provide the company's definition of "independence" and describe the company's compliance to the definition.

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:

- i. 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);
- ii. 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;
- iii. 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;
- iv. 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;
- v. Is not retained as professional adviser by that public company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm;
- vi. Has not engaged and does not engage in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant

The Corporation's election of its Independent Directors is in accordance with SEC Memorandum Circular No. 16, Series of 2002

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to

bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Corporation's term limit for Independent Directors is in accordance with SEC Memorandum Circular No.9 Series of 2011, which states in part that Independent Directors (ID) should not exceeded the five (5) year term limit. After a term of five years, an ID can serve for another five years after a "cooling off" period of two (2) years provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Dy Chi Hing	Director	September 19, 2014	<u>Voluntary resignation</u>

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	<p>The Nominations Committee screens the Directors named for election. The Nominations Committee determines that the candidates possess all the qualifications and none the disqualifications as director or independent director.</p> <p>The seven (7) directors shall be stockholders and shall be elected annually by the stockholders owning majority of the outstanding capital stock for a term of one (1) year and shall serve until the election and qualification of their successors.</p> <p>The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Corporation Code. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.</p> <p>Any vacancy in the board of directors other than removal or expiration of term may be filled by a majority vote of the remaining members at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.</p>	The criteria for the election and appointment of for all directors in general are enumerated in item 1.4 of the Company's Revised CG Manual
(ii) Non-Executive Directors	The process adopted is the same as stated above	

		, are enumerated in item 1.4 of the Company's Revised CG Manual
(iii) Independent Directors	<p>The nomination and election of independent director shall be in accordance with Section 38, as amended of Republic Act 8799 or the Securities Regulation Code.</p> <p>The process adopted is the same as stated above</p>	Corporation's election of its Independent Directors is in accordance with SEC Memorandum Circular No. 16, Series of 2002
b. Re-appointment		
(i) Executive Directors (ED)	The process adopted for re-appointment is the same as above.	The Board observes the same criteria enumerated in item 1.4 of the Company's CG Manual provided that the candidate has not engaged in any activity under existing rules which disqualifies a him from being re-appointed as ED in the company.
(ii) Non-Executive Directors (NED)	The process adopted for re-appointment is the same as above.	The criteria for the election and appointment for all directors in general , are enumerated in item 1.4 of the Company's Revised CG Manual
(iii) Independent Directors	<p>Re- appointment of ID is in accordance with SEC Memorandum Circular No.9 Series of 2011</p> <p>The process adopted for re-appointment is the same as above.</p>	The Corporation's re- election of its Independent Directors is in accordance with SEC Memorandum Circular No. 16, Series of 2002 provided that the candidate has not engaged in any activity under existing rules which disqualifies him from being re- appointed as ID in the company.
c. Permanent Disqualification		
(i) Executive Directors	Any vacancy in the board of directors due to permanent disqualification may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.	Grounds for permanent disqualification for all directors in general are enumerated in item 1.5.1 of the Company's CG Manual
(ii) Non-Executive Directors	The process adopted is the same as above.	Grounds for permanent disqualification for all directors in general are enumerated in item 1.5.1 of the Company's CG Manual
(iii) Independent Directors	The process adopted is the same as above.	Grounds for permanent disqualification for all directors in general are enumerated in item 1.5.1 of the Company's CG Manual
d. Temporary Disqualification		
(i) Executive Directors	Any vacancy in the board of directors due to temporary disqualification may be filled by a majority vote of the remaining members at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.	Grounds for temporary disqualification for all directors in general are enumerated in item 1.5.2 of the Company's CG Manual
(ii) Non-Executive Directors	The process adopted is the same as above.	Grounds for temporary disqualification for all directors in general are enumerated in item 1.5.2 of the Company's CG Manual
(iii) Independent Directors	The process adopted is the same as above.	SEC Memorandum Circular No.9 Series of 2011 states that after serving for a total of 10 years, the ID

		can no longer be elected as such in the same company any time in the future. The other grounds for permanent disqualification for all directors in general are enumerated in item 1.5.2 of the Company's CG Manual
e. Removal		
(i) Executive Directors	Section 2 of the Amended By-laws of the Company provides: Officers shall be elected by each new Board at the first meeting after its election. Every officer other than the chairman and the president of the board who may be removed or suspended for reasonable or just cause, shall be subject to removal at any time by the Board of Directors, but all officers, unless removed, shall hold office until their successors are appointed. If any vacancy shall occur among the officers of the Company, such vacancy shall be filled by the Board of Directors.	
(ii) Non-Executive Directors	The process adopted is the same as above.	
(iii) Independent Directors	The process adopted is the same as above.	
f. Re-instatement		
(i) Executive Directors	The process adopted is the same as above.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The process adopted is the same as above.	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting (November 14, 2014)

Name of Director	Votes Received
Cesar Zalamea	<u>75.67%</u>
Macario U. Te	<u>75.67%</u>
Isidro C. Alcantara, Jr.	<u>75.67%</u>
Augusto Serafica	<u>75.67%</u>
<u>Marianne Dy</u>	<u>75.67%</u>
<u>Antonio H. Ozaeta (Independent Director)</u>	<u>75.67%</u>
<u>Carlos Alfonso T. Ocampo (Independent Director)</u>	<u>75.67%</u>
<u>* Justice Reynato S. Puno</u>	<u>75.67%</u>
<u>* Michael L. Escaler</u>	<u>75.67%</u>

* Subject to SEC approval of the amended Articles of Incorporation and By-Laws

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

The Company does not have an orientation program for new directors. The Chairman and board have a responsibility to ensure that first-time directors are given proper support in learning their role so that they can get up to speed as quickly as possible

(b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

All Directors and Officers of the Company have taken the required Corporate Governance Seminar.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Isidro C. Alcantara, Jr.	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Augusto Antonio C. Serafica, Jr.	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Macario U. Te	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Antonio Ozaeta	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Cesar Zalamea	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Marianne Regina Dy	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Carlos Alfonso T. Ocampo	March 6, 2014	Corporate Governance Seminar	Institute of Corporate Directors (ICD)

B. **CODE OF BUSINESS CONDUCT & ETHICS**

1) ***Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:***

Due to the change of Management, the Company is in the process of updating and finalizing its ethics code and continues to; adhere to the rules and regulations under the Corporate Code and to the principles, standards, and requirements of good corporate governance.

Records with the PSE and SEC would show that the Company has maintained long-standing ethical traditions as one of the first publicly listed companies in 1958.

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest		To be formalized	
(b) Conduct of Business and Fair Dealings		To be formalized	
(c) Receipt of gifts from third parties		To be formalized	
(d) Compliance with Laws & Regulations		To be formalized	
(e) Respect for Trade Secrets/Use of Non-public Information		To be formalized	
(f) Use of Company Funds, Assets and Information		To be formalized	
(g) Employment & Labor Laws & Policies		To be formalized	
(h) Disciplinary action		To be formalized	
(i) Whistle Blower		To be formalized	
(j) Conflict Resolution		To be formalized	

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company

Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

The Company's code of ethics is currently being finalized.

2) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The company shall include in its ethics code the system for monitoring compliance which will include among others anonymous or confidential reporting and non-retaliation rules.

3) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

The company has no definite policy regarding Related Party transactions. These transactions are reviewed by the board for approval and disclosed in the Company's Annual report and Financial Statements.

