

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, 2022
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)
[REDACTED]
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 426,005,284

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

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

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

-

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

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

-

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

Marcventures Holdings, Inc.

MARC

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

For the fiscal year ended	Dec 31, 2022
Currency	PHP

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Current Assets	917,225,555	1,484,580,441
Total Assets	5,940,605,308	6,509,633,095
Current Liabilities	395,222,778	1,096,737,200
Total Liabilities	1,068,221,038	1,844,515,575
Retained Earnings/(Deficit)	1,547,770,977	1,345,190,197
Stockholders' Equity	4,872,384,270	4,665,117,520
Stockholders' Equity - Parent	3,373,690,456	3,432,250,238
Book Value Per Share	1.62	1.55

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Gross Revenue	3,067,485,008	3,891,592,774
Gross Expense	2,736,277,777	2,856,595,199
Non-Operating Income	35,236,986	27,568,439
Non-Operating Expense	26,859,047	50,525,191
Income/(Loss) Before Tax	339,585,170	1,012,040,823
Income Tax Expense	137,004,390	255,597,967
Net Income/(Loss) After Tax	202,580,780	756,442,856
Net Income/(Loss) Attributable to Parent Equity Holder	202,580,780	756,442,856
Earnings/(Loss) Per Share (Basic)	0.06	0.25
Earnings/(Loss) Per Share (Diluted)	0.06	0.25

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2022	Dec 31, 2021
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	2.32	1.35
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	1.81	1.08
Solvency Ratio	Total Assets / Total Liabilities	5.56	3.53
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.18	0.28
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.22	0.4
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	13.65	21.03
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.22	1.4
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	33.38	44.32
Net Profit Margin	Net Profit / Sales	6.6	19.44
Return on Assets	Net Income / Total Assets	3.41	11.62
Return on Equity	Net Income / Total Stockholders' Equity	4.16	16.21
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	17.86	4.66

Other Relevant Information

NONE

Filed on behalf by:

Name	Joanna Alexxis Manzano
Designation	Legal Admin Supervisor

COVER SHEET

1 2 9 4 2

SEC Registration Number

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

(Company's Full Name)

U N I T 4 - 3 4 T H F L R . B D O T O W E R S
P A S E O (F O R M E R L Y : C I T I B A N K C E N T E R)
8 7 4 1 P A S E O D E R O X A S M A K A T I C I T Y

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

ROLANDO S. SANTOS

(Contact Person)⁹¹

8831-44-79

(Company Telephone Number)

1 2 3 1

Month Day

(Calendar Year)

1 7 - A

(Form Type)

Month Day

(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

2,191

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC Number: 12942

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

For the calendar year ended
December 31, 2022 (SEC Use Only)

Industry Classification Code:

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)

1227
(Zip Code)

Registrant's telephone numbers, including area code:

(632) 831-44-79

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

<u>Title of each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>	<u>Name of each stock exchange in which securities are listed</u>
Common Stock (P1.00 par value)	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 ₱426,005,284 computed on the basis of ₱1.00 representing 14.13% shares equivalent to ₱511,206,341 based on the closing price of ₱1.20 at the Philippine Stock Exchange as of December 31, 2022.

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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. 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 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.

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, 2022 and 2021 and for the years ended December 31, 2022 and 2021.

The Parent Company's current registered office is located at Unit 4-3 4th Flr. BDO Towers Paseo (formerly Citibank Center), 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.

2022 Updates and Developments

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

- a. Loan obligations of Alumina Mining Phils. Inc in 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 and the Treasurer 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. Loan obligations of Marcventures Mining and Development Corporation in 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. Loan obligations of Marcventures Mining and Development Corporation in 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	2022	2021
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 Mineral Production Sharing Agreement (MPSA) No. 016-93-XIII by the Department of Environment and Natural Resources (DENR), covering an area of approximately 4,799 hectares located in the municipalities of Carrascal, Cantilan and Madrid, Surigao Del Sur.

The MPSA was originally 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 showed a recommendation for fine and suspension.

The Management and its legal counsel assessed that the order was 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 was without basis because: (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, 2022 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 extension 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, 2022, 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.

On February 17, 2017, AMPI and BARI received a Show-Cause Order dated February 13, 2017 from the DENR. In the Show-Cause Order, it was alleged that the contract area covered by their respective MPSA is within a watershed, such that if mining operations will be conducted therein, its ecological functions will be impaired. The Show-Cause Order required AMPI and BARI to submit an explanation on the alleged violation that may cause the cancellation of their respective MPSA.

The Management and the Legal Counsel of AMPI and BARI took the good faith position that the concerned MPSA and the area of operations are not located in lawfully declared watershed, thus there is no legal basis for the cancellation and closure order.

The Forest Management Bureau (FMB) issued a letter dated July 27, 2017 indicating that the MPSA of AMPI and BARI fall outside any proclaimed watersheds.

Subsequently, the DENR issued a letter dated August 10, 2017 stating that the MPSA of AMPI and BARI is not located within any proclaimed watershed.

As at December 31, 2022, the DENR has not issued any other Show Cause Orders for AMPI and BARI. Basing on the above letters from FMB and DENR, the Management and Legal Counsel of AMPI and BARI have rendered that Show-Cause Orders became moot and academic.

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 90% of total imports in volume and 68% in value. 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 ₱113.32 million on its environmental and enhancement program (EPEP) in 2022.

Related Party Transactions

As at December 31, 2022, the total advances to related parties has an outstanding balance of ₱15.51 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, 2022 has an outstanding balance of ₱4.94 million which represents a non-interest bearing unsecured loan payable on demand.

Please refer to Note 13 on page 28 of the 2022 Audited Consolidated Financial Statements (ACFS).

Employees

- **Parent Company- Marcventures Holdings, Inc. (MHI)**
 The Company currently has a total of 9 employees, consisting of 4 executive positions, 1 in Treasury, 2 in Internal Audit and 2 messenger personnel. For the ensuing 12 months, the Company anticipates an increase in the number of employees, specifically transfer of Legal and Corporate Communications from MMDC to MHI.
- **Marcventures Mining & Development Corporation (MMDC)**
 As of December 31, 2022, MMDC engaged a total of 348 workers. Out of the 348 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	10	11	21
Supervisors	10	80	90
Rank and File	18	148	166
Subtotal	52	239	291
Security Agency	0	57	57
Total	52	296	348

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

	Makati Office	Mine Site	Total
Regular	50	209	259
Probationary	2	11	13
Service Contract	0	3	3
Regular Seasonal	0	1	1
Project Based	0	15	15
Subtotal	52	239	291
Security Agency	0	57	57
Total	52	296	348

Business and Industry Risks

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 2022 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 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.

Mineral Resource and Reserve Estimate as of December 31, 2022 :

RESOURCE	MMDC	BRC	AMPI	BARI
Tonnage	<p>Measured & Indicated Saprolite: 9.08 million WMT at 1.32% Nickel, 12.77% Iron</p> <p>Limonite 55.9 million WMT at 0.89% Nickel and 43.58% Iron</p> <p>Inferred Saprolite: 4.0 million WMT at 1.22% Nickel and 12.70% Iron</p> <p>Limonite: NA</p>	<p>Measured & Indicated Saprolite: 3.055 million WMT at 1.59% Nickel, 14.85% Iron</p> <p>Limonite 12.972 million WMT at 1.07% Nickel and 39.73% Iron</p> <p>Inferred Saprolite: 0.329 million WMT at 1.61% Nickel and 14.25% Iron</p> <p>Limonite: 4.698 million WMT at 0.90% Nickel and 39.61% Iron</p>	<p>Measured & Indicated Bauxite Ore: 41.713 million WMT at 40.06% Al₂O₃ and 14.50% SiO₂</p> <p>Inferred Bauxite Ore 17.275 million WMT at 38.96% Al₂O₃ and 16.59% SiO₂</p>	<p>Measured & Indicated Bauxite Ore: 31.469 million WMT At 43.78% Al₂O₃ and 7.96% SiO₂</p> <p>Inferred Bauxite Ore 28.436 million WMT at 43.75% Al₂O₃ and 8.09% SiO₂</p>

Notes:

1. The Mineral Resource Estimates (MRE) reported is based on the 28 November 2022 resource block model prepared by MMDC Resource Geologist Gisella Jane E. Dida and reviewed by PMRC-Accredited Competent Person Jayvhel T. Guzman. It incorporates data from 599 drill holes drilled in Cabangahan and 360 drill holes in Sipangpang in 2022. 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 is a licensed geologist trained and supervised by ACP Guzman in the resource estimation activity.
2. The resource block model was generated using Geovia Surpac™ 2022 and the mineral resource estimation methodology used is the Nearest Neighbor interpolation.
3. The increase in the saprolite and limonite measured and indicated mineral resource tonnages in Cabangahan resulted mainly from the upgrading of inferred mineral resources and blocking of additional mineral resources through development drilling.
4. The MRE followed the terminology and guidelines set forth in the Philippine Mineral Reporting Code (PMRC).
5. The MRE is not a precise calculation, 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.
6. The MRE is valid from the date of signing of the ACP. In the event that any new geological information, exploration results and ore deposit models will arise that may have direct or indirect implication on the mineral resource estimates as disclosed in this statement, the said MRE may be rendered inaccurate and should therefore be treated with caution.

For other discussions of mining properties, please refer to Note 9, pages 25-26 of the 2022 ACFS.

Property and Equipment

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 needed for operations. The cost acquisitions will depend on negotiations with prospective owners and lessors. MMDC plans to finance acquisitions from internally generated funds and through bank loans.

The Company's equipment mostly pertains to transportation equipment. For details of the property and equipment, please refer to Note 8 on pages 24-25 of the 2022 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.

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 2022 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 03 September 2021
4. Approval of the Management Report and Audited Financial Statements for the Year Ended 31 December 2021
5. Ratification of all acts of the Board of Directors and Management
6. Amendment of the By-Laws:

Article I, Section 1 - Changed the date of the annual stockholders' meeting ("ASM") from the last Friday of May to the last Friday of July; added the authority to hold the ASM by remote communication or *in absentia*.

Article I, Section 2 - Added the authority of the chairman or an officer delegated by the Board to call special meetings of stockholders.

Article I, Section 3 - Entirely new provision; Added a hold-over provision for directors if board elections are not held during the ASM.

Article I, Section 4 (formerly Section 3) - Added the authority of stockholders entitled to vote to vote and attend the meeting through remote communication or *in absentia*.

Article 1, Section 5 (formerly Section 4) - Added date as part of notice; Added that notice may be delivered to place of residence or by publication; notice must be given at least 21 days before meeting date.

Article 1, Section 6 (formerly Section 5) - Amendment to delete provision on appointing 2 (two) persons to act as inspectors of election; Rationale: Election inspectors would typically take charge of validation of proxies and tabulation of votes which, in our current practice, is being handled by the Office of the Corporate Secretary and the transfer agent, and is subject to the rules of the Securities and Exchange Commission. It seems to be cumbersome to have the stockholders appoint the 2 election inspectors.

Article I, Section 6 - Amendments to the order of business during the ASM.

Article I, Section 7 - Amendment to correct the sentence structure.

Article II, Section 1 - Amendment to correct the sentence structure.

Article II, Section 2 - Clarified the sufficiency of the majority vote of the quorum to approve a board resolution.

Article II, Section 4 - Amendment to relax requirements for regular board meetings; Added authority to hold board meeting via remote communication or *in absentia*; Added authority of any two directors to call special meeting; board decisions may be done by referendum.

Article II, Section 5 - Amendment to correct sentence structure and add clarity; removed the need for stockholders to accept the resignation of a director.

Article II, Section 6 - Amendment to correct typographical error.

Article III, Section 1 - Added the position of Senior Vice President; Senior Vice President given the authority to be designated as officer-in-charge in case of vacancy of presidency; Added a term of 1 year from date of election for officers.

Article III, Section 2 - Amendment to correct the sentence structure.

