CR02971-2022

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, 2021
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
   4th Floor BDO Towers Paseo (formerly Citibank Center), 8741 Paseo de Roxas, Makati City
   Postal Code
   1227
8. Issuer's telephone number, including area code
   +632 8831-4479
9. Former name or former address, and former fiscal year, if changed since last report
   -
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	3,014,820,305

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
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

PHP 424,035,414

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

-

Marcventures Holdings, Inc.
MARC

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

For the fiscal year ended	Dec 31, 2021
Currency	PHP

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2021	Dec 31, 2020
Current Assets	1,484,580,441	1,084,222,184
Total Assets	6,509,633,095	6,163,695,628
Current Liabilities	1,096,737,200	1,026,486,783
Total Liabilities	1,844,515,575	1,867,114,716
Retained Earnings/(Deficit)	1,345,190,197	980,675,981
Stockholders' Equity	4,665,117,520	4,296,580,912
Stockholders' Equity - Parent	3,432,250,238	3,872,793,076
Book Value Per Share	1.55	1.43

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2021	Dec 31, 2020
Gross Revenue	3,891,592,774	2,876,676,296
Gross Expense	2,856,595,199	2,219,872,441
Non-Operating Income	27,568,438	37,172,350
Non-Operating Expense	50,525,191	64,492,696
Income/(Loss) Before Tax	1,012,040,823	629,481,509
Income Tax Expense	255,597,967	254,434,044
Net Income/(Loss) After Tax	756,442,856	375,047,465
Net Income/(Loss) Attributable to Parent Equity Holder	756,442,856	375,047,465
Earnings/(Loss) Per Share (Basic)	0.25	0.12
Earnings/(Loss) Per Share (Diluted)	0.25	0.12

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2021	Dec 31, 2020
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.35	1.06
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	1.08	0.86
Solvency Ratio	**Total Assets / Total Liabilities**	3.53	3.3
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.28	0.3
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.4	0.43
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	21.03	10.88
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.4	1.43
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	44.32	42.72
Net Profit Margin	**Net Profit / Sales**	19.44	13.04
Return on Assets	**Net Income / Total Assets**	11.62	6.08
Return on Equity	**Net Income / Total Stockholders' Equity**	16.21	8.73
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	4.66	11.77

Other Relevant Information
NONE

Filed on behalf by:

Name	Maila Lourdes De Castro
Designation	Co-Assistant Corporate Secretary/Co-Compliance Officer/Corporate Information Officer/Data Privacy Officer/Vice-President and Head of Legal

COVER SHEET

1 2 9 4 2

SEC Registration Number

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES
(FORMERLY: AJO.NET HOLDINGS, INC.)

(Company's Full Name)

UNIT 4-3 4TH FLR. BDO TOWERS
PASEO (FORMERLY: CITIBANK CENTER)
8741 PASEO DE ROXAS MAKATI CITY

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

ROLANDO S. SANTOS	8831-44-79
(Contact Person)	(Company Telephone Number)

1 2	3 1	1 7 - A		
Month	*Day*	(Form Type)	*Month*	*Day*
(Calendar Year)			(Annual Meeting)	

N/A

(Secondary License Type, If Applicable)

	N/A
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

2168		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

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 Industry Classification Code:
December 31, 2021 (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 BDO Towers Paseo 8741 Paseo de Roxas, Makati City
(Company's Address) (Zip Code)

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

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

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding	Name of each stock exchange in which securities are listed
Common Stock (P1.00 par value)	3,014,820,305 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 ₱424,035,414 computed on the basis of ₱1.00 representing 14.07% shares equivalent to ₱496,121,434 based on the closing price of ₱1.17 at the Philippine Stock Exchange as of December 31, 2021.

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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 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) with the shareholders of Marcventures Mining & Development Corporation (MMDC) (Investor Group) and their partners to exchange their stake in MMDC for a total value of ₱1.3 billion consisting of: (i) new Parent Company shares worth ₱100.0 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 ₱50.0 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 ₱0.01) at a price of ₱0.02, which resulted in additional paid-in capital of ₱50.0 million. The Company also transferred the amount of ₱441.0 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, the wholly-owned Subsidiary of the Parent Company, is incorporated in the Philippines and is primarily engaged 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.

MMDC obtained its ISO 14001:2004 + Cor. 1:2009 Certification from TÜV Rheinland Cert GmbH, an International Certification Body performing system certification and training as well as providing third-party audit/certification based on various international standards. The certificate issued in favor of MMDC dated 16 May 2016 complies with DENR Administrative Order No. 2015-07. It confirms that MMDC's Environment Management Systems implemented for Mining and Shipping of Nickel Laterite Ore and Post-Mining Activities are compliant with International Standards.

Going beyond regulatory demand, MMDC integrated 3 management systems to raise business standards and more importantly, protect the environment and people. After rigorous, simultaneous audits, MMDC's Surigao Nickel Mining project obtained International Organization for Standardization (ISO) certification for Environmental Management System (ISO 14001:2015), Quality Management System (ISO 9001:2015), and the Occupational Health and Safety Management System (ISO18001:2007). The British certifying body National Quality Assurance (NQA), which granted MMDC the ISO certification in September 2017, also certified the Company's integrated Management Systems (IMS)

On December 29, 2017, the Securities and Exchange Commission approved the merger of MHI with Asia Pilot Mining Philippines Corp. (APMPC) and BrightGreen Resources Holdings Inc. ("BHI") with MHI as the surviving entity. The merger resulted to MHI's acquisition of APMPC's subsidiaries, namely, Alumina Mining Philippines Inc. ("AMPI") and Bauxite Resources Inc. ("BARI") as well as BHI's subsidiary, BrightGreen Resources Corp. ("BRC") Moreover, this resulted in the increase in authorized capital stock of the Parent Company to accommodate the merger from 2,000,000,000 shares at ₱1 par value to 4,000,000,000 shares at ₱1 par value a share. Out of this increase, a total of 1,125,000,000 of the Parent Company's common shares were issued to BHI and APMPC shareholders at ₱1 per share.

BHI owns 100% interest in BrightGreen Resources Corporation (BRC) and APMPC owns 100% interest in Alumina Mining Philippines, Inc. (AMPI) and Bauxite Resources, Inc. (BARI).

The merger allowed MHI to grow its business, diversify its products and expand its source of income. Bauxite has been observed to be more stable in prices as compared to other commodities even during the slump of metal prices.

The Company is not involved in any bankruptcy, receivership, or similar proceedings.

The Company is listed in the Philippine Stock Exchange. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries, MMDC, BRC, AMPI and BARI as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020.

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

Pursuant to the approval of the Board of Directors on 15 February 2018, Marcventures Holdings Inc. (the Company") executed, on 23 May 2018, a Subscription Agreement with Mr. Isidro C. Alcantara, Jr. President & CEO, accepting the subscription of the latter to 45,731,706 MARC shares at ₱1.64 per share equivalent to ₱74,999,997.84. The subscription price was based on the average 30 day high and low prices from January 3, 2018 to February 9, 2018 as disclosed.

Simultaneously, the Company entered into a Subscription Agreement with its subsidiary, Marcventures Mining and Development Corp. (MMDC) wherein the Company subscribed to additional 7,500,000 MMDC shares with a par value of Ten Pesos (₱10.00) per share for a total amount of Seventy-Five Million Pesos (₱75,000,000.00). The subscription proceeds are to be used by MMDC for its operations and infrastructure development.

During the annual meeting held on December 19, 2018, the Stockholders of MARCVENTURES HOLDINGS, INC. (the 'Corporation') approved the amendment of the Seventh Article of the Articles of Incorporation to increase the Corporation's authorized capital stock from ₱4.0 Billion to an amount of up to ₱7.0 Billion and to create a class of up to 100,000,000 non-voting, non-participating, cumulative, and redeemable Preferred Shares with a par value of ₱10.00 per share or aggregate par value of ₱1,000,000,000, thereby amending the Seventh Article as follows:

SEVENTH. That the authorized capital stock of the corporation is SEVEN BILLION PESOS (₱7,000,000,000.00) and said capital stock is divided into:

(a) SIX BILLION (6,000,000,000) common shares with a par value of One Peso (₱1.00) each share or an aggregate par value of SIX BILLION PESOS (₱6,000,000,000.00); AND

(b) ONE HUNDRED MILLION (100,000,000) Preferred Shares with a par value of TEN PESOS (₱10.00) each share or an aggregate par value of ONE BILLION PESOS (₱1,000,000,000.00)

Furthermore, the Stockholders also authorized the Corporation to enter into Placing and Subscription Transactions. The Stockholders authorized the Board of Directors to determine the terms and conditions of the Placing and Subscription Transaction, provided that:

(i) The number of Placing Shares shall not exceed 600,000,000 listed common shares to be provided by existing shareholders of the Corporation, and the number of Subscription Shares shall be equivalent to the number of Placing Shares actually sold; and

(ii) The Placing price shall not be less than the par value of the common shares.

The Stockholders likewise approved the issuance of warrants to stockholders, directors, officers and/or third-party consultants under such terms and conditions as the Board of Directors may deem proper.

The foregoing has yet to be implemented.

On February 21, 2019, the Philippine Stock Exchange approved MHI's listing application of shares issued in connection with the merger of APMC and BHI and further approved the listing application for two private placements. BDO Unionbank, Inc. and Investment Group as Escrow Agent.

During the annual meeting held on September 26, 2019, shareholders representing 81.22% ratified all acts of the Board of Directors and Management from the last shareholders' meeting until the date of the 2019 Annual Stockholders' Meeting including Board Resolutions authorizing the Corporation to act as Surety or Guarantor or to issue Pledges or Mortgages to secure the loan obligations of its Subsidiaries, namely, Alumina Mining Phils. Inc., Bauxite Resources, Inc., BrightGreen Resources Corporation, and Marcventures Mining and Development Corporation

Updates and Developments in 2021

The Security Agreements of the Corporation for the loan obligations of its subsidiaries are as follows:

a. Alumina Mining Phils. Inc. as regards its loan obligations to Philippine Business Bank;

- Authority of the Corporation to act as surety, binding itself jointly and severally to pay the loan/ credit accommodation granted by Philippine Business Bank to Alumina Mining Phils. Inc. in the principal amount of Two Hundred Million Pesos (₱200,000,000.00) together with interests, penalties, and other charges therein; the authority of the President, Mr. Isidro C. Alcantara, Jr., and the Treasurer, Mr. Rolando S. Santos, to sign, execute, and deliver any and all documents and instruments on behalf of the Corporation; and the authority of the Corporation to mortgage the following:
-

Description	CCT	Area	Location
Unit 4-1	006-2018002292	178.19 sqm.	4F, BDO Towers Paseo
Unit 4-3	006-2014001598	313.76 sqm.	4F, BDO Towers Paseo
Unit 4-4	006-2014001597	469.55 sqm.	4F, BDO Towers Paseo
Parking B351	006-2014001599	36 sqm.	Basement, BDO Towers Valero
Parking B352			
Parking B353			
Parking LB70	006-2018002293	12 sqm.	Basement, BDO Towers Valero

b. Marcventures Mining and Development Corporation as regards its loan obligations to United Coconut Planters Bank

- Authority of the Corporation to act as surety to guarantee the payment of the obligations of Marcventures Mining and Development Corporation under the credit accommodation in the form of a short term loan at the aggregate principal amount of not more than One Hundred Ninety Million Two Hundred Eighty-eight Thousand One Hundred Twenty-Five Pesos (₱190,288,125.00), ("Credit Accommodation") granted by United Coconut Planters Bank; grant of authority to the officers of the Corporation to sign, execute, and deliver any and all documents and instruments on behalf of the Corporation; and authority of the Corporation to mortgage, pledge and/or assign the following properties of the Corporation as security for the Credit Accommodation:
-

Issued by	Stock Certificate No.	No. of Shares
BrightGreen Resources Corporation	77	20,000,000

c. Marcventures Mining and Development Corporation as regards its loan obligations to Philippine Veterans Bank.

- Authority of the Corporation to act as guarantor for the loan obligations and corporate borrowings of Marcventures Mining and Development Corporation with Philippine Veterans Bank up to the aggregate amount of Two Hundred Million Pesos (₱200,000,000.00) and to pledge its Ten Million (10,000,000) shares of stock in Marcventures Mining and Development Corporation as added security or collateral to the obligation or corporate borrowings; grant of authority to the officers of the Corporation to sign, execute, and deliver any and all documents and instruments on behalf of the Corporation.

Information about the Subsidiaries

All of the subsidiaries of the Parent Company are wholly owned.

Subsidiaries

Below are the Parent Company ownership interests in its subsidiaries:

Subsidiaries	2021	2020
Marcventures Mining and Development Corporation (MMDC)	100%	100%
BrightGreen Resources Corporation (BRC)	100%	100%
Alumina Mining Philippines Inc. (AMPI)	100%	100%
Bauxite Resources Inc. (BARI)	100%	100%

Marcventures Mining and Development Corporation. MMDC was incorporated and registered with the SEC on January 18, 1995 primarily to engage and/or carry on the business of extracting, mining, smelting, refining and converting mineral ores such as, but not limited to nickel, chromites, copper, gold, manganese and other similar ores and/natural metallic or non-metallic resource.

MMDC has been granted by the Department of Environment and Natural Resources (DENR) Mineral Production Sharing Agreement (MPSA) No. 016-93-XIII covering an area of approximately 4,799 hectares located in the municipalities of Carrascal, Cantilan and Madrid, Surigao Del Sur.

Originally, the MPSA was granted to Ventura Timber Corporation (VTC) on June 19, 1992. In January 1995, VTC executed a deed of assignment (the 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 June 24, 2016, the DENR issued an order approving the extension of MMDC's MPSA for a period of 9 years starting from the expiration of the first 25-year term.

On February 13, 2017, MMDC received an order dated February 8, 2017 from the DENR cancelling its MPSA due to alleged violations of environment-related laws and regulations. The Technical Committee Report on the Company however only shows a recommendation for fine and suspension.

The Management and its legal counsel have assessed that the order is without basis in fact and in law. Foremost, the Company is engaged in clean and responsible mining. On February 17, 2017, the Company filed a Notice of Appeal to the Office of the President. Subsequently, on March 17, 2017, the Company filed its Appeal Memorandum. The Company asserted that the grounds for cancellation cited by the DENR: (a) operations is allowed by law since said MPSA dated 01 July 1993 is granted with prior rights and is allowed by law as indicated specifically in Proclamation 1747 issued in 2009 by former President Gloria Macapagal Arroyo; (b) despite operations in a watershed, the Company has not impaired farmlands, rivers or coastal areas within the MPSA area. As to the alleged non-compliance to the planting of three million seedlings, the Company was prevented from implementing the same due to circumstances beyond its control.

As at December 31, 2021, the Company has not received any decision nor any notice from the Office of the President. The Company's Legal Counsel is of a good faith position that the Company may continue its operations because the execution of the Order of the DENR Secretary is deemed automatically stayed as a matter of law on account of the pendency of the Company's appeal, as likewise confirmed by the Office of the President.

MMDC has continued to implement and adopt measures not only to rectify any shortcomings allegedly found in its operations but more importantly, it has continuously sought to improve operational efficiencies both in the area of its regulatory compliances and in maintaining its commitments to its host and neighboring communities.

The Company has continuously been granted the necessary regulatory permits and licenses to operate, including but not limited to Discharge Permits, Ore Transport Permits (OTP) and Mineral Ore Export Permits (MOEP). As proof its compliance, the Company has also secured a certification from the MGB as of March 17, 2022, attesting to the validity and existence of its MPSA and that the Company has an approved Declaration of Mining Project Feasibility covering its entire contract mining area as of October 15, 2014 and is being developed and utilized by virtue of an approved Three-Year Development/Utilization Work Program dated 09 September 2022 covering Calendar Years 2020 to 2022. Moreover, MGB also certified that MMDC has complied with the terms and conditions of the MPSA and the pertinent provisions of the R.A.7942 or the Philippine Mining Act of 1995 and its Implementing Rules and Regulations.

Accordingly, the Company has continued its mining operations in areas covered by the MPSA.

BRC. BRC was incorporated and registered with the SEC on July 20,1989 to engage in the mining business.

On July 1, 1993, the DENR approved BRC's application for MPSA No. 015-93-XI (SMR) covering an area of approximately 4,860 hectares located in the municipalities of Carrascal and Cantilan, Surigao del Sur. BRC is undertaking its continuous exploratory drilling program to block mineral resources at indicated and measured category. In a letter dated 11 April 2022, the Mines and Geosciences Bureau (MGB) of the DENR approved the company's request for extenstion of the third renewal of its Exploration Period due to force majeure for a period of two years effective from 2 July 2022 to 1 July 2024 to recover its unused term.

On February 17, 2017, BRC received a Show-Cause Order dated February 13, 2017. In the Show-Cause Order, it was alleged that the contract area covered by the said MPSA is within a watershed, such that if mining operations will be conducted therein, its ecological functions will be impaired.

On February 27, 2017, the Company submitted a reply to the Show-Cause Order to explain why the MPSA should not be cancelled. The Company stated in the reply that it has prior legal right considering that the MPSA of the Company with the Republic of the Philippines was approved on July 1, 1993, while Proclamation No. 1747 on the proclamation of watershed areas was only issued on March 23, 2009. Notably, Proclamation No. 1747 provides that prior rights should be respected. Thus, the Company should be allowed to continue its operations over its contract area. The management and its legal counsel believe that the alleged violation is without basis in fact and in law.

As at December 31, 2021, there are no developments regarding the Show-Cause orders. However, the Management and the Legal Counsel of the Company take the good faith position that the operations of the Company under said MPSA is granted with prior rights and is allowed by law and the alleged impairment and damage in the Company's MPSA area is not supported by any specific acts of impairment because the Company is not yet operating in the area but has only completed exploration and drilling.

AMPI. AMPI was incorporated and registered with the SEC on August 31, 2001 to engage in the mining business.

On December 5, 2002, the DENR approved AMPI's application for MPSA No. 179-2002-VIII-SBMR covering 6,694 hectares in the municipalities of San Jose de Buan and Paranas Samar in Eastern Visayas (Region VIII), valid for 25 years and renewable for another 25 years.

BARI. BARI was incorporated and registered with the SEC on August 31, 2001 to engage in the mining business.

On December 5, 2002, the DENR approved BARI's application for MPSA No. 180-2002-VIII-SBMR covering 5,519 hectares in the Municipalities of Gandara, San Jose de Buan, Matuguinao, and San Jorge, Province of Samar (formerly known as Western Samar) in Eastern Visayas (Region VIII), valid for 25 years and renewable for another 25 years.

Products/Sales/Competition

The MMDC's main product is nickel ore. All its nickel ore productions were exported to China. The principal market for nickel ore production from the Philippines is currently China. After Indonesia implemented a ban on nickel ore exports, the Philippines has become the main source of Chinese nickel ore – Chinese imports of ores from the Philippines accounted for 97% of total imports. 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 of 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 was granted by Philippine National Government, through the DENR, a 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 contract area 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 June 19, 1992 and subsequently approved on July 1, 1993. In January 1995, a deed of assignment 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 282.8 hectares on the above MPSA covered area.

On June 24, 2016, the DENR issued an order approving the extension of MPSA for a period of 9 years starting from the expiration of the 25-year term.

Aside from the above discussed MPSA, the approval of the Merger of the Parent Company with Asia Pilot Mining Philippines Corp. (AMPC) and the holding company of Brightgreen Resources Corp. (BRC) gave the Company 3 additional mining tenements, particularly, under MPSA 179-2002 VIII (SBMR) with an area of 6,694 Hectares located in Motiong, San Jose De Buan and Wright, Province of Samar issued on December 5, 2002 to Alumina Mining Philippines Inc. and MPSA 180-2002 VIII (SBMR) with an area of 5,519 Hectares located in Gandara, San Jose De Buan and Wright, Province of Samar issued on December 5, 2002 in favor of Bauxite Resources Inc. and MPSA 015-93-XIII issued to BrightGreen Resources Corp. which was approved on 01 July 1993, covering approximately 4,860 hectares of Carrascal and Cantilan, Surigao del Sur.

Government Regulation and Approvals

As mentioned above, the Company's subsidiaries respectively hold MPSAs issued by the MGB which define 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 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 these 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.

Compliance with Environmental Laws

The Company is strongly committed to its policy of protecting and enhancing the environment. It spent ₱94.31 million on its environmental and enhancement program (EPEP) in 2021.

Related Party Transactions

As at December 31, 2021, the total advances to related parties has an outstanding balance of ₱10.77 million which represents a non-interest bearing unsecured and payable on demand.

On the other hand, the total advances from related parties as at December 31, 2021 has an outstanding balance of ₱11.32 million which represents a non-interest bearing unsecured loan payable on demand.

Please refer to Note 13 on page 29 of the 2021 Audited Consolidated Financial Statements (ACFS).

Employees

- Parent Company- Marcventures Holdings, Inc. (MHI)
  The Company currently has a total of 5 employees, consisting of 2 executive positions, 1 in Treasury, and 2 messenger personnel. For the ensuing 12 months, the Company anticipates an increase in the number of employees, specifically transfer of Internal Audit Division from MMDC to MHI.

- Marcventures Mining & Development Corporation (MMDC)
  As of December 31, 2021, MMDC engaged a total of 337 workers. Out of the 337 workers, 57 are employed by security agencies engaged by MMDC.

Table below show the distribution of our workforce:

	Makati Office	Mine Site	Total
Senior Management	14	0	14
Managers	9	8	17
Supervisors	15	77	92
Rank and File	20	137	157
Subtotal	**58**	**222**	**280**
Security Agency	0	57	57
Total	**58**	**279**	**337**

The table below show a breakdown of the workforce hired from the local communities:

	Makati Office	Mine Site	Total
Regular	53	207	260
Probationary	3	7	10
Service Contract	1	3	4
Regular Seasonal	0	0	0
Project Based	1	5	6
Subtotal	**58**	**222**	**280**
Security Agency	0	57	57
Total	**58**	**279**	**337**

On September 10,2020, MMDC has successfully finalized a collective bargaining agreement with the Samahan ng Responsableng Manggagawa ng Marcventures Mining and Development Corporation (SRMMMDC) for Rank and File Union and Marcventures Mining and Development Corporation Supervisory Union (MMDCSU) – Associated Professional Supervisory Office and Technical Employees Union (APSOTEU) – Trade Union Congress of the Philippines (TUCP) for Supervisory Union. The agreement shall be in full force for a period of 5 years starting June 1, 2020 for Rank and Union and August 1, 2020 for Supervisory Union.

Risks Related to our Business and Industry

Market Risk
MMDC's revenue is dependent on both volume exported and the world market price of nickel. The sales price of nickel ore is correlated with the world market price of nickel. The nickel price is subject to volatile price movements over time and is affected by numerous factors that are beyond the Company's control.

From the start of the Company's shipment operations, 100% of our revenue are derived from sale of nickel ore into China. While China has become a significant source of global demand for commodities, our exposure to the Chinese Market and our short-term supply agreements with Chinese customers have resulted in increased volatility in our business.

Operational Risk
The Mining operations are influenced by changing conditions that can affect the production levels and cost for varying periods that can diminish revenues and income. Severe weather conditions, changing prices of fuels and other supplies, increase in taxes and repair costs could have significant impact on the productivity of the Company's operating results.

Socio-Political Risk
The Mining operations can be affected by relevant changes in the rules and regulations in the mining laws of the Philippines, as well as its implementation, both local and national. Impact would include changes in the company's mining methods and processes to avoid related fines and penalties, and also on any required rehabilitation efforts by local and national government.

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 into peso to attain the best rates.

Other risks
Other risks affecting the Company were discussed in Note 24 on pages 38-42 of the 2021 ACFS.

Risk Management
Risk Policy Statement
The Organization is committed to integrating risk management practices into its business strategy and performance to drive consistent, effective and accountable management in achieving the Organization's business objectives.

The Organization recognizes that risk is dynamic and is inherent in all external and internal operating environments, and that managing risks is vital in defining the organization's purpose, process and expected results, which are the foundations of its daily operations.

Risk Management activities are carried out through a systematic and disciplined process. The process starts with a Board-approved, comprehensive and Risk Management Policy Manual which encompasses the Enterprise Risk Management (ERM) framework for managing risk at enterprise-wide level.

ERM framework provides the means to ensure that all risks – operational, financial, compliance, security and safety as well as reputational are identified, assessed, monitored, mitigated and controlled.

Purpose
The Enterprise Risk Management Framework Manual forms part of The Organization's compliance policies and shall:

- Establish the risk management framework – the risk philosophy, strategy, objectives, policies and procedures of the Company;
- Define the roles and responsibilities of the Board and the senior management in their oversight role, as well as the roles and responsibilities of the entire workforce;
- Communicate and provide rules or guidelines to the whole organization in the implementation of risk management practices;
- Provide baseline reference to the internal and external audit activities as they perform their function in the risk evaluation, assessment and other related audit activities
- Sets the scope and application of risk management within the organization
- Details the process of risk reporting obligations to external and internal stakeholders

To meet this commitment, risk management is to be every employee's business. All employees are responsible and accountable for managing risks within their area of responsibility and that the Board and senior management is responsible of its oversight. Three lines of defense are also identified within the organization to be the operational staff and associates, line supervisors and managers and lastly, the Compliance and Audit function.

Through the Framework and its supporting processes, the organization formally establishes and communicates its risk appetite in managing risks.

The organization is averse to risks relating to:

1. health, safety and well-being of our employees, staff and the community
2. administration of finances and assets
3. compliance with applicable regulations – especially those in relation to environmental protection as issued by Mine and Geoscience Board (MGB) and Department of Environment and Natural Resources (DENR), among others.

There is a potentially higher appetite where benefits created by potential innovation or improvisation outweigh the risks. Benefits may include improved production, and/or increased efficiency and effectiveness of the organization's operations.

The framework follows the model of the 2017 Enterprise Risk Management – Integrating with Strategy and Performance of COSO or Committee of the Sponsoring Organizations of the Treadway Commission.

This Enterprise Risk Management Framework also demonstrates that it has incorporated the four areas of sound risk management practices, as required by the Security and Exchange Commission and Philippine Stock Exchange:

1. Adequate and active board management oversight
2. Acceptable policies and procedures
3. Appropriate monitoring and management information system
4. Comprehensive internal controls and audit

ITEM 2. DESCRIPTION OF PROPERTIES

Mineral Properties

MHI currently has four (4) mining subsidiaries, namely, Marcventures Mining and Development Corporation, ("MMDC"), BrightGreen Resources Corp. ("BRC"), Alumina Mining Philippines Inc. ("AMPI") and Bauxite Resources Inc. ("BARI").

MMDC

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.

BRC

BrightGreen Resources Corp., another subsidiary of The Company holds MPSA No. 015-93-XIII approved on 01 July 1993, covering approximately 4,860 hectares of the Municipalities of Carrascal and Cantilan in the Province of Surigao del Sur.

AMPI

Alumina Mining Philippines Inc. holds MPSA No. 179-2002 VIII (SBMR), with an area of 6,694 hectares located in the Province of Samar, issued on December 5, 2002.

BARI

Bauxite Resources Inc. holds MPSA No. 180-2002 VIII (SBMR), with an area of 5,519 hectares located in the Province of Samar, issued on December 5, 2002.

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

RESOURCE	MMDC	BRC	AMPI	BARI
Tonnage	Measured & Indicated Saprolite: 7.81 million WMT at 1.35% Nickel, 12.80% Iron Limonite 53.64 million WMT at 0.87% Nickel and 43.90% Iron Inferred Saprolite: 5.22 million WMT at 1.23% Nickel and 13.19% Iron Limonite: NA	Measured & Indicated Saprolite: 3.055 million WMT at 1.59% Nickel, 14.85% Iron Limonite 12.972 million WMT at 1.07% Nickel and 39.73% Iron Inferred Saprolite: 0.329 million WMT at 1.61% Nickel and 14.25% Iron Limonite: 4.698 million WMT at 0.90% Nickel and 39.61% Iron	Measured & Indicated Bauxite Ore: 41.713 million WMT At 40.06% Al_2O_3 and 14.50% SiO_2 Inferred Bauxite Ore 17.275 million WMT at 38.96% Al_2O_3 and 16.59% SiO_2	Measured & Indicated Bauxite Ore: 31.469 million WMT At 43.78% Al_2O_3 and 7.96% SiO_2 Inferred Bauxite Ore 28.436 million WMT at 43.75% Al_2O_3 and 8.09% SiO_2

Notes:

1. The MMDC Mineral Resource statement has been generated by Accredited Competent Person Jayvhel T. Guzman from the resource estimates done by Geologists Gisella Jane E. Dida and Ralph Dominique N. Zaballero for Cabangahan and Sipangpang mine areas, respectively. ACP Guzman has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity that has been undertaken to qualify as an Accredited Competent Person as defined in the PMRC Code. Ms. Dida and Mr. Zaballero are both licensed geologists trained and supervised by ACP Guzman in the resource estimation activity.

2. Mineral Resources are reported in accordance with the PMRC 2007 and, in part, with the PMRC 2020.

3. The Mineral Resources reported in the table above represent estimates as of December 31, 2021. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, continuity of the mineralization and the availability of sampling results. Tonnages in the table have been rounded to the nearest thousands to reflect the relative uncertainty of the estimate.

4. The Mineral Resources reported in the table above represent estimates as of December 31, 2021. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, continuity of the mineralization and the availability of sampling results. Tonnages in the table have been rounded to the nearest thousands to reflect the relative uncertainty of the estimate.

	RESOURCE
Volume	61.45 million WMT laterite ore
Ore Grade	Average 0.95% Ni grade, Fe 39.09%
Area	1,659 hectares

These estimates are based on the measured & indicated mineral resource computed which are readily convertible to proved and probable ore reserve. For other discussions of mining properties, please refer to Note 9, pages 25-26 of the 2021 ACFS.

<u>Property and Equipment</u>

Office Space

In January 2014, the company acquired two (2) condominium units located at Citi Center Condominium Project, Citibank Center (Now: BDO Towers Paseo), 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). 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.

In November 2017, the company acquired another condominium unit also located at the 4th Floor Citi Center Condominium, 8741 Paseo de Roxas, Makati City, with with an approximate area of 220 square meters inclusive one (1) parking slot amounting to twenty five million (₱25,000,000.00). The property is covered by Condominium Certificates of Title No. 006-2012006781. The said condominium unit was purchased for the Makati office expansion.

MMDC Properties

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

Land and Improvements owned

	Lot Area (sqm)	Amount
Haulage Roads	117,596	10,268,670
Stockyards	426,583	24,400,086
Causeway	38,856	4,000,000
Campsite	14,700	450,000
Butuan Lot	3,544	15,948,000
Others	85,357	4,280,130
Total Land & improvements	686,636	59,346,886

Rented

	Lot Area (sqm)	Monthly Rental
Haulage Roads	223,644	576,698
Stockyards	128,959	161,528
Causeway	19,555	109,344
Others	124,830	160,432
Total	496,988	**1,008,002**

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 pertains to transportation equipment. For details of the property and equipment, please refer to Note 8 on page 24 of the 2021 ACFS.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any pending material legal proceedings and/or assessment or pending governmental investigation. 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, which may materially affect it or its subsidiaries.

Marcventures Mining and Development Corporation (MMDC), one of MHI's subsidiaries, is a party to a number of legal proceedings that commonly arise in the course of running a fully operational business concern.

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 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 2021 Annual Meeting:

1. Call to Order
2. Proof of Notice and Certification of Quorum
3. Approval of the Minutes of Previous Stockholders' Meeting held on 16 October 2020
4. Approval of the Management Report and Audited Financial Statements for the Year Ended 31 December 2020
5. Ratification of all acts of the Board of Directors and Management
6. Amendment of the Articles of Incorporation to reduce the number of directors from 11 to 9
6. Election of Directors
7. Approval of Appointment of the Company's Independent External Auditor
8. Other Matters
9. Adjournment

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.

	Price per Share (In Pesos) **	
	High	Low
	2019	
January – March	**1.31**	**1.00**
April – June	**1.12**	**1.00**
July - September	**1.44**	**1.00**
October – December	**1.21**	**0.80**
	2020	
January – March	**1.00**	**0.45**
April – June	**0.70**	**0.50**
July - September	**1.09**	**0.57**
October – December	**1.66**	**0.81**
	2021	
January – March	**1.97**	**1.11**
April – June	**1.46**	**1.14**
July - September	**1.28**	**0.91**
October – December	**1.48**	**0.85**

Latest Market Price
On the trading date of December 31, 2021, the closing market price of the Company's common stock was ₱1.17 per share.

Stockholders
The number of shareholders of record as of December 31, 2021 was 2,168. The outstanding shares as December 31, 2021 were 3,014,820,305 common shares, 2,923,580,160 or 96.97% of which are owned by Filipinos.