Related Party Transactions	Policies and Procedures
(1) Parent Company	NONE
(2) Joint Ventures	NONE
(3) Subsidiaries	NONE
(4) Entities Under Common Control	NONE
(5) Substantial Stockholders	NONE
(6) Officers including spouse/children/siblings/parents	NONE
(7) Directors including spouse/children/siblings/parents	NONE
(8) Interlocking director relationship of Board of Directors	NONE

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

The Company is not aware of any conflict of interest exists to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	NA
Name of Officer/s	NA
Name of Significant Shareholders	NA

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	The Company's Manual of Corporate Governance provides: (Under Duties and Functions of the Board) item 1.6.2,

Group	<ul style="list-style-type: none"> The Board shall establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities
-------	--

4) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
<u>Dy Chi Hing</u>	Family	<u>Mr. Dy Chi Hing is the father of Marianne Dy, Director of MHI</u>
NA	NA	NA

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Transaction
NA		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
NA	NA	NA
NA	NA	NA

5) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Dispute resolution is taken up during Board meetings.

	Alternative Dispute Resolution System
Corporation & Stockholders	The Company's Manual of Corporate Governance provides: (Under Duties and Functions of the Board) item 1.6.2, <ul style="list-style-type: none"> The Board shall establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Board meetings are scheduled at the beginning of the year.

2) Attendance of Directors (For the Year 2014)

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Cesar C. Zalamea	<u>November 14, 2014</u>	4	3	75
Independent Director	Antonio H. Ozaeta	<u>November 14, 2014</u>	4	3	75
Member	Isidro C.	<u>November</u>	4	4	100

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

	Alcantara, Jr.	14, 2014			
Member	Macario U. Te	November 14, 2014	4	4	100
Member	Marianne Regina T. Dy	November 14, 2014	3	3	100
Member	August C. Serafica, Jr.	November 14, 2014	4	4	100
Member	Carlos Alfonso T. Ocampo	November 14, 2014	4	4	100
Member	Dy Chi Hing	June 28, 2013(Resigned on September 19, 2014)	1	1	100

- 3) **Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?**

NED's s who are also members of other board committees conduct separate meetings in their respective committees.

- 4) **Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.**

Based on the company's by-laws, quorum requirement for any meeting of the directors shall consist of a majority of the number of directors. A majority of such quorum shall decide any question that may come before the meeting and shall be considered a valid corporate act except for the election of officers which shall require the vote of a majority of all the members of the Board. In the absence of a quorum, a majority of the directors present may adjourn any meeting until a quorum is reached.

- 5) **Access to Information**

- (a) **How many days in advance are board papers⁵ for board of directors meetings provided to the board?**

Board papers for meetings of the Board are provided at least three days prior the scheduled meeting to give the board enough time to review matters to be discussed.

- (b) **Do board members have independent access to Management and the Corporate Secretary?**

The Company's CG Manual provides that members of the Board be given independent access to Management and the Corporate Secretary.

- (c) **State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?**

SECTION 8 of the Articles on Incorporation states:

The Secretary shall keep the minutes of all meetings of the , stockholders, of the Board of Directors and of all committees in a book or books kept for that purpose and shall furnish a copy of all such minutes to the President of the Company. In addition thereto, he shall perform such other duties as the Board of Directors may from time to time direct. He shall keep in safe custody the seal of he Company, and when authorized by the Board of Directors, he shall affix such seal to any instrument requiring the same. The corporate seal of the Company so affixed shall always be attested by the signature of the Secretary or an assistant secretary. The Secretary shall have charge of the stock certificate book and such other books and papers as the Board may direct. He shall attend to the giving and serving, of all notices, and he shall have such other powers and perform such other duties as pertain to his office or as the Board of Directors may from time to time prescribe. In case of the absence of the Secretary, or of his inability to act, The Assistant Secretary or, if there be more than one, such assistant secretary as the Board of Directors may designate, shall have all the foregoing duties and powers.

ITEM 1.12 of the CG Manual States:

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He should:

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
- Be loyal to the mission, vision and objectives of the corporation;
- Work fairly and objectively with the Board, Management and stockholders;

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- Have appropriate administrative and interpersonal skills;
- If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- Have a working knowledge of the operations of the corporation;
- Inform the members of the Board, in accordance with the bylaws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.
- Issue a certification every January 30th of the year on the attendance of directors in meetings of the board of directors, countersigned by the Chairman of the Board (SEC Memorandum Circular No. 3, Series of 2007).

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

The Company's Corporate Secretary and Assistant Corporate Secretaries namely Roberto San Jose, Ana Katigbak and Diane Madelyn Ching respectively, are all practicing lawyers, the first two being Partners of Castillo Laman Tan Pantaleon & San Jose Law Firm.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes No

Committee	Details of the procedures
Executive	Notice of the meeting and related Agenda and meeting materials (if any), are sent at least three days before the scheduled meeting date.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
Legal Matters	Referred to the Company's Legal Counsel- Castillo Laman Tan & San Jose Legal Firm
Financial	Referred to The Company's External Auditors- Reyes Tacandong & Co.
Stockholder Matters	Referred to The Company's Stock Transfer Agent- Stock Transfer Services, Inc. (STSI)

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
Corporate Address, Purpose & No. of Directors	<p>A) Amending Articles to -change the Principal Office Address to 4th Floor Citi Center, 8741 Paseo de Roxas, Makati City</p> <p>B) To include in its purpose the Issuance of Corporate Guarantees and sureties in favor of its subsidiaries and affiliates</p> <p>C) Increase the number of Directors from 7 to 9</p>	<p>- <u>The change of principal office was made to use the office space acquired by the Company and in compliance with SEC Circular No. 6, 2014.</u></p> <p>- <u>The inclusion of providing corporate guarantees and sureties in its purpose was made to support the projects of its subsidiaries and affiliates.</u></p>

		<p>- <u>The increase in the number of directors was made to increase diversity in the Board.</u></p> <p><u>NOTE: The changes were approved by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock at their meeting held on November 14, 2014 and by the Board of Directors at their meeting held on March 21, 2014.</u></p>
<u>Date of Annual Meeting and Compensation</u>	<p><u>Amended By-Laws to reflect the change in the date of annual meeting to last Friday of May of each year; and b) to grant compensation to the members of the Board. The President and/or Chairman were further granted the authority to fix and determine such compensation in accordance with the provisions of the Corporation Code</u></p>	<p>- <u>The change of date of the annual meeting was made to provide ample time for the management to prepare the necessary documents relevant to the conduct thereof, such the Information Statement.</u></p> <p>- <u>The grant of compensation to the Board was made to give incentives and acknowledge the efforts of the members of the Board</u></p> <p><u>NOTE: The changes were approved by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock at their meeting held on November 14, 2014 and by the Board of Directors at their meeting held on March 21, 2014</u></p>

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

The Stockholders owning at least two-thirds (2/3) of the outstanding capital stock at their annual meeting held on November 14, 2014 and by the Board of Directors at their meeting on March 21, 2014 approved the amendment of the By-Laws to to grant compensation to the members of the Board. The President and/or Chairman were further granted the authority to fix and determine such compensation in accordance with the provisions of the Corporation Code.