Article III, Section 4 - refined BOD's power and duty to fix the compensation of senior officers/executives; deleted the word "employees".

Article III, Section 5 – Amendment to clarify scope of the powers and duties of the President

Article III, Section 6 - Amendment to include Senior Vice-President as officer; Increased requisite for officer-in-charge from Vice President to Senior Vice President.

Article III, Section 7 - Amendment to correct the sentence structure.

Article III, Section 8 - Amendment to correct the sentence structure.

Article III, Section 9 - Amendment to add grounds for Assistant Treasurer or other similar officer to be designated as treasurer.

Article III, Section 10 - Amendment to correct sentence structure; Amended the amount of capital investment expenses to require prior approval of the Board.

Article III-A, Section 1 - Amendment to reflect the Revised Corporation Code provision; added authority to hold Executive Committee meetings by remote communication or *in absentia*.

Article III-A, Section 3 - Entirely new provision; Added authority of the committee to fix the date, time, and place of its meetings; Added authority to hold meetings by remote communication or *in absentia*.

Article IV, Section 1 - Inserted in parenthesis the numerical figure "2/3";

Article IV, Section 2 - Amendment to correct sentence structure and clarify authority of the Board regarding bank depositaries, checks, and drafts.

Article V, Section 1 - Amendment to include authority of Senior Vice-President designated by the Board to sign a certificate of stock.

Article V, Section 2 - Amendment to clarify authority of Corporate Secretary in the provision.

Article V, Section 3 - Amendment to clarify that the provision also applies to lost and stolen stock certificates.

Article VI - Inserted in parenthesis the numerical figure "2/3".

Article VII - Amendment to clarify the procedure of amending the by-laws as reflected in the Revised Corporation Code.

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 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
	2020	
January – March	1.00	1.00
April – June	0.70	0.70
July - September	1.09	1.09
October – December	1.66	1.66
	2021	
January – March	1.97	1.97
April – June	1.46	1.46
July - September	1.28	1.28
October – December	1.48	1.48
	2022	
January – March	2.50	1.14
April – June	1.84	1.36
July - September	1.62	1.21
October – December	1.45	1.14

Latest Market Price

On the trading date of December 29, 2022, the closing market price of the Company’s common stock was ₱1.20 per share.

Stockholders

The number of shareholders of record as of December 31, 2022 was 2,191. The outstanding shares as of December 31, 2022 were 3,014,820,305 common shares, 2,921,697,343 or 96.91% of which are owned by Filipinos.

MARCVENTURES HOLDINGS, INC.
TOP 20 STOCKHOLDERS
AS OF DECEMBER 31, 2022

1	PCD NOMINEE CORPORATION (FILIPINO)	FILIPINO	2,588,815,021	85.87%
2	PCD NOMINEE CORP. (NON-FILIPINO)	NON-FILIPINO	93,122,962	3.09%
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)
2022	No dividends were declared for the year 2022				
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 2022.

Sales of Securities

As of December 31, 2022, 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, 2022, 2021 and 2020 prepared in conformity with PFRS hereto attached in the Exhibits.

The financial information for the three years ended December 31, 2022, 2021 and 2020 and as of December 31, 2022, 2021 and 2020 are discussed below.

A. Discussion for 2022 and 2021 Financial Results

Results of Operations

	Audited (in million Pesos)		Increase (Decrease)	
	2022	2021	Amount	%
Revenues	₱3,067.49	₱3,891.59	(824.11)	(21.18%)
Cost of Sales	2,043.61	2,104.62	(123.05)	(5.68%)
Operating and Other Expenses	684.29	774.93	(28.60)	(4.01%)
Income (Loss) Before Income Tax	339.59	1,012.04	(672.46)	(66.45%)
Income Tax	137.00	255.60	(118.59)	(46.40%)
Net Income (Loss)	₱202.58	₱756.44	(553.86)	(73.22%)

Revenues

MMDC sold an aggregate of 1,672,957 wet metric tonnes (WMT) of nickel ore, or equivalent to 31 shipments of which 26 vessels are saprolite and 5 vessels are limonite for the year ended December 31, 2022, as compared to the year 2021 with a total of 2,085,746 WMT of nickel ore, or equivalent to 38 shipments of which all 25 vessels are saprolite and 13 vessels are limonite hence, registering a

decline of 412,789 WMT. The regression of ore sales were due to the shortfall in number of shipments coupled with the weakening ore market and aggravation of fuel prices in the second half of 2022.

The company's total revenue in 2022 was ₱3,067.49 million which is notably lower by ₱824.11 million or 21.18% as compared to ₱3,891.59 million in 2021. The result of operations was a net income after tax of ₱202.58 million in 2022 resulting to a decrease of ₱553.86 million or 73.22% compared to 2021 with net income of ₱756.44 million.

The regression of profit was due to the shortfall in number of shipments coupled with the weakening ore market and fuel price increase in the second half of 2022.

Shipment details of volume and prices are as follows:

WMT

	2022	2021	Increase (decrease)
Limonite	263,397	696,484	(433,087)
Saprolite	1,409,560	1,389,262	20,298

Average Price per wmt (in US\$)

	2022	2021	Increase (decrease)
Limonite	\$26.42	\$25.39	\$1.03
Saprolite	\$33.52	\$43.10	(\$9.58)

Cost of Sales

Due to decrease in revenue, the Company's cost of sales decreased by ₱123.05 million or 5.68% from ₱2,166.66 million in 2021 to ₱2,043.61 million in 2022. The decline was mainly due to the lessening of contracted services and excise tax payments needed to produce and sell of ores.

Operating Expenses

The Company's total operating and other expenses in 2022 was ₱684.29 million, a decrease of ₱28.60 million or 4.01% as compared to ₱712.89 million in 2021. The decrease was due to the following:

- Interest expense decreased by ₱21.87 million or 43.28% due to the partial settlements of bank loans during the year.
- Provision for ECL decreased by ₱83.89 million or 52.63% due to the lower long overdue uncollected receivables from prior year sales subject for provision this year.
- Royalties decreased by ₱9.27 million or 22.69%. These expenses were computed and paid based on the percentage of gross sales.
- Depreciation expense decreased by ₱26.60 million or 64.85% due to most of the property and equipment were already fully depreciated.

The drop in figures were partly offset by the following:

- Environmental expenses increased by ₱21.73 million or 23.73%, total amount of ₱113.32 million is in compliance with the required minimum of 3.0% of the direct mining cost of prior year to be allocated to mitigate environmental issues.
- Social Development Program increased by ₱10.77 million or 44.63%, total amount of ₱34.92 million in 2022 is in compliance with implementing rules and regulation of 1995 Phil. Mining Act, which requires that 1.5% of the operating cost of prior year be allocated for the development of host and neighboring mining communities

- Taxes and licenses increased by ₱10.56 million or 13.18% due to high LGU business tax assessment for 2021 gross revenue, the basis of business permit computation.
- Professional Fee increased by ₱10.97 million or 21.32% due to more consultancy and professional engagements.
- Representation increased by ₱52.67 million or 536.99% due to notable meetings/ dialogue with the stakeholders and clients.
- Outside services increased by ₱7.22 million or equivalent to 52.32% due to higher agency fee for the manpower requirements needed for the operations.

Financial Position

	Audited (in million Pesos)		Increase (Decrease)	
	2022	2021	Amount	%
Assets	₱5,940.61	₱6,509.50	(₱569.03)	(8.74%)
Liabilities	1,068.22	1,844.52	(776.29)	(42.09%)
Stockholders' Equity	4,872.38	4,665.12	207.27	4.44%

Assets

The consolidated total assets of the Company decreased from ₱6,509.50 million as of December 31, 2021 to ₱5,940.61 million as of December 31, 2022. The 8.74% decrease was mainly due to the net effect of the following:

- Cash decreased by ₱254.16 million or 31.73% due to lower number of shipments resulting to a decline of ore sales proceeds.
- Trade and other receivables decreased by ₱250.43 million or 71.22%, mainly due to sales collection and additional provision for uncollectible accounts.
- Ore inventory decreased by ₱46.19 million or 23.41% from ₱197.31 million in 2021 to ₱151.11 million in 2022. The decrease was mainly due to lower production towards the last quarter of the year.
- Net deferred tax assets decreased by ₱20.17 million or 38.66% due to the offsetting from the tax liabilities on the reconciliation ensuing to lower the tax dues for the year.
- Other noncurrent assets increased by ₱80.99 million or 20.07% mainly due to the increase of input vat from the direct mining cost.

Liabilities

As of December 31, 2022, the total liabilities of the Company decreased by ₱776.29 million or 42.09% from ₱1,844.52 million in December 2021 to ₱1,068.22 million in 2022. The decrease was due to the net effect of the following:

- Trade and other payables decreased by ₱171.91 million or 37.94%, primarily due to the insignificant advances from customers made from the last quarter of this year as compared of previous year.
- Loan payable decreased by ₱150.91 million due to the settlement of the loan principal.
- Dividends payable decreased by ₱371.46 million or 97.25% due to the dividends payment to the shareholders.
- Long-term debts decreased by ₱78.71 million primarily due to the payments of loans that matures within the maturity date.

Stockholders' Equity

The stockholders' equity increased by ₱207.27 million from ₱4,665.12 million in 2021 to ₱4,872.38 million in 2022. The increase pertains to the consolidated net income for the year.

Consolidated Cash Flow

	Audited (in million Pesos)		Increase (Decrease)	
	2022	2021	Amount	%
Cash provided by operating activities	₱714.98	₱1,060.72	(₱345.74)	(32.60%)
Cash provided by (used) in investing activities	(333.33)	(145.63)	(187.70)	128.88%
Cash provided by (used in) financing activities	(635.81)	(355.99)	(221.54)	(164.79%)

The cash provided by operating activities decreased by 32.60% from ₱1,060.72 million in 2021 to ₱714.98 million in 2022 due to the significant decline of income.

In 2022, the increased in net cash used in investing activities are primarily due to the additions in mine and mining properties amounting to ₱53.47 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 ₱76.31 million coming from the input VAT od direct mining cost.

In 2022, the company's net cash provided in financing activities are mainly due to the payment of dividends payable during the year.

B. Discussion for 2021 and 2020 Financial Results

Results of Operations

	Audited (in million Pesos)		Increase (Decrease)	
	2021	2020	Amount	%
Revenues	₱3,891.59	₱2,876.68	₱ 1,014.92	35.28%
Cost of Sales	2,104.62	1,647.83	456.79	27.72%
Operating Expenses	774.93	599.37	176.68	29.29%
Income (Loss) Before Income Tax	1,012.04	629.48	382.56	60.77%
Income Tax	255.60	254.43	1.16	0.46%
Net Income (Loss)	₱756.44	₱375.05	₱ 375.26	101.69%

Revenues

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 101.69% 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 ₱456.79 million or 27.72% from ₱1,647.83 million in 2020 to ₱2,104.62 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 ₱774.93 million, an increase of ₱175.57 million or 29.29% 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 ₱11.9 million or 30.09% due to more consultancy and professional engagements.
- Provision for doubtful accounts increased by ₱139.4 million or 697% due to uncollectible accounts from previous year sales.
- Depreciation expense increased by ₱5.73 million or 16.23% due to most of the property and equipment were already fully depreciated.
- 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-mentioned increase in cost was 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 implementing 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	₱6,509.50	₱6,163.70	₱345.80	5.61%
Liabilities	1,844.52	1,867.12	(22.60)	(1.21%)
Stockholders' Equity	4,665.12	4,296.58	362.40	8.58%

Assets

The consolidated total assets of the Company increased from ₱6,163.7 million as of December 31, 2020 to ₱6,509.50 million as of December 31, 2021. The 5.61% increase was mainly due to the net effect of the following:

- Cash increased by ₱559.1 million or 231.08% due to the collections from the sale of nickel ore.
- Trade and other receivables decreased by ₱190.64 million or 35.16%, mainly due to the 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 1.21% from ₱1,867.12 million in December 2020 to ₱1,844.52 million in 2021. The decrease was due to the net effect of the following:

- Trade and other payables increased by ₱43.70 million or 10.67%, 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 payment 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 of loans that matures within the year.