MARCVENTURES HOLDINGS, INC.
TOP 20 STOCKHOLDERS
AS OF DECEMBER 31, 2021

1	PCD NOMINEE CORPORATION (FILIPINO)	FILIPINO	2,590,784,891	85.93%
2	PCD NOMINEE CORP. (NON-FILIPINO)	NON-FILIPINO	91,153,012	3.02%
3	STINSON PROPERTIES INC.	FILIPINO	87,834,569	2.91%
4	SUREGUARD PROPERTIES INC.	FILIPINO	86,514,534	2.87%
5	MYOLNER PROPERTIES INC.	FILIPINO	86,514,533	2.87%
6	GLORIOUS DECADE PROPERTIES, INC	FILIPINO	30,000,000	1.00%
7	ANTHONY M. TE	FILIPINO	27,000,500	0.90%
8	GLORIOUS DECADE PROPERTIES, INC.	FILIPINO	13,013,000	0.43%
9	ATC SECURITIES, INC.	FILIPINO	808,023	0.03%
10	BENJAMIN S. GELI	FILIPINO	100,000	0.00%
11	JOHN C. JOVEN	FILIPINO	100,000	0.00%
12	ANSALDO GODINEZ & CO., INC.	FILIPINO	92,255	0.00%
13	PACIFICO B. TACUB	FILIPINO	50,000	0.00%
14	OTILIA D. MOLO OR ELAINE D. MOLO	FILIPINO	48,419	0.00%
15	ARNOLD JANSSEN T. BANTUGAN OR CHRISTINE ANGELI L. BANTUGAN	FILIPINO	45,000	0.00%
16	TERESITA N. LIM	FILIPINO	40,000	0.00%
17	VICENTE GOQUIOLAY & CO., INC.	FILIPINO	39,599	0.00%
18	ALBERTO MENDOZA&/OR JEANIE MENDOZA	FILIPINO	30,000	0.00%
19	PERALTA ENRIQUE B.	FILIPINO	23,000	0.00%
20	INDEPENDENT REALTY CORPORATION	FILIPINO	20,400	0.00%
	TOTAL TOP 20 SHAREHOLDERS		**3,014,211,735**	**99.98%**

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

Dividends
Subject to the availability of unrestricted retained earnings and the funding requirements of the Company's operations, the Company's policy is to declare regular dividends, whether cash, stock or property dividends, twice a year in such amounts and at such dates to be determined by the Board. The declaration of stock dividends is subject to stockholders' approval in accordance with the requirements of the Revised Corporation Code.

Cash Dividends

Year	Date			Amount	
	Declared	Record	Payable	Dividends Per Share	Total Declared (in millions)
2021	Nov. 19, 2021	Dec. 7, 2021	Jan. 4, 2022	₱0.13	₱391.9
2020	No dividends were declared for the year 2020				
2019	No dividends were declared for the year 2019				
2018	No dividends were declared for the year 2018				
2017	No dividends were declared for the year 2017				
2016	No dividends were declared for the year 2016				
2015	No dividends were declared for the year 2015				
2014	Nov. 14, 2014	Dec. 19, 2014	Jan. 16, 2015	₱0.15	₱273.2
2014	Sept. 19, 2014	Oct. 31, 2014	Oct. 22, 2014	0.15	273.2

Stock Dividends
There were no stock dividends declared for years 2015 to 2021.

Sales of Securities
As of December 31, 2021, 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, 2021, 2020 and 2019 prepared in conformity with PFRS hereto attached in the Exhibits.

The financial information for the three years ended December 31, 2021, 2020 and 2019 and as of December 31, 2021, 2020 and 2019 are discussed below.

A. <u>Discussion for 2021 and 2020 Financial Results</u>

Results of Operations

	Audited (in million Pesos)		Increase (Decrease)	
	2021	2020	Amount	%
Revenues	**₱3,891.59**	₱2,876.68	₱ 1,014.92	35.3%
Cost of Sales	**2,166.66**	1,647.83	456.79	31.5%
Operating Expenses	**712.89**	599.37	176.68	18.9%
Income (Loss) Before Income Tax	**1,012.04**	629.48	382.56	60.8%
Income Tax	**255.60**	254.43	1.16	0.5%
Net Income (Loss)	**₱756.44**	₱375.05	₱ 381.40	101.7%

<u>Revenues</u>
For the year ended December 31, 2021 MMDC sold an aggregate of 2,085,746 wet metric tonnes (WMT) of nickel ore, or equivalent to 39 shipments of which 26 vessels are saprolite and 13 vessels are limonite, as compared to the year 2020 with a total of 1,732,327 WMT of nickel ore, or equivalent to 32 shipments of which all vessels are saprolite hence, registering an increase of 353,419 WMT. The increase was mainly due to operational efficiency, improved business management,

organizational structure and processes which increased output and production as compared to the previous year.

The company's total revenue in 2021 was ₱3,891.59 million which is notably higher by ₱1,014.92 million or 35.28% as compared to ₱2,876.68 million in 2020. The increase in shipment volume and the improvement in average ore prices resulted to an increase in gross sales. The result of operations was a net income after tax of ₱756.44 million in 2021 resulting to an increase of ₱381.40 million or 101.7% compared to 2020 with net income of ₱375.05 million.

The increase in revenue was due to higher volume of nickel ore shipped out during the period. Shipment details of volume and prices are as follows:

WMT

	2021	2020	Increase (decrease)
Limonite	**696,484**	-	696,484
Saprolite	**1,389,262**	1,732,327	(343,065)

Average Price per wmt (in US$)

	2021	2020	Increase (decrease)
Limonite	**$25.39**	-	$25.39
Saprolite	**$43.10**	$33.99	$9.11

Cost of Sales
Due to increase in revenue, the Company's cost of sales increased by ₱518.83 million or 31.5% from ₱1,647.83 million in 2020 to ₱2,166.66 million in 2021. The increase was mainly due to the additional contracted services and production overhead needed to produce higher volume of ores.

Operating Expenses
The Company's total operating expenses in 2021 was ₱712.89 million, an increase of ₱113.52 million or 18.9% as compared to ₱599.37 million in 2020.The increase was due to the following:

- Taxes and licenses increased by ₱6.15 million or 8.31% due to higher assessment of LGU business tax for 2020 gross revenue which is the basis in computing the business permit.
- Royalties increased by ₱10.64 million or 35.23%. These expenses were computed and paid based on the percentage of gross sales.
- Professional Fee increased by ₱11.90 million or 30.09% due to more consultancy and professional engagements.
- Provision for doubtful accounts increased by ₱139.40 million or 697% due to uncollectible account receivables from prior year sales.
- Depreciation expense increased by ₱5.73 million or 16.23% due to the adjustments made during the year.
- Community relation increased by ₱7.66 million or equivalent to 66.47% as the Company continues its projects on education and health for the community.

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

- Environmental expenses decreased by ₱52.62 million or 35.82%, total amount of ₱94.30 million is in compliance with the required minimum of 3.0% of the direct mining cost be allocated to mitigate environmental issues.

- Salaries and wages decreased by ₱0.59 million or 0.73% due the management reorganization meant to promote efficiency.
- Retirement benefit expense decreased by ₱0.27 million or equivalent to 3.15% due to the result of the actuarial valuation on the retirement benefit of the employees.
- Social Development Program decreased by ₱15.54 million or 39.17%, total amount of ₱24.14 million in 2021 is in compliance with implementimg rules and regulation of 1995 Phil. Mining Act, which requires that 1.5% of the operating cost be allocated for the development of host and neighboring mining communities
- Representation decreased by ₱2.56 million or 20.69% due minimal meetings/ dialogue with the stakeholders and clients.
- The decrease in other expenses such supplies, utilities and other operating expenses also contributed to the total decrease in operating expense.

Financial Position

	Audited (in million Pesos)		Increase (Decrease)	
	2021	2020	Amount	%
Assets	**₱6,509.63**	₱6,163.70	**₱345.94**	5.6%
Liabilities	**1,844.51**	1,867.12	**(22.60)**	(1.2%)
Stockholders' Equity	**4,665.12**	4,296.58	**368.54**	8.6%

Assets
The consolidated total assets of the Company increased from ₱6,163.70 million as of December 31, 2020 to ₱6,509.63 million as of December 31, 2021. The 5.6% increase was mainly due to the net effect of the following:

- Cash increased by ₱559.10 million or 231.08% due to the proceeds of nickel ore sales.
- Trade and other receivables decreased by ₱190.64 million or 35.16%, mainly due to the higher collection from sales and additional provision for uncollectible accounts.
- Ore inventory increased by ₱70.09 million or 55.10% from ₱127.22 million in 2020 to ₱197.31 million in 2021. The increase was mainly due to higher production towards the last quarter of the year.
- Property and Equipment decreased by ₱32.61 million or 15.57% due to accumulated depreciation for the year.
- Other noncurrent assets increased by ₱4.68 million or 1.17% mainly due to the increase on the input vat and final mine rehabilitation and decommissioning fund.

Liabilities
As of December 31, 2021, the total liabilities of the Company decreased by ₱22.60 million or 1.2% from ₱1,867.12 million in December 2020 to ₱1,844.51 million in 2021. The decrease was due to the net effect of the following:

- Trade and other payables increased by ₱43.70 million or 10.70%, primarily due to the accrual of payables.
- Advances from related parties decreased by ₱128.95 million or 91.93% primarily due to the payment to various related parties.
- Loan payable decreased by ₱104.72 million due to partial settlement of the loan principal.

- Retirement benefit liability increased by ₱6.0 million or 18.08% due to actuarial valuation made.
- Long-term debts decreased by ₱77.42 million primarily due to the payments made upon maturity.

Stockholders' Equity
The stockholders' equity increased by ₱368.54 million from ₱4,296.58 million in 2020 to ₱4,665.12 million in 2021. The increase pertains to the consolidated net income for the year.

Consolidated Cash Flow

	Audited (in million Pesos)		Increase (Decrease)	
	2021	2020	Amount	%
Cash provided by operating activities	**₱1,060.72**	₱36.70	₱1,024.02	2,790.24%
Cash provided by (used) in investing activities	**(145.63)**	25.25	(170.88)	(676.75%)
Cash provided by (used in) financing activities	**(355.99)**	(134.44)	(221.55)	(164.79%)

The cash provided by operating activities increased from ₱36.70 million in 2020 to ₱1,060.72 million in 2021 due to the proceeds of sales.

In 2021, the company's net cash used in investing activities are primarily due to the additions in mine and mining properties amounting to ₱154.75 million as these were utilized in various stockyards in the form of matting, a meter-thick layer of nickel blanketing the ground to prevent dilution of the ore stockpile currently stored or beneficiated. Also, with an increased in other noncurrent asset amounting to ₱4.68 million.

In 2021, the company's net cash used in financing activities are mainly due to partial settlement of loans.

B. Discussion for 2020 and 2019 Financial Results

Results of Operations

	Audited (in million Pesos)		Increase (Decrease)	
	2020	2019	Amount	%
Revenues	**₱2,876.68**	₱1,432.53	₱1444.1	100.81%
Cost of Sales	**1,647.83**	847.98	799.85	94.32%
Operating Expenses	**599.37**	458.60	140.77	30.69%
Income (Loss) Before Income Tax	**629.48**	125.96	503.52	399.75%
Income Tax	**254.43**	88.12	166.32	188.75%
Net Income (Loss)	**₱375.05**	₱37.84	₱337.21	891.08%

Revenues
For the year ended December 31, 2020 MMDC sold an aggregate of 1,732,327 wet metric tonnes (WMT) of nickel ore, or equivalent to 32 shipments of which all vessels are saprolite, as compared to the year 2019 with a total of 1,429,402 wet metric tonnes (WMT) of nickel ore, or equivalent to 26 shipments of which 11 vessels are saprolite and 15 vessels are limonite hence, registering an increase of 302,925 WMT. The increase was mainly due to operational efficiency, improved business management, organizational structure and processes which increased output and production as compared to the previous year.

The company's total revenue in 2020 was ₱2,876.68 million which is notably higher by ₱1,444.14 million or 100.81% as compared to ₱1,432.53 million in 2019. The increase in shipment volume and the improvement in average ore prices resulted to an increase in gross sales. The result of operations was a net income after tax of ₱375.05 million in 2020 resulting to an increase of ₱337.21 million or 891.08% compared to 2019 with net income of ₱37.84 million.

The increase in revenue was due to higher volume of nickel ore shipped out during the period. Shipment details of volume and prices are as follows:

WMT

	2020	2019	Increase (decrease)
Limonite	-	826,692	(826,692)
Saprolite	**1,732,327**	602,710	1,129,617

Average Price per wmt (in US$)

	2020	2019	Increase (decrease)
Limonite	**-**	$10.90	($10.90)
Saprolite	**$33.99**	$31.08	$2.91

Cost of Sales
Due to increase in revenue, the Company's cost of sales increased by ₱799.85 million or 94.32% from ₱847.98 million in 2019 to ₱1,647.83 million in 2020. The increase was mainly due to the additional contracted services and production overhead needed to produce higher volume of ores.

Operating Expenses
The Company's total operating expenses in 2020 was ₱599.37 million, an increase of ₱140.77 million or 30.69%. as compared to ₱458.60 million in 2019.The increase was due to the following:

- Environmental expenses increased by ₱90.89 million or 162.18% in compliance with the required minimum of 3.0% of the direct mining cost be allocated to mitigate environmental issues.
- Social Development Program increased by ₱23.41 million or 143.79% in compliance with implementimg rules and regulation of 1995 Phil. Mining Act, which requires that 1.5% of the operating cost be allocated for the development of host and neighboring mining communities.
- Taxes and licenses increased by ₱36.54 million or 97.67% due to higher assessment of LGU business tax for 2019 gross revenue which is the basis in computing the business permit.
- Royalties increased by ₱15.35 million or 103.30%. These expenses were computed and paid based on the percentage of gross sales.
- Professional Fee increased by ₱6.24 million or 18.73% due to more consultancy and professional engagements.
- Representation increased by ₱8.25 million or 200.12% due maximal meetings/ dialogue with the stakeholders and clients.
- Community relation increased by ₱0.49 million or equivalent to 4.49% as the Company continues its projects on education and health for the community.
- The increase in other expenses such supplies, utilities and other operating expenses also contributed to the total increase in operating expense.

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

- Salaries and wages decreased by ₱22.79 million or 22.13% due the management reorganization meant to promote efficiency.
- Depreciation expense decreased by ₱16.93 million or 32.42% due to most of the property and equipment were already fully depreciated.
- Retirement benefit expense decreased by ₱0.11 million or equivalent to 1.26% due to the result of the actuarial valuation on the retirement benefit of the employees.

Financial Position

	Audited (in million Pesos)		Increase (Decrease)	
	2020	2019	Amount	%
Assets	**₱6,163.70**	₱6,091.35	₱72.35	1.19%
Liabilities	**1,867.12**	2,167.66	(300.54)	(13.86%)
Stockholders' Equity	**4,296.58**	3,923.69	72.35	9.50%

Assets

The consolidated total assets of the Company increased from ₱6,091.35 million as of December 31, 2019 to ₱6,163.70 million as of December 31, 2020. The 1.19% increase was mainly due to the net effect of the following:

- Cash decreased by ₱72.49 million or 23.05%. Apart from the proceeds from the sale of nickel ore, the decrease was also from partial payment of loans.
- Trade and other receivables increased by ₱337.79 million or 165.21% due to the uncollected proceeds from sales.
- Ore inventory increased by ₱50.28 million or 65.36% from ₱76.93 million in 2019 to ₱127.22 million in 2020. The increase was mainly due to higher production towards the last quarter of the year.
- Property and Equipment decreased by ₱66.51 million or 24.11% due to accumulated depreciation for the year.
- Other noncurrent assets decreased by ₱100.23 million or 20.08% mainly due to the decreased of the advances to contractors.

Liabilities

As of December 31, 2020, the total liabilities of the Company decreased by ₱300.54 million or 13.86% from ₱2,167.66 million in December 2019 to ₱1,867.12 million in 2020. The decrease was due to the net effect of the following:

- Trade and other payables decreased by ₱359.91 million or 46.78%, primarily due to the payment of trade payables and advances from customer.
- Advances from related parties increased by ₱29.43 million or 26.55% due to additional funding for company's working capital requirements.
- Loan payable decreased by ₱96.56 million due to partial payment of the loan principal.
- Retirement benefit liability decreased by ₱4.23 million or 11.32% due to actuarial valuation made.

Stockholders' Equity

The stockholders' equity increased by ₱372.89 million from ₱3,923.69 million in 2019 to ₱4,296.58 million in 2020. The increase pertains to the consolidated net income for the year.

Consolidated Cash Flow

	Audited (in million Pesos)		Increase (Decrease)	
	2020	2019	Amount	%
Cash provided by operating activities	**₱36.70**	₱664.70	(₱628.00)	(94.47%)
Cash provided by (used) in investing activities	**25.25**	(235.54)	210.29	89.27%
Cash provided by (used in) financing activities	**(134.44)**	(142.08)	(1.36)	(0.01%)

The cash provided by operating activities decreased from ₱664.70 million in 2019 to ₱36.70 million in 2020 due to the payment of payables to suppliers and settlement of advances from customers.

In 2020, the company's net cash used in investing activities are primarily due to the increase in mine and mining properties amounting to ₱64.1 million as these were utilized in various stockyards in the form of matting, a meter-thick layer of nickel blanketing the ground to prevent dilution of the ore stockpile currently stored or beneficiated. Also, with an increased in other noncurrent asset amounting to ₱167.48 million.

In 2020, the company's net cash used in financing activities are mainly due additional availments of loans and were partially offset on partial settlement of its interest-bearing loan.

Financial Indicators

Key Performance Indicators (KPI's)

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2021 and December 31, 2020:

	2021	2020
Net Income (Loss)	**₱756,442,856**	₱375,047,465
Current assets	**1,484,677,888**	1,084,222,184
Total assets	**6,509,730,542**	6,163,695,628
Current liabilities	**1,096,834,647**	1,026,488,783
Total liabilities	**1,844,613,022**	1,867,116,716
Stockholders' Equity	**4,665,117,520**	4,296,578,912
No. of common shares outstanding	**3,014,820,305**	3,014,820,305

	2021	2020
Current ratio [1]	**1.35**	1.06
Book value per share [2]	**1.55**	1.43
Debt to equity ratio [3]	**0.40**	0.43
Earnings per share [4]	**0.25**	0.12
Return on assets [5]	**0.12**	0.06

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	
	2021	2020
Audit Fees	**₱1,405,000**	₱1,230,000
Audit-Related Fees	**25,815**	123,000
Total	**₱1,425,815**	₱1,353,000

Audit Fees. Represents professional fees of the external auditor for the audit services rendered on Company's Annual Financial Statements for the year 2021 and 2020.

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	92	Filipino	Chairman
Isidro C. Alcantara, Jr.	67	Filipino	Director
Macario U. Te *(resigned effective June 7, 2021)*	91	Filipino	Director
Augusto C. Serafica, Jr.	60	Filipino	Director
Carlos Alfonso T. Ocampo	56	Filipino	Independent Director
Marianne Regina T. Dy	44	Filipino	Director
Ruby Sy	69	Filipino	Director
Michael L. Escaler	71	Filipino	Director
Anthony M. Te	51	Filipino	Director
Kwok Yam Ian Chan	34	British	Director
Rolando S. Santos	71	Filipino	Treasurer/ SVP Finance & Administration
Reuben F. Alcantara	38	Filipino	Senior Vice President for Marketing and Business Development
Roberto V. San Jose	78	Filipino	Corporate Secretary
Ana Maria A. Katigbak	52	Filipino	Asst. Corporate Secretary/Compliance Officerand Corporate Information Officer

Maila G. De Castro	46	Filipino	Co-Asst. Corporate Secretary/Co-Compliance Officer/ Corporate Information Officer/ Data Privacy Officer and Vice President and Head for Legal
Dale A. Tongco	57	Filipino	Vice-President for Controllership
Deborra C. Ilagan	58	Filipino	Vice-President for Human Resources / Administration

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 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 was a member of the Advisory Board of Campbell Lutyens & Co. Ltd., an investment advisory company based in the U.K., from July 2011 until June 2015. 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. Isidro C. Alcantara, Jr. was elected as Director of Marcventures Holdings, Inc., in August 2013. He retired as President effective on 31 October 2020. He had also served as the Company's Executive Vice President. He currently sits as Director and President of Bright Kindle Resources and Investment Inc. and Financial Risk Resolutions Advisory, Inc.; as Director of BrightGreen Resources, Corp.; Alumina Mining Phils. Inc.; and Bauxite Resources, Inc. In April 2018, Mr. Alcantara was elected Chairman of Philippine Nickel Industry Association (PNIA)

As a long-time Senior Banker, he was Senior Vice President and Head of Corporate & Institutional Banking at HSBC. He was former President and CEO of Philippine Bank of Communications (PBCom) from 2000 to 2004 when he led its rehabilitation. In addition, he served as Executive Vice President of the Corporate Banking Group of Equitable PCI Bank (EPCIB) from 1981 to 2000 and as Director of Bankers Association of the Philippines from 2000 to 2003. Moreover, he occupied high-level posts at Bancom Finance Corporation, PCI Bank, and Insular Bank of Asia and America (a Bank of America affiliate) from 1975 to 1981. Mr. Alcantara 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. Macario U. Te served as Director in June 2013 until June 7, 2021. He also served 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, which was established in 1997. He is a member of the Board in various corporations, including 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., and AVK Philippines, Inc. 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 earned Certificates from The Harvard Kennedy School of Government for the IME program in 2017 and MN program in 2016. 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. Augusto Antonio C. Serafica Jr. was elected as Director in June 2013. Mr. Serafica is currently the President and CEO of Premiere Horizon Alliance Corporation and the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation. He is the Chairman of the Board for Goshen Land Capital, Inc., West Palawan Premiere Development Corporation, Redstone Construction and Development Construction and TLC Manna Consulting, Inc. He sits as a Regular Director of Bright Kindle Resources, Inc., Concepts Unplugged Business Environment Solutions, Inc. and Premiere Horizon Alliance Corporation. He is also the Treasurer of Sinag Energy Philippines, Inc.

Mr. Serafica is also a member of the Board of Trustees of the AIM Scientific Research Foundation, Inc., President of the AIM Alumni Leadership Foundation, Inc., Treasurer of the Federation of AIM Alumni Associations, Inc. and Director of the Alumni Association of AIM – Philippines, Inc. He is also the National Treasurer of the Brotherhood of Christian Businessmen and Professionals (BCBP).

Mr. Serafica obtained a Bachelor of Commerce in Accountancy degree from San Beda College and Master's in Business Management from the Asian Institute of Management. Mr. Serafica is a Certified Public Accountant.

Mr. Michael L. Escaler was elected Director on November 14, 2014. He is the President and CEO of All Asian Countertrade Inc. known as the largest sugar trader in the Philippines, founded in 1994 in partnership with Louis Dreyfus and Nissho-Iwai. He is also the Chairman and President of PASUDECO

Development Corp. ; Chairman and CEO of Sweet Crystals Integrated Mill Corporation and Okeelanta Corporation; Chairman of Balibago Waterworks System Inc., South Balibago Resources Inc., Megaworld Capital Town Inc., JSY Transport Services Inc., Aldrew and Gray Transport Inc., Silverdragon Transport Inc. and Metro Clark Waste Management Inc.; President of San Fernando Electric Light and Power Company Inc. and Stanwich Philippines Inc. He serves as an Independent Director of Lorenzo Shipping Corporation, Director of PowerSource Philippines Inc., Empire Insurance Company, Trinity Insurance Brokers Inc., Trinity Healthcare Services Inc., Omnigrains Trading Corporation and Leyte Agri Corporation.

A sugar trader in New York and London from 1974 to 1993, Mr. Escaler 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 operations. Afterwards he started his own trading company in the Philippines. He is a Hall of Fame Sprinter for Ateneo de Manila University, where he graduated Cum Laude in Bachelor of Arts in Economics. He obtained his Master's in Business Administration in International Marketing in New York University.

A Philanthropist, Mr. Escaler supports various charities including Habitat for Humanity, Coca Cola Foundation, PGH Medical Foundation, Mano Amiga Academy, Productive Internships in Dynamic Enterprise (PRIDE), American Chamber Foundation Philippines Inc. and San Lorenzo Ruiz Charity.

Mr. Anthony M. Te was elected Director in October 2017 and has been a director of Marcventures Mining & Development Corp since August 2013. He is currently Chairman of the Board of Asian Appraisal Company, Inc., Amalgamated Project Management Services, Inc., Asian Asset Insurance Brokerage Corp. and AE Protiena Industries Corp. He serves as Chairman and Chief Finance Officer of Mactel Corp., and as Director and Treasurer for Manila Standard Today Management, Inc. Mr. Te is a licensed soliciting official for Non-Life Insurance with the Philippine Insurance Commission. He previously sat as director in the following companies: AG Finance, Inc. Balabac Resources & Holdings Co., Inc., Commonwealth Savings & Loans bank, EBECOM Holdings, Inc. Equitable PCI Bank, MRC Allied Industries, Inc., Oriental Petroleum & Minerals Corp., PAL Holdings, Inc., PGA Cars, Inc., and Phoenix Energy Corp. He obtained his Bachelor of Arts in Business Management from De La Salle University.

Mr. Kwok Yam Ian Chan was elected as Independent Director on 25 September 2020. He is currently a Director of Zenith System and Heavy Equipment, Seaborne Shipping Inc., and lsky Empire Realty Inc. He is likewise a Director of Megalifters Cargo Handling Corp., King Dragon Realty Corp. and DK Ventures Inc. Previous to that, he was the Managing Director of Dunfeng Philippines International Inc. from 2010 to 2017. He was also the President of Dunfeng Shipping Inc. from 2013 to 2017 and served as a Director of Mannage Resource and Trading Inc. from 2015 to 2017. He obtained his master's degree in Economics majoring in Finance at California Polytechnic University. Mr. Chan graduated from DLSU - College of St. Benilde with a Bachelor of Science degree in Business Administration majoring in Export Management.

Ms. Ruby Sy was elected Director in April 2018. She previously served as President and Director of Asia Pilot Mining Philippines Corp. (APMPC), Director and Treasurer of Bauxite Resources, Inc. and Director and Treasurer of Alumina Mining Philippines Inc.

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., Prime Media Holdings Inc., BrightGreen Resources Holdings Corp. and BrightGreen Resources Corp. He previously served as Treasurer for AG Finance Inc., and was 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.

Atty. 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.

Atty. 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, and Pantaleon & San Jose Law Offices. She is a member of the Integrated Bar of the Philippines.

Mr. Reuben F. Alcantara is the Senior Vice President for Marketing and Business Development. He joined the Company in September 2013 and likewise serves as Vice President for Marketing of Marcventures Mining and Development Corporation and Bright Kindle Resources and Investments, Inc. He previously served as the Vice President of Marketing for AG finance, Inc., as Relationship and Credit Officer for Security Bank and has had stints in Corporate Banking in Bank of Commerce and Maybank Philippines. Mr. Alcantara obtained his Executive Master's in Business Administration Degree from the Asian Institute of Management in the year 2016**.**

Mr. Dale A. Tongco was appointed Vice-President for Controllership in October 2020. He concurrently serves as Vice President for Controllership of Marcventures Holdings, Inc. He is a Certified Public Accountant with extensive experience in Public Accounting Firms as External Auditor and with Corporations as an Internal Auditor and Risk Management Officer specifically in the areas of Fraud Management; ISO 9001 and 14001 Audit and Management; Process and Control Review; Policies and Procedures Documentation; Corporate Governance; and Finance and Treasury. His professional experience over 13 years includes stints in KPMG, Deloitte, Phil-Am-AIA, CP de Guzman & Co.-CPAs and Benguet Corporation.

Atty. Maila G. De Castro was appointed Vice President and Head of Legal; and Appointed as MHI Co-Asst. Corp. Secretary/ Co-Compliance Officer/Co- Corporate Information Officer /Data Privacy Officer; Corp. Secretary for all MHI subsidiaries in August 2019. She worked with Belo Gozon Elma Parel Law as Legal Associate and Special Projects Counsel from 2000-2006. From 2006 to 2013, she was the Corporate Counsel and Vice President/ Head of Legal and Corporate Planning of UNITEL Group of Companies. Before joining Marcventures Holdings, Inc. in August of 2019, she was in private practice handling matters for the content, technology, intellectual property, entertainment industries. Atty. de Castro holds a Master's degree in Business Administration from the Asian Institute of Management and a Juris Doctor from the Ateneo School of Law.

Ms. Deborra C. Ilagan was elected Vice President for Human Resource and Administration in October 2020. She has been a Human Resources practitioner for well over 20 years with solid background in various HR roles and office administration functions, as well as Finance. Her longest stint (1991-2014) was with Metro Drug, Inc. – a leading distributor of pharmaceutical and healthcare products – where she rose through the ranks from Management Services Supervisor, Treasury Supervisor, Assistant Manager, HR Manager, and Vice President for HR. She was instrumental in building the HR department's resources, led collective bargaining agreement negotiations from 2002 to 2013, and implemented 3 rightsizing and early retirement programs of the company. She transitioned to her role as Associate Director – Human Resources and Systems in 2017 at Pacific Cross Insurance, Inc. where she led overall HR operations.

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 (10) 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., a Director, is the father of Mr. Reuben Alcantara, who is SVP for Marketing and Business Development. Mr. Macario U. Te and Mr. Anthony M. Te, both Directors of the Company, are also as father and son.

Except for Mr. Isidro Alcantara, Jr. and Mr. Reuben Alcantara, as well as Mr. Macario U. Te and Mr. Anthony M. Te, the other directors and executive officers named above are not related.

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

On June 7, 2021 Mr. Macario U. Te Justice Vicente V. Mendoza resigned as Director due to personal reasons.

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

Positions	2021	2020	2019
Chairman, President, Corporate Secretary, Assistant Corporate Secretary and All Executive Officers	**₱48,707,059.26**	₱87,093,656	₱130,500,000

Compensation of key management personnel consists of salaries and other benefits.

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, 2021:

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 (Based on new no. of Outstanding Shares
Common	Ruby Sy	-	Filipino	168,615,000	5.59%
Common	PCD Nominee Corporation (registered owner in the books of the stock transfer agent)	Bright Kindle Resources & Investments Inc.	Filipino	600,000,000	19.9%
		Rodolfo Yu	Filipino	172,635,000	5.73%
		RYM Business Management Corp.	Filipino	309,999,946	10.28%
		Dy Family	Filipino	348,500,000	11.56%
		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	1,250,802,957	41.49%
			TOTAL	**2,681,937,903**	**88.96%**

As of December 31, 2021, the foreign ownership level of Marcventures Holdings, Inc. (MARC) is 91,240,145 shares or equivalent to 3.03%

Security Ownership of Management – Record "r" and Beneficial "b" (direct/indirect) owners as of December 31, 2021:

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 *(resigned effective June 7, 2021)*	1,000 "r" (direct) 0 "b" (indirect)	Filipino	0.00%
Common	Isidro C. Alcantara, Jr. Director	2,018 "r" (direct) 109,378,982 "b" (indirect)	Filipino	0.00% 3.63%
Common	Marianne Regina T. Dy Director	1 "r" (direct) 5,999,999 "b" (indirect)	Filipino	0.00% 0.20%
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	Ruby Sy Director	168,615,000 "r" (direct) 0 "b" (indirect)	Filipino	5.59%
Common	Anthony M. Te Director	27,000,500 "r" (direct) 55,629,100 "b" (indirect)	Filipino	0.90% 1.85%
Common	Kwok Yam Ian Chan	1,000 "r" (direct) 0 "b" (indirect)	British	0.00%
Common	Michael L. Escaler Director	1 "r" (direct) "b" (indirect)	Filipino	0.00%
Common	Rolando S. Santos Treasurer	1 "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	0.00%
Common	Reuben F. Alcantara the VP Marketing, Business Development, and Strategic Planning	499 "r" (direct) 0 "b" (indirect)	Filipino	0.00%
	Maila G. De Castro VP Legal	0 "r" (direct) 0 "b" (indirect)	Filipino	0.00%
	Dale A. Tongco VP Financial & Controller	0 "r" (direct) 0 "b" (indirect)	Filipino	0.00%
	Deborra C. Ilagan VP HR/ Admin	0 "r" (direct) 0 "b" (indirect)	Filipino	0.00%
		195,631,020 -"r" 1711,158,081 – "b"		

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As of December 31, 2021, the related transactions have an outstanding balance of ₱11.32 million which represents a non-interest-bearing unsecured loan payable on demand. Please refer to Note 13 on page 29 of the 2021 Audited Consolidated Financial Statements (ACFS).

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 Marcventures Mining & Development Corporation. The mine is covered by ECC NO. 0807-022-1093 issued by the Department of the Environment and Natural Resources. Please refer to Note 1 of the 2021 ACFS.

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.

ITEM 13. CORPORATE GOVERNANCE

This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013. The Corporate Governance report shall be filed separately.

PART IV - EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits

Please see attached Audited Financial Statements of the Company for the years ended December 31, 2021, 2020 and 2019, and its 2021 Sustainability Report.