Sec. 30. Of the Corporate Code of the Philippines provides:

Compensation of directors. - In the absence of any provision in the by-laws fixing their compensation, the directors shall not receive any compensation, as such directors, except for reasonable per diems: Provided, however, that any such compensation other than per diems may be granted to directors by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting. In no case shall the total yearly compensation of directors, as such directors, exceed ten (10%) percent of the net income before income tax of the corporation during the preceding year.

The Company's GG Manual Provides:

1.10 Remuneration of Directors and Officers

The levels of remuneration of the corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

Corporations may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.

The corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

To protect the funds of a corporation, the Commission may, in exceptional cases, e.g. when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<p style="text-align: center;"><u>The remuneration of the CEO and the four (4) most highly compensated management officers are approved by the Compensation Committee and/or the Board of Directors.</u></p>	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Board Approved	Board Approved	Board Approved
Non-Executive Directors	Board Approved	Board Approved	Board Approved

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
<p style="text-align: center;"><u>The shareholders granted the authority to the President and/or Chairman to fix and determine compensation to the members of the Board in accordance with the provisions of the corporate code.</u></p>	<p><u>November 14, 2014</u></p>

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	<u>₱36,669,141.18 (incl. of per diem and bonus)</u>	<u>₱4,950,000.00</u>	<u>₱3,300,000.00</u>
(b) Variable Remuneration	NA	NA	NA
(c) Per diem Allowance	Pls. see item (a)	Pls. see item (a)	Pls. see item (a)
(d) Bonuses	Pls. see item (a)	Pls. see item (a)	Pls. see item (a)

(e) Stock Options and/or other financial instruments	NA	NA	NA
(f) Others (Specify)	NA	NA	NA
Total	NA	NA	NA

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	NA	NA	NA
2) Credit granted	NA	NA	NA
3) Pension Plan/s contributions	NA	NA	NA
(d) Pension Plans, Obligations incurred	NA	NA	NA
(e) Life Insurance Premium	NA	NA	NA
(f) Hospitalization Plan	NA	NA	NA
(g) Car Plan	NA	NA	NA
(h) Others (Specify)	NA	NA	NA
Total	NA	NA	NA

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Although the Stock Option Committee has been appointed by the Board, no formal program has been implemented yet.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
NA	NA	NA	NA	NA
NA	NA	NA	NA	NA
NA	NA	NA	NA	NA
NA	NA	NA	NA	NA

(b) Amendments of Incentive Programs

The Company has no existing incentive program

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
NA	NA	NA
NA	NA	NA
NA	NA	NA

5) **Remuneration of Management**

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Rolando S. Santos VP Finance	<u>₱3,390,000.00</u>
Roberto V. San Jose/Corporate Secretary	
Ana Maria A. Katigbak/Asst. Corp. Secretary	
Diane Madelyn C. Ching/Co-Asst. Corp. Secretary	
Rhodel B. Salvador/ AVP Finance	
Reuben F. Alcantara/ Investor Relations Officer/VP Marketing Business Development and Strategic Planning	

E. BOARD COMMITTEES

1) **Number of Members, Functions and Responsibilities**

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	1	4	2	<u>The authority granted to the members of the executive committee are provided in the Company's By-laws</u>	To act in the name of the full board when it is not in session, or to deal with emergencies that require immediate attention.	<p>Oversees operations of the board.</p> <p>Keep the full board informed about the executive committee's activities</p> <p>Oversee the annual strategic planning process.</p> <p>Make sure the board performs an annual self-evaluation.</p> <p>Conduct the administrator's annual performance review (as applicable).</p> <p>Oversee board development and training.</p> <p>Make recommendations to the full board on hiring a new administrator or obtaining a new fiscal sponsor.</p> <p>Make recommendations to the full board for authorization of non-budgetary expenditures.</p>	An Executive Committee's authority derives from the authority of the board, and one of the more important decisions a board makes is to define the role and authority of the Executive Committee.

					<p>Review and recommend approval of the organization's operating budget.</p> <p>Recommend to the board the annual fundraising goal based on the organization's requirements and a realistic appraisal of the community's potential donor base.</p> <p>Assign and monitor the work and recommendations of standing committees.</p> <p>Meet in the event of an emergency.</p> <p>Make decisions when the full board is not in</p>	
Audit	1		2	Committee Charter formalized.	<p>Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;</p> <ul style="list-style-type: none"> •Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities •Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; •Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it; •Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; •Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; •Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security; •Review the reports submitted by the internal and external auditors; 	

					<ul style="list-style-type: none"> •Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters: <ul style="list-style-type: none"> a)Any change/s in accounting policies and practices b)Major judgmental areas c)Significant adjustments resulting from the audit d)Going concern assumptions e)Compliance with accounting standards f) Compliance with tax, legal and regulatory requirements. •Coordinate, monitor and facilitate compliance with laws, rules and regulations; •Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non- audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report; •Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. <p>The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.</p>	
Nomination Remuneration	2		1	Committee Charter to be formalized.	<p>to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;</p> <p>To establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.</p>	
Others (specify) Stock Option Committee	1	2		Committee Charter to be formalized.	In a meeting of the Board of Directors on July 19, 2011, the Chairman requested the Board to constitute a Stock Option Committee in relation to the resolution of the stockholders authorizing the creation of a stock option plan.	
<u>Risk Management Committee</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>Committee Charter to be formalized.</u>	<u>In a meeting of the Board of Directors on November 14, 2014, the Chairman requested the Board to constitute a Risk Management Committee in Compliance with Corporate Governance Requirements.</u>	

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Cesar C. Zalamea	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Member (ED)	Macario U. Te	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Member (NED)	Antonio H. Ozaeta	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Member (ID)	Isidro C. Alacantara	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Member	Arsenio K. Sebial Jr. (Management Rep)	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Alternate Member for any director	Carlos T. Ocampo (Alternate Member)	November 14, 2014				

(b) Audit and Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Antonio H. Ozaeta (ID)	November 14, 2014	<u>3</u>	<u>3</u>	<u>100%</u>	<u>1 Yr</u>
Member	Carlos T. Ocampo (ID)	November 14, 2014	<u>3</u>	<u>2</u>	<u>66.67%</u>	<u>1 Yr</u>
Member	Augusto C. Serafica, Jr.	November 14, 2014	<u>3</u>	<u>3</u>	<u>100%</u>	<u>1 Yr</u>

Disclose the profile or qualifications of the Audit Committee members.

Mr. Antonio H. Ozaeta was elected as Independent Director of the Company in August 2013 and is currently the Vice Chairman of Board. He also sits as Chairman of the Board in the following companies/organizations: (1) Philippine Commercial Capital Inc. (from July 1989 to present); (2) Alaska Milk Corporation (from May 2010 to present); (3) Magellan Capital Holdings Corp. (from June 1992 to present); (4) Magellan Utilities Development Corporation (from June 1992 to present). He is a director of Bright Kindle Resources & Investments Inc. from January 2014 to present, Insular Life Health Care Inc. from April 1999 to present and Home Credit Mutual Building and Loan Association from April 1999 to present. He is a founding member of the Makati Business Club. He was previously the President and CEO of the Philippine Commercial International Bank (PCI Bank) and President of Philippine Trust Company (Philtrust Bank). He was also the Executive Vice President, Treasurer and Chairman of the Board of Manila Electric Company (MERALCO). He was likewise the previous President of the Bankers Association of the Philippines and Founding Member and Chairman of the Board of Trustees of the Philippine Business for Social Progress. Mr. Ozaeta obtained his BS Economics degree from Ateneo de Manila, BSBA from De La Salle College graduating cum laude and MBA from Harvard University.