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%
Cash provided by (used) in investing activities	(145.63)	25.25	(170.88)	(677%)
Cash provided by (used in) financing activities	(355.99)	(134.44)	(221.54)	(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 collection from customers.

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 provided in financing activities are mainly due to net income from operations.

Financial Indicators

Key Performance Indicators (KPI's)

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2022 and December 31, 2021:

	2022	2021
Net Income (Loss)	₱202,580,780	₱756,442,856
Current assets	917,225,555	1,484,580,441
Total assets	5,940,605,308	6,509,633,095
Current liabilities	395,222,778	1,096,737,200
Total liabilities	1,068,221,038	1,844,515,575
Stockholders' Equity	4,872,384,270	4,665,117,520
No. of common shares outstanding	3,014,820,305	3,014,820,305
	2022	2021
Current ratio ¹	2.32	1.35
Book value per share ²	1.62	1.55
Debt to equity ratio ³	0.22	0.40
Earnings per share ⁴	0.07	0.25
Return on assets ⁵	0.03	0.12

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	
	2022	2021
Audit Fees	₱1,855,000	₱1,405,000
Audit-Related Fees	185,500	25,815
Total	₱2,040,500	₱1,425,815

Audit Fees. Represents professional fees of the external auditor for the audit services rendered on Company's Annual Financial Statements for the year 2022 and 2021.

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	93	Filipino	Chairman
Isidro C. Alcantara, Jr. <i>(retired effective June 15, 2022)</i>	68	Filipino	Director
Augusto C. Serafica, Jr.	61	Filipino	Director
Marianne Regina T. Dy	45	Filipino	Director
Carlos Alfonso T. Ocampo	57	Filipino	Independent Director
Kwok Yam Ian Chan	35	British	Independent Director
Ruby Sy	70	Filipino	Director
Michael L. Escaler	72	Filipino	Director
Anthony M. Te	52	Filipino	Director
Andrew Julian K. Romualdez	22	Filipino	Director
Rolando S. Santos	72	Filipino	Chief Operating Officer and Executive Vice-President
Reuben F. Alcantara <i>(resigned effective March 12, 2023)</i>	39	Filipino	Senior Vice-President for Marketing/ Business Development and Strategic Planning
Roberto V. San Jose	81	Filipino	Corporate Secretary
Ana Maria A. Katigbak	53	Filipino	Asst. Corporate Secretary/Compliance Officer

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			and Corporate Information Officer
Maila G. De Castro <i>(resigned effective February 10, 2023)</i>	47	Filipino	Co-Asst. Corporate Secretary/Co-Compliance Officer/ Corporate Information Officer/ Data Privacy Officer and Vice President and Head for Legal
Dale A. Tongco	58	Filipino	Treasurer
Deborra C. Ilagan	59	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 and as Director effective June 15, 2022. 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.

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 Bright Kindle Resources & Investments Corp and Armstrong Capital Holdings, Inc. He was formerly the President of Premiere Horizon Alliance Corporation and the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation. He is currently the Treasurer of Ardent Property Development Corporation and First Ardent Development Corporation.

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. 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., and is a former Treasurer of the Federation of AIM Alumni Associations, Inc. and Chairman and Director of the Alumni Association of AIM – Philippines, Inc. He was also a former National Chairman of the Board of Trustees as well as a former National Treasurer of the Brotherhood of Christian Businessmen and Professionals (BCBP).

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 Proteina 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 Isky 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. Andrew Julian K. Romualdez was elected as Director on 28 July 2022. He is also a Director of the Company's subsidiaries, namely: Marcventures Mining and Development Corporation, Alumina Mining Phils., Inc. Bauxite Resources, Inc. and Brightgreen Resources Corporation. He is currently a director of *listed companies*, Benguet Corp. (BC) and Bright Kindle Resources & Investments, Inc. (BKR). He is also a director of the BC's subsidiaries, namely: Benguetcorp Resources Management Corporation (BRMC), Arrow Freight and Construction Corporation (AFCC), Benguetcorp Laboratories, Inc. (BCLI) and Benguet Management Corporation (BMC), and BKR's subsidiary, Brightstar Holdings and Development Inc. He is currently a director of Armstrong Securities, Inc. and Armstrong Capital Holdings, Inc. Mr. Romualdez graduated from Cornell University in 2022 with a Bachelor's Degree in International Agriculture and Rural Development.

Mr. Rolando S. Santos was elected Chief Operating Officer and Executive Vice-President in 29 September 2022. He was previously the Treasurer of the Company. He also serves as Treasurer for MMDC, Prime Media Holdings Inc., Southern Alluvial Minerals and Alumina Resources Inc., BrightGreen Resources Holdings Inc. and BrightGreen Resources Corp. and SVP Treasurer of Bright Kindle Resources and Investments, Inc. 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 Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer 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 Treasurer in 29 September 2022. He was previously the Vice-President for Controllershship of the Company. He is also the Risk Management Officer of Prime Media Holdings Inc. and the VP Risk Management and and Chief Risk Officer of Bright Kindle Resources & Investments 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 has earned her master's degree in Business Administration from the Asian Institute of Management (AIM) in 2006 and her Juris Doctor from the Ateneo de Manila School of Law in 2000 and was admitted to the Integrated Bar of the Philippine in year 2001. She completed her Bachelor of Arts in Mass Communications from the University of the Philippines in 1996.

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.

Service Period of Directors and Executive Officers

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

Terms of Office for Directors

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

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

Significant Employees

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

Family Relationships

Mr. Isidro C. Alcantara, Jr., a Director, is the father of Mr. Reuben Alcantara, who is SVP for Marketing and Business Development.

Except for Mr. Isidro Alcantara, Jr. and Mr. Reuben Alcantara, 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 15, 2022 Mr. Isidro C. Alcantara, Jr. retired 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	2022	2021	2020
Chairman, President, Corporate Secretary, Assistant Corporate Secretary and All Executive Officers	₱46,075,722	₱48,707,059	₱38,967,649

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, 2022:

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	1,157,680,075	41.49%
TOTAL				2,588,815,021	85.87%

As of December 31, 2022, the foreign ownership level of Marcventures Holdings, Inc. (MARC) is 93,210,103 shares or equivalent to 3.09%

Security Ownership of Management – Record “r” and Beneficial “b” (direct/indirect) owners as of December 31, 2022:

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	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) 0 “b” (indirect)	Filipino	0.00%
Common	Andrew Julian K. Romualdez Director	1,000 “r” (direct) 0 “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	10,000,499 “r” (direct) 0 “b” (indirect)	Filipino	0.33%
	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%
		205,630,002 – “r” 61,779,099 – “b”		

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As of December 31, 2022, advances to and from related party transactions have an outstanding balance of ₱26.28 million and ₱4.94 million, respectively which represents a non-interest-bearing unsecured loan payable on demand. Please refer to Note 13 on page 28 of the 2022 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 2022 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, 2022, 2021 and 2020, and its 2022 Sustainability Report.

(b) Reports on SEC Form 17-C

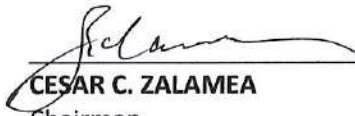
Items reported under SEC Form 17-C during the last six months covered by this report:

<u>Date of Report</u>	<u>Event Reported</u>
07-19-2022	Amended By-Laws
07-29-2022	<ul style="list-style-type: none">• Results of Annual Stockholders' Meeting• Results of Organizational Meeting of the Board of Directors• Election of Mr. Andrew Julian K. Romualdez• Amended Amendments to By-laws
09-30-2022	Change in Designation of Mr. Rolando S. Santos and Mr. Dale A. Tongco


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 APR 19 2023, 2023

By:



CESAR C. ZALAMEA
Chairman



ROLANDO S. SANTOS
Chief Operating Officer and Exec. Vice-President



DALE A. TONGCO
Treasurer

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:


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

known to me and to me known as the same persons who executed the foregoing 2022 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.

APR 19 2023

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

Doc. No. VI
Page No. 10
Book No. 7
Series of 2023.


ATTY. JOEL FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
ATTORNEY REG. NO. 10115
ROLL NO. 27510 / NONE (EXEMPT)
PTR NO. 9563504 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
3107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY



Fw: Your BIR AFS eSubmission uploads were received

renita ty <renitasty2000@yahoo.com>

Mon, Apr 17, 2023 at 10:31 AM

To: Jommel Ramos <jommel.ramos@marcventures.com.ph>, Chrysoprase Espellarga <chrysoprase.espellarga@marcventures.com.ph>

As requested , thanks

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: Friday, April 14, 2023 at 04:48:35 PM GMT+8

Subject: Your BIR AFS eSubmission uploads were receivedc

Hi MARCVENTURES HOLINGS INC,

Valid files

- EAFS000104320RPTTY122022.pdf
- EAFS000104320ITRTY122022.pdf
- EAFS000104320AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-9K76BFD9023QXVMX3QT1W42VQ0996C9ACD**

Submission Date/Time: **Apr 14, 2023 04:28 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.

=====
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=====

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

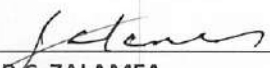
The management of **Marcventures Holdings Inc. (the Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework 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
COO/EVP



DALE A. TONGCO
VP - Controllership

APR 18 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2023, Affiant exhibiting to me his _____ issued at _____ City on _____.

Notary Public
Doc. No. 16
Page No. 5
Book No. 7
Series of 2023


ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77576 / MCLE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Marcventures Holdings, Inc.
4th Floor, BDO Towers Paseo (formerly Citibank Tower)
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, 2022 and 2021, 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, 2022, 2021 and 2020, 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, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020 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. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 9564562

Issued January 3, 2023, Makati City

March 2, 2023

Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC.
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2022	2021
ASSETS			
Current Assets			
Cash	4	₱36,032,895	₱425,530,085
Dividends and other receivables	5	530,350,549	530,363,381
Advances to related parties	10	278,813,377	272,470,762
Other current assets	6	57,837,623	56,949,066
Total Current Assets		903,034,444	1,285,313,294
Noncurrent Assets			
Investments in subsidiaries	7	2,746,546,182	2,746,546,182
Property and equipment	8	75,270,660	80,334,114
Deferred input VAT		512,174	512,174
Total Noncurrent Assets		2,822,329,016	2,827,392,470
		₱3,725,363,460	₱4,112,705,764
LIABILITIES AND EQUITY			
Current Liabilities			
Advances from a related party	10	₱317,422,318	₱268,422,153
Dividends and other current liabilities	9	32,222,859	410,062,633
Total Current Liabilities		349,645,177	678,484,786
Noncurrent Liabilities			
Retirement benefit liability	11	1,705,885	1,754,431
Deferred tax liability	15	321,942	216,309
Total Noncurrent Liabilities		2,027,827	1,970,740
Total Liabilities		351,673,004	680,455,526
Equity			
Capital stock	12	3,014,820,305	3,014,820,305
Additional paid-in capital		269,199,788	269,199,788
Retained earnings		88,704,537	147,581,218
Remeasurement gains on retirement benefit liability	11	965,826	648,927
Total Equity		3,373,690,456	3,432,250,238
		₱3,725,363,460	₱4,112,705,764

See accompanying Notes to Separate Financial Statements.

MARVENTURES HOLDINGS, INC.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2022	2021	2020
RENTAL INCOME	14	₱300,000	₱–	₱–
INTEREST INCOME	4	39,981	7,823	173
OPERATING EXPENSES	13	(59,213,662)	(48,708,552)	(73,237,199)
LOSS BEFORE INCOME TAX		(58,873,681)	(48,700,729)	(73,237,026)
INCOME TAX EXPENSE		3,000	–	–
NET LOSS		(58,876,681)	(48,700,729)	(73,237,026)
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss -</i>	11			
Remeasurement gain (loss) on retirement benefit liability - net of deferred tax		316,899	44,217	(697,778)
Effect of change in tax rate		–	40,314	–
		316,899	84,531	(697,778)
TOTAL COMPREHENSIVE LOSS		(₱58,559,782)	(₱48,616,198)	(₱73,934,804)

See accompanying Notes to Separate Financial Statements.