(b) Reports on SEC Form 17-C

Items reported under SEC Form 17-C during the last six months covered by this report:

Date of Report	Event Reported
07-14-2021	Notice of Annual Meeting
08-10-2021	Amended Notice of Annual Meeting
09-06-2021	• Results of Annual Stockholders' Meeting • Results of Organizational Meeting of the Board of Directors • Amendments to Articles of Incorporation
11-12-2021	Press Release regarding 790 Million Income Surge for Marcventures Holdings Inc.
11-22-2021	• Results of the Board Meeting held on November 19, 2021 • Declaration of Cash Dividends

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 MAY 1 3 2022, 2022

By:

CESAR C. ZALAMEA
Chairman

ROLANDO S. SANTOS
SVP – Finance & Administration

DALE A. TONGCO
VP – Controllership

BEFORE ME, Notary Public for and in the above-named locality, personally appeared the following, with their respective residence certificates and competent evidence of identity, to wit:

Name	Competence Evidence of Identity	Place Issued/Valid Until
Cesar C. Zalamea	TIN 137-712-551	
Rolando S. Santos	TIN 127-551-084	
Dale A. Tongco	TIN 125-401-967	

known to me and to me known as the same persons who executed the foregoing 2021 SEC Form 17-A Annual Report, and they acknowledge to me that the same is their free and voluntary act and deed as well as of the corporations they respectively represent.

WITNESS MY HAND AND SEAL on the date and in the place above written.

Doc. No. 80
Page No. 17
Book No. II
Series of 2022.

MARJORIE A. SAN JUAN
Notary Public for Makati City
Appt. No. M-135 until 6/30/2022 per B.M. No. 3795, 9/28/2021
Roll of Attorneys No. 71296
IBP Membership No. 177402; 02/08/2022
PTR No. MKT-8857894MJ; 01/14/2022; Makati City;
MCLE Compliance No. VI-0013795; 10/12/2018;
Pasig City; Valid until 4/14/2022
4f BDO Towers (formerly Citi Center), Paseo de Roxas, Makati City

Gmail **Jommel Ramos <jommel.ramos@marcventures.com.ph>**

Fw: Your BIR AFS eSubmission uploads were received

renita ty <renitasty2000@yahoo.com> Thu, May 12, 2022 at 8:55 PM
To: Jommel Ramos <jommel.ramos@marcventures.com.ph>

Regards,

Renita S. Ty
Quezon City

----- Forwarded Message -----
From: "eafs@bir.gov.ph" <eafs@bir.gov.ph>
To: "renitasty2000@gmail.com" <renitasty2000@gmail.com>
Cc: "renitasty2000@yahoo.com" <renitasty2000@yahoo.com>
Sent: Thursday, May 12, 2022, 08:52:56 PM GMT+8
Subject: Your BIR AFS eSubmission uploads were received

Hi MARCVENTURES HOLINGS INC,

Valid files

- EAFS000104320ITRTY122021.pdf
- EAFS000104320RPTTY122021.pdf
- EAFS000104320AFSTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-TZY2TXR02RYSVXMNNMS2P4VZ021VNTR3P**
Submission Date/Time: **May 12, 2022 08:35 PM**
Company TIN: **000-104-320**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	2	9	4	2

COMPANY NAME

MARCVENTURES HOLDINGS, INC.

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

4th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
maila.decastro@marcventures.com.ph	(02) 8831-4479	0919-993-7231

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,168	May of each year	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Rolando S. Santos	rolly.santos@marcventures.com.ph	(02) 8831-4479	0998-985-0229

CONTACT PERSON'S ADDRESS

4th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

NOTE 1: *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.*

NOTE 2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

MARCVENTURES
HOLDINGS INC.

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY
FOR FINANCIAL STATEMENTS

The management of **Marcventures Holdings Inc. (the Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

CESAR C. ZALAMEA
Chairman of the Board

ROLANDO S. SANTOS
SVP - Finance

DALE A. TONGCO
VP - Controllership

Signed this ___ day of ________, 2022 APR 0 7 2022

SUBSCRIBED AND SWORN to before me this MAY 13 2022 day of __________, 2022 at MAKATI CITY affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Cesar C. Zalamea	T.I.N. 137-712-551		
Rolando S. Santos	T.I.N. 127-551-054		
Dale A. Tongco	T.I.N. 125-401-967		

Notary Public

MARJORIE A. SAN JUAN
Notary Public for Makati City
Appt. No. M-135 until 6/30/2022 per B.M. No. 3795, 9/28/2021
Roll of Attorneys No. 71296
IBP Membership No. 177402; 02/08/2022
PTR No. MKT-8857894MJ; 01/14/2022; Makati City;
MCLE Compliance No. VI-0013795; 10/12/2018;
Pasig City; Valid until 4/14/2022
4f BDO Towers (formerly Citi Center), Paseo de Roxas, Makati City

Doc. No. 81;
Page No. 18;
Book No. II;
Series of 2022.

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Marcventures Holdings, Inc.
4th Floor, BDO Towers Paseo
8741 Paseo de Roxas Makati City

Opinion

We have audited the separate financial statements of Marcventures Holdings, Inc. (the Company), which comprise the separate statements of financial position as at December 31, 2021 and 2020, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2021, 2020 and 2019, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 86981-SEC Group A
Issued March 24, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-007-2019
Valid until October 16, 2022
PTR No. 8851708
Issued January 3, 2022, Makati City

April 7, 2022
Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 **2021**	2020
ASSETS			
Current Assets			
Cash	4	**₱425,530,085**	₱22,428,338
Dividends and other receivables	5	**530,363,381**	746,123,420
Advances to related parties	10	**272,470,762**	233,365,840
Other current assets	6	**56,949,066**	56,701,265
Total Current Assets		**1,285,313,294**	1,058,618,863
Noncurrent Assets			
Investments in subsidiaries	7	**2,746,546,182**	2,746,546,182
Property and equipment	8	**80,334,114**	86,524,454
Deferred input VAT		**512,174**	1,148,696
Total Noncurrent Assets		**2,827,392,470**	2,834,219,332
		₱4,112,705,764	₱3,892,838,195
LIABILITIES AND EQUITY			
Current Liabilities			
Dividends and other current liabilities	9	**₱410,062,633**	₱18,432,576
Advances from a related party	10	**268,422,153**	–
Total Current Liabilities		**678,484,786**	18,432,576
Noncurrent Liabilities			
Retirement benefit liability	11	**1,754,431**	1,370,659
Deferred tax liability	14	**216,309**	241,884
Total Noncurrent Liabilities		**1,970,740**	1,612,543
Total Liabilities		**680,455,526**	20,045,119
Equity			
Capital stock	12	**3,014,820,305**	3,014,820,305
Additional paid-in capital		**269,199,788**	269,199,788
Retained earnings		**147,581,218**	588,208,587
Remeasurement gains on retirement benefit liability	11	**648,927**	564,396
Total Equity		**3,432,250,238**	3,872,793,076
		₱4,112,705,764	₱3,892,838,195

See accompanying Notes to Separate Financial Statements.

MARCVENTURES HOLDINGS, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2021**	2020	2019
OPERATING EXPENSES	13	**₱48,708,552**	₱73,237,199	₱73,648,813
INTEREST INCOME	4	**7,823**	173	1,947
LOSS BEFORE INCOME TAX		**(48,700,729)**	(73,237,026)	(73,646,866)
INCOME TAX EXPENSE		**–**	–	–
NET LOSS		**(48,700,729)**	(73,237,026)	(73,646,866)
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss -	11			
Remeasurement gain (loss) on retirement benefit liability - net of deferred tax		**44,217**	(697,778)	(203,084)
Effect of change in tax rate		**40,314**	–	–
		84,531	(697,778)	(203,084)
TOTAL COMPREHENSIVE LOSS		**(₱48,616,198)**	(₱73,934,804)	(₱73,849,950)

See accompanying Notes to Separate Financial Statements.

MARCVENTURES HOLDINGS, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2021**	2020	2019
CAPITAL STOCK - ₱1 par value	12			
Authorized - 4,000,000,000 shares				
Issued, subscribed and outstanding		**₱3,014,820,305**	₱3,014,820,305	₱3,014,820,305
ADDITIONAL PAID-IN CAPITAL		**269,199,788**	269,199,788	269,199,788
RETAINED EARNINGS				
Balance at beginning of year		**588,208,587**	661,445,613	735,092,479
Dividend declared	12	**(391,926,640)**	–	–
Net loss		**(48,700,729)**	(73,237,026)	(73,646,866)
Balance at end of year		**147,581,218**	588,208,587	661,445,613
REMEASUREMENT GAINS ON RETIREMENT LIABILITY - NET OF DEFERRED TAX	11			
Balance at beginning of year		**564,396**	1,262,174	1,465,258
Remeasurement gain (loss)		**44,217**	(697,778)	(203,084)
Effect of change in tax rate		**40,314**	–	–
Balance at end of year		**648,927**	564,396	1,262,174
		₱3,432,250,238	₱3,872,793,076	₱3,946,727,880

See accompanying Notes to Separate Financial Statements.

MARCVENTURES HOLDINGS, INC.

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱48,700,729)**	(₱73,237,026)	(₱73,646,866)
Adjustments for:				
Depreciation	8	**6,190,340**	6,201,436	6,780,089
Retirement benefit expense	11	**442,728**	635,350	771,079
Interest income	4	**(7,823)**	(173)	(1,947)
Operating loss before working capital changes		**(42,075,484)**	(66,400,413)	(66,097,645)
Decrease (increase) in:				
Advances to officers and employees and other receivables		**20,250**	183,795,718	(7,555)
Other current assets		**(345,248)**	(2,567,565)	(1,538,793)
Deferred input VAT		**636,522**	636,521	830,948
Increase (decrease) in other current liabilities		**(199,136)**	(7,017,062)	6,099,997
Net cash generated from (used for) operations		**(41,963,096)**	108,447,199	(60,713,048)
Interest received		**7,823**	173	1,947
Benefits paid	11	**–**	(7,254,795)	–
Net cash generated from (used in) operating activities		**(41,955,273)**	101,192,577	(60,711,101)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received		**215,739,789**	–	–
Additional advances to related parties	10	**(124,104,922)**	(35,455,845)	(287,134)
Payments from a related party	10	**85,000,000**	4,000	107,670,371
Acquisition of property and equipment	8	**–**	(240,276)	(164,196)
Payment for additional subscription		**–**	–	(13,750,000)
Net cash provided by (used in) investing activities		**176,634,867**	(35,692,121)	93,469,041
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt of advances from related parties	10	**268,422,153**	–	18,319
Payment of advances from related parties		**–**	(55,430,795)	(26,088,007)
Net cash provided by (used in) financing activities		**268,422,153**	(55,430,795)	(26,069,688)
NET INCREASE IN CASH		**403,101,747**	10,069,661	6,688,252
CASH AT BEGINNING OF YEAR		**22,428,338**	12,358,677	5,670,425
CASH AT END OF YEAR		**₱425,530,085**	₱22,428,338	₱12,358,677
NONCASH FINANCIAL INFORMATION				
Dividend declaration	12	**₱391,926,640**	₱–	₱–

See accompanying Notes to Separate Financial Statements.

MARCVENTURES HOLDINGS, INC.

NOTES TO SEPARATE FINANCIAL STATEMENTS

1. **Corporate Information**

General Information

Marcventures Holdings, Inc. (the Company) was incorporated and registered with the Philippine 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 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 Republic Act (R.A.) No. 2629, *Investment Company Act*, or act as a securities broker or dealer. On August 7, 2007, the SEC approved the extension of the Company's corporate life for another 50 years. However, as prescribed by the Revised Corporation Code of the Philippines, effective February 23, 2019, the Company shall have perpetual existence.

The Company's shares of stock were initially listed in the Philippine Stock Exchange, Inc. (PSE) on January 10, 1958. As at December 31, 2021 and 2020, 3,014,820,305 shares of the Company's shares of stock, are listed in the PSE.

The following are the subsidiaries of the Company which are wholly-owned and accounted for under the cost method:

	Principal Place of Business	Status of Operations
Marcventures Mining and Development Corp. (MMDC)	Cantilan, Surigao del Sur	Operational
BrightGreen Resources Corporation (BGRC)	Carrascal, Surigao del Sur	Exploration Phase
Alumina Mining Philippines Inc. (AMPI)	Samar Island Natural Park (SINP)	Exploration Phase
Bauxite Resources Inc. (BARI)	Samar Island Natural Park (SINP)	Exploration Phase

All of the subsidiaries are incorporated in the Philippines and are engaged in mining operations.

Registered Address

The registered address of the Company is at 4th Floor, BDO Towers Paseo (formerly Citibank Center), 8741 Paseo de Roxas, Makati City.

Approval of Separate Financial Statements

The Company's separate financial statements as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issue by the Board of Directors on April 7, 2022.

2. **Summary of Significant Accounting Policies**

Basis of Preparation and Statement of Compliance

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

The Company also prepares and issues consolidated financial statements for the same year as the separate financial statements. Users of these separate financial statements should read them together with the consolidated financial statements of the Company and its Subsidiaries (collectively referred to as the Group) in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole. The consolidated financial statements can be obtained in the registered office address of the Company or from SEC.

Measurement Bases
The separate financial statements are presented in Philippine Peso, which is the Company's functional currency. All amounts are in absolute values unless otherwise indicated.

The separate financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. 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.

Further disclosures are included in Note 15, *Financial Risk Management Objectives and Policies*.

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS, which are not yet effective as at December 31, 2021 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework.

The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are fist applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle -

    - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

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

Financial Assets and Liabilities

a. Recognition

The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss.

In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

b. Classification and Subsequent Measurement Policies

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 31, 2021 and 2020, the Company does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL), if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2021 and 2020, cash, dividends and other receivables (excluding advances to officers and employees) and advances to related parties are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2021 and 2020, the Company's dividends and other current liabilities (excluding statutory payables) and advances from a related party are classified under this category.

c. Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

d. Impairment Policy on Financial Assets at Amortized Cost

The Company records an allowance for ECL based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For financial instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

e. Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;

- the Company retains the right to receive cash flows from the financial 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 financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

f. Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is 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, and the related assets and liabilities are presented gross in the separate statements of financial position.

g. Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

Other Current Assets
This account consists of prepaid income tax, input value-added tax (VAT) and prepayments.

Prepaid Income Tax. Prepaid income tax represents creditable withholding tax (CWT) and other tax credits of the Company. CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Input VAT. Input VAT arising from purchase of goods and services are carried at cost. The account balance is presented net of applicable output VAT or vice versa, whichever is higher as at reporting date. These may either be applied against future output tax liabilities or claimed for tax credit or refund.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time. Prepayments are classified in the separate statement of financial position as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Investments in Subsidiaries

The Company's investments in subsidiaries are accounted for in the separate financial statements at cost less any impairment in value.

Under the cost method, the Company recognizes income from the investment only to the extent that the Company received distributions from accumulated profits of the subsidiaries after the date of acquisition. Distributions received in excess of such profits are regarded as a reduction of the cost of the investment.

A subsidiary is an entity in which the Company has control. Specifically, the Company controls an investee if it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

An assessment of the carrying amount of the investment in subsidiaries is performed when there is an indication that the investment has been impaired.

Property and Equipment

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

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 and improvements	5-20
Office furniture, fixtures and equipment	2-5

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.

Fully depreciated property and equipment are retained in the account until they are no longer in use and no further depreciation are credited or charged to current operations.

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.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount, which is the greater of fair value less costs to sell and value in use. The fair value less costs 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 CGU 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, 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 charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is measured at par value of the shares issued.

Additional Paid-in Capital (APIC). APIC is the excess over par value of consideration received for the subscription and issuance of shares of stock. Incremental costs directly attributable to the issuances of capital stock are recognized as a deduction from equity.

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

Other Comprehensive Income (OCI). OCI comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. OCI pertains to remeasurement gain on retirement benefit liability.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

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

Operating Expenses

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. Operating expenses include the cost of administering the business and are expensed as incurred.

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. The Company recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits expense 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 and interest cost in profit or loss. Interest cost is calculated by applying the discount rate to the retirement benefit liability.

Current service costs are the increase in the present value of the defined benefit obligation resulting from employee service and are recognized in profit or loss.

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 and any change in the effect of the asset ceiling (excluding interest cost on retirement benefit liability) 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 defined benefit obligation which 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 benefit liability.

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

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 carry forward benefits of unused MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets 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 and tax laws that have 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 set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT

Input VAT. 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
- Payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the separate statements of financial position.

Deferred Input VAT. In accordance with the Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Related Party Transactions and Related Parties
Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability to directly or indirectly, control or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled, or under common control with the Company; (b) associates; and (c) individuals owning directly or indirectly, an interest in the voting power of the Company that give them significant influence over the Company and close members of the family of any such individual; and (d) members of the key management personnel of the Company.

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

Provisions
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.

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

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 separate financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to separate financial statements when material.

3. Significant Judgment, Accounting Estimates and Assumptions

PFRS requires management to make judgment, accounting estimates and assumptions that affect the amounts reported in the separate financial statements. The judgment, accounting estimates and assumptions used in the separate 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.

Accounting Estimates and Assumptions

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

Estimating Allowance for ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL are provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions;
- actual or expected significant adverse changes in the operating results of the borrower; and
- significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees.

For cash and advances to related parties, the Company applies low credit risk simplification because the Company only enters into reputable counterparty banks and related parties that possessed good credit ratings. The Company's policy is to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

No provision for impairment loss was recognized on the Company's financial assets in 2021 and 2020.

The carrying amount of financial assets at amortized cost as at December 31, 2021 and 2020 are as follows:

	Note	**2021**	2020
Cash	4	**₱425,530,085**	₱22,428,338
Dividends and other receivables*	5	**530,350,549**	746,090,338
Advances to related parties	10	**272,470,762**	233,365,840

**Excluding advances to officers and employees*

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 were no changes in the estimated useful lives of the Company's property and equipment in 2021 and 2020.

Property and equipment, net of accumulated depreciation, amounted to ₱80.3 million and ₱86.5 million as at December 31, 2021 and 2020, respectively (see Note 8).

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment of 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.

The recoverable amount of nonfinancial assets represents the higher of value in use or fair value less cost to sell. Estimating the value-in-use requires the Company to make an assessment of the expected future cash flows from nonfinancial assets and allows it to choose a suitable discount rate in order to calculate the present value of those cash flows. Based on management's assessment, the Company's nonfinancial assets are not impaired.

The carrying amount of the Company's nonfinancial assets is as follows:

	Note	**2021**	2020
Advances to officers and employees	5	**₱12,832**	₱33,082
Other current assets	6	**56,949,066**	56,701,265
Investments in subsidiaries	7	**2,746,546,182**	2,746,546,182
Property and equipment	8	**80,334,114**	86,524,454
Deferred input VAT		**512,174**	1,148,696

Estimating Retirement Benefit Liability. The determination of the Company's retirement benefit 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 benefit obligation estimated as at reporting date may differ significantly from the amount reported.

Retirement benefit expense recognized in profit or loss amounted to ₱0.4 million, ₱0.6 million and ₱0.8 million in 2021, 2020 and 2019, respectively (see Note 11).

Retirement benefit liability amounted to ₱1.8 million and ₱1.4 million as at December 31, 2021 and 2020, respectively (see Note 11).

Assessing Realizability of Deferred Tax Assets. The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

The Company's unrecognized deferred tax assets amounted to ₱47.1 million and ₱64.9 million as at December 31, 2021 and 2020, respectively (see Note 14). Management assessed that there will be no sufficient future taxable profits against which the deferred tax assets can be utilized.

Contingencies. The Company is currently involved in various legal proceedings which the Company believes to have no material adverse effect on its financial position. It is possible however, that changes in estimates relating to these proceedings may materially affect the results of operations of the Company.

4. Cash

This account consists of:

	2021	2020
Cash on hand	**₱54,545**	₱54,545
Cash in banks	**425,475,540**	22,373,793
	₱425,530,085	₱22,428,338

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱7,823, ₱173, and ₱1,947 in 2021, 2020 and 2019, respectively.

5. Dividends and Other Receivables

This account consists of:

	Note	**2021**	2020
Dividends receivable	7	**₱525,792,400**	₱741,532,189
Advances to officers and employees		**12,832**	33,082
Others		**4,558,149**	4,558,149
		₱530,363,381	₱746,123,420

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

Others include reimbursable expenses from third party and claims from regulatory agencies.

6. Other Current Assets

This account consists of:

	2021	2020
Prepaid income tax	**₱49,403,933**	₱49,403,933
Input VAT	**7,287,886**	6,290,085
Prepayments	**257,247**	1,007,247
	₱56,949,066	₱56,701,265

7. Investments in Subsidiaries

As at December 31, 2021 and 2020, the balance of investments in subsidiaries consist of:

	2021	2020
MMDC	**₱1,683,750,000**	₱1,683,750,000
Acquired through merger:		
AMPI and BARI	**612,027,480**	612,027,480
BGRC	**450,768,702**	450,768,702
	₱2,746,546,182	₱2,746,546,182

Information about the Subsidiaries
The subsidiaries of the Company are all wholly-owned.

MMDC
MMDC was incorporated and registered with the SEC on January 18, 1995 primarily to engage and/or carry on the business of extracting, mining, smelting, refining and converting mineral ores such as, but not limited to nickel, chromites, copper, gold, manganese and other similar ores and natural metallic or non-metallic resource.

MMDC's registered address is at Unit E, One Luna Place, E. Luna St., Butuan City, Agusan del Norte.

Dividends receivable amounted to ₱525.8 million and ₱741.5 million as at December 31, 2021 and 2020, respectively (see Note 5).

The credit facilities of MMDC are secured by a real estate mortgage on the condominium units of the Company, recorded under "Buildings and improvements".

On February 13, 2017, MMDC received an order from the DENR cancelling its MPSA due to alleged violations of environment-related laws and regulations. The Technical Committee Report on MMDC however only shows a recommendation for fine and suspension. The management and its legal counsel have assessed that the order is without basis in fact and in law. Foremost, MMDC is engaged in clean and responsible mining.

On February 17, 2017, MMDC filed a Notice of Appeal to the Office of the President. Subsequently, on March 17, 2017, MMDC filed its Appeal Memorandum. MMDC asserted that the grounds for cancellation cited by the DENR: (a) operations is allowed by law since said MPSA dated July 1, 1993 is granted with prior rights and is allowed by law as indicated specifically in Proclamation 1747 issued in 2009 by former President Gloria Macapagal Arroyo; (b) despite operations in a watershed, MMDC has not impaired farmlands, rivers or coastal areas within the MPSA area. As to the alleged non-compliance to the planting of three million seedlings, MMDC was prevented from implementing the same due to circumstances beyond its control.

As at December 31, 2021, MMDC has not received any decision nor any notice from the Office of the President. MMDC's Legal Counsel is of a good faith position that MMDC may continue its operations because the execution of the Order of the DENR Secretary is deemed automatically stayed as a matter of law on account of the pendency of MMDC's appeal, as likewise confirmed by the Office of the President.

MMDC has continued to implement and adopt measures not only to rectify any shortcomings allegedly found in its operations but more importantly, it has continuously sought to improve operational efficiencies both in the area of its regulatory compliances and in maintaining its commitments to its host and neighboring communities.

MMDC has continuously been granted the necessary regulatory permits and licenses to operate, including but not limited to Discharge Permits, Ore Transport Permits and Mineral Ore Export Permits.

As proof its compliance, MMDC has also secured a certification from the MGB as of March 17, 2022, attesting to the validity and existence of its MPSA and that MMDC has an approved Declaration of Mining Project Feasibility (DMPF) covering its entire contract mining area as of October 15, 2014 and is being developed and utilized by virtue of an approved Three-Year Development/Utilization Work Program dated September 9, 2022 covering Calendar Years 2020 to 2022. Moreover, the MGB also certified that MMDC has complied with the terms and conditions of the MPSA and the pertinent provisions of the R.A. No. 7942 or the Philippine Mining Act of 1995 and its Implementing Rules and Regulations. MMDC has continued mining operations in areas covered by the MPSA.

BGRC

BGRC was incorporated and registered with the SEC on July 20, 1989 to engage in the mining business.

BGRC's registered office address is at 2nd Floor, One Luna Bldg., E. Luna St., Butuan City 8600.

On July 1, 1993, the DENR approved BGRC's application for MPSA No. 015-93-XI (SMR) covering an area of approximately 4,860 hectares located in the municipalities of Carrascal and Cantilan, Surigao del Sur. BGRC is undertaking its continuous exploratory drilling program to block mineral resources at indicated and measured category.

On January 28, 2022, BGRC filed an application to MGB for the extension of the exploration period for another two years and then eventually, it will file an application for the renewal of the MPSA for another twenty-five (25) years. BGRC is anticipative of the approval of the exploration period extension as it is currently in the process of filing the DMPF and has recently received a letter from MGB dated March 25, 2022 declaring that BGRC is included in the priority projects of MGB.

AMPI

AMPI was incorporated and registered with the SEC on August 31, 2001 to engage in the mining business.

AMPI's principal address is at 4th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.

On December 5, 2002, the DENR approved AMPI's application for MPSA No. 179-2002-VIII-SBMR covering 6,694 hectares in the municipalities of San Jose de Buan and Paranas Samar in Eastern Visayas (Region VIII) valid for 25 years and renewable for another 25 years.

BARI

BARI was incorporated and registered with the SEC on August 31, 2001 to engage in the mining business.

BARI's registered office address is at 4th Floor BDO Towers Paseo, Paseo de Roxas, Makati City.

On December 5, 2002, the DENR approved BARI's application for MPSA No. 180-2002-VIII-SBMR covering 5,519 hectares in the Municipalities of Gandara, San Jose de Buan, Matuguinao, and San Jorge, Province of Samar in Eastern Visayas (Region VIII) , valid for 25 years and renewable for another 25 years.

In a letter dated February 9, 2022, AMPI and BARI wrote to MGB requesting for additional two (2) years extension (or until June 18, 2024) of the 3rd Exploration Period (CY 2018-2020; Extension: CY2020-2022) on the ground that due to force majeure, factors and events which prevented them from fully utilizing its respective contract area to complete its activities corresponding to the Exploration Period were not yet addressed and are still prevailing. The same was approved (subject to several conditions) in a letter from the MGB dated March 28, 2022. AMPI and BARI plans to file for the DMPF and an early renewal of the MPSA for another 25 years.

The summarized financial information of the subsidiaries are as follows:

	2021			
	MMDC	**BGRC**	**AMPI**	**BARI**
Current assets	**₱1,368,832,941**	**₱3,339,636**	**₱3,963,583**	**₱653,697**
Noncurrent assets	**2,307,146,286**	**74,656,963**	**129,468,264**	**58,371,239**
Current liabilities	**1,200,170,840**	**124,906,162**	**674,920**	**2,032,297**
Noncurrent liabilities	**304,024,323**	**–**	**208,980,856**	**59,010,477**
Equity (capital deficiency)	**2,171,784,064**	**(46,909,563)**	**(76,223,929)**	**(2,017,838)**
Revenue	**3,891,592,774**	**–**	–	–
Net income (loss)	**872,458,067**	**(4,813,185)**	**(20,534,457)**	**(2,315,075)**
Total comprehensive income (loss)	**876,395,928**	**(4,813,185)**	**(20,534,457)**	**(2,315,075)**

	2020			
	MMDC	BGRC	AMPI	BARI
Current assets	₱1,091,159,730	₱2,582,721	₱11,015,515	₱1,776,538
Noncurrent assets	2,299,109,074	71,852,946	125,287,911	58,371,239
Current liabilities	1,877,116,284	116,532,045	60,173,110	2,021,378
Noncurrent liabilities	217,764,384	–	131,819,788	57,829,162
Equity (capital deficiency)	1,295,388,136	(42,096,378)	(55,689,472)	297,237
Revenue	2,876,676,296	–	–	–
Net income (loss)	530,544,394	(4,480,542)	(21,889,911)	(720,415)
Total comprehensive income (loss)	529,083,165	(4,480,542)	(21,889,911)	(720,415)

8. Property and Equipment

The balances and movements in this account are as follows:

		2021		
	Note	**Building and Improvements**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost				
Balances at beginning and end of year		**₱125,665,001**	**₱5,987,860**	**₱131,652,861**
Accumulated Depreciation				
Balances at beginning of year		**39,451,041**	**5,677,366**	**45,128,407**
Depreciation	13	**6,049,073**	**141,267**	**6,190,340**
Balances at end of year		**45,500,114**	**5,818,633**	**51,318,747**
Carrying Amount		**₱80,164,887**	**₱169,227**	**₱80,334,114**

		2020		
	Note	Building and Improvements	Office Furniture, Fixtures and Equipment	Total
Cost				
Balances at beginning of year		₱125,665,001	₱5,747,584	₱131,412,585
Acquisitions		–	240,276	240,276
Balances at end of year		125,665,001	5,987,860	131,652,861
Accumulated Depreciation				
Balances at beginning of year		33,423,878	5,503,093	38,926,971
Depreciation	13	6,027,163	174,273	6,201,436
Balances at end of year		39,451,041	5,677,366	45,128,407
Carrying Amount		₱86,213,960	₱310,494	₱86,524,454

Fully depreciated property and equipment with cost of ₱6.3 million as at December 31, 2021 and 2020 are still being used by the Company and retained in the accounts.

9. Dividends and Other Current Liabilities

This account consists of:

	Note	2021	2020
Dividends payable	12	**₱381,945,355**	₱4,707,886
Statutory payables		**25,488,989**	11,862,658
Accrued expenses		**1,552,656**	789,401
Others		**1,075,633**	1,072,631
		₱410,062,633	₱18,432,576

Statutory payables include deferred output VAT, other taxes payable and mandatory contributions. These are normally settled within one month after the end of the reporting period.

Accrued expenses primarily pertain to utilities which are normally settled within the month after the end of the reporting period.

Others include advances from a former related party.

10. Related Party Transactions

Transactions with related parties are summarized below:

	Transactions during the Year		Outstanding Balances		
	2021	2020	**2021**	2020	Nature
Dividends Receivable					
Subsidiary	**₱–**	₱–	**₱525,792,400**	₱741,532,189	Dividends
Advances to Related Parties					
Subsidiaries	**₱124,104,922**	₱35,455,845	**₱272,470,762**	₱148,365,840	Working fund
	–	–	**–**	85,000,000	Management fee
	₱124,104,922	₱35,455,845	**₱272,470,762**	₱233,365,840	
Dividends Payable*					
Stockholders	**₱391,926,640**	₱–	**₱381,945,355**	₱4,707,886	Dividends
Advances from a Related Party					
Subsidiary	**₱268,422,153**	₱–	**₱268,422,153**	₱–	Working fund

**Balance is net of final withholding tax*

Outstanding balances are unsecured, noninterest bearing, and payable on demand in cash.

Compensation of Key Management Personnel

Compensation of key management personnel which consists of salaries and other benefits, amounting to ₱7.4 million, ₱39.0 million and ₱44.3 million in 2021, 2020 and 2019, respectively. Retirement benefit expense of key management personnel amounted to ₱0.4 million, ₱0.6 million and ₱0.8 million and in 2021, 2020 and 2019, respectively.

11. **Retirement Benefit Liability**

The Company has an unfunded, noncontributory defined benefit plan covering all its permanent employees. Under this plan, the employees are entitled to retirement benefits ranging from 50% to 200% of the final monthly salary for each year of credited service. This plan is in accordance with R.A. No. 7641, which mandates a minimum retirement benefit equivalent to one-half month salary per year of service.

An independent actuary conducted a valuation of the retirement benefit obligation using the projected unit credit method. The latest actuarial valuation is for the year ended December 31, 2021.

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

	2021	2020	2019
Current service cost	**₱394,481**	₱292,110	₱139,599
Net interest cost	**48,247**	324,488	435,415
Past service cost	**–**	18,752	196,065
	₱442,728	₱635,350	₱771,079

The retirement benefit liability recognized in the separate statements of financial position and changes in the present value of defined benefit obligation are as follows:

	2021	2020
Balance at beginning of year	**₱1,370,659**	₱6,993,278
Retirement benefit expense recognized in profit or loss:		
Current service cost	**394,481**	292,110
Interest cost	**48,247**	324,488
Past service cost	**–**	18,752
Remeasurement losses (gains) recognized in OCI:		
Changes in financial assumptions	**(47,165)**	111,106
Deviations of experience from assumptions	**(11,791)**	885,720
Benefits paid	**–**	(7,254,795)
Balance at end of year	**₱1,754,431**	₱1,370,659

The principal actuarial assumptions used to determine retirement benefit liability are as follows:

	2021	2020
Discount rate	**4.90%**	3.53%
Salary increase rate	**4.00%**	3.00%

The plan exposes the Company to actuarial risks, such as interest rate risk and salary rate risk.