Atty. Carlos Alfonso T. Ocampo was elected as Independent Director in August 2013. He is also an Independent Director of Bright Kindle Resources & Investments Inc. He is the founder of Ocampo & Manalo law firm. He is a member of the Board in various corporations including Panalpina Transport Phils Inc., MAA General Assurance Phils Inc., South Forbes City College Corporation, Columbian Autocar Corporation, Asian Carmakers Corp., Jam Transit Inc., Prestige Cars Inc., Autohaus Quezon City Inc., Timebound Trading Corp., and Monpierre Foods Corporation. He is the Corporate Secretary of PSI Healthcare Development Services Corp., PSI Prescription Solutions Corp., Adrianse Phils. Inc., Bluelion Motors Corp., Autohaus Quezon City Inc., First Charters and Tours Transport Corp., Brycl Resorts and International Inc., AVK Philippines Inc., Jam Liner Inc., and Manila Golf and Country Club. He sits as Independent Director of Marcventures Holdings Inc. He previously served as Vice President and General Counsel of Air Philippines Corporation. Atty. Ocampo obtained his Bachelor of Arts in Economics, cum laude, and his Bachelor of Laws from the University of the Philippines. Upon graduation from college, he was admitted into the honor societies of Phi Kappa Phi and Pi Gamma Mu. He also completed an Executive Management Program at the Asian Institute of Management, and previously taught business law at the College of St. Benilde, De La Salle University. In 2013, he was named as a leading adviser as well as a commercial law expert by Acquisition International and Global Law Experts, respectively.

Mr. Augusto C. Serafica, Jr. was elected as Director in June 2013. He sits as Chairman of Board in the following companies: Premiere Horizon Alliance Corporation, Digiwave Solutions Inc., AOB Management Corporation, TLC Manna Consulting Inc., Global Idealogy Corporation. He is also the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings and Development Corp. He is currently the Treasurer of Sinag Energy Philippines Inc., Ardent Property Development Corporation. He serves as an independent director of Bright Kindle Resources and Investments Inc. and director and of Investment House Association of the Philippines. He is the Chairman of the AIM Alumni Association, Treasurer of the AIM Leadership Foundation Inc., and Chapter Head of the Brotherhood of Christian Businessmen and Professionals- Makati Chapter. He was previously connected with Sycip, Gorres, Velayo & Co. from 1985-1989. He obtained his Bachelor of Commerce in Accountancy from San Beda College and Master in Business Management from Asian Institute of Management. Mr. Serafica is a Certified Public Accountant.

Describe the Audit Committee's responsibility relative to the external auditor.

- Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - a) Any change/s in accounting policies and practices
 - b) Major judgmental areas
 - c) Significant adjustments resulting from the audit
 - d) Going concern assumptions
 - e) Compliance with accounting standards
 - f) Compliance with tax, legal and regulatory requirements.
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;

(c) Nomination Committee and Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Augusto C. Serafica, Jr.	November 14, 2014	<u>1</u>	<u>1</u>	100%	3 mos.
Member (ED)	Antonio H. Ozaeta	November 14, 2014	<u>1</u>	<u>1</u>	100%	3 mos.
Member (ID)	Cesar C. Zalamea	November 14, 2014	<u>1</u>	<u>1</u>	100%	3 mos.

(d) Others (Specify)

Stock Option Committee

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Augusto C. Serafica, Jr.	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
Member (ED)	Antonio H. Ozaeta	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
Member (NED)	Cesar C. Zalamea	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.

(e) Retirement Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Carlos T. Ocampo	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
Member	Rolando S. Santos	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.

(f) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Carlos T. Ocampo	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
Member	Isidro C. Alcantara, Jr.	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
	Augusto C. Serafica, Jr.	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.

3) **Changes in Committee Members**

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	No change Chairman: Cesar C. Zalamea Members: Macario U. Te Antonio H. Ozaeta (ID) Isidro C. Alcantara Arsenio K. Sebial Jr. (Management Rep) Carlos T. Ocampo(Alternate Member)	
Audit	No change Chairman: Antonio H. Ozaeta (ID) Members: Carlos T. Ocampo (ID) Augusto C. Serafica	
Nomination & Compensation	No change Augusto C. Serafica, Jr. Antonio H. Ozaeta Cesar C. Zalamea	
Others (specify) Stock Option	No change: Augusto C. Serafica, Jr. Antonio H. Ozaeta Cesar C. Zalamea	
Retirement Committee	Carlos T. Ocampo Rolando S. Santos	Newly Elected Member
Risk Management Committee	Carlos Alfonso T. Ocampo Isidro C. Alcantara, Jr. Augusto C. Serafica, Jr.	Newly Formed Committee on November 14, 2014

4) **Work Done and Issues Addressed**

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	<ul style="list-style-type: none"> Conducted monthly review of mining operations and marketing strategies Reviewed and recommended to the Board the organization's operating budget Make recommendations to the board on hiring of key officers 	Discussed and recommended to the Board the tactical measures to mitigate impact of the suspension of the mining operations
Audit & Governance	<ul style="list-style-type: none"> Reviewed and approved the internal audit work program for the ensuing year Reviewed and evaluated the qualifications of newly appointed external auditors, Reyes Tacandaong & Co. Approved the overall scope and audit plans of the external audits, effectiveness of the external audit function and recommended for approval the re appointment of the current external auditors. Reviewed and evaluated non-audit work to be performed by Reyes Tacandong relative to the business process review of the Group's operations. 	<p>Reviewed and discussed quarterly unaudited financial statements, audited annual financial statements including Management's Discussion and analysis of financial condition and results of operations,</p> <p>Reviewed and approved the scope of the business process review and the expected deliverables to be conducted by external consultants</p>
Nomination	Reviewed and evaluated the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring the appointment by the Board.	Reviewed the qualifications of all nominees to the Board of directors pursuant to the requirements of the Securities and Exchange Commission relative to qualifications and disqualifications of both regular and independent director nominees.
Remuneration	Currently discussing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration of corporate officers and directors.	Provided oversight over remuneration of senior management and other key personnel. No other resolution relating to director's remuneration has been adopted by the Board of Directors as the schedule of the amount of per diem for attendance in meetings of the Board of Directors/Committees has remained unchanged since 2008.
Others (specify) Stock Options	Committee is still at the planning stage.	
<u>Risk Management Committee</u>	<u>Committee is still at the planning stage.</u>	

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Programs to be discussed and formalized.	The Executive Committee shall address issues such as acquisitions and divestments and major capital expenditures for decision by the Board of Directors of the parent company
Audit & Governance	Evaluate/review proposal for computerization of management information system Review reports submitted to regulatory bodies , SEC and PSE	Internal audit and business process review findings and recommendations leading to improvements/elimination of internal control gaps.

	Review/act on Business Process review findings Evaluate/review internal audit work program	-selection of software contractors for the computerization of the MIS
Nomination	Review qualifications of individuals nominated to the Board Review qualifications of key officers	Discuss the proper evaluation of the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
Remuneration	Evaluate performance and recommend appropriate salary increases of key officers Review and recommend appropriate remuneration of the directors based on the company's last year's performance	Formulate policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.
Others(specify)Stock Option Committee	Programs to be discussed and formalized.	Formulate policy on stock option plan of the Company.
<u>Risk Management Committee</u>	<u>Programs to be discussed and formalized.</u>	<u>Formulate policy on risk management plan of the Company.</u>

3 **RISK MANAGEMENT SYSTEM**

- 1) Disclose the following:
- Overall risk management philosophy of the company;
 - A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
 - Period covered by the review;
 - How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
 - Where no review was conducted during the year, an explanation why not.