MARVENTURES HOLDINGS, INC.
SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2022	2021	2020
CAPITAL STOCK - ₱1 par value				
Authorized - 4,000,000,000 shares				
Issued, subscribed and outstanding	12	₱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		147,581,218	588,208,587	661,445,613
Net loss		(58,876,681)	(48,700,729)	(73,237,026)
Dividend declared	12	-	(391,926,640)	-
Balance at end of year		88,704,537	147,581,218	588,208,587
REMEASUREMENT GAINS ON RETIREMENT LIABILITY - NET OF DEFERRED TAX				
Balance at beginning of year	11	648,927	564,396	1,262,174
Remeasurement gain (loss)		316,899	44,217	(697,778)
Effect of change in tax rate		-	40,314	-
Balance at end of year		965,826	648,927	564,396
		₱3,373,690,456	₱3,432,250,238	₱3,872,793,076

See accompanying Notes to Separate Financial Statements.

MARVENTURES HOLDINGS, INC.
SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		(₱58,873,681)	(₱48,700,729)	(₱73,237,026)
Adjustments for:				
Depreciation	8	6,058,385	6,190,340	6,201,436
Retirement benefit expense	11	373,986	442,728	635,350
Interest income	4	(39,981)	(7,823)	(173)
Operating loss before working capital changes		(52,481,291)	(42,075,484)	(66,400,413)
Decrease (increase) in:				
Other current assets		(888,557)	(345,248)	(2,567,565)
Advances to officers and employees and other receivables		12,832	20,250	183,795,718
Deferred input VAT		–	636,522	636,521
Increase (decrease) in other current liabilities		(6,379,265)	(199,136)	(7,017,062)
Net cash generated from (used for) operations		(59,736,281)	(41,963,096)	108,447,199
Interest received		39,981	7,823	173
Income tax paid		(3,000)	–	–
Benefits paid		–	–	(7,254,795)
Net cash generated from (used in) operating activities		(59,699,300)	(41,955,273)	101,192,577
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional advances to related parties	10	(6,342,615)	(39,104,922)	(35,455,845)
Acquisition of property and equipment	8	(994,931)	–	(240,276)
Dividends received		–	215,739,789	–
Payments from a related party		–	–	4,000
Net cash provided by (used in) investing activities		(7,337,546)	176,634,867	(35,692,121)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt of advances from related parties	10	49,000,165	268,422,153	–
Dividends paid		(371,460,509)	–	–
Payment of advances from related parties		–	–	(55,430,795)
Net cash provided by (used in) financing activities		(322,460,344)	268,422,153	(55,430,795)
NET INCREASE (DECREASE) IN CASH		(389,497,190)	403,101,747	10,069,661
CASH AT BEGINNING OF YEAR		425,530,085	22,428,338	12,358,677
CASH AT END OF YEAR		₱36,032,895	₱425,530,085	₱22,428,338
NONCASH FINANCIAL INFORMATION				
Dividend declaration	12	₱–	₱391,926,640	₱–

See accompanying Notes to Separate Financial Statements.

MARVENTURES HOLDINGS, INC.

NOTES TO SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

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, 2022 and 2021, 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, 8741 Paseo de Roxas, Makati City.

Approval of Separate Financial Statements

The Company's separate financial statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issue by the Board of Directors on March 2, 2023.

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 issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly 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 16, *Financial Risk Management Objectives and Policies*.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

- 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. There is no transition relief for first-time adopters.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). 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 component of equity, as applicable. Accordingly, the comparatives are not restated.
- Annual Improvements to PFRS 2018 to 2020 Cycle -
 - Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective or Adopted

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

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

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - 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 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, *Accounting Policies, Changes in Accounting Estimates and Errors - 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.

Effective for annual periods beginning on or after January 1, 2024 -

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – 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. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

Under prevailing circumstances, the adoption of the foregoing amended PFRS issuances is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, the Company's advances from a related party and dividends and other current liabilities (excluding statutory payables) 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. These 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 statements 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:

	<u>Number of Years</u>
Building and improvements	5-20
Office furniture, fixtures and equipment	2-5
Computer Equipment	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.

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

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.

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 Company assesses whether, throughout the period of use, the customer 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 Company 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 Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as Lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Leases where the Company retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease income is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income.

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.

Under Section 4-110-3(c) of RR No. 13-2018, the amortization of the input VAT are only allowed until December 31, 2021. Any unutilized input VAT on capital goods as at December 31, 2021 are allowed to be amortized as scheduled until fully utilized.

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 directed 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.

Judgment

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

Evaluation of Lease Commitments - Company as Lessor. The Company has entered into operating lease agreements with a third party for the lease of office space. Considering that there will be no transfer of ownership of the leased properties to the lessees, the Company has determined that it retains all the significant risks and benefits of ownership of these properties. Accordingly, the leases are accounted for as operating leases.

Rental income are disclosed in Note 14 to the financial statements.

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, dividends and other receivables, 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 2022 and 2021. The carrying amounts of cash, dividends and other receivables (excluding advances to officers and employees), and advances to related parties are disclosed in Notes 4, 5, and 10 to the financial statements.

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, and 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 2022 and 2021. The carrying amounts of property and equipment are disclosed in Note 8 to the financial statements.

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 amounts of advances to officers and employees, other current assets, investments in subsidiaries, property and equipment, and deferred input VAT are disclosed in the statements of financial position and Notes 5, 6, 7 and 8 to the financial statements.

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 and liability are disclosed in Note 11 to the financial statements.

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 are disclosed in Note 15 to the financial statements.

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:

	2022	2021
Cash on hand	₱25,000	₱54,545
Cash in banks	36,007,895	425,475,540
	₱36,032,895	₱425,530,085

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱39,981, ₱7,823 and ₱173 in 2022, 2021 and 2020, respectively.

5. Dividends and Other Receivables

This account consists of:

	Note	2022	2021
Dividends receivable	7	₱525,792,400	₱525,792,400
Advances to officers and employees		–	12,832
Others		4,558,149	4,558,149
		₱530,350,549	₱530,363,381

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:

	2022	2021
Prepaid income tax	₱49,400,933	₱49,403,933
Input VAT	8,231,509	7,287,886
Prepayments	205,181	257,247
	₱57,837,623	₱56,949,066

7. Investments in Subsidiaries

As at December 31, 2022 and 2021, the balance of investments in subsidiaries consist of:

	2022	2021
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 as at December 31, 2022 and 2021 (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, 2022, 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 April 11, 2022, MGB granted the extension of the 3rd Renewal of the Exploration Period (EP) of BRC for another period of two years effective from July 02, 2022 to July 01, 2024 to recover its unused term due to force majeure.

BRC is currently in the process and anticipative of obtaining the following permits, licenses, and approvals from the regulatory bodies for the renewal of the MPSA for another twenty-five (25) years:

- Free, Prior and Informed Consent and Certification Precondition from the National Commission on Indigenous Peoples;
- Approval of the Declaration of Mining Project Feasibility from Mines and Geosciences Bureau, including the required work programs Environmental Protection and Enhancement Program, Social Development and Management Program, Safety and Health Program, Three (3)-Year Development/Utilization Work Program, Care and Maintenance Program and Project Feasibility Study; and
- Environmental Compliance Certificate from the Environmental Management Bureau.

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.

On March 28, 2022, the MGB approved the extension of the exploration period of AMPI for another two (2) years effective from June 19, 2022 to June 18, 2024 to recover its unused term.

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.

On March 28, 2022, the MGB approved the extension of the EP of BARI for another two (2) years effective from June 19, 2022 to June 18, 2024 to recover its unused term.

The summarized financial information of the subsidiaries are as follows:

	2022			
	MMDC	BGRC	AMPI	BARI
Current assets	₱1,273,035,372	₱3,695,192	₱4,076,707	₱766,420
Noncurrent assets	2,374,711,009	77,490,832	131,178,398	58,605,924
Current liabilities	875,949,574	147,110,430	759,568	2,149,057
Noncurrent liabilities	229,292,754	–	214,582,841	60,329,587
Equity (capital deficiency)	2,542,504,053	(65,924,408)	(80,087,304)	(3,106,300)
Revenue	3,067,485,008	–	–	–
Net income (loss)	366,350,918	(19,015,114)	(3,863,375)	(1,088,462)
Total comprehensive income (loss)	370,719,989	(19,015,114)	(3,863,375)	(1,088,462)

	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)

8. Property and Equipment

The balances and movements in this account are as follows:

	Note	2022			Total
		Building and Improvements	Office Furniture, Fixtures and Equipment	Computer Equipment	
Cost					
Balances at beginning of year		₱125,665,001	₱5,987,860	₱–	₱131,652,861
Acquisitions		–	9,891	985,040	994,931
Balances at end of the year		125,665,001	5,997,751	985,040	132,647,792
Accumulated Depreciation					
Balances at beginning of year		45,500,114	5,818,633	–	51,318,747
Depreciation	13	6,049,073	9,312	–	6,058,385
Balances at end of year		51,549,187	5,827,945	–	57,377,132
Carrying Amount		₱74,115,814	₱169,806	₱985,040	₱75,270,660

	Note	2021			Total
		Building and Improvements	Office Furniture, Fixtures and Equipment	Computer Equipment	
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

Fully depreciated property and equipment with cost of ₱10.3 million and ₱6.3 million as at December 31, 2022 and 2021, respectively are still being used by the Company and retained in the accounts.

A real estate mortgage was executed on the condominium units of the Company to secure the credit facilities of MMDC, recorded under “Buildings and improvements”.

9. Dividends and Other Current Liabilities

This account consists of:

	Note	2022	2021
Statutory payables		₱11,811,703	₱25,488,989
Dividend payables	12	10,484,846	381,945,355
Accrued expenses		8,471,366	1,552,656
Others		1,454,944	1,075,633
		₱32,222,859	₱410,062,633

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		Nature
	2022	2021	2022	2021	
Dividends Receivable					
<i>Subsidiary</i>	₱-	₱-	₱525,792,400	₱525,792,400	Dividends
Advances to Related Parties					
<i>Subsidiaries</i>	₱6,342,615	₱39,104,922	₱193,813,377	₱187,470,762	Working fund
	-	-	85,000,000	85,000,000	Management fee
	₱6,342,615	₱39,104,922	₱278,813,377	₱272,470,762	
Dividends Payable*					
<i>Stockholders</i>	₱371,460,509	₱377,237,469	₱10,484,846	₱381,945,355	Dividends
Advances from a Related Party					
<i>Subsidiary</i>	₱49,000,165	₱268,422,153	₱317,422,318	₱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, amounted to ₱6.9 million, ₱7.0 million and ₱39.0 million in 2022, 2021 and 2020, respectively. Retirement benefit expense of key management personnel amounted to ₱0.1 million, ₱0.3 million, and ₱0.6 million and in 2022, 2021 and 2020, 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 (see Note 13):

	2022	2021	2020
Current service cost	₱288,019	₱394,481	₱292,110
Net interest cost	85,967	48,247	324,488
Past service cost	—	—	18,752
	₱373,986	₱442,728	₱635,350

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:

	2022	2021
Balance at beginning of year	₱1,754,431	₱1,370,659
Retirement benefit expense recognized in profit or loss:		
Current service cost	288,019	394,481
Interest cost	85,967	48,247
Remeasurement losses (gains) recognized in OCI:		
Changes in financial assumptions	(586,177)	(47,165)
Deviations of experience from assumptions	163,645	(11,791)
Balance at end of year	₱1,705,885	₱1,754,431

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

	2022	2021
Discount rate	7.61%	4.90%
Salary increase rate	4.00%	4.00%

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, 2022 is as follows:

	Change in basis points	Effect on defined benefit obligation
Discount rate	+1%	(₱167,365)
	-1%	190,223
Salary increase rate	+1%	196,423
	-1%	(176,214)

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:

	2022		
	Cumulative Remeasurement Gain	Deferred Tax Liability (see Note 15)	Net Remeasurement Gain
Balance at beginning of year	₱865,236	₱216,309	₱648,927
Actuarial gain	422,532	105,633	316,899
Balance at end of year	₱1,287,768	₱321,942	₱965,826

	2021		
	Cumulative Remeasurement Gain	Deferred Tax Liability (see Note 15)	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

The maturity analysis of the undiscounted benefit payments as at December 31, 2022 follow:

Less than one (1) year	₱35,497
One (1) year to less than five (5) years	592,302
Five (5) years to less than 10 years	8,811,331
10 years and above	10,056,313
	₱19,495,443

The average duration of the expected benefit payments at the end of the reporting period is 14 years.