Sensitivity analysis on retirement benefit liability as at December 31, 2021 is as follows:

	Change in basis points	Effect on defined benefit obligation
Discount rate	+1%	(₱114,998)
	-1%	131,237
Salary increase rate	+1%	131,086
	-1%	(117,305)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit liability 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 cumulative remeasurement gain recognized in other comprehensive income (loss) follows:

	2021		
	Cumulative Remeasurement Gain	**Deferred Tax Liability (see Note 14)**	**Net Remeasurement Gain**
Balance at beginning of year	**₱806,280**	**₱241,884**	**₱564,396**
Actuarial gain	**58,956**	**14,739**	**44,217**
Effect of change in tax rate	**–**	**(40,314)**	**40,314**
Balance at end of year	**₱865,236**	**₱216,309**	**₱648,927**

	2020		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax Liability (see Note 14)	Net Remeasurement Gain
Balance at beginning of year	₱1,803,106	₱540,932	₱1,262,174
Actuarial loss	(996,826)	(299,048)	(697,778)
Balance at end of year	₱806,280	₱241,884	₱564,396

The maturity analysis of the undiscounted benefit payments as at December 31, 2021 follow:

Less than one (1) year	₱19,525
One (1) year to less than five (5) years	207,934
Five (5) years to less than 10 years	1,167,750
10 years and above	6,911,752
	₱8,306,961

The average duration of the expected benefit payments at the end of the reporting period is 13 years.

12. Equity

Capital Stock

As at December 31, 2021, 2020 and 2019, the authorized capital stock with ₱1 par value remained at 4,000,000,000 shares while issued, subscribed and outstanding capital stock at 3,014,820,305 shares.

Retained Earnings

Cash dividends declared by the Company are as follows:

Date Approved	Per Share	Total Amount	Stockholders of Record Date	Payment Date
November 19, 2021	₱0.13	₱391,926,640	December 07, 2021	January 04, 2022
November 14, 2014	0.15	273,203,790	December 19, 2014	January 16, 2015
September 19, 2014	0.15	273,203,790	October 1, 2014	October 22, 2014

Dividends payable amounted to ₱381.9 million and ₱4.7 million as at December 31, 2021 and 2020, respectively (see Note 9).

13. Operating Expenses

This account consists of:

	Note	**2021**	2020	2019
Salaries and other benefits		**₱17,159,973**	₱29,447,348	₱41,245,442
Professional fees		**15,970,833**	17,792,348	13,051,715
Depreciation	8	**6,190,340**	6,201,436	6,780,089
Dues and subscriptions		**3,000,082**	3,217,161	3,153,260
Outside services		**1,811,663**	4,061,497	1,391,610
Communication, light and water		**1,604,065**	571,876	948,139
Retirement benefit expense	11	**442,728**	635,350	771,079
Representation		**294,471**	1,810,161	205,746
Taxes and licenses		**77,580**	34,541	2,171,148
Penalties		**–**	7,038,076	–
Others		**2,156,817**	2,427,405	3,930,585
		₱48,708,552	₱73,237,199	₱73,648,813

14. Income Taxes

The Company has no current provision for income tax in 2021 and 2020 due to its net taxable loss position.

Deferred tax liability amounting to ₱0.2 million as at December 31, 2021 and 2020 pertains to remeasurement gain on retirement benefit liability (see Note 11).

The reconciliation of for income tax benefit computed at the applicable statutory tax rate to the income tax expense shown in the separate statements of comprehensive income is as follows:

	2021	2020	2019
Income tax at statutory rate	**(₱12,175,182)**	(₱21,971,108)	(₱22,094,060)
Change in unrecognized deferred tax assets	**(17,787,444)**	17,981,386	20,294,644
Effect of change in tax rate	**10,820,364**	–	–
Expired MCIT	**–**	1,700,000	1,800,000
Add (deduct) income tax effects of:			
Expired NOLCO	**19,070,601**	30,280	–
Nondeductible expense	**73,618**	2,259,494	–
Interest income subjected to final tax	**(1,957)**	(52)	(584)
	₱–	₱–	₱–

Management assessed that it may not be probable that future taxable profit will be available against which the deferred tax assets can be utilized. Details of unrecognized deferred tax assets are as follows:

	2021	2020
NOLCO	**₱46,479,823**	₱64,269,101
Retirement benefit liability	**654,917**	653,083
	₱47,134,740	₱64,922,184

Details of NOLCO are as follows:

Year Incurred	Expiry Date	Amount	Incurred	Expired	Balance
2021	2026	₱–	₱47,971,353	₱–	₱47,971,353
2020	2025	65,070,203	–	–	65,070,203
2019	2022	72,877,734	–	–	72,877,734
2018	2021	76,282,402	–	76,282,402	–
		₱214,230,339	₱47,971,353	₱76,282,402	₱185,919,290

On September 30, 2020, BIR issued the RR No. 25-2020 to implement Section 4 of R.A. No. 11494, otherwise known as “Bayanihan to Recover as One Act”. This RR provides that net operating loss of the business or enterprise for taxable years 2020 and 2021 are to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) was approved and signed into law by the country’s President. Under the CREATE, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020.

Accordingly, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2021 and 2020 are 25% and 30% for RCIT and 1% and 2% for MCIT, respectively. The change in income tax rates does not have financial impact to the Company due to its net loss position.

15. Financial Risk Management Objectives and Policies

General
The Company has financial 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, dividends and other receivables (excluding advances to officers and employees), advances to related parties, dividends payable and other current liabilities (excluding statutory payables) and advances from a related party. The primary purpose of these financial instruments is to finance the Company's operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

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. The Company established controls and procedures on its credit policy to determine and monitor the credit worthiness of counterparties.

As at December 31, 2021 and 2020, the Company's exposure to credit risk relates to its cash in banks, dividends and other receivables and advances to related parties.

Cash in banks are classified as high grade since these are deposited in reputable banks having good credit rating and low probability of insolvency. While dividends receivable and advances to related parties is classified under high grade because these are from counterparties who pay their accounts and who have the financial capacity to pay. Standard grade receivables are other receivables for which settlement will be from the government agency or other third party.

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.

As at December 31, 2021 and 2020, the Company's financial liabilities relates to dividends and other current liabilities (excluding statutory payable).

Fair Value of Financial Assets and Liabilities

Due to the short-term nature of cash, dividends and other receivables (excluding advances to officers and employees), advances to related parties, dividends and other current liabilities (excluding statutory payable) and advances from related party, their carrying values approximate fair values at year-end.

16. Capital Management Objectives, Policies and Procedures

The Company considers its capital stock and APIC aggregating ₱3,284.0 million as at December 31, 2021 and 2020, as its core capital. The Company maintains its current capital structure and makes adjustments to it, if necessary, to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

There were no changes in the Company's objectives, policies or processes in 2021 and 2020.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Marcventures Holdings, Inc.
4th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

We have audited the accompanying separate financial statements of Marcventures Holdings, Inc. (the Company) as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 on which we have rendered our report dated April 7, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has nine hundred thirty six (934) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 86981-SEC Group A
Issued March 24, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-007-2019
Valid until October 16, 2022
PTR No. 8851708
Issued January 3, 2022, Makati City

April 7, 2022
Makati City, Metro Manila

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	2	9	4	2

COMPANY NAME

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

4th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
maila.decastro@marcventures.com.ph	(02) 8831-4479	0919-993-7231

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,168	September 26	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Rolando S. Santos	rolly.santos@marcventures.com.ph	(02) 8831-4479	0998-985-0229

CONTACT PERSON'S ADDRESS

4th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

NOTE 1: *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.*

NOTE 2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

MARCVENTURES
HOLDINGS INC.

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

The management of **Marcventures Holdings Inc. & Subsidiary (the Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

CESAR C. ZALAMEA
Chairman of the Board

ROLANDO S. SANTOS
SVP - Finance

DALE A. TONGCO
VP - Controllership

APR 0 7 2022
Signed this ___ day of ________, 2022

SUBSCRIBED AND SWORN to before me this ______ MAY 1 3 2022 day of __________, 2022 at MAKATI CITY affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Cesar C. Zalamea	T.I.N. 137-712-551		
Rolando S. Santos	T.I.N. 127-551-054		
Dale A. Tongco	T.I.N. 125-401-967		

Notary Public

MARJORIE A. SAN JUAN
Notary Public for Makati City
Appt. No. M-135 until 6/30/2022 per B.M. No. 3795, 9/28/2021
Roll of Attorneys No. 71296
IBP Membership No. 177402; 02/08/2022
PTR No. MKT-8857894MJ; 01/14/2022; Makati City;
MCLE Compliance No. VI-0013795; 10/12/2018;
Pasig City; Valid until 4/14/2022
4f BDO Towers (formerly Citi Center), Paseo de Roxas, Makati City

Doc. No. 82;
Page No. 18;
Book No. II;
Series of 2022.

BOA/PRC Accreditation No. 4782
August 16, 2021 valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Marcventures Holdings, Inc. and Subsidiaries
4th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

Opinion

We have audited the accompanying consolidated financial statements of Marcventures Holdings, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2021, 2020 and 2019, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Mining Rights and Deferred Exploration Costs
The Group's mining rights and deferred exploration costs pertaining to mining areas that are still under exploration phase amounted to ₱1.6 billion and ₱0.2 billion as at December 31, 2021, respectively. The delay in the start of the development phase of these mining areas is an indicator of impairment. This is a key audit matter because of the significance of the combined asset value of the mining rights and deferred exploration cost as it represents 27.81% of the total assets of the Group and the significant judgment and estimate required in the computation of the recoverable amount of these assets.

We have reviewed the methodology and the assumptions used by the management in determining the recoverable amount of the mining assets and deferred exploration costs. We validated the reasonableness of the discount rates and other assumptions used in the computation, which include, among others, the expected start of the development phase and start of production, expected future production levels and costs, mineral prices, sales forecasts and foreign currency exchange rates by comparing to similar companies, external data and industry benchmarks. We also assessed the adequacy of the disclosures in Note 3 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our Auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this Auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Carolina P. Angeles.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 86981-SEC Group A
Issued March 24, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-007-2019
Valid until October 16, 2022
PTR No. 8851708
Issued January 3, 2022, Makati City

April 7, 2022
Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2021	2020
ASSETS			
Current Assets			
Cash	4	**₱801,051,844**	₱241,951,074
Trade and other receivables	5	**351,623,284**	542,258,519
Advances to related parties	13	**10,767,041**	39,179,557
Inventories	6	**197,309,136**	127,217,784
Other current assets	7	**123,829,136**	133,615,250
Total Current Assets		**1,484,580,441**	1,084,222,184
Noncurrent Assets			
Property and equipment	8	**176,762,578**	209,369,331
Mining rights and other mining assets	9	**4,392,636,987**	4,435,089,769
Net deferred tax assets	20	**52,155,347**	36,193,214
Other noncurrent assets	10	**403,497,742**	398,821,130
Total Noncurrent Assets		**5,025,052,654**	5,079,473,444
		₱6,509,633,095	₱6,163,695,628
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**₱453,124,346**	₱409,425,087
Current portion of loans payable	12	**231,260,318**	335,975,945
Advances from related parties	13	**11,318,602**	140,272,674
Dividends payable	16	**381,945,355**	4,707,886
Income tax payable		**19,088,579**	136,107,191
Total Current Liabilities		**1,096,737,200**	1,026,488,783
Noncurrent Liabilities			
Loans payable - net of current portion	12	**209,107,868**	286,529,622
Provision for mine rehabilitation and decommissioning	14	**57,514,917**	55,675,292
Retirement benefit liability	15	**39,155,969**	33,160,260
Deferred tax liability	20	**441,999,621**	465,262,759
Total Noncurrent Liabilities		**747,778,375**	840,627,933
Total Liabilities		**1,844,515,575**	1,867,116,716
Equity			
Capital stock	16	**3,014,820,305**	3,014,820,305
Additional paid-in capital	16	**269,199,788**	269,199,788
Retained earnings		**1,345,190,197**	980,673,981
Cumulative remeasurement gains on retirement benefit liability - net of deferred tax	15	**35,907,230**	31,884,838
Total Equity		**4,665,117,520**	4,296,578,912
		₱6,509,633,095	₱6,163,695,628

See accompanying Notes to Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	**2021**	2020	2019
SALES		**₱3,891,592,774**	₱2,876,676,296	₱1,432,534,095
COST OF SALES	17	**2,166,660,973**	1,647,827,569	847,975,370
GROSS INCOME		**1,724,931,801**	1,228,848,727	584,558,725
OPERATING EXPENSES	18	**689,934,226**	572,046,872	407,983,396
INCOME FROM OPERATIONS		**1,034,997,575**	656,801,855	176,575,329
INTEREST EXPENSE	12	**(50,525,191)**	(64,492,696)	(61,630,647)
INTEREST INCOME	4	**601,633**	766,044	236,547
OTHER INCOME	19	**26,966,806**	36,406,306	10,777,723
INCOME BEFORE INCOME TAX		**1,012,040,823**	629,481,509	125,958,952
INCOME TAX EXPENSE	20	**255,597,967**	254,434,044	88,116,546
NET INCOME		**756,442,856**	375,047,465	37,842,406
OTHER COMPREHENSIVE INCOME (LOSS)	15			
Not to be reclassified to profit or loss -				
Remeasurement gain (loss) on retirement benefit liability - net of deferred income tax		**1,744,903**	(2,159,007)	(4,298,125)
Effect of change in tax rate		**2,277,489**	–	–
		4,022,392	(2,159,007)	(4,298,125)
TOTAL COMPREHENSIVE INCOME		**₱760,465,248**	₱372,888,458	₱33,544,281
Basic and diluted earnings per share	22	**₱0.251**	₱0.124	₱0.013

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2021	2020	2019
CAPITAL STOCK - ₱1 par value	16			
Authorized - 4,000,000,000 shares				
Issued and outstanding:				
Balance at beginning and end of year		**₱3,014,820,305**	₱3,014,820,305	₱3,014,820,305
ADDITIONAL PAID-IN CAPITAL	16			
Balance at beginning and end of year		**269,199,788**	269,199,788	269,199,788
RETAINED EARNINGS				
Balance at beginning of year		**980,673,981**	605,626,516	567,784,110
Dividend declared	16	**(391,926,640)**	–	–
Net income		**756,442,856**	375,047,465	37,842,406
Balance at end of year		**1,345,190,197**	980,673,981	605,626,516
CUMULATIVE REMEASUREMENT GAINS ON RETIREMENT BENEFIT LIABILITY - NET OF DEFERRED TAX	15			
Balance at beginning of year		**31,884,838**	34,043,845	38,341,970
Remeasurement gain (loss)		**1,744,903**	(2,159,007)	(4,298,125)
Effect of change in tax rate		**2,277,489**	–	–
Balance at end of year		**35,907,230**	31,884,838	34,043,845
		₱4,665,117,520	₱4,296,578,912	₱3,923,690,454

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱1,012,040,823**	₱629,481,509	₱125,958,952
Adjustments for:				
Depletion	9	**197,202,195**	174,132,163	61,542,082
Provision for expected credit loss	5	**159,402,782**	20,000,000	20,000,000
Interest expense on:	12			
Loans		**47,772,840**	61,219,396	60,759,992
Provision for mine rehabilitation and decomissioning		**1,839,625**	3,040,465	654,498
Amortization of debt-issue cost		**912,726**	232,835	216,157
Depreciation and amortization	8	**47,225,847**	48,866,200	68,138,439
Retirement expense	15	**8,322,247**	8,592,588	8,702,664
Interest income	4	**(601,633)**	(766,044)	(236,547)
Operating income before working capital changes		**1,474,117,452**	944,799,112	345,736,237
Decrease (increase) in:				
Trade and other receivables		**31,232,453**	(357,794,730)	(20,848,638)
Inventories		**(70,091,352)**	(50,283,424)	68,922,379
Other current assets		**8,982,938**	(726,818)	(16,087,056)
Increase (decrease) in trade and other payables		**26,023,135**	(354,858,055)	286,780,681
Net cash generated from operations		**1,470,264,626**	181,136,085	664,503,603
Income tax paid		**(410,145,997)**	(129,288,522)	(37,000)
Interest received		**601,633**	766,044	236,547
Retirement benefits paid	15	**–**	(15,911,695)	–
Net cash provided by operating activities		**1,060,720,262**	36,701,912	664,703,150
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Mining rights and other mining assets	9	**(154,749,413)**	(64,146,344)	(168,834,748)
Property and equipment	8	**(14,619,094)**	(23,018,667)	(1,352,188)
Decrease (increase) in:				
Advances to related parties		**28,412,516**	12,187,198	1,897,842
Other noncurrent assets		**(4,676,612)**	100,229,542	(67,252,935)
Net cash provided by (used in) investing activities		**(145,632,603)**	25,251,729	(235,542,029)

(Forward)

	Note	2021	2020	2019
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Loans	26	**(₱362,778,837)**	(₱96,796,646)	(₱72,555,662)
Interest	26	**(43,982,710)**	(67,072,571)	(54,548,881)
Availment of loans	12	**179,728,730**	–	–
Increase (decrease) in advances from related parties		**(128,954,072)**	29,425,854	(14,975,434)
Net cash used in financing activities		**(355,986,889)**	(134,443,363)	(142,079,977)
NET INCREASE (DECREASE) IN CASH		**559,100,770**	(72,489,722)	287,081,144
CASH AT BEGINNING OF YEAR		**241,951,074**	314,440,796	27,359,652
CASH AT END OF YEAR		**₱801,051,844**	₱241,951,074	₱314,440,796
NONCASH FINANCIAL INFORMATION				
Dividend declaration	16	**₱391,926,640**	₱–	₱–
Completed constructions transferred to mining rights and other mining assets	8	–	40,662,469	–

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

General Information
Marcventures Holdings, Inc. (the Parent Company), singly and collectively with its subsidiaries, is referred herein as "the Group".

The Parent Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 7, 1957. Its primary purpose is to deal with properties of every kind and description to the extent permitted by law without engaging in the business of an investment company as defined in the Investment Company Act (Republic Act (R.A.) No. 2629), or act as a securities broker or dealer. On August 7, 2007, the SEC approved the extension of the Parent Company's corporate life for another 50 years. However, as prescribed by the Revised Corporation Code of the Philippines, effective February 23, 2019, the Group shall have perpetual existence.

The Parent Company's shares of stocks were initially listed in the Philippine Stock Exchange, Inc. (PSE) on January 10, 1958. As at December 31, 2021 and 2020, 3,014,820,305 shares of the Parent Company's shares of stocks are listed in The Philippine Stock Exchange, Inc. (PSE).

Registered Address
The registered address of the Parent Company is 4th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.

Approval of Financial Statements
The consolidated financial statements as at December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issue by the Board of Directors (BOD) on April 7, 2022, as reviewed and recommended for approval by the Audit Committee on the same date.

Information about the Subsidiaries
All of the subsidiaries of the Parent Company are wholly-owned.

Marcventures Mining and Development Corp. (MMDC)
MMDC was incorporated and registered with the SEC on January 18, 1995 primarily to engage and/or carry on the business of extracting, mining, smelting, refining and converting mineral ores such as, but not limited to nickel, chromites, copper, gold, manganese and other similar ores and/natural metallic or non-metallic resource.

MMDC has been granted by the Department of Environment and Natural Resources (DENR) Mineral Production Sharing Agreement (MPSA) No. 016-93-X Surigao Mineral Reservation (SMR) covering an area of approximately 4,799 hectares located in the municipalities of Carrascal, Cantilan and Madrid, Surigao Del Sur.

Originally, the MPSA was granted to Ventura Timber Corporation (VTC). In January 1995, VTC executed a deed of assignment (the Deed) to transfer to the Group all its rights and interest in MPSA No. 016-93-XI. On March 11, 2008, the DENR issued an Order approving the Deed of MPSA No. 016-93-XI from VTC to MMDC.

On June 24, 2016, the DENR issued an order approving the extension of MMDC's MPSA for a period of 9 years starting from the expiration of the first 25-year term.

On February 13, 2017, MMDC received an order dated February 8, 2017 from the DENR cancelling its MPSA. Management and its legal counsel believe that the order has no basis and the outcome of legal actions taken will not have a material adverse effect on the MMDC's operations (see Notes 3 and 23). Accordingly, MMDC has continued its mining operations in the area covered by its MPSA.

MMDC also has been issued a certification from the MGB as of March 17, 2022, attesting to the validity and existence of its MPSA and that MMDC has an approved Declaration of Mining Project Feasibility (DMPF) dated October 15, 2014 covering its entire contract mining area.

BrightGreen Resources Corporation (BGRC)
BGRC was incorporated and registered with the SEC on July 20, 1989 to engage in the mining business. The Parent Company acquired BGRC from its merger with Brightgreen Resources Holdings, Inc. (BHI) in 2017.

On July 1, 1993, the DENR approved BGRC's application for MPSA No. 015-93-XI (SMR) covering an area of approximately 4,860 hectares located in the municipalities of Carrascal and Cantilan, Surigao del Sur. BGRC is undertaking its continuous exploratory drilling program to block mineral resources at indicated and measured category.

On January 28, 2022, BGRC filed an application to MGB for the extension of the exploration period for another two years and then eventually, it will file an application for the renewal of the MPSA for another twenty-five (25) years. BGRC is anticipative of the approval of the exploration period extension as it is currently in the process of filing the DMPF and has recently received a letter from MGB dated March 25, 2022 declaring that BGRC is included in the priority projects of MGB.

Alumina Mining Philippines, Inc. (AMPI)
AMPI was incorporated and registered with the SEC on August 31, 2001 to engage in the mining business. The Parent Company acquired AMPI from its merger with Asia Pilot Mining Phils. Corp. (APMPC) in 2017.

On December 5, 2002, the DENR approved AMPI's application for MPSA No. 179-2002-VIII-SBMR covering 6,694 hectares in the municipalities of San Jose de Buan and Paranas Samar in Eastern Visayas (Region VIII), valid for 25 years and renewable for another 25 years.

Bauxite Resources, Inc. (BARI)
BARI was incorporated and registered with the SEC on August 31, 2001 to engage in the mining business. The Parent Company acquired BARI from its merger with Asia Pilot Mining Phils. Corp. (APMPC) in 2017.

On December 5, 2002, the DENR approved BARI's application for MPSA No. 180-2002-VIII-SBMR covering 5,519 hectares in the Municipalities of Gandara, San Jose de Buan, Matuguinao, and San Jorge, Province of Samar (formerly known as Western Samar) in Eastern Visayas (Region VIII), valid for 25 years and renewable for another 25 years.

In a letter dated February 9, 2022, the AMPI and BARI wrote to MGB requesting for additional two (2) years extension (or until June 18, 2024) of the 3rd Exploration Period (CY 2018-2020; Extension: CY2020-2022) on the ground that due to force majeure, factors and events which prevented the them from fully utilizing its respective contract area to complete its activities corresponding to the Exploration Period were not yet addressed and are still prevailing. The same was approved (subject to several conditions) in a letter from the MGB dated March 28, 2022. AMPI and BARI plans to file for the DMPF and an early renewal of the MPSA for another 25 years.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

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

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, which is the Group's functional currency. All values are in absolute amounts, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further disclosures are included in Note 24, *Financial Risk Management Objectives and Policies and Fair Value Measurement.*

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2021 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *References to the Conceptual Framework* – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendment to PFRS 9, *Financial Instruments* – The amendment clarifies which fees an entity includes when it applies the "10% test" in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

  - Amendment to PFRS 16, *Lease Incentives* – The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use* – The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* – The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labor and direct materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

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

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiaries as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019.

Subsidiaries
A subsidiary is an entity that is controlled by the Parent Company and is consolidated from the date on which control is transferred to the Parent Company directly or through the holding companies. Control is achieved when the Group is exposed or has rights to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is deconsolidated from the date on which control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as that of the Group using uniform accounting policies. Significant intercompany transactions and balances, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest in a subsidiary, without a change in control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, the Group: (a) derecognizes the assets and liabilities of the subsidiary; (b) derecognizes the carrying amounts of any non-controlling interest; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; and (g) reclassifies the Group's share of components previously recognized in other comprehensive income (OCI) to profit or loss.

<u>Financial Assets and Liabilities</u>

a. Recognition

   The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

   Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

   "Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

b. Classification and Subsequent Measurement Policies

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2021 and 2020, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL), if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2021 and 2020, the Group's cash, trade and other receivables (excluding advances to officers and employees), advances to related parties and rehabilitation cash fund (RCF), rental deposit and monitoring trust fund (MTF) (included under "Other noncurrent assets") accounts are classified under this category (see Notes 4, 5, 10 and 13). Cash in the consolidated statements of financial position comprise cash on hand and in banks, excluding any restricted cash. Restricted cash, which includes RCF and MTF, is not available for use by the Group and therefore is not considered highly liquid.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2021 and 2020, the Group's trade and other payables (excluding advances from customers and excise tax and other statutory payables), loans payable, advances from related parties and dividends payable are classified under this category (see Notes 11, 12, 13 and 16).

c. Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

d. Impairment Policy on Financial Assets at Amortized Cost

The Group records an allowance for ECL based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

e. Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the finanhpcial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

f. Offsetting of Financial Assets and Liabilities

Financial assets and financial 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 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, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

g. Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

Inventories

Inventories, which consist of ore stockpiles, are physically measured or estimated and valued at the lower of cost and net realizable value (NRV). Cost consists of contractual services, personnel costs, depletion, depreciation and other costs that are directly attributable in bringing the ore in its saleable conditions. Cost is determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

Other Current Assets

Other current assets include prepaid income tax, mining and office supplies, advances to contractors and suppliers and prepaid expenses.

Prepaid Income Tax. Prepaid income tax represents creditable withholding tax (CWT) and other tax credits of the Group. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Mining and Office Supplies. Mining and office supplies are stated at lower of cost or NRV. The NRV of mining and office supplies represents their current replacement cost. In determining NRV, the Group considers any adjustments necessary for obsolescence. The costs of mining and office supplies comprise all costs of purchase and other costs incurred in bringing the mining and office supplies to their present location and condition. The purchase cost is determined on a moving average method. These are charged to expense in profit or loss upon use.

Advances to Contractors and Suppliers. Advances to contractors and suppliers represent advance payments on goods or services to be purchased in connection with the mining operation. These are reclassified to proper asset account in the consolidated statements of financial position or charged to expense in profit or loss upon actual receipt of goods or services, which is normally within 12 months or within the normal operating cycle. Otherwise, these are classified as noncurrent assets.

Prepaid Expenses. Prepaid expenses represent expenses not yet incurred but paid in advance and are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepaid expenses 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.

Property and Equipment

Property and equipment, except for land, are initially measured at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value. 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 Group. 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 and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

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

The estimated useful lives and depreciation and amortization 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.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation are credited or charged to current operations.

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.

Mining Rights and Other Mining Assets

Mining Rights. Mining rights include costs incurred in connection with the acquisition of rights over mineral reserves. 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 method, 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.

Deferred Exploration Costs. Deferred exploration costs include costs incurred in connection with exploration activities. Deferred exploration cost is carried at cost less accumulated impairment losses.

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of the mineral resource.

Exploration and evaluation activities include:

- Gathering exploration data through geological studies;
- Exploratory drilling and sampling; and
- Evaluating the technical feasibility and commercial viability of extracting the mineral resource.
  Once the reserves are established and development is sanctioned, deferred exploration costs are tested for impairment and reclassified to mine development costs.

Mine and Mining Properties. Upon start of commercial operations, mine development costs are reclassified as part of mine and mining properties. 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.

Deferred exploration costs and construction-in-progress related to an already operating mine are reclassified to mine and mining properties and stated at cost. 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.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount, which is the greater of fair value less costs to sell and value in use. The fair value less costs 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 CGU 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 depletion, 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 depletion 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 Group provides short-term benefits to its employees in the form of basic and 13th month pay, bonuses, employer's share on government contribution and other short-term benefits.

Retirement Benefits. The Group has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits expense 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 Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and interest cost in profit or loss. Interest cost is calculated by applying the discount rate to the retirement benefit liability.

Current service costs are the increase in the present value of the defined benefit obligation resulting from employee service and are recognized in profit or loss.

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 Group recognizes restructuring related costs.

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are directly recognized in equity or in OCI and are not reclassified to profit or loss in subsequent periods.

The retirement benefit liability is the present value of the defined benefit obligation which 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 benefit 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.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and outstanding. Incremental costs directly attributable to the issuances of capital stock are recognized as a deduction from equity.

Additional Paid-In Capital (APIC). APIC 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 the Group's operating results, dividend distributions and effect of change in accounting policy. Cash dividends are deducted from retained earnings and recognized as liability when these are approved by the BOD.

Other Comprehensive Income (OCI). OCI comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. OCI pertains to cumulative remeasurement gains or losses on retirement benefit liability.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

Sale of Ore. Sale of ore is recognized at a point in time upon delivery of goods to and acceptance by the customers.

The following specific recognition criteria must also be met before other revenue items are recognized:

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

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Group through an increase in asset or reduction in liability that can be measured reliably.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefits related to a decrease in an asset or an increase in a liability that can be measured reliably.

Cost of Sales. Cost of sales is recognized when the related goods are sold.

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

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Leases
A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customers has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

Group as Lessee
The Group has elected to apply the recognition exemption on its short-term lease. The Group recognized the lease payments associated with this lease as an expense on a straight-line basis over the lease term.

Foreign Currency-Denominated Transactions
Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date.

Exchange rate differences arising from the translation or settlement of monetary items at rates different from those at which these were initially recorded during the period are recognized in the profit or loss in the period these arise.

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 excess MCIT over RCIT and unused NOLCO can be utilized.

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

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

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

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.

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 the taxation authority is included as part of "Other noncurrent assets" in the consolidated statements of financial position.

Related Party Transactions and Related Parties

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties.

Parties are considered to be related if one party has the ability to directly or indirectly, control or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled, or under common control with the Group; (b) associates; and (c) individuals owning directly or indirectly, an interest in the voting power of the Group that give them significant influence over the Group and close members of the family of any such individual; and (d) members of the key management personnel of the Group.

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

Provisions

Provisions are recognized when the Group 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 Group 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 interest expense.

Provision for Mine Rehabilitation and Decommissioning. The Group recognizes provision 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 revegetation 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 Group recognizes a mine rehabilitation asset under the mine and mining properties 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 amortized over expected settlement of the obligation using units of production method. 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 in the notes to consolidated financial statements 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 by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Group and held as treasury shares, if any.

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 Group's financial position at the end of reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting
The Group has one operating segment which consists of mining exploration, development and production. The Group's asset producing revenues are located in the Philippines.

3. Significant Judgments, Accounting Estimates and Assumptions

PFRS requires management to exercise judgments, make accounting estimates and use assumptions that affect the amounts reported in the consolidated financial statements. The judgments and accounting 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 Group 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.

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

Assessing the Ability of the Group to Continue as a Going Concern. The Group received an order from the DENR for the cancellation of its MPSA (see Note 1). The management and its legal counsel believe that the order has no basis and the outcome of the legal actions taken will not have a material adverse effect on the Group's operations. The Group has continued its mining operations in the areas covered by the MPSA and has continuously been granted the necessary regulatory permits and licenses to operate (see Note 23). Accordingly, the management assessed that the Group will continue as a going concern.

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

Determining Operating Segments. Determination of operating segments is based on the information about the components that management uses to make decisions about the operating matters of the Group. Operating segments use internal reports that are regularly reviewed by the Group's chief operating decision maker, which is defined to be the Group's BOD, in order to allocate resources to the segment and assess its performance.

Management has assessed that the Group has only one operating segment which consists of mining exploration, development and production.

Defining Default and Credit-Impaired Financial Assets. Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

a. Quantitative Criteria - the borrower is more than 30 days past due on its contractual payments, which is consistent with the Group's definition of default.

b. Qualitative Criteria - The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

   - The borrower is experiencing financial difficulty or is insolvent;
   - The borrower is in breach of financial covenants; and
   - It is probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to the determination of ECL.

Accounting for Operating Lease - Group as Lessee. The Group's lease agreement for its office space qualifies as a short-term lease with a lease term of less than twelve (12) months. The Group has elected to apply the recognition exemption on its short term leases.

Rental expense recognized by the Group amounted to ₱2.1 million, ₱0.3 million and ₱0.6 million in 2021, 2020 and 2019, respectively (see Note 21).

Accounting Estimates and Assumptions

The key estimates concerning the future and other key sources of estimation uncertainties 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 ECL on Trade and Other Receivables. The Group uses a provision matrix based on historical default rates for trade and other receivables (excluding advances to officers and employees). The provision matrix specifies provision rates depending on the number of days that receivable is past due. The Group then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information such as forecasted economic conditions. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience.

Provision for ECL amounted to ₱159.4 million in 2021, ₱20.0 million in 2020 and 2019. The allowance for ECL amounted to ₱152.2 million and ₱86.6 million as at December 31, 2021 and 2020, respectively. The carrying amounts of trade and other receivables (excluding advances to officers and employees) are ₱328.8 million and ₱507.9 million as at December 31, 2021 and 2020, respectively (see Note 5).

Estimating Allowance for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL are provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions;
- actual or expected significant adverse changes in the operating results of the borrower; and
- significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees.

For cash in banks and advances to related parties, the Group assessed that these financial assets have low credit risk because the counterparties are reputable banks and related parties which possess good credit standings. Thus the ECL on these financial assets in 2021, 2020 and 2019 are not significant and not recognized.

The carrying amounts of the Group's other financial assets at amortized cost subjected to impairment testing are disclosed in Note 24, *Financial Risk Management Objectives and Policies*.