2) ***Risk Policy***

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

(a) Company

The Board of Directors and Management assess the various risks involved in its operations, including the agreements, contracts and transactions it enters into. The company has appointed an Audit Committee composed of the 2 independent Directors and 1 regular director whose duty and responsibilities include among others, the oversight of financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management. The Board has appointed a risk management officer with a rank of a vice president to regularly review and formulate plans for the management of all risks whether internal or external risks.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

General

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents and loans payable. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as

receivable, trade and other payables and related party receivables and payables, which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk, liquidity risk, currency risk and market risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Foreign Currency Risk. The Company's foreign exchange risk results primarily from movements of the Philippine peso against the US dollar with respect to US dollar-denominated financial assets. The Company's transactional currency exposures arise from its trade receivables and advances from customers which are denominated in currencies other than the Company's functional currency. The Company periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk and maintain dollar accounts with different banks and converts to peso only when needed.

Credit Risk. Credit risk represents the loss that the Company would incur if counterparty failed to perform under its contractual obligations. The Company has established controls and procedures in its credit policy to determine and monitor the credit worthiness of customers and counterparties. The Group's present policy to give priority to clients that make advance payments on product sales. Balance of receivable from clients are collected a few days after completion of shipments via letters of credit. This credit policy reduces credit risk

Liquidity Risk. The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, including debt principal and interest payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary to support the Company's operations during the off season.

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
While there is a risk that the exercise of the controlling shareholders' voting power may be restrictive or authorizing preferences in their favor, the Board in its commitment to practice good governance, is committed to respect the rights of the shareholders as provided for in the Corporation Code. These include the right to vote on all matters that require their consent or approval, such that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	Pls. see item 2 above	Pls. see item 2 above
Liquidity Risk	Pls. see item 2 above	Pls. see item 2 above
Foreign Currency Risk	Pls. see item 2 above	Pls. see item 2 above
Market Risk	Pls. see item 2 above	Pls. see item 2 above

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

The Company's subsidiary, Marcventures Mining and Development Corp is subject to the following risk:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Exploration, Development & Operations Risk	There are numerous hazards and risks normally encountered in the exploration, development, and production of nickel. These include and are not limited to unusual and hindering geologic formations, erosion, unfavorable weather conditions, flooding and other occurrences that may arise out of the drilling and removal of material. Any such occurrence may cause damage to mines and	The company has in place its Environmental Protection and Enhancement Plan which has resulted in structures built to prevent siltation and untoward flooding of the mine site, a Safety and Health Program, and a Crisis Management Team in place.

	other production facilities, which may result in environmental damage, and legal liability.	
Risks in the Estimation of Ore Reserves and Mineral Resources	The evaluation of the Company's ore reserves and mineral resources is established on the results and estimates of several geological and exploration works as well as rigorous studies conducted by competent geologists and mining engineers. Nonetheless, the reported figures for ore reserves are only estimates and are therefore not precise calculations.	The Company conducts in-fill drilling to validate the estimates further, and conducts a continuous exploration program to continually increase its estimated mineral reserves.
Volatility of commodity Prices	Significant declines in the price of nickel may render exploration, development, and production activity uneconomical until the price recovers. Life-of-mine estimates may have to be recalculated. Such conditions may result in a material and adverse effect on the financial performance of the Company	The Company can enter into longer term, fixed price contracts with buyers to mitigate this risk.
Exchange Rate Risk	There can be no assurance that: (a) the Peso will not be subject to continued appreciation or volatility; (b) the current exchange rate policy will remain the same; (c) the Government will act when necessary to stabilize the value of the Peso, or that any such action, if taken, will be successful. Since the Company will earn its revenues in dollars, a significant depreciation in the dollar may adversely affect the financial viability of mining operations.	The Company periodically reviews the trend of the foreign exchange rates and seeks advice from financial advisors as necessary to address risk.
Weather	Extended rainy seasons may limit extraction and haulage. The company has measures and plans in place that can increase daily production rates when weather hampers extraction and haulage activities	Buffer equipment is in place to increase the equipment complement of any particular shift. Additional shifts will also be employed in order to meet production targets. However, these can only mitigate the effects of the weather on production and haulage to a certain degree.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

As mentioned above, the Board of Directors with the Audit Committee and Management assess the various risks involved in its operations, including the agreements, contracts and transactions it enters into.

4 INTERNAL AUDIT AND CONTROL

1) Internal Control System and Internal Audit

Disclose the following information pertaining to the internal control system of the company:

- a. Explain how the internal control system is defined for the company;

Internal control are the methods by which an organization's resources are directed, monitored, and measured. It is an ongoing process to effectively and efficiently safeguard the assets and meeting various operational, financial and compliance objectives required of Company.

The Company's CG Manual provides:

1.8.3 A corporation may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

The Company recently established its internal audit and control system. The Internal Audit supports the Group's management in directing operations by inspecting and evaluating the efficiency of business operations, risk management and internal control, and by delivering information and recommendations to enhance efficiency. Internal Audit also inspects

the processes of business operations and financial reporting. Internal Audit's directive has been approved by MHI's Board of Directors.

The board of directors its audit committee and internal audit work together in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations and are responsible for overseeing the actions of management.

A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The management, in its STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS, takes responsibility for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2013 and 2012, including the additional components attached therein, in accordance with prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated 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 the consolidated financial statements before such statements are approved submitted to the stockholders of the Company.

- b. Reyes Tacandong & Co., Certified Public Accountants, the new independent auditors appointed by the board will examine the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, shall express its opinion on the fairness of presentation upon completion of such examination period covered by the review;

The Board together with the Audit committee and management conduct an Annual and quarterly review of the financial statements of the Company.

- c. How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Audit Committee, on behalf of the Board, reviews the competence and efficiency of the internal control system in detecting fraud, irregularities or violation of laws, rules and regulations or material control weaknesses on a regular basis by reviewing the work and findings of Internal Audit (IA).

The Audit Committee has been entrusted by the Board to perform an annual review of the sufficiency of the Group's accounting and financial reporting function. It also covers monitoring compliance with the requirements of the Corporate Governance Code in respect of internal controls.