12. Equity

Capital Stock

As at December 31, 2022, 2021 and 2020, 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 ₱10.5 million and ₱381.9 million as at December 31, 2022 and 2021, respectively (see Note 9).

13. Operating Expenses

This account consists of:

	Note	2022	2021	2020
Professional fees		₱22,661,462	₱15,970,833	₱17,792,348
Salaries and allowances		19,712,637	17,159,973	29,447,348
Depreciation	8	6,058,385	6,190,340	6,201,436
Dues and subscriptions		3,023,017	3,000,082	3,217,161
Outside services		2,436,981	1,811,663	4,061,497
Insurance expense		2,318,438	1,222,162	–
Communication, light, and water		1,541,535	1,604,065	571,876
Retirement benefit expense	11	373,986	442,728	635,350
Representation		131,139	294,471	1,810,161
Penalties		99,000	–	7,038,076
Taxes and licenses		50,100	77,580	34,541
Others		806,982	934,655	2,427,405
		₱59,213,662	₱48,708,552	₱73,237,199

14. Lease Commitments

Operating Lease Agreements - Company as a Lessor

In 2022, the Company has entered into an operating lease agreement with a third party for the lease of office space. The lease agreement has a term of 10 years with a scheduled escalation over the ten-year period. Considering that there will be no transfer of ownership of the leased property to the lessee, the Company has determined that it retains all the significant risks and benefits of ownership of the property. Accordingly, the lease is accounted for as an operating lease.

Rental income amounted to ₱0.3 million and nil in 2022 and 2021, respectively.

Future minimum lease receivables under the non-cancellable operating lease are as follows:

	2022
Within one year	P1,380,000
After one year but not more than five years	7,589,835
Five years and above	7,706,532
	P16,676,367

15. Income Taxes

The Company's current income tax expense amounting to P3,000 in 2022 pertains to minimum corporate income tax (MCIT). The Company has no current income tax expense in 2021 due to its net taxable loss position.

Deferred tax liability amounting to P0.3 million and P0.2 million as at December 31, 2022 and 2021, respectively, pertains to remeasurement gain on retirement benefit liability (see Note 11).

Details of unrecognized deferred tax assets are as follows:

	2022	2021
NOLCO	P42,837,773	P46,479,823
Retirement benefit liability	748,413	654,917
MCIT	3,000	-
	P43,589,186	P47,134,740

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 NOLCO are as follows:

Year Incurred	Expiry Date	Amount	Incurred	Expired	Balance
2022	2025	P-	P58,309,537	P-	P58,309,537
2021	2026	47,971,353	-	-	47,971,353
2020	2025	65,070,203	-	-	65,070,203
2019	2022	72,877,734	-	72,877,734	-
		P185,919,290	P58,309,537	P72,877,734	P171,351,093

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.

The reconciliation of 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:

	2022	2021	2020
Income tax at statutory rate	(P14,718,420)	(P12,175,182)	(P21,971,108)
Change in unrecognized deferred tax assets	(3,545,554)	(17,787,444)	17,981,386
Effect of change in tax rate	-	10,820,364	-
Expired MCIT	-	-	1,700,000
Add (deduct) income tax effects of:			
Expired NOLCO	18,219,434	19,070,601	30,280
Nondeductible expense	57,535	73,618	2,259,494
Interest income subjected to final tax	(9,995)	(1,957)	(52)
	P3,000	P-	P-

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, 2022 and 2021 is 25% for RCIT and 1% for MCIT, respectively.

16. 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, 2022 and 2021, 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, 2022 and 2021, the Company's financial liabilities relates to dividends and other current liabilities (excluding statutory payables).

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.

17. Capital Management Objectives, Policies and Procedures

The Company considers its capital stock and APIC aggregating ₱3,284.02 million as at December 31, 2022 and 2021, 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 2022 and 2021.



**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 (formerly Citibank Tower)
8741 Paseo de Roxas, Makati City

We have audited the accompanying separate financial statements of Marcventures Holdings, Inc. (the Company) as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 on which we have rendered our report dated March 2, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 122 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. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 9564562

Issued January 3, 2023, Makati City

March 2, 2023

Makati City, Metro Manila

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	2	9	4	2
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COMPANY NAME

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

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

4	t	h		F	l	o	o	r	,		B	D	O		T	o	w	e	r	s		P	a	s	e	o	,		8	7	4	1		P	a	s	e	o	
d	e		R	o	x	a	s	,		M	a	k	a	t	i		C	i	t	y																			

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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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)
2,191	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.

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

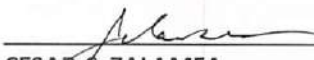
The management of **Marcventures Holdings Inc. & Subsidiary (the Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting 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
COO/EVP




DALE A. TONGCO
VP - Controllership

APR 18 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2023, Affiant exhibiting to me his _____ issued at _____ City on _____.

Notary Public
Doc. No. 30
Page No. 5
Book No. 7
Series of 2023


ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77375 / MCLE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

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, 2022 and 2021, 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, 2022, 2021 and 2020, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022, 2021 and 2020 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, 2022, respectively. The ability of the Group to recover its mining rights and deferred exploration costs would depend on the discovery of commercially viable quantities of mineral resources and of extracting the resulting ore reserves. 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 30% of the total assets of the Group and the significant management judgment required in assessing whether there is any indication of impairment on these accounts.



We obtained management's assessment on whether there are any indications that the mining rights and deferred exploration costs may be impaired. We reviewed the Group's Mineral Production Sharing Agreement, including permits and licenses for each exploration project, to determine that the period to which the Group has rights to explore in the specific area has not expired and the Group has the right to renew the agreement and permits after expiration. We reviewed the Group's budget for exploration and development costs. We also assessed the adequacy of the disclosures in 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, 2022, 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, 2022 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. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 9564562

Issued January 3, 2023, Makati City

March 2, 2023

Makati City, Metro Manila

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

		December 31	
	Note	2022	2021
ASSETS			
Current Assets			
Cash and cash equivalents	4	P546,893,643	P801,051,844
Trade and other receivables	5	101,197,320	351,623,284
Advances to related parties	13	26,280,675	10,767,041
Inventories	6	151,114,261	197,309,136
Other current assets	7	91,739,656	123,829,136
Total Current Assets		917,225,555	1,484,580,441
Noncurrent Assets			
Property and equipment	8	179,647,033	176,762,578
Mining rights and other mining assets	9	4,327,257,856	4,392,636,987
Net deferred tax assets	20	31,990,307	52,155,347
Other noncurrent assets	10	484,484,557	403,497,742
Total Noncurrent Assets		5,023,379,753	5,025,052,654
		P5,940,605,308	P6,509,633,095
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	P281,209,564	P453,124,346
Current portion of loans payable	12	80,345,623	231,260,318
Advances from related parties	13	4,936,715	11,318,602
Dividends payable	16	10,484,846	381,945,355
Income tax payable		18,246,030	19,088,579
Total Current Liabilities		395,222,778	1,096,737,200
Noncurrent Liabilities			
Loans payable - net of current portion	12	130,401,077	209,107,868
Provision for mine rehabilitation and decommissioning	14	60,122,100	57,514,917
Retirement benefit liability	15	40,475,462	39,155,969
Deferred tax liability	20	441,999,621	441,999,621
Total Noncurrent Liabilities		672,998,260	747,778,375
Total Liabilities		1,068,221,038	1,844,515,575
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		1,547,770,977	1,345,190,197
Cumulative remeasurement gains on retirement benefit liability - net of deferred tax	15	40,593,200	35,907,230
Total Equity		4,872,384,270	4,665,117,520
		P5,940,605,308	P6,509,633,095

See accompanying Notes to Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	2022	2021	2020
NET SALES		₱3,067,485,008	₱3,891,592,774	₱2,876,676,296
COST OF SALES	17	2,043,607,876	2,166,660,973	1,647,827,569
GROSS INCOME		1,023,877,132	1,724,931,801	1,228,848,727
OPERATING EXPENSES	18	692,669,901	689,934,226	572,046,872
INCOME FROM OPERATIONS		331,207,231	1,034,997,575	656,801,855
INTEREST EXPENSE	12	(26,859,047)	(50,525,191)	(64,492,696)
INTEREST INCOME		799,726	601,633	766,044
OTHER INCOME - Net	19	34,437,260	26,966,806	36,406,306
INCOME BEFORE INCOME TAX		339,585,170	1,012,040,823	629,481,509
INCOME TAX EXPENSE	20	137,004,390	255,597,967	254,434,044
NET INCOME		202,580,780	756,442,856	375,047,465
OTHER COMPREHENSIVE INCOME (LOSS)	15			
<i>Not to be reclassified to profit or loss -</i>				
Remeasurement gain (loss) on retirement benefit liability - net of deferred income tax		4,685,970	1,744,903	(2,159,007)
Effect of change in tax rate		-	2,277,489	-
		4,685,970	4,022,392	(2,159,007)
TOTAL COMPREHENSIVE INCOME		₱207,266,750	₱760,465,248	₱372,888,458
Basic and diluted earnings per share	22	₱0.067	₱0.251	₱0.124

See accompanying Notes to Consolidated Financial Statements.

MARVENTURES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2022	2021	2020
CAPITAL STOCK - ₱1 par value	16			
Authorized - 4,000,000,000 shares				
Issued and outstanding		₱3,014,820,305	₱3,014,820,305	₱3,014,820,305
ADDITIONAL PAID-IN CAPITAL	16	269,199,788	269,199,788	269,199,788
RETAINED EARNINGS				
Balance at beginning of year		1,345,190,197	980,673,981	605,626,516
Net income		202,580,780	756,442,856	375,047,465
Dividends	16	-	(391,926,640)	-
Balance at end of year		1,547,770,977	1,345,190,197	980,673,981
CUMULATIVE REMEASUREMENT GAINS ON RETIREMENT BENEFIT LIABILITY - NET OF DEFERRED TAX	15			
Balance at beginning of year		35,907,230	31,884,838	34,043,845
Remeasurement gain (loss)		4,685,970	1,744,903	(2,159,007)
Effect of change in tax rate		-	2,277,489	-
Balance at end of year		40,593,200	35,907,230	31,884,838
		₱4,872,384,270	₱4,665,117,520	₱4,296,578,912