Estimating NRV of Inventories. The Group recognizes loss on inventories whenever NRV becomes lower than costs due to damage, physical deterioration, obsolescence, changes in price levels or other causes. NRV is reviewed on a monthly basis to reflect the accurate valuation in the financial records.

No provision for inventory obsolescence was recognized in 2021, 2020 and 2019. The carrying amount of inventories, which is measured at the lower of cost and NRV, amounted to ₱197.3 million and ₱127.2 million as at December 31, 2021 and 2020, respectively (see Note 6).

Estimating the Realizability of Input VAT. The Group 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.

No provision for impairment loss was recognized in 2021, 2020 and 2019. The carrying amount of noncurrent input VAT, which is included as part of "Other noncurrent assets" account in the consolidated statements of financial position, amounted to ₱310.3 million and ₱307.7 million as at December 31, 2021 and 2020, respectively (see Note 10).

Estimating Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Group 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 were no changes in estimated useful lives of property and equipment in 2021, 2020, and 2019. Property and equipment, net of accumulated depreciation and amortization, amounted to ₱176.8 million and₱209.4 million as at December 31, 2021 and 2020, respectively (see Note 8).

Estimating Depletion Rate and Recoverable Reserves. Depletion rates used to amortize mine and mining properties and mining rights under "Mining rights and other mining assets" account presented in the consolidated statements of financial position 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 Group'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.

The carrying amounts of mining rights and other mining assets are as follows:

	Note	**2021**	2020
Mining rights	9	**₱2,464,718,851**	₱2,527,633,755
Mine and mining properties	9	**1,758,501,818**	1,744,699,198

Estimating Provision for Mine Rehabilitation and Decommissioning. The Group recognizes provision for its obligation to decommission and rehabilitate mine sites at the end of term of its MPSA. The provision represents the best estimate of the expenditures required to settle the present obligation at the current reporting date. The amount of provision depends on the completeness of rehabilitation and decommissioning activities performed by the Group 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.

While the Group 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 Group's current estimates. The obligation to rehabilitate and decommission a mine generally arises when the ground/environment is disturbed at the production location.

Mine rehabilitation asset, recognized under the mine and mining properties and presented as part of "Mining assets" in the consolidated statements of financial position, amounted to ₱31.2 million and ₱34.1 million as at December 31, 2021 and 2020, respectively (see Note 9).

Provision for mine site rehabilitation and decommissioning amounted to ₱57.5 million and ₱55.7 million as at December 31, 2021 and 2020, respectively (see Note 14).

Assessing Impairment of Nonfinancial Assets. The Group 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 Group considers important which could trigger an impairment review include the following:

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

The Group's subsidiaries, BGRC, AMPI and BARI, have not yet started commercial operations. The Group considered this as an indicator of impairment on the mining rights and deferred exploration costs attributable to these subsidiaries and, therefore, performed an impairment review.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

Recoverable amount of an asset is higher of is its fair value less costs to sell or value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the Group's expected mining operations. The estimated cash flows are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Based on management assessment, the estimated recoverable amount of the CGU is higher than its carrying amount. Accordingly, no impairment loss was recognized in 2021, 2020 and 2019.

The carrying amounts of the Group's nonfinancial assets are as follows:

	Note	**2021**	2020
Mining rights and other mining assets	9	**₱4,392,636,987**	₱4,435,089,769
Property and equipment	8	**176,762,578**	209,369,331
Other current assets	7	**123,829,136**	133,615,250
Other noncurrent assets (excluding financial assets)	10	**397,399,900**	392,746,321
Advances to officers and employees	5	**22,784,158**	34,346,965

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

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

Retirement benefit liability amounted to ₱39.2 million and ₱33.2 million as at December 31, 2021 and 2020, respectively (see Note 15).

Recognizing Deferred Tax Assets. The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱53.1 million and ₱36.9 million as at December 31, 2021 and 2020, respectively (see Note 20).

Deferred tax assets were not recognized on NOLCO, MCIT and retirement benefit liability of certain subsidiaries as at December 31, 2021 and 2020 because the management assessed that there will be no sufficient future taxable profits against which the deferred tax asset can be utilized.

The Group's unrecognized deferred tax assets amounted to ₱67.2 million and ₱89.2 million as at December 31, 2021 and 2020, respectively (see Note 20).

Contingencies. The Group is currently involved in various legal proceedings which the Group believes to have no material adverse effect on its financial position. It is possible however, that changes in estimates relating to these proceedings may materially affect the results of operations of the Group (see Note 23).

4. Cash

This account consists of:

	2021	2020
Cash on hand	**₱372,713**	₱247,195
Cash in banks	**800,679,131**	241,703,879
	₱801,051,844	₱241,951,074

Cash in banks earn interest at prevailing bank deposit rates. Interest income was earned from the following sources:

	Note	**2021**	2020	2019
Cash in banks		**₱541,901**	₱731,382	₱179,319
RCF and MTF (shown under other noncurrent assets account)	10	**59,732**	34,662	57,228
		₱601,633	₱766,044	₱236,547

5. Trade and Other Receivables

This account consists of:

	2021	2020
Trade receivables	**₱469,088,519**	₱586,334,701
Advances to officers and employees	**22,784,158**	34,346,965
Others	**11,977,178**	8,208,439
	503,849,855	628,890,105
Allowance for ECL	**(152,226,571)**	(86,631,586)
	₱351,623,284	₱542,258,519

Trade receivables pertain to MMDC's receivables arising from shipments of nickel and iron concentrates to its customers which is covered by yearly sales agreements, these are initially paid based on 90% of their provisional value after shipment date. The 10% final balance does not bear any interest until final settlement based on ore grade upon receipt of the customer which usually take three (3) months from shipment date.

Advances to officers and employees are unsecured and noninterest-bearing cash advances for business-related expenditures subject to liquidation within one (1) year.

Movements in allowance for ECL are as follows:

	Note	**2021**	2020
Balance at beginning of year		**₱86,631,586**	₱66,631,586
Provision	18	**159,402,782**	20,000,000
Write-off		**(93,807,797)**	–
Balance at end of year		**₱152,226,571**	₱86,631,586

6. Inventories

This account consists of beneficiated nickel ore amounting to ₱197.3 million and ₱127.2 million as at December 31, 2021 and 2020, respectively, which is stated at cost. The cost of inventories is lower than its NRV.

Cost of inventories charged to "Cost of sales" account in the consolidated statements of comprehensive income amounted to ₱2,166.7 million, ₱1,647.8 million and ₱848.0 million in 2021, 2020 and 2019, respectively (see Note 17).

7. Other Current Assets

This account consists of:

	2021	2020
Prepaid income tax	**₱49,492,733**	₱49,492,733
Advances to contractors and suppliers	**25,526,184**	20,662,835
Prepaid expenses	**17,918,324**	29,285,862
Mining and office supplies - net of allowance for obsolescence	**10,192,535**	17,957,398
Others	**20,699,360**	16,216,422
	₱123,829,136	₱133,615,250

Prepaid income tax represents creditable withholding tax and other tax credits of the Parent Company.

Mining and office supplies include mechanical, electrical and other materials that will be used in the Group's mining operations. In 2021, the Group recognized a provision for obsolescence on its mining and office supplies amounting to ₱15.6 million (see Note 18).

Advances to contractors and suppliers include materials and fuel and oil to be supplied for the use of the heavy equipment and are deductible against contractors' future billings.

Prepaid expenses pertain to insurance, excise tax and rent.

Others include advances made to National Commission of Indigenous People (NCIP).

8. Property and Equipment

The balances and movements of this account are as follows:

	2021				
	Land	**Building and Improvements**	**Office Furniture, Fixtures and Equipment**	**Heavy and Transportation Equipment**	**Total**
Cost					
Balances at beginning of year	**₱58,597,484**	**₱174,195,640**	**₱111,457,281**	**₱390,490,844**	**₱734,741,249**
Additions	**–**	**44,411**	**9,204,571**	**5,370,112**	**14,619,094**
Balances at end of year	**58,597,484**	**174,240,051**	**120,661,852**	**395,860,956**	**749,360,343**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**–**	**83,921,856**	**97,076,516**	**344,373,546**	**525,371,918**
Depreciation and amortization	**–**	**7,190,805**	**9,738,171**	**30,296,871**	**47,225,847**
Balances at end of year	**–**	**91,112,661**	**106,814,687**	**374,670,417**	**572,597,765**
Carrying Amount	**₱58,597,484**	**₱83,127,390**	**₱13,847,165**	**₱21,190,539**	**₱176,762,578**

	2020					
	Land	Building and Improvements	Office Furniture, Fixtures and Equipment	Heavy and Transportation Equipment	Construction in-progress	Total
Cost						
Balances at beginning of year	₱58,597,484	₱169,768,530	₱100,108,592	₱378,846,725	₱45,063,720	₱752,385,051
Additions	–	502,059	11,348,689	11,167,919	–	23,018,667
Reclassification	–	3,925,051	–	476,200	(45,063,720)	(40,662,469)
Balances at end of year	58,597,484	174,195,640	111,457,281	390,490,844	–	734,741,249
Accumulated Depreciation and Amortization						
Balances at beginning of year	–	74,293,407	89,799,986	312,412,325	–	476,505,718
Depreciation and amortization	–	9,628,449	7,276,530	31,961,221	–	48,866,200
Balances at end of year	–	83,921,856	97,076,516	344,373,546	–	525,371,918
Carrying Amount	₱58,597,484	₱90,273,784	₱14,380,765	₱46,117,298	₱–	₱209,369,331

In 2020, MMDC completed the construction of road trails and bridges at its mine site in Surigao del Sur amounting to ₱40.7 million. Accordingly, the cost was transferred to mine development costs (see Note 9).

Depreciation and amortization are allocated to profit or loss as follows:

	Note	2021	2020	2019
Charged to:				
Cost of sales	17	**₱6,208,768**	₱13,575,789	₱15,920,112
Operating expenses	18	**41,017,079**	35,290,411	52,218,327
		47,225,847	48,866,200	68,138,439
Capitalized to mine development costs		**–**	–	1,367,440
		₱47,225,847	₱48,866,200	₱69,505,879

Fully depreciated property and equipment with cost of ₱489.6 million and ₱304.7 million as at December 31, 2021 and 2020, respectively, are still being used by the Group and retained in the accounts.

9. Mining Rights and Other Mining Assets

The balances and movements of this account are as follows:

	2021					
			Mine and Mining Properties			
	Mining Rights	**Deferred Exploration Costs**	**Mine Development Costs**	**Mine Rehabilitation Asset**	**Total Mine and Mining Properties**	**Total**
Cost						
Balances at beginning of year	**₱2,935,579,522**	**₱162,756,816**	**₱2,158,884,685**	**₱44,167,841**	**₱2,203,052,526**	**₱5,301,388,864**
Additions	**–**	**6,659,502**	**148,089,911**	**–**	**148,089,911**	**154,749,413**
Balances at end of year	**2,935,579,522**	**169,416,318**	**2,306,974,596**	**44,167,841**	**2,351,142,437**	**5,456,138,277**
Accumulated Depletion						
Balances at beginning of year	**407,945,767**	**–**	**448,286,167**	**10,067,161**	**458,353,328**	**866,299,095**
Depletion	**62,914,904**	**–**	**131,408,205**	**2,879,086**	**134,287,291**	**197,202,195**
Balances at end of year	**470,860,671**	**–**	**579,694,372**	**12,946,247**	**592,640,619**	**1,063,501,290**
Net Carrying Amount	**₱2,464,718,851**	**₱169,416,318**	**₱1,727,280,224**	**₱31,221,594**	**₱1,758,501,818**	**₱4,392,636,987**

	2020					
			Mine and Mining Properties			
	Mining Rights	Deferred Exploration Costs	Mine Development Costs	Mine Rehabilitation Asset	Total Mine and Mining Properties	Total
Cost						
Balances at beginning of year	₱2,935,579,522	₱150,535,169	₱2,066,297,519	₱44,167,841	₱2,110,465,360	₱5,196,580,051
Additions	–	12,221,647	51,924,697	–	51,924,697	64,146,344
Reclassification	–	–	40,662,469	–	40,662,469	40,662,469
Balances at end of year	2,935,579,522	162,756,816	2,158,884,685	44,167,841	2,203,052,526	5,301,388,864
Accumulated Depletion						
Balances at beginning of year	352,778,732	–	331,442,381	7,945,819	339,388,200	692,166,932
Depletion	55,167,035	–	116,843,786	2,121,342	118,965,128	174,132,163
Balances at end of year	407,945,767	–	448,286,167	10,067,161	458,353,328	866,299,095
Net Carrying Amount	₱2,527,633,755	₱162,756,816	₱1,710,598,518	₱34,100,680	₱1,744,699,198	₱4,435,089,769

Mining Rights
Mining rights of the Group consist of:

	2021	2020
Mining rights on explored resources of MMDC	**₱823,905,486**	₱886,820,390
Mining rights of BGRC, AMPI and BARI	**1,640,813,365**	1,640,813,365
	₱2,464,718,851	₱2,527,633,755

Mining Rights on Explored Resources of MMDC. This represent the excess of the fair value of shares issued by the Parent Company over the book value of the net assets of MMDC when the Parent Company acquired 100% ownership in MMDC.

A third party was commissioned for a fairness opinion on the fair and reasonable value of MMDC, primarily for the explored mineral resources covered by MMDC's MPSA. The assumptions used on the valuation 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.

Mining rights of BGRC, AMPI and BARI. This represents the mining rights resulting from the merger of the Parent Company with BHI and APMPC in 2017 (see Note 1).

Deferred Exploration Costs
Deferred exploration costs pertains to the capitalized expenditures associated with finding specific mineral resources such as acquisition of rights to explore, geological and geophysical studies and exploration drilling and sampling.

Mine and Mining Properties

Mine Development Costs. Mine development costs include the costs incurred on an already operating mine area. Such costs pertain to expenses incurred in sourcing new resources and converting these into reserves, road developments and developing additional mine yards.

In 2020, the Group reclassified the cost of completed road trails and bridges amounting to ₱40.7 million from property and equipment to mine development costs (see Note 8).

Mine Rehabilitation Asset. Mine rehabilitation asset is the estimated rehabilitation cost of MMDC's mine site upon termination of its ore activities, as required in its MPSA (see Note 14).

10. Other Noncurrent Assets

This account consists of:

	Note	2021	2020
Input VAT		**₱310,299,775**	₱307,734,715
Final mine rehabilitation fund		**87,100,125**	85,011,606
Rehabilitation cash fund (RCF)	21	**5,568,073**	5,545,217
Rental deposit		**363,250**	363,250
Monitoring trust fund (MTF)		**166,519**	166,342
		₱403,497,742	₱398,821,130

Final mine rehabilitation fund pertain to deposits to a Government depository bank in compliance with the requirements of regulatory agencies.

RCF is reserved as part of the Group'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 (see Note 21).

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

Interest income from RCF and MTF amounted to ₱59,732, ₱34,662, and ₱57,228 in 2021, 2020 and 2019, respectively (see Note 4).

11. Trade and Other Payables

This account consists of:

	Note	2021	2020
Trade payables		**₱140,375,562**	₱149,953,857
Advances from customers		**230,807,057**	206,249,090
Excise tax and other statutory payables		**29,048,460**	22,269,466
Accrued expenses:			
Compliance		**43,643,712**	24,435,258
Interest	12	**3,264,049**	277,094
Others		**5,985,506**	6,240,322
		₱453,124,346	₱409,425,087

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

Advances from customers pertain to noninterest bearing advances and refundable deposit made by customers for future ore shipments.

Other statutory payables include other taxes payable and mandatory contributions. These are normally settled within one (1) month after the reporting period.

Other accrued expenses include accruals for rent and accrual of expenditures for Social Development Management Programs as required by the MGB, among others.

12. Loans Payable

This account consists of:

	2021	2020
Short-term loans	**₱26,000,000**	₱256,000,000
Long-term loans:		
MMDC	**414,368,186**	210,275,436
AMPI	**–**	156,230,131
	440,368,186	622,505,567
Less current portion	**231,260,318**	335,975,945
Noncurrent portion	**₱209,107,868**	₱286,529,622

MMDC

In 2021, MMDC entered into a six (6)-year ₱208.0 million term loan facility agreement with a local bank secured by a real estate mortgage with a carrying value of ₱145.0 million executed by the Group and one of its stockholders, Bright Kindle Resources & Investments, Inc. The loan is subject to an interest floor rate of 6% or prevailing interest rate at loan drawdown, whichever is higher. Total loan drawdowns in 2021 amounted to ₱179.7 million.

On February 18, 2020, the Group's short-term loans amounting to ₱200.0 million was restructured into a three (3)-year term loan. The loan bears an annual interest rate of 8.97% payable quarterly and the interest rate is subject to repricing. Interest rate in 2021 is at 7.55%. The loan is secured by shares of MMDC and shares held in BGRC. Principal payments are payable quarterly starting May 18, 2021 until maturity.

The short-term loans amounting to ₱26.0 million as at December 31, 2021 and 2020 pertains to a related party loan (see Note 13).

AMPI

On September 21, 2018, AMPI obtained a five-year promissory note of ₱200.0 million which will be used to finance AMPI's ongoing development project. The loan is secured by a real estate mortgage on properties held by the Parent Company and a related party and bears annual interest of 9.0% subject to monthly repricing. The principal is due on maturity. In 2021, the loan was fully paid.

As at December 31, 2020, the outstanding balance of the loan is as follows:

Principal amount	₱157,142,857
Unamortized debt-issue cost	(912,726)
	₱156,230,131

Movements of unamortized debt-issue costs are as follows:

	Note	**2021**	2020
Balance at beginning of year		**₱912,726**	₱1,145,561
Amortization	26	**(912,726)**	(232,835)
Balance at end of year		**₱–**	₱912,726

Movements in the loans payable follows:

	2021	2020
Balance at beginning of year	**₱622,505,567**	₱719,069,378
Payments	**(362,778,837)**	(96,796,646)
Amortization of debt-issue cost	**912,726**	232,835
Availment	**179,728,730**	–
Balance at end of year	**₱440,368,186**	₱622,505,567

Interest expense of the Group was incurred from the following sources:

	Note	**2021**	2020	2019
Loans payable		**₱47,772,840**	₱61,219,396	₱60,759,992
Provision for mine rehabilitation and decommissioning	15	**1,839,625**	3,040,465	654,498
Debt issue cost		**912,726**	232,835	216,157
		₱50,525,191	₱64,492,696	₱61,630,647

Accrued interest payable amounted to ₱3.3 million and ₱0.3 million as at December 31, 2021 and 2020, respectively (see Note 11).

The maturity of the long-term loans are as follows:

Not later than one (1) year	₱205,260,318
Later than one year but not more than five (5) years	209,107,868
	₱414,368,186

13. **Related Party Transactions**

Significant transactions with related parties include the following:

Related Parties under Common Management

		Transaction Amounts		Outstanding Balances		
	Note	**2021**	2020	**2021**	2020	Nature and Terms
Advances to related parties		**₱9,856,875**	₱12,187,198	**₱10,767,041**	₱39,179,557	Working fund; unsecured; noninterest-bearing; Collectible on demand
Advances from related parties		**₱–**	₱29,423,853	**₱11,318,602**	₱140,272,674	Working fund; unsecured; noninterest-bearing; payable on demand
Loans payable	12	**₱–**	₱–	**₱26,000,000**	₱26,000,000	Short-term loan; unsecured; interest-bearing; payable on demand

As at December 31, 2021 and 2020, the Group has not provided any allowance for ECL for amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

Compensation of Key Management Personnel

Compensation of key management personnel, which consists of salaries and other benefits, amounted to ₱48.7 million, ₱84.3 million and ₱80.0 million in 2021, 2020 and 2019, respectively. Retirement benefit expense of key management personnel amounted to ₱2.6 million, ₱2.8 million and ₱2.4 million in 2021, 2020, and 2019, respectively.

14. **Provision for Mine Rehabilitation and Decommissioning**

Movements in this account are as follows:

	Note	**2021**	2020
Balance at beginning of year		**₱55,675,292**	₱52,634,827
Accretion of interest	12	**1,839,625**	3,040,465
Balance at end of year		**₱57,514,917**	₱55,675,292

A provision is recognized for the estimated rehabilitation costs of the Group's mine site upon termination of the Group's ore extraction activities, which is about 13 years. The provision is calculated by the Group'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.

15. **Retirement Benefit Liability**

The Group has an unfunded, noncontributory defined benefit plan covering all its permanent employees. Under this plan, the employees are entitled to retirement benefits ranging from 50% to 200% of the final monthly salary for each year of credited service. This plan is in accordance with R.A. No. 7641, which mandates a minimum retirement benefit equivalent to one-half month salary per year of service.

An independent actuary conducted a valuation of the retirement benefit obligation using the projected unit credit method. The latest actuarial valuation is for the year ended December 31, 2021.

The principal actuarial assumptions used to determine retirement benefit liability for 2021 and 2020 are as follows:

	2021	2020
Discount rates	**4.90% - 5.00%**	3.53% - 3.64%
Salary increase rates	**4.00%**	3.00%

The plan exposes the Group to actuarial risks, such as interest rate risk and salary risk.

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

	2021	2020	2019
Current service cost	**₱7,116,859**	₱5,416,152	₱4,735,379
Net interest cost	**1,205,388**	1,820,256	1,660,320
Past service cost	**–**	1,356,180	2,306,965
	₱8,322,247	₱8,592,588	₱8,702,664

The retirement benefit liability recognized in the consolidated statements of financial position as at December 31, 2021 and 2020 and changes in the present value of defined benefit obligation are as follows:

	2021	2020
Balance at beginning of year	**₱33,160,260**	₱37,395,071
Retirement benefits expense recognized in profit or loss:		
Current service cost	**7,116,859**	5,416,152
Net interest cost	**1,205,388**	1,820,256
Past service cost	**–**	1,356,180
Remeasurement losses (gains) recognized in OCI:		
Changes in financial assumptions	**(1,431,932)**	4,115,333
Deviations of experience from assumptions	**(894,606)**	(1,031,037)
Benefits paid	–	(15,911,695)
Balance at end of year	**₱39,155,969**	₱33,160,260

Sensitivity analysis on defined benefit obligation as at December 31, 2021 is as follows:

	Change in basis points	Effect on defined benefit obligation
Discount rate	+1%	(₱3,317,594)
	-1%	3,998,083
Salary increase rate	+1%	3,977,495
	-1%	(3,394,471)

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 responsive.

The cumulative remeasurement gains recognized in OCI are as follows:

	2021		
	Cumulative Remeasurement Gains	**Deferred Tax Liability (see Note 20)**	**Net Remeasurement Gain**
Balance at beginning of year	**₱45,549,769**	**(₱13,664,931)**	**₱31,884,838**
Actuarial gain	**2,326,538**	**(581,635)**	**1,744,903**
Effect of change in tax rate	**–**	**2,277,489**	**2,277,489**
Balance at end of year	**₱47,876,307**	**(₱11,969,077)**	**₱35,907,230**

	2020		
	Cumulative Remeasurement Gains	Deferred Tax Liability (see Note 20)	Net Remeasurement Gain
Balance at beginning of year	₱48,634,065	(₱14,590,220)	₱34,043,845
Actuarial loss	(3,084,296)	925,289	(2,159,007)
Balance at end of year	₱45,549,769	(₱13,664,931)	₱31,884,838

The average duration of the expected benefit payments at the end of the reporting period is 17 years.

16. Equity

Details of the Group's capital stock with ₱1 par value as at and for the years ended December 31, 2021, 2020 and 2019 follows:

	Shares	Amount
Authorized	4,000,000,000	₱4,000,000,000
Issued and Outstanding		
Balance at beginning and end of year	3,014,820,305	₱3,014,820,305
Additional Paid-in Capital		
Balance at beginning and end of year		₱269,199,788

In 2021, the Parent Company declared dividends of ₱0.13 per share or a total of ₱391.9 million to all stockholders on record as of December 7, 2021 with payment date of January 4, 2022.

Dividends payable amounted to ₱381.9 million and ₱4.7 million as at December 31, 2021 and 2020.

17. Cost of Sales

This account consists of:

	Note	**2021**	2020	2019
Contractual services		**₱1,363,580,313**	₱1,032,007,627	₱451,977,196
Production overhead		**241,180,878**	191,272,884	87,560,434
Depletion	9	**197,202,195**	174,132,163	61,542,082
Personnel costs		**165,120,325**	156,709,857	100,638,603
Excise tax		**155,603,734**	115,067,052	57,301,364
Demurrage costs		**107,856,112**	15,345,621	4,113,200
Depreciation	8	**6,208,768**	13,575,789	15,920,112
		2,236,752,325	1,698,110,993	779,052,991
Net movements in inventories		**(70,091,352)**	(50,283,424)	68,922,379
		₱2,166,660,973	₱1,647,827,569	₱847,975,370

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

Production overhead consists of repairs and maintenance of heavy equipment, utilities, mining supplies used, among others.

Under Section 80 of the R.A. No. 7942, *The Mining Act of 1995*, Government share in an MPSA shall be an excise tax of 2.0% on gross output on mineral products. Beginning January 1, 2018, the excise tax was changed from 2.0% to 4.0% due to the amendments made to the National Internal Revenue Code under the Tax Reform for Accelaration and Inclusion Act

Demurrage costs are fees charged by the chartered ship for failure to load the mineral ores to ship within the agreed period.

18. **Operating Expenses**

This account consists of:

	Note	**2021**	2020	2019
Provision for ECL	5	**₱159,402,782**	₱20,000,000	₱20,000,000
Environmental expenses	21	**94,305,139**	146,929,598	56,042,520
Taxes and licenses		**80,105,584**	73,958,234	37,415,478
Salaries and allowances		**79,609,228**	80,197,516	102,984,634
Professional fees		**51,456,531**	39,554,245	33,315,431
Depreciation and amortization	8	**41,017,079**	35,290,411	52,218,327
Royalties	21	**40,845,980**	30,205,101	14,857,247
Social development programs	21	**24,144,382**	39,688,936	16,279,884
Community relations		**19,192,957**	11,529,160	11,034,181
Provision for obsolescence	7	**15,558,092**	–	–
Outside services		**13,804,099**	11,451,722	10,786,391
Representation		**9,807,890**	12,367,183	4,120,691
Retirement benefit expense	14	**8,322,247**	8,592,588	8,702,664
Communication, light and water		**4,104,100**	6,029,291	5,889,692
Dues and subscriptions		**3,000,082**	3,217,161	3,153,260
Rent expense	21	**2,142,641**	323,302	645,034
Transportation and travel		**1,234,043**	2,129,059	5,709,344
Others		**41,881,370**	50,583,365	24,828,618
		₱689,934,226	₱572,046,872	₱407,983,396

Others include fines and penalties imposed by government agencies.

19. **Other Income**

This account consists of:

	2021	2020	2019
Foreign exchange gain	**₱2,852,800**	₱1,371,735	₱1,261,403
Others	**24,114,006**	35,034,571	9,516,320
	₱26,966,806	₱36,406,306	₱10,777,723

Other income includes penalties charged to contractors for certain delays and suppliers' discount, among others.

20. **Income Taxes**

Components of income tax expense (benefit) are shown below:

	2021	2020	2019
Current	**₱314,908,863**	₱261,173,036	₱12,337,430
Deferred	**(14,266,280)**	(6,738,992)	75,779,116
Effect of change in tax rate	**(45,044,616)**	–	–
	₱255,597,967	₱254,434,044	₱88,116,546

The reconciliation of income before tax computed at the statutory income tax rate to the income tax expense are as follows:

	2021	2020	2019
Income tax at statutory rate	**₱253,010,206**	₱188,844,453	₱37,787,686
Effect of change in tax rate	**(22,241,822)**	–	–
Changes in unrecognized deferred tax assets	**(21,978,012)**	17,208,380	23,990,659
Add (deduct) income tax effects of:			
Expired NOLCO	**24,877,552**	8,041,460	4,122,716
Nondeductible expenses	**22,062,655**	38,851,805	20,477,569
Interest income subjected to final tax	**(150,372)**	(229,814)	(70,964)
Expired MCIT	**17,760**	1,717,760	1,808,880
	₱255,597,967	₱254,434,044	₱88,116,546

The Group's net deferred tax assets arising from temporary differences are summarized as follows:

	2021	2020
Deferred tax assets:		
Allowance for ECL on receivables	**₱36,415,753**	₱24,020,408
Retirement benefit liability	**9,134,075**	9,294,996
Allowance for obsolescence on mining supplies	**3,889,523**	–
Provision for mine rehabilitation	**3,429,196**	3,563,148
	52,868,547	36,878,552
Deferred tax liabilities:		
Unrealized foreign exchange gain	**(₱713,200)**	(₱411,521)
Debt issue cost	–	(273,817)
	(713,200)	(685,338)
	₱52,155,347	₱36,193,214

The presentation of net deferred tax assets are as follows:

	Note	**2021**	2020
Through profit or loss		**₱53,084,856**	₱49,858,145
Through other comprehensive income	18	**(929,509)**	(13,664,931)
		₱52,155,347	₱36,193,214

The Group's deferred tax liability amounting to ₱442.0 million and ₱465.3 million as at December 31, 2021 and 2020, respectively, is attributable to the mining rights of BGRC, AMPI and BARI, as a result of business combination.

Management believes that it may not be probable for future taxable profit to be available in the future against which the benefits of the following deferred tax assets can be utilized.

	2021	2020
NOLCO	**₱64,340,988**	₱86,306,189
Retirement benefit liability	**2,831,355**	2,829,520
Excess MCIT over RCIT	**17,271**	32,560
	₱67,189,614	₱89,168,269

Details of NOLCO of the Group are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2021	2026	₱69,189,004	₱–	₱–	₱69,189,004
2020	2025	89,254,500	–	–	89,254,500
2019	2022	98,920,446	–	–	98,920,446
2018	2021	99,510,205	–	(99,510,205)	–
		₱356,874,155	₱–	(₱99,510,205)	₱257,363,950

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 of R.A. No. 11494, otherwise known as "Bayanihan to Recover as One Act". This RR provides that net operating loss of a business or enterprise for taxable years 2020 and 2021 are to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of Excess MCIT over RCIT of the Group are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2021	2024	₱2,471	₱–	₱–	₱2,471
2019	2022	2,432,232	(2,417,432)	–	14,800
2018	2021	1,787,769	(1,770,009)	(17,760)	–
		₱4,222,472	(₱4,187,441)	(₱17,760)	₱17,271

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") was approved and signed into law by the country's President. Under the CREATE, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020. However, the effect of the change in income tax rate in 2020 is reflected in 2021 in accordance with the accounting standard. Accordingly, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2021 and 2020 are 25% and 30% for RCIT and 1% and 2% for MCIT, respectively.

21. Commitments

Social and Environmental Responsibilities

Social Development and Management Programs (SDMP)

SDMP are five (5)-year programs of the projects identified and approved for implementation, in consultation with the host communities. The Group provides an annual budget for SDMP projects that focus on health, education, livelihood, public utilities and socio-cultural preservation. The implementation of the program is monitored by the MGB.

The Group's implemented social development programs to host communities amounted to ₱24.1 million, ₱39.7 million and ₱16.3 million in 2021, 2020 and 2019, respectively (see Note 18).

Environmental Protection and Enhancement Program (EPEP)

EPEP refers to comprehensive and strategic environmental management plan to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment. This program is monitored by the Multipartite Monitoring Team, a group headed by a representative from the Regional MGB and representatives of Local Government Units (LGU), other government agencies, non-government organizations, the church sector and the representatives of the Group.

The Group is required to set up a fund to ensure compliance with the program. The balance of the fund, presented as RCF under "Other noncurrent assets" account, amounted to ₱5.6 million and ₱5.5 million as at December 31, 2021 and 2020, respectively.

The Group implemented projects amounting to ₱94.3 million, ₱146.9 million and ₱56.0 million in 2021, 2020 and 2019, respectively (see Note 18).

Royalty Agreement
In July 2008, the Group entered into a memorandum of agreement with the Indigenous Cultural Communities/Indigenous People (ICC/IP) and NCIP pursuant to the requirements, the Group pays royalties equivalent to a certain percentage of gross revenue to the ICC/IP.

Royalty expense amounted to ₱40.8 million, ₱30.2 million, ₱14.9 million in 2021, 2020 and 2019, respectively (see Note 18).

Lease Commitment
The Group leases an office space for its operations. Rental deposit amounted to ₱0.3 and ₱0.4 million as at December 31, 2021 and 2020 (see Note 10).

Rental expense arising from short-term leases amounted to ₱2.1 million, ₱0.3 million and ₱0.6 million in 2021, 2020 and 2019, respectively (see Note 18).

22. Earnings Per Share

Earnings per share are computed as follows:

	2021	2020	2019
Net income shown in the consolidated statements of comprehensive income (a)	**₱756,442,856**	₱375,047,465	₱37,842,406
Weighted average number of common shares (b)	**3,014,820,305**	3,014,820,305	3,014,820,305
Basic earnings per share (a/b)	**₱0.251**	₱0.124	₱0.013

The Group does not have potentially dilutive common shares.