IA conducts independent reviews of the capability and effectiveness of the Group's internal control and risk management system and regularly reports the findings to the Board through the Audit Committee. The IA's work covers all material controls, including financial, operational and compliance controls and risk management functions, and includes an assessment of the Group's internal control system using standards to confirm its effectiveness in the following aspects:

- the provision of sufficient explanation and information to the Audit Committee and the Board to enable effective assessment of the state of controls across the Group in areas such as the reliability of financial reporting, compliance with applicable laws, rules and regulations, and the effectiveness of risk management functions
- the responses to changes in the Group's business and external environment
- the efficiency in rectifying identified internal control deficiencies and implementing recommendations of IAD, external auditor and/or regulator
- the promptness in handling operating errors or failures

- d. Where no review was conducted during the year, an explanation why not
NA

2) Internal Audit

(a) *Role, Scope and Internal Audit Function*

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p>Assist the Audit committee in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;</p>	<p>The scope of the internal audit should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. The objectives of internal control are:</p> <ol style="list-style-type: none"> 1) The reliability and integrity of information. 2) Compliance with policies, plans, procedures, laws, and regulations. 3) The safeguarding of assets. 4) The economical and efficient use of resources. 5) The accomplishment of established objectives and goals for operations and programs. <p>Audit work should include planning the audit, collecting, analyzing, interpreting, and documenting information to support audit results, communicating results, and following up to ascertain that appropriate action is taken on reported audit findings.</p> <p>The Internal Auditor should ensure that audit work fulfills its approved general purposes and responsibilities and that the audit work conforms to the Standards for the Professional Practice of Internal Auditing.</p>	<p>in-house</p>	<p>Lester Baguec</p>	<p>The internal auditor should confirm that findings, conclusions and recommendations as a result of the internal audit are communicated promptly to the appropriate level of management and he should actively seek a response. He should ensure that arrangements are made to follow up audit recommendations to monitor what action has been taken on them.</p>

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Yes, the internal auditor has direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel. The Internal Audit reports functionally to Audit Committee and administratively to VP administration, under oversight of the Audit Committee.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

There is no any resignation/s or re-assignment of the internal audit staff.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	Audit Plan is completed but the Audit program is on-going
Issues⁶	None. Minor internal control gaps were addressed through implementation of policies and procedures enumerated in item " f " below.
Findings⁷	
Examination Trends	Generally internal audit review indicated the need for company standardization and documentation of certain procedures to avoid errors in computation and reporting. There is an ongoing company business process review being conducted by external consultants to supplement internal audit recommendation.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- a. Preparation of an audit plan inclusive of a timeline and milestones;
- b. Conduct of examination based on the plan;
- c. Evaluation of the progress in the implementation of the plan;
- d. Documentation of issues and findings as a result of the examination;
- e. Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- f. Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Standardization of Contractor's contract	Implemented
Improvement of Procurement procedures	"
Standardization of pre-employment requirements	"
Improvement of Payroll procedures	"
Setting up purchasing committee	"
Centralization of disbursement	"
Establishing Asset Management Section	"

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>The company's internal and external Auditors' carry out their work freely and in an objective manner within the bounds of the engagement letter signed by Management</p> <p>The Audit Committee shall ensure that, the performance of the work of the Internal and External Auditors shall be free from interference by outside parties.</p>	<p>There are no independence concerns involving financial analyst, investment banks and rating agencies.</p>		

⁶"Issues" are compliance matters that arise from adopting different interpretations.

⁷ "Findings" are those with concrete basis under the company's policies and rules.

- (h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Company's Compliance Officers, as witnessed and countersigned by the President attest that in 2014 the company substantially adopted all the provisions of the Manual of Corporate Governance

5 ROLE OF STAKEHOLDERS

- a. Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	The Company's code of Business Conduct and Ethics which will contain the Company's policies relative to dealings with the Company's stakeholders are being reviewed and will be finalized as soon as approved by the Board	
Supplier/contractor selection practice		
Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		

- b. **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

Marcventures Mining and Development Corporation (MMDC) the Company's wholly owned subsidiary submits its Corporate Responsibility/sustainability report to our shareholders in the Company's glossy annual report. These are based on MMDC's Social Development Management Program (SDMP) and Environmental Protection & Enhancement Program (EPEP)

- c. **Performance-enhancing mechanisms for employee participation.**

- i. What are the company's policy for its employees' safety, health, and welfare?

The Company believes that it is management's duty to take care of each employee, to ensure so far as is reasonably practicable that the employee is, while at work, safe from injury and risks to health. Management complies with all Government required occupational health and safety measures under the Occupational Safety and Health Standards of the Philippines

- ii. Show data relating to health, safety and welfare of its employees.

The Company and its subsidiary recently enrolled all regular employees under a health care program

- iii. State the company's training and development programmes for its employees. Show the data.

Directors, Officers and Employees take programs as required by the Securities and Exchange Commission, Philippine Stock Exchange and other government agencies such as the BOI, BIR, Geosciences Bureau.

- iv. State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has no reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. The Board approves reward/compensation under such circumstances.

- d. What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company adheres to provisions stipulated in the Philippine Labor Code under the Department of Labor and Employment concerning illegal (including corruption) and unethical behavior. In such cases, employees are advised to refer the matter immediately to Management. The Company's code of conduct and ethics which will contain the Company's whistle blower policy is currently under review which will specify procedures for handling complaints by employees.

The procedure starts with preparation of preliminary report followed by conduct of investigation. Then, final report is generated. Said report includes recommended actions to address the situation. This is being reviewed prior to implementation.

To protect employees from retaliation, preventive suspension or force leave shall be implemented pending completion of investigation.

6 DISCLOSURE AND TRANSPARENCY

a. Ownership Structure

i. Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Bright Kindle Resources & Investments Inc.	600,000,000	32.94%	lodged with PCD
Dy Chi Hing	218,500,000	12%	Lodged with PCD
Sonia T. Techico	130,000,000	7.49%/	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
TOTAL			

b. Does the Annual Report disclose the following:

Key risks	YES
Corporate objectives	YES
Financial performance indicators	YES
Non-financial performance indicators	YES
Dividend policy	YES
Details of whistle-blowing policy	is currently being reviewed
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	YES
Training and/or continuing education programme attended by each director/commissioner	No- These matters are disclosed separately. the Corporate Governance Section which included these information was excluded in the Annual Report based on SEC Memorandum Circular No. 5, series of 2013.
Number of board of directors/commissioners meetings held during the year	
Attendance details of each director/commissioner in respect of meetings held	
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

c. External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Reyes Tacandong & Co.	450,000.00	10% of Audit fee

d. Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Company Website: www.marcventuresholdings.com
 Philippine Stock Exchange Website (stock symbol: MARC)

Annual Reports distributed during the stockholders' meeting
 Reports submitted to the Philippine Stock Exchange and Securities and Exchange Commission

e. Date of release of audited financial report:

March 21, 2014

f. Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	YES
Financial statements/reports (current and prior years)	YES
Materials provided in briefings to analysts and media	YES IF AVAILABLE
Shareholding structure	YES
Group corporate structure	YES
Downloadable annual report	YES
Notice of AGM and/or EGM	YES
Company's constitution (company's by-laws, memorandum and articles of association)	YES

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

g. Disclosure of RPT

Related Party Transactions are disclosed in the Company's 2013 Annual Report, Consolidated FS and definitive Information Statement.