See accompanying Notes to Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱339,585,170	₱1,012,040,823	₱629,481,509
Adjustments for:				
Depletion	9	273,600,030	197,202,195	174,132,163
Provision for expected credit loss	5	75,516,127	159,402,782	20,000,000
Interest expense on:	12			
Loans		24,251,864	47,772,840	61,219,396
Provision for mine rehabilitation and decommissioning		2,607,183	1,839,625	3,040,465
Amortization of debt issue cost		–	912,726	232,835
Depreciation and amortization	8	26,704,408	47,225,847	48,866,200
Unrealized foreign exchange		(10,355,208)	(2,852,800)	(1,371,735)
Retirement expense	15	8,474,663	8,322,247	8,592,588
Interest income		(799,726)	(601,633)	(766,044)
Operating income before working capital changes		739,584,511	1,471,264,652	943,427,377
Decrease (increase) in:				
Trade and other receivables		185,990,572	32,510,155	(356,312,956)
Inventories		46,194,875	(70,091,352)	(50,283,424)
Other current assets		32,089,480	8,982,938	(726,818)
Increase (decrease) in trade and other payables		(169,622,743)	26,023,135	(354,858,055)
Net cash generated from operations		834,236,695	1,468,689,528	181,246,124
Income tax paid		(119,243,889)	(410,145,997)	(129,288,522)
Retirement benefits paid	15	(907,210)	–	(15,911,695)
Interest received		799,726	601,633	766,044
Net cash provided by operating activities		714,885,322	1,059,145,164	36,811,951
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Mining rights and other mining assets	9	(208,220,899)	(154,749,413)	(64,146,344)
Property and equipment	8	(29,588,863)	(14,619,094)	(23,018,667)
Decrease (increase) in:				
Other noncurrent assets		(80,986,815)	(4,676,612)	100,229,542
Advances to related parties		(15,513,634)	28,412,516	12,187,198
Net cash provided by (used in) investing activities		(₱334,310,211)	(₱145,632,603)	₱25,251,729

(Forward)

		Years Ended December 31		
	Note	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Dividends		(P371,460,509)	P-	P-
Loans	26	(239,281,882)	(362,778,837)	(96,796,646)
Interest	26	(26,543,903)	(43,982,710)	(67,072,571)
Proceeds from avilment of loans	12	9,660,396	179,728,730	-
Increase (decrease) in advances from related parties		(6,381,887)	(128,954,072)	29,425,854
Net cash used in financing activities		(634,007,785)	(355,986,889)	(134,443,363)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(253,432,674)	557,525,672	(72,379,683)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(725,527)	1,575,098	(110,039)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		801,051,844	241,951,074	314,440,796
CASH AND CASH EQUIVALENTS AT END OF YEAR		P546,893,643	P801,051,844	P241,951,074
NONCASH FINANCIAL INFORMATION				
Dividend declaration	16	P-	P391,926,640	P-
Completed constructions transferred to mining rights and other mining assets		-	-	40,662,469

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

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 stock were initially listed in the Philippine Stock Exchange, Inc. (PSE) on January 10, 1958. As at December 31, 2022 and 2021, 3,014,820,305 shares of the Parent Company’s shares of stock 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, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issue by the Board of Directors (BOD) on March 2, 2023, 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 and are domiciled in the Philippines.

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 was 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.

On March 17, 2022, MGB issued a certification to MMDC 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. (BRHI) 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. On February 7, 2019, the MGB approved the extension of the MPSA for a period of six years starting from the expiration of its 25-year term.

On April 11, 2022, the MGB granted the extension of the 3rd Renewal of the exploration period of BGRC for another period of two years effective from July 2, 2022 to July 1, 2024 to recover its unused term due to force majeure.

BGRC is currently in the process and anticipative of obtaining the following permits, licenses, and approvals from the regulatory bodies for the renewal of the MPSA for another 25 years:

- Free, Prior and Informed Consent and Certification Precondition from the National Commission on Indigenous Peoples (NCIP);
- Approval of the DMPF from the MGB, including the required work programs: Environmental Protection and Enhancement Program, Social Development and Management Program, Safety and Health Program, Three (3)-Year Development/Utilization Work Program, Care and Maintenance Program and Project Feasibility Study; and
- Environmental Compliance Certificate from the Environmental Management Bureau.

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 Paranas, Motiong and San Jose de Buan, 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 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.

On May 18, 2020, AMPI and BARI received a letter-approval from the DENR, through the MGB, granting the requested extension of the exploration period of their MPSA from June 18, 2020 to June 18, 2022.

On 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 (CY2018-2020; 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 request was approved (subject to several conditions) by the MGB on 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 financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly 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, except for retirement benefit liability which is measured at the present value of the defined benefit obligation. 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*.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amended PFRS as at December 31, 2022:

- 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. There is no transition relief for first-time adopters.
- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets).
- Annual Improvements to PFRS 2018 to 2020 Cycle –
 - Amendment to PFRS 9, *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of the amended PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amended PFRS in Issue But Not Yet Effective or Adopted

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the consolidated financial statements, are summarized below.

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

Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments – 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 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, *Accounting Policies, Changes in Accounting Estimates and Errors – 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, *Income Taxes – 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. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – 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. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

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, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020.

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.

Financial Assets and Liabilities

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 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 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, 2022 and 2021, 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, 2022 and 2021, the Group's cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), advances to related parties, and final mine rehabilitation fund (FMRF), 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 and cash equivalents in the consolidated statements of financial position comprise cash on hand and in banks and cash equivalents, excluding any restricted cash. Restricted cash, which includes FMRF, 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, 2022 and 2021, 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 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 financial 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) 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.

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 operations. The advances 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.

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.

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 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:

	<u>Number of Years</u>
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, net of any sales adjustments based on the contracts with 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.

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

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.

Company as Lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Leases where the Company retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease income is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income.

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.

Input VAT. 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.

Deferred Input VAT. Deferred input VAT represents input VAT on the unpaid portion of availed services, including the use or lease of properties.

Related Party Transactions and Related Parties

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties. Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

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 directed 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.

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. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when contractual payments are 90 days past due. The Group also considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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 12 months. The Group has elected to apply the recognition exemption on its short term leases.

Rental expense recognized by the Group is disclosed in Note 21 to the consolidated financial statements.

Evaluation of Lease Commitments - Company as Lessor. The Company has entered into operating lease agreements with a third party for the lease of office space. Considering that there will be no transfer of ownership of the leased properties to the lessees, the Company has determined that it retains all the significant risks and benefits of ownership of these properties. Accordingly, the leases are accounted for as operating leases.

Rental income is disclosed in Note 21 to the consolidated financial statements.

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 the 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.

Information on the provision and allowance for ECL and the carrying amounts of trade and other receivables (excluding advances to officers and employees) are disclosed in Note 5 to the consolidated financial statements.

Estimating the 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, cash equivalents 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 2022, 2021 and 2020 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 to the financial statements.

Estimating the 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 2022, 2021 and 2020. The carrying amount of inventories, which is measured at the lower of cost and NRV, are disclosed in Note 6 to the consolidated financial statements.

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 2022, 2021 and 2020. The carrying amount of noncurrent input VAT is disclosed in Note 10 to the consolidated financial statements.

Estimating the 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 2022, 2021, and 2020. The carrying amount of property and equipment are disclosed in Note 8 to the consolidated financial statements.

Estimating the 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 disclosed in Note 9 to the consolidated financial statements.

Estimating the 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 are disclosed in Note 9 to the consolidated financial statements.

Provision for mine site rehabilitation and decommissioning are disclosed in Note 14 to the consolidated financial statements.

Assessing the Impairment of Mining Rights and Deferred Exploration Costs. The Group assesses mining rights and deferred exploration costs for impairment only when there are indicators that impairment exists. Indicators of impairment include, but are not limited to:

- Rights to explore in an area have expired or will expire in the near future without renewal;
- No further exploration or evaluation is planned or budgeted;
- A decision to discontinue exploration and evaluation in an area because of the absence of commercial reserves; and
- Sufficient data exists to indicate that the carrying value will not be fully recovered from future development and production.

Based on management assessment, there are no impairment indicators on the Group's mining rights and deferred exploration costs. Management has determined that (a) the Group's rights to explore in the mining area are not expired and the Group was granted extension of its exploration permits until 2024, (b) the Group continuous to conduct exploration and evaluation activities based on its approved Exploration Work Programs and Environmental Work Programs, and (c) based on the Mineral Resource Validation Report by the MGB, the Group has measured and indicated resource of nickel laterite and alumina bauxite resources. Accordingly, no impairment loss was recognized in 2022, 2021 and 2020.

Assessing the Impairment of Other Nonfinancial Assets. The Group assesses impairment on other 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.

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 the higher of 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, there are no impairment indicators on the Group's nonfinancial assets. Accordingly, no impairment loss was recognized in 2022, 2021 and 2020.

The carrying amounts of the Group's advances to officers and employees, other current assets, property and equipment, mine and mining properties, other noncurrent assets (excluding financial assets) are disclosed in Notes 5, 7, 8, 9 and 10 to the consolidated financial statements, respectively.

Estimating the 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 is disclosed in Note 15 to the consolidated financial statements.

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 and unrecognized deferred tax assets are disclosed in Note 20 to the consolidated financial statements.

Assessing Contingencies. The Group is currently involved in 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 and Cash Equivalents

This account consists of:

	2022	2021
Cash in banks	₱344,274,235	₱800,679,131
Cash equivalents	202,410,015	–
Cash on hand	209,393	372,713
	₱546,893,643	₱801,051,844

Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits with terms of varying periods of up to three (3) months depending on the immediate cash requirements of the Group. Cash equivalents earn interest at the prevailing special savings and time deposit rates.

Interest income was earned from the following sources:

	Note	2022	2021	2020
Cash in banks and cash equivalents		₱777,012	₱541,901	₱731,382
RCF and MTF	10	22,714	59,732	34,662
		₱799,726	₱601,633	₱766,044

5. Trade and Other Receivables

This account consists of:

	2022	2021
Trade receivables	₱113,024,369	₱469,088,519
Advances to officers and employees	58,409,425	22,784,158
Others	5,279,653	11,977,178
	176,713,447	503,849,855
Allowance for ECL	(75,516,127)	(152,226,571)
	₱101,197,320	₱351,623,284

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 the following year.

Movements in allowance for ECL are as follows:

	Note	2022	2021
Balance at beginning of year		₱152,226,571	₱86,631,586
Provision	18	75,516,127	159,402,782
Write-off		(152,226,571)	(93,807,797)
Balance at end of year		₱75,516,127	₱152,226,571

6. Inventories

This account consists of beneficiated nickel ore amounting to ₱151.1 million and ₱197.3 million as at December 31, 2022 and 2021, 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 ₱2,043.6 million, ₱2,166.7 million and ₱1,647.8 million in 2022, 2021 and 2020, respectively (see Note 17).

7. Other Current Assets

This account consists of:

	2022	2021
Prepaid income tax	₱49,489,733	₱49,492,733
Advances to contractors and suppliers	18,574,393	25,526,184
Mining and office supplies - net of allowance for obsolescence	11,659,227	10,192,535
Prepaid expenses	3,296,771	17,918,324
Others	8,719,532	20,699,360
	₱91,739,656	₱123,829,136

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

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.

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 of mining and office supplies amounting to ₱15.6 million (see Note 18).

Prepaid expenses pertain to insurance, excise tax and rent.

Others include advances made to NCIP.