23. Contingencies

Cancellation of MMDC's MPSA
On February 13, 2017, MMDC received an order from the DENR cancelling its MPSA due to alleged violations of environment-related laws and regulations. The Technical Committee Report on MMDC however only shows a recommendation for fine and suspension.

The Management and its legal counsel have assessed that the order is without basis in fact and in law. Foremost, MMDC is engaged in clean and responsible mining. On February 17, 2017, the Group filed a Notice of Appeal to the Office of the President. Subsequently, on March 17, 2017, MMDC filed its Appeal Memorandum. MMDC asserted that the grounds for cancellation cited by the DENR: (a) operations is allowed by law since said MPSA dated July 1, 1993 is granted with prior rights and is allowed by law as indicated specifically in Proclamation 1747 issued in 2009 by former President Gloria Macapagal Arroyo; (b) despite operations in a watershed, MMDC has not impaired farmlands, rivers or coastal areas within the MPSA area. As to the alleged non-compliance to the planting of three million seedlings, MMDC was prevented from implementing the same due to circumstances beyond its control.

As at December 31, 2021, MMDC has not received any decision nor any notice from the Office of the President. MMDC's Legal Counsel is of a good faith position that MMDC may continue its operations because the execution of the Order of the DENR Secretary is deemed automatically stayed as a matter of law on account of the pendency of the MMDC's appeal, as likewise confirmed by the Office of the President.

MMDC has continued to implement and adopt measures not only to rectify any shortcomings allegedly found in its operations but more importantly, it has continuously sought to improve operational efficiencies both in the area of its regulatory compliances and in maintaining its commitments to its host and neighboring communities.

MMDC has continuously been granted the necessary regulatory permits and licenses to operate, including but not limited to Discharge Permits, Ore Transport Permits and Mineral Ore Export Permits. As proof its compliance, MMDC has also secured a certification from the MGB as of March 17, 2022, attesting to the validity and existence of its MPSA and that MMDC has an approved DMPF covering its entire contract mining area as of October 15, 2014 and is being developed and utilized by virtue of an approved Three-Year Development/Utilization Work Program dated September 9, 2022 covering Calendar Years 2020 to 2022.

Moreover, MGB also certified that MMDC has complied with the terms and conditions of the MPSA and the pertinent provisions of R.A. No. 7942 or the Philippine Mining Act of 1995 and its Implementing Rules and Regulations.

MMDC has continued mining operations in areas covered by the MPSA (see Note 1).

BGRC

On February 17, 2017, BGRC received a Show-Cause Order dated February 13, 2017. In the Show-Cause Order, it was alleged that the contract area covered by the said MPSA is within awatershed, such that if mining operations will be conducted therein, its ecological functions will be impaired.

On February 27, 2017, BGRC submitted a reply to the Show-Cause Order to explain why the MPSA should not be cancelled. BGRC stated in the reply that it has prior legal right considering that the MPSA of BGRC with the Republic of the Philippines was approved on July 1, 1993, while Proclamation No. 1747 on the proclamation of watershed areas was only issued on March 23, 2009. Notably, Proclamation No. 1747 provides that prior rights should be respected. Thus, BGRC should be allowed to continue its operations over its contract area. The management andits legal counsel believe that the alleged violation is without basis in fact and in law.

As at December 31, 2021, there are no developments regarding the Show-Cause Order. However, the management and the Legal Counsel of BGRC take the good faith position that the operations of BGRC under said MPSA is granted with prior rights and is allowed by law and the alleged impairment and damage in BGRC's MPSA area is not supported by any specific acts of impairment because BGRC is not yet operating in the area but has only completed exploration and drilling.

AMPI and BARI

On May 18, 2020, the AMPI and BARI received a letter-approval of the DENR, through the MGB, granting the requested extension of the exploration period of the their MPSA from June 18, 2020 to June 18, 2022. As of March 28, 2022, AMPI and BARI received a favorable response granting its request for an additional two (2) year extension period (or until June 18, 2024) of the 3rd Exploration Period (CY 2018-2020; Extension: CY2020-2022) on the ground of force majeure.

Legal Proceedings

The Group is a party of certain legal proceedings and the Management, after consultation with its legal counsel, believes that none of these contingencies will materially affect the Group's financial position and results of operations.

24. Financial Risk Management Objectives and Policies and Fair Value Measurement

General

The Group has risk management policies that systematically view the risks that could prevent the Group from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Group's objectives are achieved. The Group'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 Group's established business objectives.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and loans payable. The primary purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments such as trade and other receivables (excluding advances to officers and employees), RCF, rental deposit, MTF, trade and other payables (excluding excise tax and other statutory payables and advances from customers), dividends payable and advances to and from related parties, which arise directly from operations. The main risks arising from the use of these financial instruments are foreign currency risk, interest rate risk, credit risk, and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Foreign Currency Risk. The Group'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 Group's transactional currency exposures arise from its cash in banks and trade receivables which are denominated in US dollar. The Group periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk.

The following table shows the Group's US dollar-denominated financial assets and their Philippine Peso equivalent as at December 31, 2021 and 2020:

	2021		2020	
	Philippine Peso	**US Dollar**	Philippine Peso	US Dollar
Cash in banks	**₱150,993,220**	**$2,961,232**	₱142,812,658	$2,974,025
Trade receivables	**469,088,519**	**$9,199,618**	586,334,701	12,210,219
	₱620,081,739	**$12,160,850**	₱729,147,359	$15,184,244

For purposes of restating the outstanding balances of the Group's US dollar-denominated financial assets as at December 31, 2021 and 2020, the exchange rates applied were ₱50.99 and ₱48.02 per US$1, respectively.

The table below demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's income before tax for the years ended December 31, 2021 and 2020 (due to changes in the fair value of financial assets). There is no other impact on the Group's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2021	**+2.15**	**₱13,331,757**
	-2.15	**(13,331,757)**
December 31, 2020	+2.28	16,624,560
	-2.28	(16,624,560)

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 Group 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.

The Group's loans payable are 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 Group'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, 2021 and 2020.

	Increase/Decrease in Interest Rate	Effect on Income before Tax
December 31, 2021	**+3.11%**	**(₱1,571,333)**
	-3.11%	**1,571,333**
December 31, 2020	+2.70%	(1,741,303)
	-2.70%	1,741,303

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

The tables below show the credit quality per class of financial assets as at December 31, 2021 and 2020.

	2021						
			Past Due but not Impaired				
	High Grade	**Standard Grade**	**1 – 30 Days**	**31 – 90 Days**	**More than 90 Days**	**Impaired**	**Total**
Lifetime ECL (not credit impaired):							
Trade and other receivables*	**₱–**	**₱11,977,178**	**₱–**	**₱201,779,084**	**₱115,082,864**	**₱152,226,571**	**₱481,065,697**
12 - month ECL:							
Cash in banks	**800,679,131**	–	–	–	–	–	**800,679,131**
Advances to related parties	–	**10,767,041**	–	–	–	–	**10,767,041**
RCF and MTF	**5,734,592**	–	–	–	–	–	**5,734,592**
Rental deposit	–	**363,250**	–	–	–	–	**363,250**
	806,413,723	**11,130,291**	–	–	–	–	**817,544,014**
	₱806,413,723	**₱23,107,469**	**₱–**	**₱201,779,084**	**₱115,082,864**	**₱152,226,571**	**₱1,298,609,711**

**Excluding advances to officers and employees amounting to ₱22.8 million as at December 31, 2021.*

	2020						
			Past Due but not Impaired				
	High Grade	Standard Grade	1 – 30 Days	31 – 90 Days	More than 90 Days	Impaired	Total
Lifetime ECL (not credit impaired):							
Trade and other receivables*	₱–	₱8,208,439	₱77,580,211	₱84,203,374	₱337,919,530	₱86,631,586	₱594,543,140
12 - month ECL:							
Cash in banks	241,703,879	–	–	–	–	–	241,703,879
Advances to related parties	–	39,179,557	–	–	–	–	39,179,557
RCF and MTF	5,711,559	–	–	–	–	–	5,711,559
Rental deposit	–	363,250	–	–	–	–	363,250
	247,415,438	39,542,807	–	–	–	–	286,958,245
	₱247,415,438	₱47,751,246	₱77,580,211	₱84,203,374	₱337,919,530	₱86,631,586	₱881,501,385

**Excluding advances to officers and employees amounting to ₱34.3 million as at December 31, 2020.*

Customer credit risk from trade and other receivables is managed by the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The calculation of provision rates reflects the information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. Generally, trade receivables are written-off if the Group has actually ascertained that these are worthless and uncollectible as of the end of the year.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

For other financial assets consisting of cash in banks, advances to related parties, RCF, MTF and rental deposit, the Group established controls and procedures on its credit policy to determine and monitor the credit worthiness of counterparties.

The credit quality of the financial assets is managed by the Group 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 Group to collect are considered substandard grade accounts.

Cash in banks, RCF and MTF are classified as high grade since these are deposited in reputable banks having good credit rating and low probability of insolvency. While the advances to related parties is classified under standard grade since the counterparties are reputable related parties with low credit risk.

Liquidity Risk. The Group 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 Group'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 Group's financial liabilities as at December 31, 2021 and 2020, based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.

	2021					
	On Demand	**Less than three months**	**Three to six months**	**More than six months to one year**	**More than one year**	**Total**
Trade and other payables*	**₱9,249,554**	**₱43,643,713**	**₱140,375,562**	**₱–**	**₱–**	**₱193,268,829**
Dividends payable	**381,945,355**	**–**	**–**	**–**	**–**	**381,945,355**
Loans payable**	**26,000,000**	**57,883,350**	**57,090,594**	**111,872,773**	**237,930,452**	**490,777,169**
Advances from a related party	**11,318,602**	**–**	**–**	**–**	**–**	**11,318,602**
	₱428,513,511	**₱101,527,063**	**₱197,466,156**	**₱111,872,773**	**₱237,930,452**	**₱1,077,309,955**

**Excluding excise tax and other statutory payables and advances from customers aggregating to ₱259.9 million as at December 31, 2021.*
***Including interest payable up to maturity amounting to ₱50.4 million as at December 31, 2021.*

	2020					
	On Demand	Less than three months	Three to six months	More than six months to one year	More than one year	Total
Trade and other payables*	₱6,517,416	₱24,435,258	₱149,953,857	₱–	₱–	₱180,906,531
Dividends payable	4,707,886	–	–	–	–	4,707,886
Loans payable**	258,429,963	23,449,904	48,000,621	94,548,567	247,977,330	672,406,385
Advances from a related party	140,272,674	–	–	–	–	140,272,674
	₱409,927,939	₱47,885,162	₱197,954,478	₱94,548,567	₱247,977,330	₱998,293,476

**Excluding excise tax and other statutory payables and advances from customers aggregating to ₱228.5 million as at December 31, 2020.*
***Including interest payable up to maturity amounting to ₱49.9 million as at December 31, 2020.*

Fair Value of Financial Assets and Financial Liabilities

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

	2021		2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash	**₱801,051,844**	**₱801,051,844**	₱241,951,074	₱241,951,074
Trade and other receivables*	**328,839,126**	**328,839,126**	507,911,554	507,911,554
Advances to related parties	**10,767,041**	**10,767,041**	39,179,557	39,179,557
RCF and MTF	**5,734,592**	**5,734,592**	5,711,559	5,711,559
Rental deposit	**363,250**	**363,250**	363,250	363,250
	₱1,146,755,853	**₱1,146,755,853**	₱795,116,994	₱795,116,994
Financial Liabilities				
Trade and other payables**	**₱193,268,829**	**₱193,268,829**	₱180,906,531	₱180,906,531
Dividends payable	**381,945,355**	**381,945,355**	4,707,886	4,707,886
Loans payable	**440,368,186**	**426,350,535**	622,505,567	649,932,918
Advances from related parties	**11,318,602**	**11,318,602**	140,272,674	140,272,674
	₱1,026,900,972	**₱1,012,883,321**	₱948,392,658	₱975,820,009

**Excluding advances to officers and employees amounting to ₱22.8 million and ₱34.3 million as at December 31, 2021 and 2020, respectively.*
***Excluding excise tax and other statutory payables and advances from customers amounting to ₱259.9 million and ₱228.5 million as at December 31, 2021 and 2020, respectively.*

Cash, Trade and Other Receivables (excluding advances to officers and employees), Advances to Related Parties, RCF, MTF, Trade and Other Payables (excluding excise tax and other statutory payables and advances from customers), Dividends Payable and Advances from Related Parties. Due to the short-term nature of transactions, the fair values approximate the amount of consideration at reporting period.

Rental Deposit. 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 is not significant.

Loans Payable. Estimated fair values have been calculated on the instruments' expected cash flows using the prevailing PDST-R2 rates ranging from 1.79% to 4.37% that are specific to the tenor of the instruments' cash flows at reporting dates (Level 2).

25. Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are to ensure the Group'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 Group manages its capital structure and makes adjustments to it, whenever ther are changes in economic conditions. The Group monitors its capital using debt to equity ratio. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or by conversion of related party advances to an equity component item.

26. **Notes to Consolidated Statements of Cash Flows**

The table below details changes in the liabilities and equity of the Group arising from financing activities, including both cash and non-cash changes.

	2021		
	Loans Payable (see Note 12)	**Accrued (Prepaid) Interest (see Note 11)**	**Total**
Balance at beginning of year	**₱622,505,567**	**(₱526,081)**	**₱621,979,486**
Cash flows from financing activities:			
Payments of:			
Loans payable	**(362,778,837)**	**–**	**(362,778,837)**
Interest	**–**	**(43,982,710)**	**(43,982,710)**
Availment of loans	**179,728,730**	**–**	**179,728,730**
Noncash changes:			
Amortization of debt issue costs	**912,726**	**–**	**912,726**
Interest expense	**–**	**47,772,840**	**47,772,840**
Balance at end of year	**₱440,368,186**	**₱3,264,049**	**₱443,632,235**

	2020		
	Loans Payable (see Note 12)	Accrued (Prepaid) Interest (see Note 11)	Total
Balance at beginning of year	₱719,069,378	₱5,327,094	₱724,396,472
Cash flows from financing activities:			
Payments of:			
Loans payable	(96,796,646)	–	(96,796,646)
Interest	–	(67,072,571)	(67,072,571)
Noncash changes:			
Amortization of debt issue costs	232,835	–	232,835
Interest expense	–	61,219,396	61,219,396
Balance at end of year	₱622,505,567	(₱526,081)	₱621,979,486

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE
OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Marcventures Holdings, Inc. and Subsidiaries
4th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Marcventures Holdings, Inc. and Subsidiaries (the Group) as at December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020, and 2019, and have issued our report thereon dated April 7, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020, and 2019 and no material exceptions were noted.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 86981-SEC Group A
Issued March 24, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-007-2019
Valid until October 16, 2022
PTR No. 8851708
Issued January 3, 2022, Makati City

April 7, 2022
Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE YEAR ENDED DECEMBER 31, 2021

Ratio	Formula	2021	2020
Current ratio			
	Total Current Assets	**₱1,484,580,441**	₱1,084,222,184
	Divided by: Total Current Liabilities	**1,096,737,200**	1,026,488,783
	Current ratio	**1.35:1**	1.06:1
Solvency ratio			
	Net Income Before Depreciation and Amortization, and Depletion	**₱1,000,870,898**	₱598,045,828
	Divide by: Total liabilities	**1,844,515,575**	1,867,116,716
	Solvency ratio	**0.54:1**	0.32:1
Debt-to-equity ratio			
	Total Liabilities	**₱1,844,515,575**	₱1,867,116,716
	Divide by: Total equity	**4,665,117,520**	4,296,578,912
	Debt-to-equity ratio	**0.40:1**	0.43:1
Asset-to-equity ratio			
	Total Assets	**₱6,509,633,095**	₱6,163,695,628
	Divide by: Total equity	**4,665,117,520**	4,296,578,912
	Asset-to-equity ratio	**1.40:1**	1.43:1
Interest rate coverage Ratio			
	Pretax income before interest	**₱1,062,566,014**	₱693,974,205
	Divided by: Interest expense	**50,525,191**	64,492,696
	Interest rate coverage ratio	**21.03:1**	10.76:1
Profitability Ratio			
	Net income	**₱756,442,856**	₱375,047,465
	Divide by: Total equity	**4,665,117,520**	4,296,578,912
	Profitability ratio	**0.16:1**	0.09:1

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Marcventures Holdings, Inc. and Subsidiaries
4th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

We have audited in accordance with the Philippine Standards on Auditing, the consolidated financial statements of Marcventures Holdings, Inc. and Subsidiaries (the Group) as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 included in this Form 17-A and have issued our report thereon dated April 7, 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedule of Parent Company's Retained Earnings Available for Dividend Declaration for the year ended December 31, 2021
- Schedules Required by Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at December 31, 2021
- Conglomerate Map as at December 31, 2021

These schedules are presented for purposes of complying with the Revised SRC Rule 68, and are not part of the consolidated financial statements. This information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

Carolina P. Angeles

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
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Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2021

	Amount
Unappropriated retained earnings available for dividend declaration at the beginning of year	₱588,208,587
Dividend declaration	(391,926,640)
Net loss during the year closed to retained earnings	(48,700,729)
Unappropriated retained earnings available for dividend declaration at end of year	₱147,581,218

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULES REQUIRED UNDER ANNEX 68-J OF THE REVISED SECURITIES REGULATION CODE RULE 68
DECEMBER 31, 2021

Table of Contents

Schedule A. Financial Assets
December 31, 2021

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
-Not Applicable -				

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2021

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
-Not Applicable -							

Schedule C. Amounts Receivable from Related Parties Eliminated during the Consolidation of Financial Statements
December 31, 2021

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 Corporation	₱141,152,007	₱127,270,146	₱–	₱–	₱268,422,153	₱–	₱268,422,153
BrightGreen Resources Corporation	5,628,288	–	–	–	5,628,288	–	5,628,288
Alumina Mining Philippines, Inc.	30,067,422	178,913,434	–	–	208,980,856	–	208,980,856
Bauxite Resources Inc.	56,419,435	1,343,496	–	–	57,762,931	–	57,762,931
	₱233,267,152	₱307,527,076	₱–	₱–	₱540,794,228	₱–	₱540,794,228

Schedule D. Long - term Debt
December 31, 2021

Title of issue and type of obligation	Amount shown under caption "Current portion of Loans payable"	Amount shown under caption "Loans payable - net of current"
Notes Payable		
Philippine Veterans Bank	₱100,000,000	₱25,000,000
United Coconut Planters Bank	80,000,000	30,000,000
Prime Media Holdings, Inc.	26,000,000	–
China Banking Corporation	24,000,000	151,728,730
Orix Metro Leasing and Finance Corp.	1,260,318	2,379,138
	₱231,260,318	₱209,107,868

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2021

Name of Related Party	Beginning Balance	Ending Balance
	- Not Applicable -	

Schedule F. Guarantees of Securities of Other Issuers
December 31, 2021

Name of issuing entity of securities guaranteed by the Group 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 -		

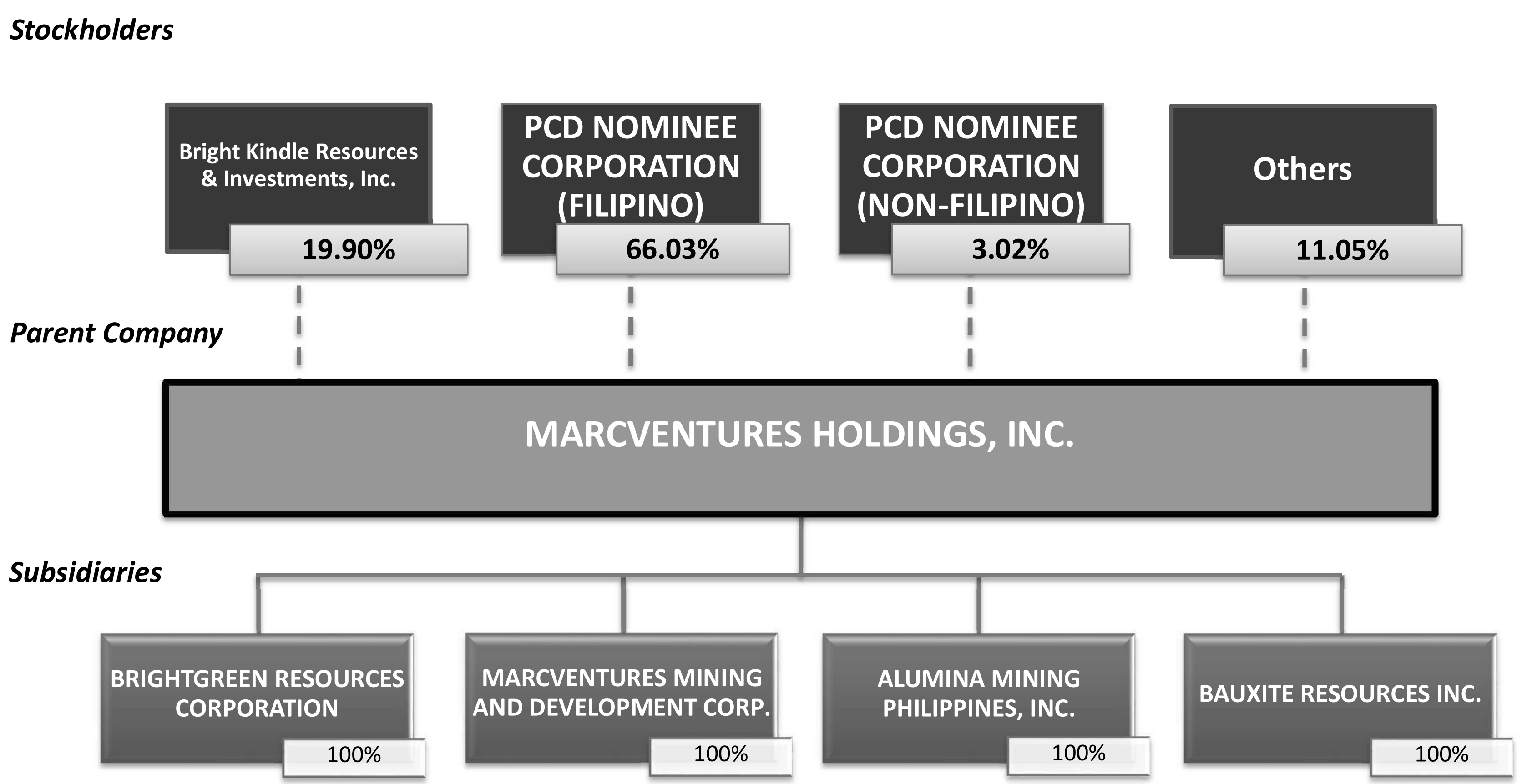
Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding 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
Common Stock	4,000,000,000	3,014,820,305	–	–	195,631,020	2,819,189,285

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

CONGLOMERATE MAP

DECEMBER 31, 2021



MARCVENTURES
HOLDINGS, INC.

STRENGTH IN SUSTAINABILITY

2021
Sustainability Report

BOARD STATEMENT

The Sustainability Report of Marcventures Holdings, Inc.'s (MHI or the "Group" or the "Company") for 2021 strengthens the Company's sustainability initiatives as the country projects a significant economic recovery and growth post COVID-19 pandemic in the coming months.

With the collective efforts of our Community Relations team, and in coordination with various external stakeholders, contractors, suppliers, host communities, and local government agencies, MHI continued its relief operations in the communities in Cantillan, Carrascal, and Madrid in Surigao del Sur.

MHI's consolidated income surged 384% in the third quarter of 2021 – from Php 163.79 million in 2020 to Php 790.31 million. The robust profit was largely due to the performance of Marcventures Mining and Development Corporation (MMDC), a wholly-owned subsidiary of MHI, amid the unstable weather conditions in the first half of the year coupled with the difficulties brought by the COVID-19 pandemic.

MMDC's revenues rose 62 percent (62%) in the first three quarters of 2021 or to Php 2.85 billion from Php 1.76 billion in the same period last year. MMDC completed twenty-five (25) shipments in the third quarter of 2021 and made a total of thirty (30) shipments year-to-date, and significantly surpassed last year's twenty-two (22) boatloads.

With the active roll out of the vaccination program and the easing of covid restrictions, operations are in full swing supporting the government's efforts toward economic recovery and growth..

According to the Mines and Geosciences Bureau (MGB), metallic mineral production value capped the year on a high note, with a PhP27.20 billion or 20.34% growth from Php 133.71 billion in 2020 to Php 160.91 billion in 2021.

Among the industry highlights in 2021, was the strong metal price coupled with the impressive performance of nickel ore production. Nickel products continued to dominate production growth with 55.61% or Php 89. 48 billion.[1]

The Company is proud to contribute to the collective economic value, especially after the challenges brought about by the global pandemic.

Following the signing of Executive Order No. 130 (EO 130) in April 2021 which lifted the moratorium on mineral agreements under Section 4, EO No. 79, in order to encourage not only economic recovery and growth but support government projects and programs, the Department of Environment and Natural Resources (DENR) Secretary Roy A. Cimatu signed Department Administrative Order (DAO) No. 2021-40 in December 2021 which lifted the four-year-old ban on open-pit method of mining for copper, gold, silver, and complex ores in the country.

New mining projects can attract investments and help stimulate the pandemic-hit economy. The Philippines' annual export revenue from its mineral extraction industry could increase by up to $2 billion over the next five (5) to six (6) years as new mining projects begin to open.[2]

We, at MHI, believe in building a business model that not only delivers both long-term values to our internal and external stakeholders but also promotes sustainable considerations in our mining practices. We believe that sustainability will become even more integral to the Group as we move forward and therefore:

- We take our stewardship of the environment seriously as we continue to work on implementing responsible mining methods while providing a sustainable solution to mine rehabilitation and instituting long-term livelihood opportunities for future generations - our Bamboo initiatives and other rehabilitation programs are a testament to this stewardship mindset.
- We also put utmost emphasis on the health, security, and safety of our employees as well as partnering with our host communities to facilitate their economic and social growth and development we demonstrated this through our prompt and active response to the threat of Covid-19 in light of relief efforts and livelihood programs for local communities.
- Lastly, but equally as important, MHI remains committed to complying with national and local government laws and regulations bearing in mind that good governance is at the heart of our future as an organization and as an ongoing business concern.

Based on such factors in mind, the scope of this Sustainability Report, therefore, encompasses the MHI Group's performance (including its subsidiaries) – its actions, challenges, results, and achievements. Although some measures apply across the board to other types of industries, the scope and manner of presentation of this Sustainability Report will be unique to MHI's industry-specific risks, concerns, and sustainable development goals.

Our overall approach to sustainability is guided by our Sustainability Framework, and the conduct of our business is based on our Code of Conduct and Corporate Governance policies. This approach establishes our sustainability vision, topics deemed material to the Company, and our future commitments which we strive to align with the United Nations Sustainable Development Goals. Mindful that there is a need to increase focus on non-financial and sustainability reporting, this Report was prepared following Principle 10 of the Code of Corporate Governance for Publicly-Listed Companies (PLCs) stating that companies should ensure that material and reportable non-financial and sustainability issues are disclosed.

With the foregoing considerations in mind, the Board of MARCVENTURES HOLDINGS, INC. ("MHI" or the "Group" or the "Company") proudly presents its third Sustainability Report under the Securities and Exchange Commission (SEC) Memorandum Circular (MC) No. 4, Series of 20192 for the period 1 January to 31 December 2021. This Report is prepared for all stakeholders with an interest in the mining industry and/or sustainability performance of the Company and is recommended to be read in conjunction with its Annual Report.

For any queries about this report, please email us at inquiries@marcventures.com.ph.

[1] https://mgb.gov.ph/2015-05-13-02-02-11/mgb-news/1147-metallic-production-value-ends-the-year-on-a-high-note

[2] https://www.reuters.com/busines s/environment/philippines-lifts-four-year-old-ban-open-pit-mining-2021-12-28/

CONTENTS

Rolando Santos
Senior Vice President - OIC

OUR COMMITMENT TO SUSTAINABILITY

Mining is an extraordinary business. The extraction activities have supported tremendous development, however it can also create divisions between those who worked and to those who reap the rewards.

Fortunately, today's industry is more enlightened. We have recognized the role that our business plays in society and the values we uphold to protect the society and our planet.

At MHI we believe that responsible mining is all about putting sustainability at the forefront of our decision-making process. This means maintaining the right mindset, while allocating resources with utmost discipline, throughout the mining season. Our journey to sustainability has been very rewarding. The pandemic has affected the daily lives of the different barangays in Carrascal, Cantillan and Madrid. Through our Social Development Management Program (SDMP) we continued our health projects which includes extending assistance to the indigent patients and providing medical equipment to barangay health centers.

Even with the roll-out of the government's vaccination program, the distribution of relief goods has not stopped. Families continue to receive rice, food packs and health essentials, to help them cope with the challenges of pandemic.

OUR COMMITMENT TO SUSTAINABILITY

Our commitment to educational support is at heart of our community initiatives. We are delighted to share that our hardworking scholars passed the Board exams for Mining Engineers. The company supports the education of 326 students, all coming from low-income families and members of indigenous communities.

Side by side with our community initiatives is our commitment to the environment. MHI started the propagation of bamboo as a sustainable and rewarding livelihood project for communities. The company strives to reduce mining disturbance, energy and water consumption, and waste generation. More importantly, it continues to plant more trees, revegetate and rehabilitate mined-out areas to reduce the company's carbon footprint.

We will continue to draw inspiration from our stakeholders as we continue our journey to sustainability and we thank God Almighty for blessing us with another successful and productive year.

ROLANDO SANTOS
Treasurer
Marcventures Holdings Inc.

OUR GROUP STRUCTURE AND BUSINESS CONTEXT

Marcventures Holdings, Inc ("MHI") formerly AJO.net Holdings Inc. was incorporated on August 7, 1957, and became a publicly-listed company in 1958.

On March 30, 2010, the Securities and Exchange Commission (SEC) approved the change in name to the present one, and further approved the change in its primary purpose to include land ownership.

On December 29, 2017, the Securities and Exchange Commission approved MHI's merger with Asia Pilot Mining Philippines Corp. (APMPC) and BrightGreen Resources Holdings Inc. (BRC) with MHI as the surviving entity. The merger resulted in MHI's acquisition of APMPC's subsidiaries, namely, Alumina Mining Philippines Inc. (AMPI) and Bauxite Resources Inc. (BARI), the only two (2) bauxite mines in the Philippines, as well as MHI's subsidiary, BrightGreen Resources Corporation (BRC).

Through its subsidiaries, MHI conducts business by investing in mining and associated activities. Currently, it has investments in four (4) wholly-owned subsidiaries: a) Marcventures Mining and Development Corporation (MMDC), b) BrightGreen Resources Holdings Inc. (BHI) ; c) Alumina Mining Philippines Inc. (AMPI) and d) Bauxite Resources Inc. (BARI).

At present, of the four (4) subsidiaries MMDC is fully operational while the other three (3) subsidiaries are in various permitting, exploratory, and developmental phases. Thus, through MMDC, MHI participates in addressing the growing worldwide demand for nickel, with a majority, if not all, of its ore production exports currently geared towards the Asian market. MHI conducts its businesses in a way that not only generates returns for its shareholders but also provides a positive contribution to its host communities.

To this end, MHI focuses on key strategic elements to achieve its desired results. It strives to embed Responsible Mining and Sustainable Greening Solutions with a focus on business governance practices and operations that mitigate, manage, and rehabilitate potential negative impacts of its operations on the environment.

MHI, through its operating subsidiary MMDC, provides opportunities to local communities to improve their quality of life while championing their right to a healthy, safe, and secure working environment. It likewise aims to develop and maintain a team of trained professionals accountable to both its internal and external stakeholders. In sum, MHI advocates responsible consumption and production, facilitates partnerships to improve living standards, and adheres to the principles of transparency and compliance. In so doing, MHI pursues shareholder value premised on good corporate governance.

SUBSIDIARIES

Marcventures Mining and Development Corporation

Location: Surigao Del Sur (Cantilan, Carrascal, and Madrid)
Ownership: 100% MHI
MPSA No.: 016-93- XIII (approved on July 01, 1993)
Area: 4799 hectares
Mining Method: Contour Mining
Ore Type: Nickel (Saprolite and Limonite)
Market/ Buyers: Direct shipment to China (primarily); Japan and Asia (prospective)
Mineral Resource Report as of December 31, 2021:

- Total Measured and Indicated Saprolite Mineral Resource: 7.81 Million Wet Metric Tonnes (WMT) with an average grade of 1.35% Ni and 12.80% Fe
- Total Measured and Indicated Limonite Mineral Resource: 53.64 Million Wet Metric Tonnes (WMT) with an average grade of 0.87% Ni and 43.90% Fe

BrightGreen Resources Corporation

Location: Surigao del Sur (Carrascal, Cantilan, and Madrid)
Ownership: 100% MHI
MPSA No.: 015-93-XIII was approved on July 01, 1993, with MPSA extension valid up to June 30, 2024
Area: 4,860 hectares
Mining Method: Contour Mining
Ore Type: Nickel (Saprolite and Limonite)
Mineral Resource Report signed by a Competent Person in March 2016:

- Total Measured and Indicated Mineral Resource is 16.03M WMT with an average grade of 1.17% Ni and 34.98% Fe.
- This is further broken down to 3.06M WMT saprolite with an average grade of 1.59% Ni and 14.85% Fe, and 12.97M WMT limonite with an average grade of 1.07% Ni and 39.73% Fe.