RPT	Relationship	Nature	Value
<u>Bright Green Resources Formerly Carac-an Development Corp.(Carac)</u>	<u>Under common management</u>	<u>Advances to related parties. Unsecured, noninterest bearing and with no fixed repayment term.</u>	<u>₱60,985,516</u>

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

To promote transparency, the Board requires the presence of at least one independent director in all its meetings. Likewise, Related Party Transactions are properly disclosed in the company's annual audited financial statements which are submitted to regulatory agencies and posted in the company's website for the information of the investing public

7 RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Section 3 of the Company's By-Laws states in part: "At any meeting of Stockholders, the holders of record for the time being of a majority of the stock of the Company then issued and outstanding represented in person and by proxy, shall constitute a quorum for the transaction of the business, save and except in those several matters in which the laws of the Philippines require the affirmative vote of a greater proportion"
------------------------	---

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Ballot System
Description	At each meeting of the stockholders, every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him, which has voting power upon the matter in question. The method and manner of counting the votes of shareholders shall be by viva voce and/or by ballots. The votes shall be counted by the Corporate Secretary and Assistant Corporate Secretary, who shall be assisted by their stock transfer agent.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Stockholders' Rights concerning Annual/Special Stockholders' Meeting are in accordance with provisions stated in the Corporation Code	There are no stockholders' rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Dividends

Declaration Date	Record Date	Payment Date
19 September 2014	October 3, 2014	October 22, 2014
November 14, 2014 (Disclosure)	December 19, 2014	January 16, 2015

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
<p>Sending of the Notice of Stockholders meeting 15 business days prior to stockholders' meeting. The Notice of Meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation.</p> <p>Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.</p> <p>Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are presented in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the</p>	<p>During the Stockholders meeting, for each item in the agenda, the Chairman opens the floor for any questions that the stockholders may have. Any other person entitled by law, may take the floor on the matters under discussion, making observations and asking for information.</p> <p>Once that all answers, any replies or statements of votes have been provided for on each topic on the agenda, the Chairman declares the end of the discussion for each single topic.</p>

Shareholders are allowed to inspect corporate books and accordance with the Corporation Code.	
---	--

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

If the matters to be taken up include Items a, b and c above, it will be included in the notice and definitive information statement sent to all stockholders as of record date 15 business days before the stockholders' meeting and shall be entitled to vote at the said meeting in person or by proxy. Furthermore, the Company's definitive Information states:

Item 2.DISSENTERS' RIGHT OF APPRAISAL

The Corporation Code limits the exercise of the appraisal right by any dissenting stockholder to the following instances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);
- b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);
- c. In case of merger or consolidation (Section 81);
- d. In case of investments in another corporation, business or purpose (Section 42).

If the matters to be taken up do not include any of the above, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?
 - a. Date of sending out notices: October 22, 2010
 - b. Date of the Annual/Special Stockholders' Meeting: November 14, 2014
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. None
5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of Previous Meeting	<u>75.67%</u>	-	-
Approval of Management Report and Audited Financial Statements	<u>75.67%</u>		
Ratification of Management's Acts	<u>75.67%</u>		
Authority to enter into a Management Agreement with Marcventures Mining Development Corp.	<u>75.67%</u>		
(A) Amendment of the Articles of Incorporation: (a) to change the Principal Office address; (b) to include in its purpose the issuance of corporate guarantees and sureties in favor of its subsidiaries	<u>75.67%</u>		

and affiliates; and (c) to increase the number of directors from 7 to 9; (B) Amendment of the By Laws: (a) to change the annual meeting to last Friday of May of each year and (b) to grant compensation to the Members of the Board.			
Election of Directors	<u>75.67%</u>		
Appointment of external Auditors	<u>75.67%</u>		
Other Matters	<u>75.67%</u>		

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The results of the Annual Stockholders' meeting are immediately disclosed to the PSE Edge and to the Securities and Exchange Commission via SEC form 17-C.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
NA	NA
NA	NA
NA	NA

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<u>Cesar Zalamea</u> <u>Macario Te</u> <u>Isidro C. Alcantara</u> <u>Augusto Serafica</u> <u>Marianne Regina Dy</u> <u>Carlos Alfonso T. Ocampo</u> <u>Antonio H. Ozaeta</u>	<u>November 14, 2014</u>		<u>0.00%</u>	<u>75.67%</u>	
Special	None for 2014					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Representatives from the Company's stock transfer office are present to count/or validate the votes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

YES

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

Company's Policies	
Execution and acceptance of proxies	Sec. 58. The Corporate code states:
Notary	

Submission of Proxy	Proxies. Stockholders and members may vote in person or by proxy in all meetings of stockholders or members. Proxies shall in writing, signed by the stockholder or member and filed before the scheduled meeting with the corporate secretary. Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time.
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	Section 3 of the Company's By-Laws states: "At any meeting of the stockholders may so vote by proxy, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney. The instrument authorizing a proxy to act shall be submitted at least ten (10) days before the meeting. Proxies shall be validated at least five (5) days before the meeting. At any meeting of stockholders, the holder as of record for the time being of a m majority of the stock of the Company then issued and outstanding represented in person and by proxy, shall constitute a quorum for the transaction of business, save and except in those several matters in which the laws of the Philippines require the affirmative vote of a greater proportion and in the absence of a quorum the stockholders attending or represented at the time and place of which such meeting shall have been called or to which it may have been adjourned or any officer entitled to call such meeting to order or to act as secretary thereof may adjourn such meeting for a period not exceeding twenty.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Definitive Information Statement, accompanied or preceded by Management Report should be sent at least 15 business days prior to stockholders meeting.	Sent either thru the Company's chosen messengerial service, post office or hand delivered by the Company's messenger.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<u>2169</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<u>October 22, 2014</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<u>October 22, 2014</u>
State whether CD format or hard copies were distributed	<u>hard copies</u>
If yes, indicate whether requesting stockholders were provided hard copies	YES

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	YES
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	YES
The auditors to be appointed or re-appointed.	YES

An explanation of the dividend policy, if any dividend is to be declared.	YES- IF DECLARED
The amount payable for final dividends.	YES-IF DECLARED
Documents required for proxy vote.	YES

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
<p>The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:</p> <ul style="list-style-type: none"> I. Right to vote on all matters that require their consent or approval; II. Pre-emptive right to all stock issuances of the corporation; III. Right to inspect corporate books and records; IV. Right to information; V. Right to Dividends; VI. VI.A appraisal Rights. <p>The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.</p> <p>The Company's CG manual provides:</p> <p>4.1.4.2 As required under Article 1 Section 2 of the By-Laws of the Corporation, the minority shareholders who hold not less than 1/4 of the outstanding capital stock of the Corporation shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>4.1.4.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include, such information and, if not included, then the minority shareholders holding not less than 1/4 of the outstanding capital stock of the Corporation shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".</p>	<ul style="list-style-type: none"> 1. Shareholders are informed at least 15 business days before the scheduled date of the Annual Stockholders' Meeting. Notice for the November 14, 2014 Annual Stockholders' Meeting was sent on October 22, 2014. 2. Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholders meeting, including the Annual Stockholders' Meeting. 3. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting. 4. Shareholders are provided through public records, communication media, and the Company's website, the disclosures, announcements and reports filed with the SEC, PSE, IC and other regulating agencies. 5. The Board of Directors are authorized to declare dividends out of the unrestricted retained earnings of the Company, which may be payable in cash, in property, or in stock to all Stockholders.

(b) Do minority stockholders have a right to nominate candidates for board of directors? YES

8 INVESTORS RELATIONS PROGRAM

- 1) **Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.**

Although the Company has appointed an Investor Relations Officer (IRO), the Company has no formal IRO Program. Shareholders are encouraged to call or personally visit the Company's head office or stock transfer office for clarifications regarding their holdings in the Company. Furthermore, the company's IRO together with the Company's Corporate Information Officers oversees most aspects of shareholder meetings, press conferences, private meetings with investors for a "one-on-one" briefings.

All major announcements are reviewed by the board of directors and discussed with the Corporate Information Officer for the proper disclosure requirements.