8. Property and Equipment

The balances and movements of this account are as follows:

	2022				Total
	Land	Building and Improvements	Office Furniture, Fixtures and Equipment	Heavy and Transportation Equipment	
Cost					
Balances at beginning of year	₱58,597,484	₱174,240,051	₱120,661,852	₱395,860,956	₱749,360,343
Additions	-	73,719	17,010,901	12,504,243	29,588,863
Disposal	-	-	-	(15,570,656)	(15,570,656)
Balances at end of year	58,597,484	174,313,770	137,672,753	392,794,543	763,378,550
Accumulated Depreciation and Amortization					
Balances at beginning of year	-	91,112,661	106,814,687	374,670,417	572,597,765
Depreciation and amortization	-	7,152,528	7,036,898	12,514,982	26,704,408
Disposal	-	-	-	(15,570,656)	(15,570,656)
Balances at end of year	-	98,265,189	113,851,585	371,614,743	583,731,517
Carrying Amount	₱58,597,484	₱76,048,581	₱23,821,168	₱21,179,799	₱179,647,033

	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

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

	Note	2022	2021	2020
Charged to:				
Cost of sales	17	₱12,285,185	₱6,208,768	₱13,575,789
Operating expenses	18	14,419,223	41,017,079	35,290,411
		₱26,704,408	₱47,225,847	₱48,866,200

Fully depreciated property and equipment with cost of ₱605.9 million and ₱489.6 million as at December 31, 2022 and 2021, 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:

	Note	2022					Total
		Mine and Mining Properties					
		Mining Rights	Deferred Exploration Costs	Mine Development Costs	Mine Rehabilitation Asset	Total Mine and Mining Properties	
Cost							
Balances at beginning of year		₱2,935,579,522	₱169,416,318	₱2,306,974,596	₱44,167,841	₱2,351,142,437	₱5,456,138,277
Additions		–	5,125,188	203,095,711	–	203,095,711	208,220,899
Balances at end of year		2,935,579,522	174,541,506	2,510,070,307	44,167,841	2,554,238,148	5,664,359,176
Accumulated Depletion							
Balances at beginning of year		470,860,671	–	579,694,372	12,946,247	592,640,619	1,063,501,290
Depletion	17	80,926,775	–	188,116,968	4,556,287	192,673,255	273,600,030
Balances at end of year		551,787,446	–	767,811,340	17,502,534	785,313,874	1,337,101,320
Net Carrying Amount		₱2,383,792,076	₱174,541,506	₱1,742,258,967	₱26,665,307	₱1,768,924,274	₱4,327,257,856

	Note	2021					Total
		Mine and Mining Properties					
		Mining Rights	Deferred Exploration Costs	Mine Development Costs	Mine Rehabilitation Asset	Total Mine and Mining Properties	
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	17	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

Mining Rights

Mining rights of the Group consist of:

	2022	2021
Mining rights on explored resources of MMDC	₱742,978,711	₱823,905,486
Mining rights of BGRC, AMPI and BARI	1,640,813,365	1,640,813,365
	₱2,383,792,076	₱2,464,718,851

Mining Rights on Explored Resources of MMDC. This represent the excess of the fair value of the 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 pertain 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.

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

10. Other Noncurrent Assets

This account consists of:

	Note	2022	2021
Input VAT		₱336,157,326	₱310,299,775
FMRF		87,029,694	87,100,125
Input VAT for refund		35,037,687	–
Deferred input VAT		19,540,694	–
RCF	21	5,590,616	5,568,073
Rental deposit		961,850	363,250
MTF		166,690	166,519
		₱484,484,557	₱403,497,742

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.

11. Trade and Other Payables

This account consists of:

	Note	2022	2021
Trade payables		₱140,497,177	₱140,375,562
Advances from customers		68,780,592	230,807,057
Accrued expenses:			
Salaries and rent		28,896,117	24,641,835
Compliance		16,321,086	19,001,877
Interest	12	972,009	3,264,049
Excise tax and other statutory payables		16,780,128	29,048,460
Others		8,962,455	5,985,506
		₱281,209,564	₱453,124,346

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.

Accruals for compliance pertain to accrual of expenditures for Social Development Management Program, Community Development Program and other regulatory fees as required by the MGB, among others.

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

12. Loans Payable

This account consists of:

	2022	2021
Short-term loans	₱-	₱26,000,000
Long-term loans	210,746,700	414,368,186
	210,746,700	440,368,186
Current portion	80,345,623	231,260,318
Noncurrent portion	₱130,401,077	₱209,107,868

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 affiliates. The loan is subject to an interest floor rate of 6% or prevailing interest rate at loan drawdown, whichever is higher.

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 rates in 2022 and 2021 are at 6.50% and 7.55%, respectively. The loan is secured by shares of MMDC and shares held in an affiliate. Principal payments are payable quarterly starting May 18, 2021 until maturity.

The short-term loan, pertaining to a related party loan, amounting to ₱26.0 million was paid during 2022 (see Note 13).

Movements in the loans payable follows:

	2022	2021
Balance at beginning of year	₱440,368,186	₱622,505,567
Payments	(239,281,882)	(362,778,837)
Availments	9,660,396	179,728,730
Amortization of debt issue cost	-	912,726
Balance at end of year	₱210,746,700	₱440,368,186

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

	Note	2022	2021	2020
Loans payable		₱24,251,864	₱47,772,840	₱61,219,396
Provision for mine rehabilitation and decommissioning	14	2,607,183	1,839,625	3,040,465
Debt issue cost		-	912,726	232,835
		₱26,859,047	₱50,525,191	₱64,492,696

Accrued interest payable amounted to ₱1.0 million and ₱3.3 million as at December 31, 2022 and 2021, respectively (see Note 11).

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

	2022	2021
Not later than one (1) year	₱80,345,623	₱205,260,318
Later than one year but not more than five (5) years	130,401,077	209,107,868
	₱210,746,700	₱414,368,186

13. Related Party Transactions

Significant transactions with related parties include the following:

Related Parties under Common Management

	Note	Transaction Amounts		Outstanding Balances		Nature and Terms
		2022	2021	2022	2021	
Advances to related parties		₱15,513,634	₱9,856,875	₱26,280,675	₱10,767,041	Working fund; unsecured; noninterest-bearing; Collectible on demand
Advances from related parties		₱-	₱29,423,853	₱4,936,715	₱11,318,602	Working fund; unsecured; noninterest-bearing; payable on demand
Loans payable	12	₱-	₱-	₱-	₱26,000,000	Short-term loan; unsecured; interest-bearing; payable on demand

As at December 31, 2022 and 2021, 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 ₱46 million, ₱48.7 million and ₱84.3 million in 2022, 2021 and 2020, respectively. Retirement benefit expense of key management personnel amounted to ₱1.5 million, ₱2.6 million and ₱2.8 million in 2022, 2021, and 2020, respectively.

14. Provision for Mine Rehabilitation and Decommissioning

Movements in this account are as follows:

	Note	2022	2021
Balance at beginning of year		₱57,514,917	₱55,675,292
Accretion of interest	12	2,607,183	1,839,625
Balance at end of year		₱60,122,100	₱57,514,917

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. There has been no change in material estimates, operations and requirements to warrant a change in previously estimated provision for mine rehabilitation and decommissioning.

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, 2022.

The principal actuarial assumptions used to determine retirement benefit liability for 2022 and 2021 are as follows:

	2022	2021
Discount rates	7.61% - 7.66%	4.90% - 5.00%
Salary increase rates	4.00%	4.00%

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 (see Note 18):

	2022	2021	2020
Current service cost	₱6,518,619	₱7,116,859	₱5,416,152
Net interest cost	1,956,044	1,205,388	1,820,256
Past service cost	-	-	1,356,180
	₱8,474,663	₱8,322,247	₱8,592,588

The retirement benefit liability recognized in the consolidated statements of financial position as at December 31, 2022 and 2021 and changes in the present value of defined benefit obligation are as follows:

	2022	2021
Balance at beginning of year	₱39,155,969	₱33,160,260
Retirement benefits expense recognized in profit or loss:		
Current service cost	6,518,619	7,116,859
Net interest cost	1,956,044	1,205,388
Remeasurement losses (gains) recognized in OCI:		
Changes in financial assumptions	(10,780,686)	(1,431,932)
Deviations of experience from assumptions	4,532,726	(894,606)
Benefits paid	(907,210)	-
Balance at end of year	₱40,475,462	₱39,155,969

Sensitivity analysis on defined benefit obligation as at December 31, 2022 is as follows:

	Change in basis points	Effect on defined benefit obligation	
		2022	2021
Discount rate	+1%	(P3,043,419)	(P3,317,594)
	-1%	3,530,735	3,998,083
Salary increase rate	+1%	P3,687,247	P3,977,495
	-1%	(3,275,698)	(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:

	2022		
	Cumulative Remeasurement Gains	Deferred Tax Liability (see Note 20)	Net Remeasurement Gain
	Balance at beginning of year	P47,876,307	(P11,969,077)
Actuarial gain	6,247,960	(1,561,990)	4,685,970
Balance at end of year	P54,124,267	(P13,531,067)	P40,593,200

	2021		
	Cumulative Remeasurement Gains	Deferred Tax Liability (see Note 20)	Net Remeasurement Gain
	Balance at beginning of year	P45,549,769	(P13,664,931)
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	P47,876,307	(P11,969,077)	P35,907,230

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, 2022, 2021 and 2020 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 ₱10.5 million and ₱381.9 million as at December 31, 2022 and 2021.

17. Cost of Sales

This account consists of:

	Note	2022	2021	2020
Contractual services		₱1,073,358,838	₱1,363,580,313	₱1,032,007,627
Production overhead		344,035,909	349,036,990	206,618,505
Depletion	9	273,600,030	197,202,195	174,132,163
Salaries and allowances		173,838,071	165,120,325	156,709,857
Excise tax		120,294,968	155,603,734	115,067,052
Depreciation	8	12,285,185	6,208,768	13,575,789
		1,997,413,001	2,236,752,325	1,698,110,993
Net movements in inventories		46,194,875	(70,091,352)	(50,283,424)
		₱2,043,607,876	₱2,166,660,973	₱1,647,827,569

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.

Excise tax pertains to the Government's share in an MPSA which is equivalent to 4.0% of gross output on mineral products.

18. Operating Expenses

This account consists of:

	Note	2022	2021	2020
Environmental expenses	21	₱113,317,128	₱94,305,139	₱146,929,598
Taxes and licenses		90,717,164	80,105,584	73,958,234
Salaries and allowances		83,358,913	79,609,228	80,197,516
Provision for ECL	5	75,516,127	159,402,782	20,000,000
Representation		62,475,322	9,807,890	12,367,183
Professional fees		62,428,090	51,456,531	39,554,245
Social development programs	21	34,919,120	24,144,382	39,688,936
Royalties	21	31,577,429	40,845,980	30,205,101
Fines and penalties		28,864,772	26,636,780	31,730,273
Outside services		21,026,776	13,804,099	11,451,722
Community relations		19,602,502	19,192,957	11,529,160
Depreciation and amortization	8	14,419,223	41,017,079	35,290,411
Retirement benefit expense	15	8,474,663	8,322,247	8,592,588
Rent expense	21	4,728,914	2,142,641	323,302
Communication, light and water		3,528,353	4,104,100	6,029,291
Dues and subscription		3,023,017	3,000,082	3,217,161
Transportation and travel		1,875,284	1,234,043	2,129,059
Others		32,817,104	30,802,682	18,853,092
		₱692,669,901	₱689,934,226	₱572,046,872

Others include provision for obsolescence of mining and office supplies (see Note 7), repairs and maintenance.

The Group's salaries and employee benefits consists of:

	Note	2022	2021	2020
Included in "Cost of sales" -				
Salaries and allowances	17	₱173,838,071	₱165,120,325	₱156,709,857
Included in "Operating expenses":				
Salaries and allowances		83,358,913	79,609,228	80,197,516
Retirement benefits expense		8,474,663	8,322,247	8,592,588
		₱265,671,647	₱253,051,800	₱245,499,961

19. Other Income

This account consists of:

	Note	2022	2021	2020
Unrealized foreign exchange gain		₱10,355,208	₱2,852,800	₱1,371,735
Rent income	21	300,000	–	–
Others		23,782,052	24,114,006	35,034,571
		₱34,437,260	₱26,966,806	₱36,406,306

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:

	2022	2021	2020
Current	₱118,401,340	₱314,908,863	₱261,173,036
Deferred	18,603,050	(14,266,280)	(6,738,992)
Effect of change in tax rate	–	(45,044,616)	–
	₱137,004,390	₱255,597,967	₱254,434,044

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

	2022	2021
Deferred tax assets:		
Allowance for ECL on receivables	₱17,238,142	₱36,415,753
Retirement benefit liability	9,370,452	9,134,075
Provision for mine rehabilitation	4,080,992	3,429,196
Allowance for obsolescence on mining supplies	3,889,523	3,889,523
	34,579,109	52,868,547
Deferred tax liabilities:		
Unrealized foreign exchange gain	(2,588,802)	(713,200)
	₱31,990,307	₱52,155,347

The presentation of net deferred tax assets are as follows:

	Note	2022	2021
Through profit or loss		₱45,521,374	₱53,084,856
Through other comprehensive income	15	(13,531,067)	(929,509)
		₱31,990,307	₱52,155,347

The Group's deferred tax liability amounting to ₱442.0 million as at December 31, 2022 and 2021, 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.