Mineral Resource has been validated by the MGB and is deemed acceptable and compliant with Philippine Mineral Reporting Code (PMRC) 2007 guidelines which sets out minimum standards and guidelines for public reporting of exploration results, mineral resources, ore reserves and metallurgical assessments, and DENR DAO No. 2010-09 which provides for the classification and reporting standards of exploration results, mineral resources, and ore reserves.

Bauxite Resources Inc.

Location: Samar (Matuguinao, Gandara, San Jose de Buan, San Jorge)
MPSA No. 180-2002 VIII (SBMR) was issued on December 5, 2002.
Area: 5,519.01 hectares.
Ownership of AMPI & BARI: 100% MHI through a merger and acquisition deal with Asia Pilot Mining Philippines Corporation (APMPC)
Ore Type: Bauxite, the raw material of Aluminum
Mineral Resource Report signed by a Competent Person in March 2016 reviewed and certified by a Philippine Mineral Reporting Code (PMRC) Competent Person (CP) for Geology in June 2017: 73.18 Million Wet Metric Tonnes (WMT) with an average grade of 41.66% Al2O3

Alumina Mining Philippines Inc.

Location: Samar (Paranas, Motiong)
MPSA No.: 179-2002 VIII (SBMR) (issued on December 5, 2002)
Area: 6,694 hectares

Both AMPI and BARI are in the process of securing an Environmental Compliance Certificate (ECC) for the planned development and mine operation of the Samar Bauxite Project. Notwithstanding the imposed country-wide lockdown due to the COVID-19 pandemic, AMPI and BARI were able to complete the public scoping and technical scoping stages of the Environmental Impact Assessment (EIA) process in January, 2021.

MATERIALITY PROCESS

The 2021 MHI Sustainability Report, is a detailed account of MHI's economic, environmental and social contributions as guided by the United Nations Sustainable Development Goals.

The material topics were based on Global Reporting Initiative (GRI) Standards. These indicators reflect the company's impact and could substantively influence the assessments and decisions of stakeholders.

As this is the company's third report, there was a need to review the material topics that were identified, during the Sustainability Reporting workshop in 2019. Prior to the preparation of this year's report, topics were assessed and evaluated by the members of the technical working group together with the different departments responsible for the data needed that supports the company's non-financial contributions.

SUSTAINABILITY CONTEXT AND MINING OPERATIONS CHALLENGES

MHI is committed to contributing to the socio-economic development of the communities surrounding its mining tenements. As it pursues its corporate goals, the Company aims to be a catalyst for the upliftment of the lives of its host communities and aspire to be a responsible steward of Mineral Resources, a gift from the Divine Providence.

Sustainability is one of the main drivers of MHI's businesses. As a responsible miner, process efficiency is geared towards protecting the environment while generating value to the stakeholders.
The challenges of the pandemic continued in 2021, nevertheless the company was on full-operating mode. The day-to-day operations, community concerns, and stakeholders' relationships were instrumental in directing the Company's efforts in identifying and evaluating material topics for this year's report.

GROUP-WIDE SUSTAINABILITY REPORTING

In preparing the very first MHI Sustainability Report in 2021, key officers and staff attended a Sustainability Reporting workshop, facilitated by Atty. Teodoro Y. Kalaw IV, a certified sustainability trainer by the Global Reporting Initiative and a sustainability report assurer by the Institute of Certified Sustainable Practitioners. Atty. Kalaw led the extensive sustainability orientation and materiality assessment process, which the Technical Working Group adapts every year, in preparing the report.

DEFINING MATERIALITY

This year's report covers 14 significant material topics guided by UN Sustainable Development Goals (SDGs).

During the very first materiality assessment workshop in 2019, issues facing the Company as well as topics and business aspects deemed important to its stakeholders were identified and analyzed based on its current business model and strategic plans. Material sustainability topics that were important to both internal and external stakeholders were identified, through a materiality determination process consisting of a five-stage method:

- **Definition of purpose and scope of assessment**
- **Topic identification and categorization**
- **Focus prioritization**
- **Validation**
- **Reporting**

HIGHLIGHTS OF 2021 MATERIAL TOPICS

MHI, as a publicly-listed corporation, ensures continuous adherence to corporate governance rules, regulations, and requirements imposed by the Philippine Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

Good Corporate Governance

CORPORATE GOVERNANCE STEWARDSHIP

The Board of Directors is the most senior governance body of the Company and exercises its oversight functions through the Executive Committee which meets regularly once a month or at least once every quarter. Corollary to setting the policies for the accomplishment of the corporate objectives, it provides an independent check on Management.

ECONOMIC PERFORMANCE

By achieving its financial goals, MHI is able to create and generate value for its employees, suppliers, stockholders, community and government.

Responsible Mining

RESOURCE MANAGEMENT

The environmental team has established a system for managing energy, water and material consumptions. We recognize the critical importance of water as a shared resource with our local stakeholders and view water management as one of our most material sustainable issues.

ECOSYSTEM AND BIODIVERSITY

MMDC continues to lead in the propagation of bamboo as a sustainable and rewarding livelihood project for mined-out areas. It is one of MHI's ongoing efforts to promote the progressive rehabilitation of land resources of its mined-out areas through reforestation projects. We also consider the overall eco-footprint of our projects when we design and evaluate their viability. Mine planning considers optimal land use and mitigation measures to the impact on land, flora, and fauna.

Community Engagement

EMPLOYEE MANAGEMENT

MHI firmly believes that its people are its primary asset in attaining its business objectives. As partners in providing value to its stakeholders, MHI ensures that their well-being are well cared for; and that in the conduct of its business, its employees are respected, rewarded, and secured. This viewpoint extends to members of Indigenous Peoples (IP) and members of host communities who the Company also employs. The Company understands that recruiting and hiring from the communities where it operates in is foundational to local economic and social development.

WORKPLACE CONDITIONS, LABOR STANDARDS AND HUMAN RIGHTS

MMDC is committed to safety, health, security, and welfare of all the people involved in the mining operation. Apart from ensuring compliance with government-mandated benefits, MHI also offers extra compensation that fulfill its employees' medical, livelihood, and educational needs. These extend to their family members in the form of food subsidies, educational assistance, and health insurance.

The sustainability reporting process was then further enhanced with the set-up of the Company's Technical Working Group (TWG) composed of members of the Corporate Communications, Legal, and Compliance Departments. The group developed a working understanding of the issues that are material to MHI's operations. These issues were further cascaded to different departments such as Engineering and Technical Services, Compliance, Community Relations, Human Resources and Legal, who then sought to verify issues with concerned stakeholders.

The TWG followed the same process for the completion of the Company's year 2021 Sustainability Report. The scoreboard and metrics assessed the material sustainable topics relevant to the Company's performance.

In 2020, special emphasis was given to topics like community health, food security, and other significant areas challenged by the global pandemic. The initiative continued for the current year, amid the vaccine roll-out and the gradual opening of economic opportunities.

This year, all 14 material topics were reviewed and assessed for significance and relevance by the concerned department. The review process is in line with the commitment to the continual improvement of its materiality assessments.

For the year 2021, the topics chosen signify MHI's Economic, Environment, and Social Impact in the light of its engagement with various stakeholders. We follow the reporting template on the topic guide provided by the Securities and Exchange Commission Memorandum Circular No. 4, Series of 2019.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Disruption in supply chain is largely affected by changes in rainfall rate and extreme weather events which we consider the top climate-related risk that causes delays, suspension of operations, prevention of shipments or loading process.

ENVIRONMENTAL IMPACT MANAGEMENT

MHI continues to review its historical data to determine steps that can reduce its operations' impact to the environment. Regular inspections and monitoring of the Company's tenement areas are conducted to identify existing and potential environmental hazards for early detection and remediation.

PROCUREMENT PROCEDURE

MHI, through MMDC, supports local suppliers and directly contributes to the growth of the adjacent local economy. It follows a systematic procurement process through its bidding procedure which requires procurement of materials and services to be undertaken through competitive bidding to promote fair, economic, efficient, and effective competition and determine market price in the purchase of materials and services.

ENVIRONMENTAL IMPACT

Emissions, wastes and effluents are regularly monitored and regulated to manage environmental threat, risks, and hazard and to ensure that environmental impacts are within prescribed standards.

ENVIRONMENTAL COMPLIANCE

The Company has a dedicated Legal and Compliance team that monitors relevant laws, rules and regulations enforced by the Mines and Geosciences Bureau (MGB) and the Department of Environment and Natural Resources (DENR) to ensure the Company's compliance with environmental laws and the protection of the country's natural resources.

SUPPLY CHAIN MANAGEMENT

The Company has a Supplier Accreditation Policy which evaluates an organization's business integrity and compliance with labor laws, particularly Department Order No. 174 Series of 2017 of the Department of Labor and Employment (DOLE).

DATA PRIVACY AND SECURITY

The entire organization along with its customers strictly complies with the rules and regulations of the Republic Act No. 10173, or the "Data Privacy Act of 2012."

Responsible stewardship is also demonstrated as it engages in responsible data security, a vital material topic as the Company continues to search for other investment opportunities that could diversify its sources of revenue and add to shareholder value. All assets are secure and kept confidential, with data security measures being properly enforced. For 2020, there were no reported incidents of data breaches, leaks, or losses in the Company.

TOPICS DEEMED NON-MATERIAL

Upon review and appropriate deliberation, there were some topics deemed non-material for the report. Discussions on Customer Management, Product Health and Safety, and Product Marketing and Labelling, were not material to the business model from a sustainability perspective.

The Company's current main product is nickel ore, which is commonly used for nickel-based alloys for high-quality stainless steel and batteries, and is exported by the Company in its raw form. While relationships with customers are vital to any organization, Customer Management and Marketing were deemed not material topics from a sustainability perspective. The increasing demand for nickel products worldwide outweighs supply availability. Prices are based primarily on market rates and bidding processes. Moreover, nickel products are extracted and shipped in raw form with pre-agreed characteristics subject to independent third-party testing.

STRENGTHENING OUR SUSTAINABILITY REPORTING PROCESSES

As with this year's material topic assessment, the Company aims to institute a regular review every three years to strengthen the materiality matrix and encourage participation and collaborative validation from its stakeholders. This comes with a vision to improve the process behind the preparation of the Sustainability Report as stakeholders track its development in the coming years.

RESPONSIBLE MINING

Safeguarding Our Shared Future: Responsible Mining Through Sustainable Greening Solutions

Sustainability is all about addressing current needs without compromising the needs of future generations. In mining, Sustainable Greening Solutions must safeguard both the environment and long-term livelihood prospects of host communities. This is the guiding principle of MHI's day-to-day operations at the mine site. Together with stakeholders, the Company continues its initiatives to build, nurture and empower communities, promote social development and management, improve health and safety practices, and minimize the impact of our operations on the environment. The potential for growth continues to drive the Company's business prospects.

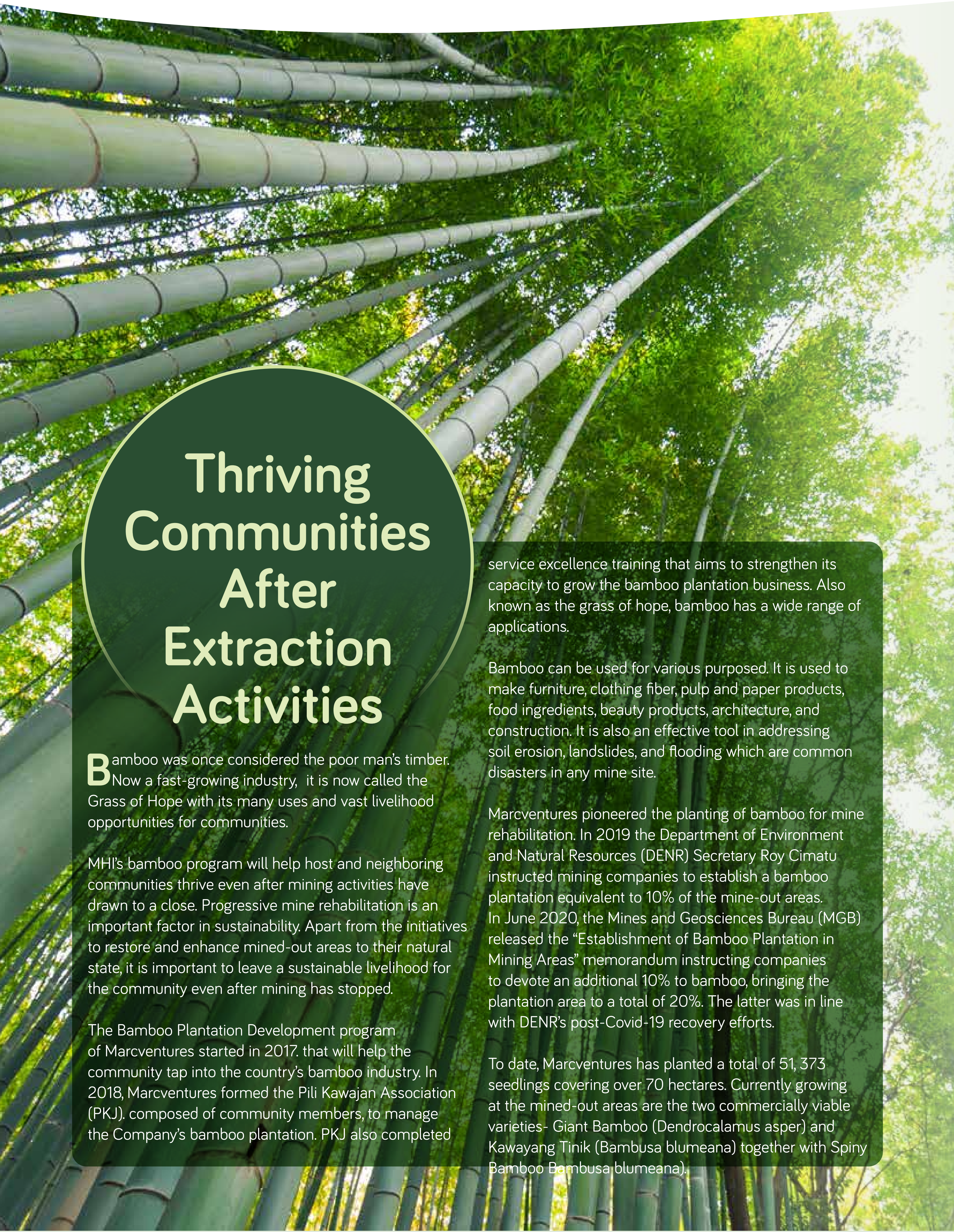
With the reduced disruption in mining operations in the Philippines and Indonesia, Fitch Solutions Country Risk and Industry Research reported strong growth in nickel production in 2022 and 2023.

Over the long term, global nickel mine production was forecasted to grow at a rate of 4% year-on-year on 2021 to 2030. A total of 370,000 metric tons of nickel was mined in the Philippines in 2021. [2]

By 2030, the unit expects global yearly nickel production to reach 3.8-million tonnes, up from 2.6-million tonnes in 2020. The strong demand from nickel smelters supplying the electric vehicle battery industry will increase nickel prices and sustain steady mine production growth.

Bamboo provides huge environmental benefits as it is a renewable resource, absorbs greenhouse gases, fast-growing, enriches and protects the soil, and is highly adaptable. Bamboo also has ecological benefits as it can be used in the rehabilitation of denuded land. It is adaptable to adverse soil and climatic conditions and is effective in controlling soil erosion, among others. Being readily marketable as construction material and as raw material for various industries (i.e. furniture and handicraft), the growing Bamboo plantation industry offers opportunities for job generation, livelihood programs, and is a good substitute for wood in many applications, such as paper, furniture, and building materials.

The company also has several programs on Temporary Revegetation, Mining Forest Maintenance, and Nursery Operations. The revegetated areas are planted with wedelia, napier grass, lambayong and ipil-ipil. Under Forest Maintenance, mined-out areas are planted with various species such as Agoho, Bagalunga, Malatambis, Magkono, Mangium, and Talisay. The company also maintains four nurseries which maintain 97,993 seedlings of various species.



Thriving Communities After Extraction Activities

Bamboo was once considered the poor man's timber. Now a fast-growing industry, it is now called the Grass of Hope with its many uses and vast livelihood opportunities for communities.

MHI's bamboo program will help host and neighboring communities thrive even after mining activities have drawn to a close. Progressive mine rehabilitation is an important factor in sustainability. Apart from the initiatives to restore and enhance mined-out areas to their natural state, it is important to leave a sustainable livelihood for the community even after mining has stopped.

The Bamboo Plantation Development program of Marcventures started in 2017. that will help the community tap into the country's bamboo industry. In 2018, Marcventures formed the Pili Kawajan Association (PKJ). composed of community members, to manage the Company's bamboo plantation. PKJ also completed service excellence training that aims to strengthen its capacity to grow the bamboo plantation business. Also known as the grass of hope, bamboo has a wide range of applications.

Bamboo can be used for various purposed. It is used to make furniture, clothing fiber, pulp and paper products, food ingredients, beauty products, architecture, and construction. It is also an effective tool in addressing soil erosion, landslides, and flooding which are common disasters in any mine site.

Marcventures pioneered the planting of bamboo for mine rehabilitation. In 2019 the Department of Environment and Natural Resources (DENR) Secretary Roy Cimatu instructed mining companies to establish a bamboo plantation equivalent to 10% of the mine-out areas. In June 2020, the Mines and Geosciences Bureau (MGB) released the "Establishment of Bamboo Plantation in Mining Areas" memorandum instructing companies to devote an additional 10% to bamboo, bringing the plantation area to a total of 20%. The latter was in line with DENR's post-Covid-19 recovery efforts.

To date, Marcventures has planted a total of 51, 373 seedlings covering over 70 hectares. Currently growing at the mined-out areas are the two commercially viable varieties- Giant Bamboo (Dendrocalamus asper) and Kawayang Tinik (Bambusa blumeana) together with Spiny Bamboo Bambusa blumeana).

IMPROVING SAFETY, HEALTH, AND WELL-BEING OF OUR STAKEHOLDERS

MHI's commitment to the safety, health, and well-being of all people involved in its business endures and remains at the forefront of its operations. It provides and maintains safe and healthy working conditions, promotes regular safety training, follows standard operating procedures, and applies technically proven and economically feasible environmental protection measures that safeguard the lives and health of all its employees and adjoining communities.

NQA CERTIFICATION FOR MMDC

MMDC was granted continued certification by NQA Philippines Inc., an assessment, verification and certification body to help improve performance in quality, environment and health and safety management, after passing the 2-day Stage 1 Surveillance Audit for its Integrated Management System (IMS) – a testament that the certifying organization has recognized its effort to maintain the highest business standards.

The completed audit certified that the requirements for ISO 9001:2015 - Quality Management System, ISO 14001:2015 - Environmental Management System, and ISO 45001:2018 - Occupational Health and Safety Management System have all been fulfilled by MMDC.

On the 2nd day of surveillance, a tree planting activity was performed conducted by MMDC personnel together with NQA Auditor at the Pili mined-out site, prior to the declaration of findings. The trees planted will be evaluated on the Stage 2 Surveillance Audit in 2022.

NQA Philippines provides accredited ISO standard certification for companies and organizations. The ISO is an international standard-setting body that promotes worldwide propriety, and industrial and commercial standards.

COVID-19 SAFETY MEASURES

The company operated in full capacity in 2021 both at the minesite and Makati head office, guided by the strict health protocols required by the IATF. Work schedules were arranged to minimize the number of employees on-site as social distancing was strictly observed. Employees above 60 years of age and those with pre-existing illnesses were advised to work from home.

Vehicle service was provided for employees. Usage was at 50% capacity to ensure physical distancing at all times. Management suspended timekeeping and limited the working hours to allow our employees sufficient time to go home and avoid rush hour. At the minesite, a covid flowchart ensures adherence to protocols, especially for employees are coming from outside the Caraga region

Safety and health protocols were observed and were constantly updated based on the guidelines established by the IATF, Department of Trade and Industry (DTI), and the Department of Health (DOH).

CONTRIBUTING TO THE UN SUSTAINABLE DEVELOPMENT GOALS

With a strong commitment to Responsible Mining Through Sustainable Greening Solutions, MHI's nickel mining business reported a positive performance in 2021.

The remarkable output signified the company's steady return to a position of strength, which allowed the continuous fulfillment of the sustainable goals.

MHI continued its relief operations in the communities in Cantillan, Carrascal, and Madrid in Surigao del Sur. With the active rollout of the vaccination program and the easing of covid restrictions, the Company's mining operations were in full swing, supporting sustainable mining initiatives which are expected to drive economic recovery.

ENSURING HEALTHY LIVES AND WELL-BEING FOR ALL (SDG 3)

Community health and wellness is essential to sustainable development. MHI has several health projects under its annual Social Development Management Program (SDMP).

For the year 2021, the company supported the purchase of medical equipment like a Sphygmomanometer, and Thermal Scanner for Barangay Bon-ot and provided birthing center supplies for Barangay Parang.

Health and Emergency Assistance were also extended to indigent patients from Barangay Cabangahan, Cabas-an, Panikian, Babuyan, Parang Gamuton Bon-ot Bacolod and Bayugo.

The distribution of relief goods also continued. Rice, health essentials and food packs were given to the families living in different barangays namely Bayugo, Panikian, Bon-ot, Gamuton, Babuyan, Bacolod, Parang and Cabas-an.

MHI also the Supported Sanitation program in Barangay Cabangahan, by providing materials for the construction of comfort rooms in Barangay Cabangahan

ACHIEVE FOOD SECURITY, IMPROVED NUTRITION, AND SUSTAINABLE AGRICULTURE (SDG 2)

The SDMP also supported the feeding program of the Municipal Social Welfare and Development Office. The event provided free milk, cereal, and vitamins for children below five years of age.

MMDC also maintains a vegetable and herb garden that grows fruits and vegetables like beans, root crops, pepper, tomatoes, corn, and pineapple.

QUALITY EDUCATION FOR ALL (SDG 4)

Education is a key focus area in helping local communities. Providing educational opportunities is a sustainable approach to improving a community's standard of living.

Despite limitations due to the ongoing pandemic, MHI upheld its commitment to its scholars for continued scholarship grants for the 2021-2022 academic year. A total number of 197 students enrolled in different colleges and universities in the Visayas and Mindanao regions were given regular financial assistance.

MMDC also subsidized the salary of 19 volunteer teachers. With the growing number of students every year, most public schools do not have the means to hire more teachers. The volunteers help the teachers with their day-to-day task of imparting knowledge to ensure quality education for all.

The company also supports the college education of 22 students under the company's Development of Mining and Geoscience Technology program. They are taking up Environment, Mining, Community, and Accounting-related courses. Aside from the free tuition, they received a monthly allowance of P5,000.

MMDC also grants full scholarship privilege to deserving students from IP communities under its Corporate Social Responsibility program. The project also supported five (5) volunteer teachers deployed in different schools receiving a monthly subsidy of P10,000.00.

SUSTAINABLE ECONOMIC GROWTH AND PRODUCTIVE EMPLOYMENT (SDG 8)

MHI continues to empower host communities by providing opportunities to improve their standard of living. The local community is an integral part of business operations, thus priority is given to community members in the company recruitment processes. To date, eighty-one (81) members of indigenous cultural communities are currently employed by the Company, through MMDC.

MHI supports local business owners by procuring food supplies and services from community entrepreneurs. It even helps business owners by providing seed capital for various projects.

Through its Social Development and Management Program (SDMP) Enterprise Development and Networking Program, the Company spent a total of Php One Million Seven Hundred Sixty-Three Thousand Nine Hundred Ninety pesos (Php 1,763,990.00) 2021 for livelihood programs to give opportunities to communities to create, build and earn.

MHI provided pump boats and fish cages, for the fisherfolks in Barangay Bon-ot. Seed capital was also given to 300 women in barangay Cabangahan so they can start their own businesses. The company offered assistance to PWDs, women farmers, and senior citizen organizations. In 2021, these organization was able to start their own food, pedicabs, tent, and table rental businesses.

RESPONSIBLE CONSUMPTION AND PRODUCTION (SDG 12)

MHI's positive performance is supported by sustainable consumption and production. The Company values doing more and doing better with the least possible impairment to resources. In all activities and business processes from exploration to hauling right through the delivery of commercial ores to customers, the Company commits to achieving sustainable growth that is aligned with its corporate values and to always take into consideration the interests of its stakeholders.

Overproduction is a waste of resources and causes harmful consequences to the environment. The Company's nickel stockpile is kept commensurate to the quantity requirements of its foreign buyers. Residual materials are utilized for mine rehabilitation and mine operations preparation. Mined-out areas are transformed into healthy planting grounds which can provide food and livelihood to residents from nearby communities. Through these measures, lasting positive contributions to MHI's host and the neighboring communities are ensured.

DIRECT ECONOMIC VALUE GENERATED

Operationally, MMDC had a successful year when it generated a direct economic value of Php 3,920,176,899 in 2021, despite the unstable weather conditions during the first half of the year, coupled with the difficulties brought by the pandemic.

The Company is gearing up for another impressive performance this year. . Initiatives to upgrade its business models to adapt to changes and trends and continuously ensure high-quality products for its buyers are in place and reviewed religiously.

Operating Costs and Expenses were at Php 2,876,345,054 in 2022. The increase was primarily due to the high volume of ore produced and sold. The company also spent over Php 2,876,345,054 on employee wages and benefits.

Success is anchored on workforce productivity. Efficiency and product improvements bring significant changes to the workforce. It paves the way for advancements and higher compensation for current employees as it opens more job opportunities within MMDC's host communities. The expenditures for suppliers and other operating costs amounted Php 1,626,927,472. On the basis of the results for the year in review, the Company paid interest to loan providers totaling Php 58,666,858.

Profitability from enhanced business models translated to over Php 606,092,403 in government payments in the form of royalties and taxes. This includes excise and withholding taxes, quarterly income taxes as well as permits and licenses. The rise in profit allowed optimal returns for shareholders, with enough resources for future investments.

The Company's expenditure on host and neighboring communities totaled Php 49,840,098. The Company's corporate social investments are closely monitored through a standardized reporting process aimed at maximizing the value that MMDC and its host and neighboring communities derive from these investments.

MMDC continues to focus on its core strengths in order to stay competitive in the coming years.

PARTNERSHIPS TO FACILITATE SUSTAINABLE DEVELOPMENT (SDG 17)

17 PARTNERSHIPS FOR THE GOALS

Fully committed to forging partnerships for sustainable development, MHI led the propagation of bamboo as a livelihood project endorsed by the Department of Environment and Natural Resources (DENR). With a genetic life of 100 years, bamboo emits thirty-five percent (35%) more oxygen and sequesters up to 12 Metric Tons of Carbon Dioxide. A US$60 Billion global industry, it can provide sustainable livelihood to our host communities and for generations to come.

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To date, Marcventures has planted a total of 51, 373 seedlings covering over 70 hectares. Currently growing at the mined-out areas are the two commercially viable varieties- Giant Bamboo (Dendrocalamus asper) and Kawayang Tinik (Bambusa blumeana) together with Spiny Bamboo Bambusa blumeana).

UNITED NATIONS GLOBAL COMPACT

MHI adheres to United Nations (UN) Global Compact principles which encourage businesses worldwide to adopt sustainable and socially responsible policies. In the local setting, the Company upholds basic human rights by recognizing and respecting the local customs and traditions of the indigenous people communities. The Company particularly values diverse social and cultural values and norms by taking part in celebrations like town fiestas, foundation day, and other activities that are close to their hearts. Moreover, MHI also particularly advocates the UN's Global Compact principle on the effective abolition of child labor. The Company abides by the minimum age provisions of Philippine labor laws and even closely monitors child labor, which is rampant in small-scale mining communities in other countries.

Addressing the Pandemic and Climate-Related Risks and Opportunities

Mining is no stranger to harsh climates. Most companies operate amid inhospitable conditions. Moreover, the frequent warning of excessive heat, drought, and heavy rains increase the physical challenges of mining in various countries around the world.

Mining operations utilize large diesel trucks and loaders which emit CO2, the main contributor to anthropogenic climate change. To reduce emissions, trucks, and loaders must be kept in perfect running condition at all times.

Operations also involve cutting down trees which reduce CO2 absorption. MMDC is obligated to replant trees that have been cut down. It is also committed to planting several tree species in line with its mine rehabilitation program.

The biggest climate-related risk is rainfall. The amount and frequency of precipitation remain unknown and the risk impacts production and shipment operations. When rainfall frequency and precipitation intensity are low, mining and shipment operations can be more efficient.

High precipitation impacts the working conditions on the ground. This causes a delay in operations and makes it unsafe for haul trucks to freely traverse the mining area. The additional water also increases ore moisture which affects shipment specification.

Rainfall increases mining and production costs. The work schedule gets distorted and deviates from the strategic plan for the year causing the additional cost of maintenance for the mine, roads, and stockyards. Prolonged dry weather with less precipitation is ideal for efficient operations and reducing moisture content thereby befitting ore sales revenue.

MMDC's unconsolidated deposit would make its mining operations resilient to a lower temperature, however, precipitation and foggy conditions would still impact road conditions. It remains unsafe for haul trucks, considering the terrain and gradient of the haulage road from the pit down to the stockyard.

To identify and assess climate-related risks MMDC uses historical rainfall data. This is gathered daily from strategic locations of the site operations. The combination of statistical projections and long-term weather forecasts allows the company to identify and project rainy days for operational use.

The process of managing climate-related risks is integrated into the organization's overall risk management. Forecasting and projecting operational working days for strategic planning results in the probability of attaining production and shipment targets for the budgeted year.

To assess and manage risks the number of working days, the intensity of rainfall, and the frequency of rainfall in a week are used as metrics used for operations. The metrics of monthly working days determine the tonnage that can be produced per budget. An actual comparison of the metric and the intensity of rainfall necessitates adjustment for forecasting and determining revised production and shipment tonnages.

MMDC is able to manage the risk with the weekly stewardship of intensity and frequency of precipitation. The task is very challenging because of the localized rainfall and this includes implementing a drainage plan in the mine area, the haul roads, mine yards, and the stockyards.

Climactic conditions also impact infrastructure stability and environmental protection practices. Warm temperatures will increase water scarcity and this inhibits water-dependent operations, and mine rehabilitation, and can even result in problems with communities for water resources.

MMDC also strives to reduce mining disturbance, energy and water consumption, and waste generation. More importantly, it continues to plant more trees, revegetate and rehabilitate mined-out areas to reduce the company's carbon footprint.

Other initiatives that help manage climate-related risk are pre-deployment inspections of mining equipment to confirm that it is in good running condition, reduction of energy consumption in offices and campsites, reduction of water consumption, reusing and recycling of materials to reduce solid wastes.

CONSERVING WATER RESOURCES

The need for sustainable water management in mining is critical as water experts are continuously alarmed about a serious global water shortage. Water is a valuable shared resource between a mining company and its host communities. This inorganic chemical substance is vital to all life forms topped with significant environmental and economic worth.

Water is a vital resource for mining operations. It is used in every process, from power generation, and dust management, to sanitation of facilities and daily health intake.

MHI recognizes the importance of proactively managing water quality of both surface and drinking water sources. In 2021, the Company's total water consumption was 145,821.1 cubic meters.

Water conservation and recycling efforts have been in place since MMDC began its operations. For 2021 total water recycled and reused was 7706.35 cubic meters.

Soil movement during mining operations and road construction can cause siltation of nearby water systems. When vegetation is removed in a certain area, the soil can erode easily causing particles to fall straight into the natural water system. The siltation particles increase in volume during heavy rains. Likewise, soil run-off from hauling roads also causes the siltation of nearby canals.

To mitigate potential water discoloration brought by run-off waters coming from the mine site, settling ponds were constructed to allow the settling of sediments prior to discharge and ensure effluents are compliant with DENR standards.

For the year 2021, a total of 21 new settling ponds were constructed, 10 in the Cabangahan mine area and 11 in the Sipangpang mine area.

Also, a total of 80,348 cu.m of silt materials were desilted as part of the maintenance and improvement of settling ponds.

The Company's Environmental team actively performs mitigating measures to address siltation. Settling ponds and collector sumps are constructed along the haul roads. The ponds are regularly monitored, maintained, and de-silted so that the water remains clean. Silt fences also line the area to arrest possible spills from roads and drainage channels. Areas that are accessible by heavy equipment are manually desilted. Existing silt booms are reinforced with sheet piles to provide additional control. This prevents silt plume migration along with the coastline areas during loading activities.

Earthworks like slope stabilization, benching, and resurfacing are also performed as the need arises to minimize water run-off, siltation, and discoloration of nearby water systems.