	Details
(1) Objectives	NA
(2) Principles	NA
(3) Modes of Communications	NA
(4) Investors Relations Officer	NA

As designated in the company's Corporate Governance Manual, the Chief Information Officer is responsible for the review and approval of all public disclosures and reports to be submitted to the Exchange or the Commission and the formulation of clear policy on communicating or relating relevant information to corporate stakeholders to fully inform them of corporate activities.

	Details
(1) Objectives	<u>To keep stockholders informed on important developments in the corporation</u>
(2) Principles	<u>Promote transparency and good corporate governance through accurate, timely and effective communication with stockholders.</u>
(3) Modes of Communications	<u>Through submission of reports and disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange and making these available in the company's website (www.marcenturesholdings.com)</u>
(4) Investors Relations Officer	

- 2) **What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?**

The company abides by the principles of transparency, fairness and objectivity in such transactions. Major decisions of such nature require the approval of the Board and its stockholders as necessary.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

There is no such transaction that took place in year 2014. In case of such a transaction, the Board usually appoints an independent/external auditor or other third party to evaluate the transaction price.

9 CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

MARC is steadfast in the belief that mining can and should be done in a responsible manner.

The activities of MMDC, its wholly owned subsidiary, are governed and shaped by the principle of Sustainability that the use of resources today, must not compromise the needs of tomorrow. This is reflected in the way MMDC operates. MMDC began its environmental and social development programs as early as 2009, two years before government regulations required the company to do so.

Since then, MMDC has forged strong and productive partnerships with local communities, which it continues to nurture today. Constant dialogue and consultation with local partners ensures that the programs and activities it implements address the

primary needs of each of the communities in which MMDC operates. MMDC believes that with the continued implementation of these environmental and social development programs, it will be able to help build thriving communities, where residents enjoy benefits brought about by growth and development, which will last long after mining operations have ceased.

Initiative	Beneficiary
<p><u>Social Development Management Program (SDMP) of MMDC</u></p> <p>Each of the activities in the SDMP is designed to address the most pressing needs of the communities, improve their welfare, and uplift their standard of living. The main thrusts of the SDMP are to provide basic welfare services like Information, health care and nutrition, develop community infrastructure, offer sustainable forms of livelihood, and, most importantly, to open of a wide spectrum of opportunities, through education.</p> <p><i>Information, Communication and Education (IEC)Program</i> Intensive Information, Communication, and Education campaigns are conducted regularly to keep the residents well informed to any development projects and SDMP implementations. Issues and concerns of the community are raised during the regular community consultation and Community Technical Working Group meetings. The environmental and social commitments of the Project may be reviewed and the accomplishment evaluated. Corrective actions are worked out jointly by the company and the community.</p> <p>Information dissemination will be in the form of regular radio program, Newsletter, Brochures, information Billboards, regular community “pulong-pulong”/ consultation, meetings, and other forms and avenues for public information.</p> <p><i>Human Resource Development Program</i> Human Resource Development Program will ensure that residents benefited directly from the project. Technical and Vocational Skills Training for the prioritized residents will be conducted. Specialized trainings on project proposal making, livelihood project management, financial management and other capability building mechanisms will be made available to the proponents.</p> <p><i>Cooperative and People’s Organization</i> The cooperatives and neighborhood associations will be assisted technically and financially in all their collective capacity and capability building endeavors. These are in the form of values formation, leadership and other specialized trainings, team building activities, and community projects. Eventually the same organizations will be tapped to perform Community Based Resource Management (CBRM) so that rehabilitated areas and forest resources will be managed and/or utilized reasonably even beyond the project life.</p> <p><i>Alternative Means of Livelihood</i> This program is designed to raise household income level and improve their standard of living. This will also ensure sustainability even after the project life. Livelihood project are, therefore, given more priority and must be in place prior to decommissioning of the project. Another principal objective of proving livelihood projects will be to ensure that the affected population will not resort to pursuing environment destructive activities to support food and other household needs.</p> <p><i>Education Program</i> Education is one of the programs of this project that will necessarily ensure sustainability after the project life. This will provide opportunities for learning and quality education of affected communities. It can be projected that through this program many would be able to finish primary and secondary education.</p>	<p>Communities covered by mining areas</p>

Aside from adopting a school and providing assistance for school classrooms and other facilities and education/instructional materials, this program will provide other educational services to ensure graduation from primary and secondary school.

Health, Nutrition and Sanitation

This program will help ensure an improved and efficient delivery of health services. It will also launch medical outreach, regular medical clinics, supplemental feeding and health education to affected communities. Malnutrition, especially among children, will be addressed and arrested. Parents will be taught the values of proper diet, nutrition, preventive medication and sanitation. The health profile of every family beneficiary will also be monitored and every problem will then be given proper medical attention.

Environmental & Safety Management Program

A comprehensive and deliberate environmental and safety management program for the company and affected communities is needed to avoid disturbing the water resources, livelihood and health of the residents. Intensive environmental, safety and waste management education/seminars will be regularly conducted. This will not only control pollution but will also provide additional income to every household.

Infrastructure Development Program

Assistance for establishment, repair and maintenance of infrastructures will be provided. However, because infrastructure projects are more costly, implementation will be in accordance to the prioritized needs per community and in partnership with concerned communities and other funding institutions or agencies. Infrastructure assistance for water systems.

10 BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	<u>Self – Assessment</u>	<u>The board and its committee's performance of its duties and responsibilities in terms of leading corporate governance best practices.</u>
Board Committees	<u>Self – Assessment</u>	
Individual Directors	<u>Self – Assessment</u>	
CEO/President	<u>Self – Assessment</u>	

11 INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

The Company is not aware of any violation or breach of the corporate governance manual involving directors, officers, management and employees.

Violations	Sanctions
NA	NA
NA	NA
NA	NA

After due notice and hearing, the following penalties shall be imposed on the company's directors, officers, staff and affiliates and their respective directors, officers and staff in case of violation of any of the provisions of the CG Manual

<u>Violations</u>	<u>Sanctions</u>
<u>First Violation</u>	<u>Reprimand</u>
<u>Second Violation</u>	<u>Suspension from office</u>
<u>Third Violation</u>	<u>Removal from office or removal from directorship.</u>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned; thereunto duly authorized, in the City of **MAKATI CITY** on **APR 15 2015**.

SIGNATURES


Antonio H. Ozaeta

Vice Chairman/Independent Director


Atty. Roberto San Jose
Corporate Secretary


Atty. Ana Katigbak

Compliance Officer


Diane Madelyn Ching
Compliance Officer

SUBSCRIBED AND SWORN to before me this **APR 15 2015** day of **APR 15 2015**, 20__ , affiant(s) exhibiting to me their _____, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
ANTONIO H. OZAETA/EB2278138	4-21-11	DFA MANILA
ANA MARIA A. KATIGBAK/EB6978724	12-20-12	DFA MANILA
ROBERTO SAN JOSE/EB6079962	8-8-12	DFA MANILA
DIANE MADELYN CHING/EB3886703	10-17-11	DFA MANILA

NOTARY PUBLIC

Doc No. 19
Page No. ✓
Book No. ✓
Series of ✓

ATTY. GERVACIO B. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
PTR NO. 4748512/01/05-2015/MAKATI
IBP NO. 656155 LIFETIME MEMBER
APPT. NO. M-38/2016/ROLL NO. 40067
MCLE:0011225 JAN. 7, 2013