Water quality is also analyzed on a monthly basis and monitoring is conducted on marine waters (causeway area), surrounding creeks, rivers, and the discharge from settling ponds. Sampling and analysis are done on a quarterly basis by First Analytical Services and Technical Cooperative (FAST), a DENR accredited laboratory.

PROMOTING ENERGY EFFICIENCY

Energy efficiency and carbon emissions are considered top priorities in mining operations. Aside from controlling hazardous environmental impact, it directly affects operational costs.

The Environmental Team follows a process to ensure that energy data is reviewed on a regular basis. This is supplemented by an energy conservation campaign that would motivate employees. Information materials on energy saving tips are posted in strategic locations around the office to encourage everyone to help the Company achieve its energy management goals.

Fuel and electricity consumption, as well as carbon emissions, are periodically monitored. Quarterly Energy Consumption Report is regularly submitted to the MGB and carbon emission is monitored and analyzed by an independent third party. This is on top of the regular monitoring being conducted by the Environmental Management Bureau of the DENR.

In 2021, the Company consumed a total of 7,257, 475.00 Liters of diesel fuel, a reduction of 1,637,404 liters from last year's 8,894,879.00 liters.

The company continues to explore other conservation and energy efficiency measures to cut operating and product costs. Apart from the major improvement in revenue for customers and shareholders, it will be a significant contribution to the environment and for the generations to come.

For now, the Company is not using energy from renewable sources but it continues to study the possibility of shifting to a more earth-friendly energy source to reduce potential GHG emissions.

Proactive Watershed Protection

The operating mine sites have protected areas in the form of the following watersheds:

Panikian, Alamio and Carac-an. Declared “critical forest reserves” subject to prior existing rights (such as MMDC’s MPSA) by Presidential Proclamation No. 1747 dated March 29, 2009.

Bacolod-Tibabakod Panikian (Carrascal). Adjacent to MMDC’s haulage road with a minor overlap at the northeastern section.

Bon-ot-Gamuton (Carrascal). Located north of Bacolod-Tibabakod Panikian and west of MMDC haulage road. The site also covers the following sensitive areas:

Community water sources of barangay Bon-ot, Gamuton and Panikian (Carrascal) situated west of MMDC haulage road. All water sources are enclosed in concrete. Community water of Sitio Pili, in Barangay Panikian (Carrascal)

Community water wells of barangay Cabangahan (Cantillan). Mining area downslope to Panikian, Alamio and Carac-an Rivers

Cabas-an Community Irrigation System (CIS) with Alamio River as water source and servicing an agricultural area measuring 150 ha.

Cantillan Irrigation System with Carac- an River as water source.

Habitation sites of barangay Bon-ot, Gamuton and Panikian in Carrascal, and barangay Cabangahan in Cantilan.

Within Lanuza bay, where the Carac-an River discharges about 18,7 downslope of Area 2 mine, are the San Pedro Marine Protected Area in Cantillan and the Lanuza Marine Park and Sanctuary in Lanuza.

Our Environmental Performance Report and Management Plan (EPRMP) cited the 2011 assessment of the terrestrial wildlife vertebrates within the MPSA area. It recorded a total of eighty-two (82) wildlife species representing five (5) species of amphibians, six (6) species of reptiles, sixty (60) species of birds and eleven (11) species of mammals. According to the assessment, based on the composition of the species, the area was considered relatively good for terrestrial wildlife. This indicates that the area has ample forest cover and the species are not disturbed by the operations.

MHI, through MMDC, practices due diligence and regular monitoring to ensure minimal environmental impact. It has an active mine rehabilitation plan that transforms mined-out areas into arable lands that can provide livelihood for the communities.

MHI works closely with the Mine Environmental Protection and Enhancement Office (MEPEO) in rehabilitating disturbed lands through soil amelioration, a process of improving soil consistency by adding amendments. Organic substances are mixed with the soil to aid healthy plant growth.

Bamboo and other indigenous tree species cover the mined- out areas of Pili, Sipangpang and Cabangahan. Promoted by the DENR at the initiative of Secretary Roy A. Cimatu for rehabilitation, MHI pioneered the planting of bamboo in mined-out areas. Trenches were dug and the topsoil was mixed with organic fertilizer.

Bamboo growth is monitored by the Company’s Environment Team together with the representatives from MEPEO. The plants at the Pili mined-out area have shown satisfactory growth.

ADDRESSING EFFLUENTS

The marine waters in the causeway area, surrounding creeks, rivers, and discharges from constructed settling ponds go through regular water quality checks. Collected water samples are analyzed by the Company's in-house monitoring team and confirmed by a DENR accredited third-party laboratory.

Water quality of MMDC's causeway bay, creeks, and rivers including the discharge points of settling ponds are being monitored regularly. In-house water sampling for these locations is done monthly using the HORIBA U-50 water monitoring device and HACH colorimeter. MMDC also tapped FAST Laboratories Inc. CDO to conduct a quarterly 3rd party analysis of the water samples

Water withdrawals or water abstractions are taken from ground surface water sources, 318989.16 Cubic meters, while 7706.35 cubic meters, of water, is being recycled.

First Analytical Services And Technical Cooperative (FAST) Laboratories performs the quarterly testing and analysis, while the in-house team monitors water quality on a monthly basis.

According to the DENR classification, the company's water usage is under Class C or industrial water supply usage. Water quality is measured by TSS or Total Suspended Solids (TSS) or solids in water that can be trapped by the filter.

The acceptable TSS measure for Class C is below 80 milligrams (mg) per liter (L). In 2021, the company's highest TSS level was only 22 mg/L. The analysis by both the in-house team and third-party FAST laboratory shows that the ambient, effluent, and process-related water quality in all stations was within the DENR Standard under DAO 2016-08 for freshwater/marine water bodies and General Effluent Standards. Potable Water Analysis also shows that all required parameters are within the Philippine National Standards for Drinking Water (PNSDW 2017).

MANAGING AIR EMISSIONS

Mining activities like exploration and production activities cause air emissions like GHG emissions and hazardous air pollutants as those activities can send laterite particles up in the air. The dust material is so fine that it stays in the air during hot weather, and turns into mud during the rainy season.

DUST SUPPRESSION

Dust is a prevalent problem in nickel mining. Aside from air pollution, it can affect the health of the people living in the different communities. To minimize dust, roads are paved and in good condition all year round. The main haulage road is maintained regularly to control the dust during the hauling of ore from the mine pit to the port. Street sweepers were also deployed to clean community roads and highways.

Vehicle speed is managed and disturbed areas are minimized to lessen the spread of dust. Revegetation initiatives are immediately done in disturbed areas to minimize the generation of windblown dust. Trees were also planted along the roadside and mine access road to act as dust bio-filters.

Suspended particulates are suppressed by spraying water on the main haulage roads and at mining areas such as mine pits, mine yards, ports, and stockyards. The water ensures the concentration of pollutants in the project area is below and/or within the limits set by the DENR stipulated in the National Ambient Air Quality Standards (NAAQS).

AIR QUALITY MONITORING

Air quality sampling is done monthly by the Company's technical personnel, while the quarterly analysis is carried out by a DENR accredited provider. Suspended particles of air monitoring are measured through gravimetric method using high volumetric samplers. The monitoring parameters are Total Suspended Particulate (TSP), particulate matter that is less than 10 micrometers (PM10), and particulate matter that are less than 2.5 micrometers (PM 2.5).

The Total Suspended Particulate (TSP) is the solid matter in the atmosphere and the primary contributor to air pollution, smog formation, and environmental contamination. PM10 is particulate matter that is 10 micrometers and smaller that can reach the upper regions of the lungs. PM2.5 is 2.5 micrometers and smaller, which can cause lung problems because it can reach deeper parts of the lungs.

The standard for TSP is below 300 micrograms (ug) / Nanocentimeter (Ncm). In 2021, maximum TSP reached 145 ug/Ncm, which is within the specified National Ambient Air Quality Standards (NAAQS) for Source-Specific Air Pollutants from Industrial Sources/Operations.

These monitoring results are submitted to the Environmental Management Bureau (EMB) through the Self-Monitoring Report (SMR) and Compliance Monitoring Report (CMR).

To achieve sustainable GHG levels, a carbon sequestration study was conducted from 2019-to 2021 and official results were submitted in the first quarter of 2022. The company is currently evaluating the recommended initiatives. This will serve as the benchmark for reducing GHG emissions.

The overall result of regular emission tests in 2021 shows that air emission levels are below national threshold limits. The technical team will continue to manage these emissions to prevent any form of damage in the future.

RESPONSIBLE SOLID AND HAZARDOUS WASTE

Environmental management is anchored on proper waste disposal as the Company is properly aware of the harmful consequences of solid and hazardous wastes. MMDC has established a waste management procedure within the mine site. Regular collection and segregation are implemented. Solid wastes are separated at the source and recycled. Food scraps and other biodegradable wastes are directly brought to the onsite vermicomposting facility. Recyclables like metals, plastics, and glass are sorted and stored at a designated onsite materials recovery facility. Some recycled materials are utilized for landscaping while residuals are disposed of at Carrascal Eco Park an LGU-designated waste disposal area. For everyone's safety, the wastes collected from the mine site are not reused or incinerated. It is disposed of by a DENR accredited waste collector and treatment plant.

A total of 13983 kilograms of segregated wastes were collected and disposed of in 2021; Total Reusable waste was 6419kg, Composted waste was 3500kg, and the Residuals were 4064 kg.

REINFORCING MATERIALS MANAGEMENT CAPABILITIES

Nickel production involves the use of heavy equipment, process chemicals, fuel, and utility vehicles. The Company's operating model requires the efficiency of large-scale infrastructure. Apart from its in-house team, the Company works closely with general contractors for extraction, hustling, and hauling services.

MHI, through MMDC, actively engages its contractors by holding regular planning sessions to effectively plan the mine operations and efficiently use existing resources. At the moment, the percentage of recycled input materials used for its mining operations is zero, but it recognizes its responsibility to reduce the environmental impact for the future generation.

The Company takes into account the condition of materials, the expiration date of process chemicals and the proper maintenance of equipment, and the condition of vehicles to minimize environmental impact. The utilization of recycled and renewable materials to maximize resource efficiency has been suggested on several occasions. The Company is looking into the possibility of utilizing renewable materials if it could benefit the current operational set-up.

ENHANCING STRICT ENVIRONMENTAL COMPLIANCE

Responsible environmental management is a testament to the Company's commitment to reducing its carbon footprint. MMDC was recently granted continued certification by NQA Philippines Inc after passing the 2-day Stage 1 Surveillance Audit for its Integrated Management System.

The completed audit certified that the requirements for ISO 9001:2015 - Quality Management System, ISO 14001:2015 - Environmental Management System, and ISO 45001:2018 - Occupational Health and Safety Management System have all been fulfilled by MMDC. On the 2nd day of surveillance, a tree planting activity was performed conducted by MMDC personnel together with NQA Auditor at the Pili mined-out site, prior to the declaration of findings. The trees planted will be evaluated on the Stage 2 Surveillance Audit in 2022.

NQA Philippines provides accredited ISO standard certification for companies and organizations. The ISO is an international standard-setting body that promotes worldwide propriety, and industrial and commercial standards.

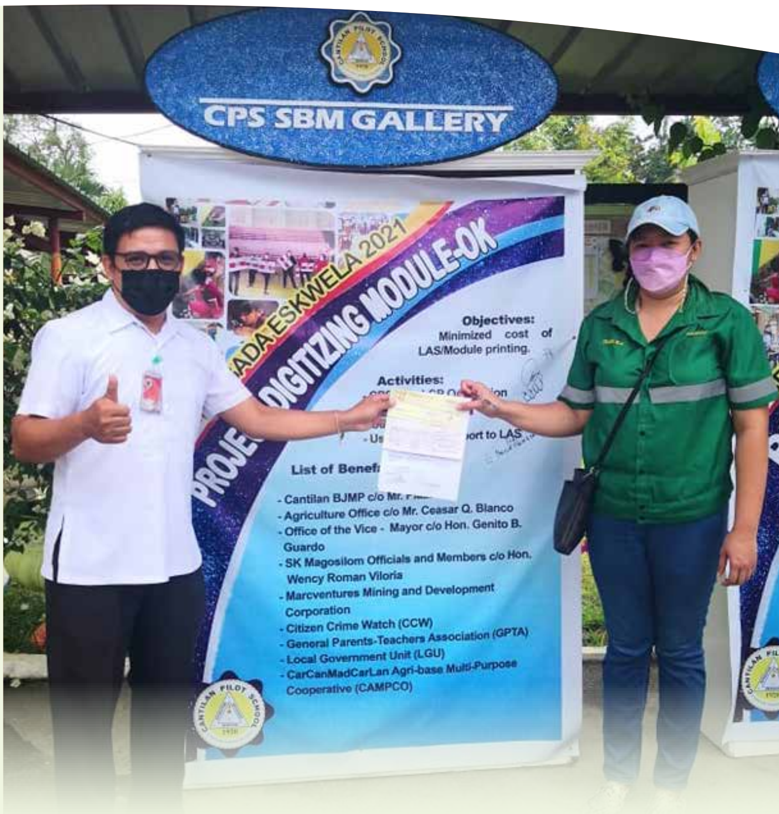
3 MILLION TREES

In 2014, MMDC was directed by MGB to implement a tree planting program for three (3) million seedlings in areas identified by the MGB and/or DENR pursuant to the requirements of and in adherence to the terms and conditions of its Partial Declaration of Mining Project Feasibility. While MMDC sought to implement the program, several delays occurred in completing the program brought about by several factors, among which were revisions in the work program as requested by the MGB and host communities, and initial objections from our host communities to the directive that the seedlings be distributed in different regions.

The Director of the MGB, Atty. Wilfredo G. Moncano, granted the Company's request to reconsider the imposition of the penalty to plant 3 Million seedlings (Penalty), and credit MMDC's accomplishments as part of MMDC's compliance with its obligations under its Special Tree-Cutting and Earth-Balling Permit (STCEP).

As of April 2022 a total of 2,137,591.00 out of the 3 Million seedlings have been planted. An additional 953, 808 are expected to be planted before the end of 2022.

ENERGIZING COMMUNITY ENGAGEMENT



Corporate Citizenship

A significant part of our operations is enhanced through the Company's commitment to the development of its host and neighboring communities. In 2021, MMDC spent Php Php 20,593,477.00Million for its SDMP and Php p 8,412,055.00 Million for Corporate Social Responsibility (CSR) initiatives.

CSR projects like educational assistance to members of indigenous communities, health programs, and livelihood development, meet the basic needs of mining communities. The initiatives optimize people empowerment, provide opportunities for sustainable livelihood, and protect socio-cultural values and local customs while improving economic conditions and human advancement.

EDUCATIONAL ASSISTANCE

MMDC is known to have one of the biggest scholarship programs in the Caraga region. Despite the ongoing pandemic, the Company upheld its commitment to its scholars and continued its support for the 2021-2022 academic year.

Among the highlights of the education program are the scholarships for incoming college students from indigent families and indigenous communities. They are enrolled in colleges and universities in the Visayas and Mindanao areas. They study at Surigao del Sur College, Saint Joseph Institute of Technology, Surigao Education Center, Saint Paul University, Saint Jude Thadeaus Institute of Technology, and other colleges and universities in the Visayas and Mindanao areas. Aside from covering the tuition and miscellaneous fees, they receive a monthly board and lodging allowance.

The shortage of teaching personnel has also become a problem in different barangays. Under its education program, MHI has subsidized the salary of volunteer teachers assigned in different schools to bring down the teacher-student ratio and promote quality education.

LIVELIHOOD DEVELOPMENT

As discussed in the section on Sustainable Development Goals, through its Social Development and Management Program (SDMP), the Company has spent a total of (Php 1,763,990.00) for livelihood programs that provide opportunities for all sectors of society. Pump boats and fish cages were given to the fisherfolks and seed capital was also given to various organizations to help them start their own businesses.

Stakeholder Engagement

HOST COMMUNITY PROCUREMENT PRACTICES

The Company's procurement practices significantly benefit the businesses in the region. MHI believes in shared sustainable prosperity. From construction, automotive and electrical supplies, a big percentage of the materials used for mining operations are purchased from local entrepreneurs in Surigao del Sur.

Living quarters for male and female employees are maintained on-site, relying heavily on local produce and other suppliers for its board and lodging requirements. Given the remote location of its mining operations and its significant role in economic growth, the company continues to support local entrepreneurs.

In 2021 the Company procured approximately P20 million worth of goods and services from local suppliers in Surigao, Davao, Butuan, Cebu, Tagum, Tandag, Cavite, and Bukidnon.

Local businesses employ workers from the community which boosts the local economy. Its continuous growth brings more employment opportunities for employment and future businesses for the community.

ENHANCING EMPLOYMENT MANAGEMENT

An engaged and productive workforce is essential to success and productivity. The Company aims to attract the best people in the industry and facilitate professional and personal development while working in the organization.

As of 2021, MHI, through MMDC, has a total of two hundred seventy (270) employees and is supported by accredited third-party suppliers and contractors recruited for certain mining activities and projects. All in all, MHI has a total of eighty-eight (88) female and two hundred sixty-seven (267) male employees all with SSS, PhilHealth, and Pag-IBIG benefits.

When MHI assesses the capability of current and prospective employees, it takes into account not just their technical skills and knowledge acquired through experience, equal value is given to their mental and social skills, commitment and drive to succeed.

In order for MHI to meet its goals as a company, it acknowledged the need to have the right people as it aligns the workforce aspirations with the Company's mission and vision. The attrition rate of 12.96 % is a result of the Company's current efforts to maximize shareholder value. Despite the global pandemic which affected most industries, 2021's attrition rate is slightly lower than 2019's 13.49 %.

In the mining industry, MHI is known to provide appropriate and competitive salary packages to attract, retain, and motivate its employees. It also upholds high labor standards in the workplace, including compliance with labor laws like fair wages, minimum wage policies, and benefits.

Employee Development

In the increasingly competitive market for skills, MHI continuously evaluates various programs aimed at enhancing skills, knowledge, and awareness.

For 2021, the Company's Legal Department organized its yearly Corporate Governance Seminar for the Company's Board of Directors (BOD) and key officers in compliance with SEC MC Nos. 20-2013 and 2-2015.

The workshop covered discussions on Risk Assessment, Risk Management, BOD's Duties, Responsibilities, and Liabilities, and Safeguard Against Fraud. The training was conducted by the Center for Training and Development, Inc., an accredited training provider on Corporate Governance.

Several training sessions on Safety and Health were also conducted via zoom, to limit face-to-face interaction. Details are discussed in the report's Safety and Health section.

The Human Resources (HR) Team will continue to explore avenues to enhance activities in support of personnel development. All in all, for the year 2021, a total of 2112 hours were spent on employee training, with an average of 64 hours per employee.

NURTURING LABOR-MANAGEMENT RELATIONS

The Company continues to nurture good relations with its senior officers, employees, organized labor groups, and the host communities within the MPSA area. MMDC regularly holds town hall meetings so that important or urgent matters can be properly raised and openly addressed by the Management.

COLLECTIVE BARGAINING AGREEMENT

MHI, through MMDC, maintains a cooperative and healthy relationship with Samahan ng Responsableng Manggagawa ng Marcventures Mining and Development Corporation-Associated Labor Unions-Trade Union Congress of the Philippines (SRMMMDC-ALU-TUCP), the sole and exclusive bargaining agent of MMDC's rank-and-file employees, and Associated Professional Supervisory Office and Technical Employee Union (APSOTEU), the sole and exclusive bargaining agent of MMDC's supervisory employees.

A total of 128 employees are members of SRMMMDC-ALU- TUCP, and 60 employees are members of APSOTEU. MMDC's existing rate of employees covered by the Collective Bargaining Agreement is 70 percent (70%).

The Collective Bargaining Agreement (CBA) was completed in September 2020. The wage increase for rank and file employees was implemented in June 2021, while the increase for supervisors was implemented in August 2021.

MMDC's Human Resources and Administration Department together with the Internal Audit group conducted regular consultations on employee-related policies to maintain high-quality standards of performance and productivity.

The mine site covers a total of 42 communities throughout the municipalities of Carrascal, Cantilan, and Madrid. Through the years, MHI has been very successful in maintaining strong ties with various local agencies and stakeholders.

PROMOTING DIVERSITY AND EQUAL OPPORTUNITY

The Company embraces diversity and is committed to providing broader opportunities, especially in the communities it operates. A diverse workforce is always a competitive advantage. A variety of minds is needed to tackle complex global challenges faced by the mining industry.
MHI provides equal opportunity in recruitment and career development regardless of gender. In 2021 female workers represented about twenty-seven percent (27%) of the workforce.

The Company upholds its legal obligation to prioritize the talents in the community. Prior to the start of operations, the Free, Prior, and Informed Consent (FPIC) Memorandum of Agreement was signed together with the members of IP communities. One of the conditions include priority hiring for IP members.

MHI works closely with its host and neighboring communities, including Indigenous Cultural Communities (ICC) / Indigenous Peoples (IP). In fact, a total of eighty-one (84) employees from indigenous communities are currently working in MMDC.

The terms and conditions of the Company's Mineral Product Sharing Agreement (MPSA) are duly respected. This includes guarding against gender discrimination and recognizing the rights of women workers to participate in policy and decision-making processes affecting their rights and benefits.

ENSURING OCCUPATIONAL HEALTH AND SAFETY

MHI's business strategy focuses on operating safely and responsibly. Safe and healthy working conditions are properly maintained. Safety training is regularly conducted. Standard procedures are seriously followed. Technically proven and economically feasible environmental protection measures are applied at all times to safeguard the lives and health of the employees and nearby communities.

Building a safe, responsible work culture requires the mastery of safety procedures. It is important that such concepts are top of mind and almost second nature to all employees at the mine site.

A Central Safety and Health Committee (CSHC) was organized to regularly discuss safety concerns. Headed by the Resident Mine Manager, the committee convenes once a month, with compulsory attendance from department heads, key staff, contractors, safety coordinators, and officers. Minutes of the meeting are circulated to all members for implementation and reference for the next meeting. The CSHC takes charge of implementing the safety systems in adherence to organizational rules.

Management and employee training form an essential part of the safety plan. The company requires every personnel to attend a training program to enhance workforce safety and efficiency. The Safety and Health plan covers training on Basic Occupational Safety and Health, Fire Fighting, Defensive Driving, Basic First Aid and Life Support, Food Handling and Sanitation, and Safety Orientation for employees and visitors.

Under the Annual Safety and Health Program, the company conducts annual training sessions on Occupational Safety and Health, First Aid and Basic Life Support, and Fire Safety. Earthquake drills on a quarterly basis, while the annual Fire Brigade training focuses on mine rescue and firefighting.

SAFE MAN-HOURS

The company has a total of 4,189, 738 man-hours for 2021 while the total number of Safe Hours was 428,903. The safety team recorded 40 vehicular accidents, 1 work-related minor injury, and 2 fatalities for 2021. The accidents involve dump trucks and have resulted in property damage.

Central Safety and Health Committee has subjected all drivers and operators to mandatory drug and alcohol testing. All incidents are subject to rigorous investigation and management action to prevent future occurrences. We remain unwavering in our commitment to achieving our vision for zero harm.

COVID-19 HEALTH AND SAFETY MEASURES

The company was able to operate in full capacity both at the mine site and Makati head office, guided by the strict health protocols required by the IATF. Department Heads organized the work arrangements to minimize the number of employees on-site as social distancing is strictly observed. Employees above 60 years of age and those with pre-existing illnesses are strongly advised to work from home.

Vehicle service was provided for employees. Usage was at 50% capacity to ensure physical distancing at all times. Management suspended timekeeping and limited the working hours to allow our employees sufficient time to go home and avoid rush hour.

Safety and health protocols are in place and are constantly evolving based on the guidelines established by the IATF, DTI, and DOH. The HR Department together with our Safety Officer continuously inform employee on the significant updates on Safety and Heath Protocols, Testing, Quarantine and Isolation Protocols.

Safety and Health Protocols During the COVID-19 Pandemic and COVID-19 Protocol Process Flow were drafted and disseminated to the employees of the Company to provide guidelines and protocols on safety and health in the workplace, testing, contract tracing, official business, leave of absences, and return to work, among others. The HR Department together with our Safety Officer continuously inform employee on the significant updates on Safety and Health Protocols, Testing, Quarantine and Isolation Protocols.

At the height of the pandemic surge, a total of 50 employees were infected by the Covid virus. As part of the procedure, contact tracing was done to identify close contacts. Those who tested positive were required to isolate and seek treatment in accordance with Local Government Unit (LGU) protocols. After the quarantine period, the employee can return to work upon issuance of medical clearance.

Employees who were infected by the virus were able to utilize the HMO benefits for Covid testing and other medical services. The HR Team also sent food and health packs to employees recuperating at home and at quarantine centers. To ensure everybody's health and safety, flu and pneumonia vaccines were administered to all employees.

The company launched a Covid 19 vaccination awareness program and participated in the vaccine rollout initiative of the LGU. A total of 237 employees or 89% has been vaccinated. The remaining 30 unvaccinated employees are required to undergo regular Antigen tests as directed by the IATF.

GOOD CORPORATE GOVERNANCE

MHI's commitment to Good Corporate Governance is closely aligned with its vision to pursue its corporate goals while ensuring the welfare of its host communities and protecting the environment. The commitment supports the principles of transparency, honesty, integrity, fairness, and accountability. We acknowledge that in order to enhance shareholder value, we must abide by corporate governance principles and practices as well as regulatory reporting to provide investors with an accurate and balanced overview of the Group's performance.

In the course of our business operations and in dealing with local government, local suppliers, and partners, MHI is exposed to a relatively high corruption risk. Therefore, the Company makes it a priority to put in place, the internal processes and policies to prevent corruption. Risks are managed by maintaining standards of procurement that undergo rigorous scrutiny and a zero-tolerance policy for all forms of unethical practices. As part of our Whistle Blowing Policy, employees who are aware of a valid occurrence of unethical behaviors are highly encouraged to report to Management without fear of repercussions. Management does not hesitate to pursue disciplinary actions which may even result in replacement of key executives for actions detrimental to and in contravention of the Company's corporate governance practices.

TRANSPARENT SUPPLY CHAIN MANAGEMENT

MHI's subsidiary, MMDC, has a Supplier Accreditation Policy which lists documentary requirements from both contractors and suppliers who wish to do business with the Company. It evaluates an organization's business integrity and compliance with labor laws, particularly Department Order No. 174 Series of 2017 of the Department of Labor and Employment.

Contractors and suppliers are required to submit to an accreditation process and MMDC retains the right to audit and verify practices.

An accredited credit investigation agency will also check for derogatory records such as collection cases against the Company, its major stockholders and key officers.

The accreditation is renewed every year and suppliers are expected to submit updated records upon renewal. MHI values its relationships with contractors and suppliers who make an effort to adhere to the policy.

As we optimize our approach to responsible procurement, we are also looking into expanding our contractual remedies to include the environmental performance, social commitments and even the investments of our contractors and suppliers.

ANTI-CORRUPTION MEASURES

The Company also practices zero-tolerance policy on misappropriation of Company assets and properties, fraudulent acts and reporting, corruption and bribery in any form, and unethical practices. We support this emphasis on integrity, transparency and accountability in the conduct of its operations by providing for a mechanism (the "Whistleblower Policy") that is available to all individuals to raise concerns which they perceive as wrong, irregular and illegal within the organization.

The Policy encourages and allows any individual ("Whistleblower") to promptly report any observed risk, danger, malpractice, wrong doing or any questionable business practice that may affect others, the Company or the Public without fear of discrimination, harassment and/or retaliation as a result of the disclosure, provided it is made in good faith and without malice.

Further and as already discussed in the section on Supply Chain Management of this Report, our procurement and supply policies and standard operating procedures are based on principles of fair treatment and open competition. All our third-party contractors and suppliers are expected to act with integrity including their compliance with contractual terms and conditions.

DATA PRIVACY AND SECURITY PROTECTION

The Company strictly complies with the national data privacy law. A data privacy officer is assigned to strictly implement confidentiality measures at all levels.

The Company along with its external stakeholders abide with the rules and regulations of the Data Privacy Act of 2012 which "protects the fundamental human right of privacy, of communication while ensuring free flow of information to promote innovation and growth."
Risks related to the collection, retention and use of information are managed by the Company's policy on Protection of Confidential Information. (MC-002-19).

Upon hiring, employees are asked to sign a Deal of Undertaking to certify that all information are solely for performing functions. No information will be disclosed to anyone outside the Company, unless cleared by the data privacy officer and the Company's legal team.

The Audit Team is currently working with all departments in reviewing all company policies – with the move towards a more digitized workplace in view of the pandemic, the Company is also looking into its IT and Communications Policies to improve its capabilities to address the challenges brought about by which will be expanded to include a Social Media policy which emphasizes the role of all employees in protecting the Company's reputation. Our employees are well-aware that they must exercise caution, discretion, and judgement when posting about Company activities in their personal social media accounts, however a formal policy on this issue is becoming more relevant as we continue to digitize our workplace.

DATA INTEGRITY AND REPORTING TRANSPARENCY

Hand in hand with securing data privacy is the need to increase the comprehensiveness and accuracy of our data gathering processes to improve our capability to effectively monitor our progress and timely reporting. We are committed to increasing our systems and procedures for data gathering as we look at how to integrate online tools to better address our needs.

DISCLAIMERS & CAUTIONARY NOTES

CAUTIONARY DISCLAIMER - FORWARD-LOOKING STATEMENTS
Certain of the statements and information in this report constitute "forward-looking statements" and "forward-looking information" within applicable laws (collectively, "forward-looking statements"). Any forward-looking statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects," "is expected," "anticipates," "believes," "plans," "projects," "estimates," "assumes," "intends," "strategies," "targets," "goals," "forecasts," "objectives," "budgets," "schedules," "potential," or variations thereof or stating that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements relate to, among other things: future profitability, growth, acquisitions and shareholder returns, and potential future offerings of Securities.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, social and economic impacts of COVID-19; risks relating to: fluctuating commodity prices; calculation of resources, reserves and mineralization and precious and base metal recovery; interpretations and assumptions of mineral resource and mineral reserve estimates; exploration and development programs; feasibility and engineering reports; permits and licenses; title to properties; property interests; joint venture partners; acquisition of commercially mineable mineral rights; financing; recent market events and conditions; economic factors affecting the Company; timing, estimated amount, capital and operating expenditures and economic returns of future production; integration of future acquisitions into the Company's existing operations; competition; operations and political conditions; regulatory environment in the market; environmental risks; foreign exchange rate fluctuations; insurance; risks and hazards of mining operations; key personnel; conflicts of interest; dependence on management; internal control over financial reporting and bringing actions and enforcing judgments under Philippine laws, as well as those risks and uncertainties discussed in the Company's corresponding public filings. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those expressed or implied in the forward-looking statements.

The Company's forward-looking statements are necessarily based on a number of estimates, assumptions, beliefs, expectations and opinions of management as of the date of this news release that while considered reasonable by management of the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates, assumptions, beliefs, expectations and opinions include, but are not limited to, those related to the Company's ability to carry on current and future operations, including: the duration and effects of COVID-19 on our operations and workforce; development and exploration activities; the timing, extent, duration and economic viability of such operations; the accuracy and reliability of estimates, projections, forecasts, studies and assessments; the Company's ability to meet or achieve estimates, projections and forecasts; the availability and cost of inputs; the price and market for outputs; foreign exchange rates; taxation levels; the timely receipt of necessary approvals or permits; the ability to meet current and future obligations; the ability to obtain timely financing on reasonable terms when required; the current and future social, economic and political conditions; and other assumptions and factors generally associated with the mining industry. Other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements if circumstances or management's assumptions, beliefs, expectations or opinions should change, or changes in any other events affecting such statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

CORPORATE INFORMATION

Name of Organization:
Marcventures Holdings, Inc. (MHI)

Principal Office:
4th Floor BDO Towers Paseo (formerly Citibank Center), 8741 Paseo de Roxas, Makati City

Report Boundary:

Subsidiaries:
a. Marcventures Mining and Development Corporation
b. BrightGreen Resources Corporation
c. Alumina Mining Philippines, Inc.
d. Bauxite Resources, Inc.

Business Model:
Holding company listed in the Philippine Stock Exchange (PSE) and whose shares are actively traded on the PSE under the stock symbol "MARC" Mineral Production Service Agreements (MPSA) with the Government for mining and export of mineral products

Activities:

Primary: To engage in the purchase, exchange, assignment, and hold investments and all properties

Secondary: To embark in the discovery, exploration, and development of mineral oils, petroleum in its natural state, rock or carbon oils, natural gas, other volatile mineral substances and salt, as well as other minerals of whatever nature; to mine, dig, refine, prepare for market, buy, sell, and transport the same, their products compounds, and derivatives.

Reporting Period: January 1 to December 31, 2021

INDEX OF MATERIAL TOPICS

Pursuant to Annexes A (Reporting Template) and B (Topic Guide) of the SEC Memorandum Circular No. 4, Series of 2019 (Sustainability Reporting Guidelines for Publicly-Listed Companies), the following are the topics MHI has identified as material for the reporting period and which were addressed in this Report:

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