	2022	2021
NOLCO	₱55,762,149	₱64,340,988
Retirement benefit liability	748,413	2,831,355
Excess MCIT over RCIT	5,471	17,271
	₱56,516,033	₱67,189,614

Details of NOLCO of the Group are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2022	2025	₱64,605,091	₱-	₱-	₱64,605,091
2021	2026	69,189,004	-	-	69,189,004
2020	2025	89,254,500	-	-	89,254,500
2019	2022	98,920,446	-	(98,920,446)	-
		₱321,969,041	₱-	(₱98,920,446)	₱223,048,595

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
2022	2025	₱3,000	₱-	₱-	₱3,000
2021	2024	2,471	-	-	2,471
2019	2022	14,800	-	(14,800)	-
		₱20,271	₱-	(₱14,800)	₱5,471

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

	2022	2021	2020
Income tax at statutory rate	₱84,896,293	₱253,010,206	₱188,844,453
Changes in unrecognized deferred tax assets	(8,497,143)	(21,978,012)	17,208,380
Effect of change in tax rate	-	(22,241,822)	-
Add (deduct) income tax effects of:			
Nondeductible expenses	36,060,259	22,062,655	38,851,805
Expired NOLCO	24,730,112	24,877,552	8,041,460
Interest income subjected to final tax	(199,931)	(150,372)	(229,814)
Expired MCIT	14,800	17,760	1,717,760
	₱137,004,390	₱255,597,967	₱254,434,044

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

The CREATE Act was approved and signed into law on March 26, 2021 which reduced the RCIT rate 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. The effect of the change in income tax rate in 2020, however, is reflected in 2021 in accordance with the accounting standard.

The income tax rates used in preparing the financial statements as at and for the years ended December 31, 2022 and 2021 are 25% for RCIT and 1% for MCIT. The income tax rates used as at and for the year ended December 31, 2020 are 30% for RCIT and 2% for MCIT.

21. Commitments

Social and Environmental Responsibilities

Social Development and Management Programs (SDMP)

SDMP are five (5)-year projects identified and approved for implementation in the communities covered by the MPSA. 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 ₱34.9 million, ₱24.1 million and ₱39.7 million in 2022, 2021 and 2020, respectively (see Note 18).

Environmental Protection and Enhancement Program (EPEP)

EPEP refers to the comprehensive and strategic environmental management plan to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment within the Group's mining areas. 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 for December 31, 2022 and 2021 (see Note 10).

The Group implemented projects amounted to ₱113.3 million, ₱94.3 million and ₱146.9 million in 2022, 2021 and 2020, respectively (see Note 18).

Royalty Agreement

In July 2008, the Group entered into a memorandum of agreement with Indigenous Cultural Communities/Indigenous People (ICC/IP) and NCIP pursuant to the requirements of its MPSA. The Group pays royalties equivalent to a certain percentage of gross revenue to the ICC/IP.

Royalty expense amounted to ₱31.6 million, ₱40.8 million, ₱30.2 million in 2022, 2021 and 2020, respectively (see Note 18).

Operating Lease Agreements – Company as a Lessee

The Group leases an office space for its operations. Rental deposit amounted to ₱1 million and ₱0.3 million as at December 31, 2022 and 2021 (see Note 10).

Rental expense arising from short-term leases amounted to ₱4.7 million, ₱2.1 million and ₱0.3 million in 2022, 2021 and 2020, respectively (see Note 18).

Operating Lease Agreements – Company as a Lessor

In 2022, the Company has entered into operating lease agreements with a third party for the lease of its office space. Considering that there will be no transfer of ownership of the leased property to the lessee, the Company has determined that it retains all the significant risks and benefits of ownership of these properties. Accordingly, the leases are accounted for as operating leases.

Rental income amounted to ₱0.3 million in 2022.

22. Earnings Per Share

Earnings per share are computed as follows:

	2022	2021	2020
Net income shown in the consolidated statements of comprehensive income (a)	₱202,580,780	₱756,442,856	₱375,047,465
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)	₱0.067	₱0.251	₱0.124

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, 2022, 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 from the DENR. 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, 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 and its legal counsel believe that the alleged violation is without basis in fact and in law.

As at December 31, 2022, 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, AMPI and BARI received a letter-approval of the DENR, through the MGB, granting the requested extension of the exploration period of 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 cash equivalents, 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), FMRF, 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, 2022 and 2021:

	2022		2021	
	Philippine Peso	US Dollar	Philippine Peso	US Dollar
Cash in banks	₱50,250,716	\$901,196	₱150,993,220	\$2,961,232
Trade receivables	113,044,392	2,027,338	469,088,519	\$9,199,618
	₱163,295,108	\$2,928,534	₱620,081,739	\$12,160,850

For purposes of restating the outstanding balances of the Group's US dollar-denominated financial assets as at December 31, 2022 and 2021, the exchange rates applied were ₱55.76 and ₱50.99 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, 2022, 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, 2022	2.61	₱4,262,002
	-2.61	(4,262,002)
December 31, 2021	+2.15	₱5,676,378
	-2.15	(5,676,378)
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, 2022, 2021 and 2020.

	Increase/Decrease in Interest Rate	Effect on Income before Tax
December 31, 2022	3.46%	₱929,323
	-3.46%	(929,323)
December 31, 2021	3.11%	(₱891,296)
	-3.11%	891,296
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 and cash equivalents, 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.

	2022						
	High Grade	Standard Grade	Past Due but not Impaired			Impaired	Total
			1 – 30 Days	31 – 90 Days	More than 90 Days		
Lifetime ECL -							
Trade and other receivables*	P-	P-	P-	P5,556,449	P37,231,446	P75,516,127	P118,304,022
12-month ECL:							
Cash in banks and cash equivalents	546,684,250	-	-	-	-	-	546,684,250
Advances to related parties	-	26,280,675	-	-	-	-	26,280,675
RCF and MTF	5,757,306	-	-	-	-	-	5,757,306
Rental deposit	-	961,850	-	-	-	-	961,850
	552,441,556	27,242,525	-	-	-	-	579,684,081
	P552,441,556	P27,242,525	P-	P5,556,449	P37,231,446	P75,516,127	P697,988,103

*Excluding advances to officers and employees amounting to P58.4 million as at December 31, 2022

	2021						
	High Grade	Standard Grade	Past Due but not Impaired			Impaired	Total
			1 – 30 Days	31 – 90 Days	More than 90 Days		
Lifetime ECL -							
Trade and other receivables*	P-	P11,977,178	P-	P201,779,084	P115,082,864	P152,226,571	P481,065,697
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
	P806,413,723	P23,107,469	P-	P201,779,084	P115,082,864	P152,226,571	P1,298,609,711

*Excluding advances to officers and employees amounting to P22.8 million as at December 31, 2021.

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. Past due but not impaired accounts are still collectible but require persistent effort from the Group to collect.

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, 2022 and 2021, based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.

	2022					Total
	On Demand	Less than three months	Three to six months	More than six months to one year	More than one year	
Trade and other payables*	₱54,179,658	₱972,009	₱140,497,177	₱-	₱-	₱195,648,844
Dividends payable	10,484,846	-	-	-	-	10,484,846
Loans payable**	-	56,039,809	19,416,843	17,524,238	149,490,179	242,471,069
Advances from related parties	4,936,715	-	-	-	-	4,936,715
	₱69,601,219	₱57,011,818	₱159,914,020	₱17,524,238	₱149,490,179	₱453,541,474

*Excluding excise tax and other statutory payables and advances from customers aggregating to ₱85.6 million as at December 31, 2022.

**Including interest payable up to maturity amounting to ₱31.7 million as at December 31, 2022.

	2021					Total
	On Demand	Less than three months	Three to six months	More than six months to one year	More than one year	
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 related parties	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.

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:

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash	₱546,893,643	₱546,893,643	₱801,051,844	₱801,051,844
Trade and other receivables*	42,787,895	42,787,895	328,839,126	328,839,126
Advances to related parties	26,280,675	26,280,675	10,767,041	10,767,041
RCF and MTF	5,757,306	5,757,306	5,734,592	5,734,592
Rental deposit	961,850	961,850	363,250	363,250
	₱622,681,369	₱622,681,369	₱1,146,755,853	₱1,146,755,853
Financial Liabilities				
Loans payable	₱210,746,700	₱213,102,230	₱440,368,186	₱426,350,535
Trade and other payables**	195,648,844	195,648,844	193,268,829	193,268,829
Dividends payable	10,484,846	10,484,846	381,945,355	381,945,355
Advances from related parties	4,936,715	4,936,715	11,318,602	11,318,602
	₱421,817,105	₱424,172,635	₱1,026,900,972	₱1,012,883,321

*Excluding advances to officers and employees amounting to ₱58.4 million and ₱22.8 million as at December 31, 2022 and 2021, respectively.

**Excluding excise tax and other statutory payables and advances from customers amounting to ₱85.6 million and ₱259.9 million as at December 31, 2022 and 2021, 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 there 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.

	2022		Total
	Loans Payable (see Note 12)	Accrued (Prepaid) Interest (see Note 11)	
Balance at beginning of year	₱440,368,186	₱3,264,048	₱443,632,234
Cash flows from financing activities:			
Availments	9,660,396	-	9,660,396
Payments of:			
Loans payable	(239,281,882)	-	(239,281,882)
Interest	-	(26,543,903)	(26,543,903)
Noncash changes:			
Interest expense	-	24,251,864	24,251,864
Balance at end of year	₱210,746,700	₱972,009	₱211,718,709

	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



**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, 2022 and 2021, and for the years ended December 31, 2022, 2021, and 2020, and have issued our report thereon dated March 2, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of 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, 2022 and 2021, and for the years ended December 31, 2022, 2021, and 2020 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. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 9564562

Issued January 3, 2023, Makati City

March 2, 2023

Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Ratio	Formula	2022	2021
Current ratio	Total Current Assets	₱917,225,555	₱1,484,580,441
	Divided by: Total Current Liabilities	395,222,778	1,096,737,200
	Current ratio	2.32:1	1.35:1
Solvency ratio	Net Income Before Depreciation and Amortization, and Depletion	₱502,885,218	₱1,000,870,898
	Divide by: Total liabilities	1,068,221,038	1,844,515,575
	Solvency ratio	0.47:1	0.54:1
Debt-to-equity ratio	Total Liabilities	₱1,068,221,038	₱1,844,515,575
	Divide by: Total equity	4,872,384,270	4,665,117,520
	Debt-to-equity ratio	0.22:1	0.40:1
Asset-to-equity ratio	Total Assets	₱5,940,605,308	₱6,509,633,095
	Divide by: Total equity	4,872,384,270	4,665,117,520
	Asset-to-equity ratio	1.22:1	1.40:1
Interest rate coverage Ratio	Pretax income before interest	₱366,444,217	₱1,062,566,014
	Divided by: Interest expense	26,859,047	50,525,191
	Interest rate coverage ratio	13.64:1	21.03:1
Profitability Ratio	Net income	₱202,580,780	₱756,442,856
	Divide by: Total equity	4,872,384,270	4,665,117,520
	Profitability ratio	0.04:1	0.16:1



**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, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 included in this Form 17-A and have issued our report thereon dated March 2, 2023. 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, 2022
- Schedules Required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at December 31, 2022
- Conglomerate Map as at December 31, 2022

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

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until April 13, 2024

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PTR No. 9564562

Issued January 3, 2023, Makati City

March 2, 2023

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, 2022

	Amount
Unappropriated retained earnings available for dividend declaration at the beginning of year	P147,581,218
Net loss during the year closed to retained earnings	(58,876,681)
Unappropriated retained earnings available for dividend declaration at end of year	P88,704,537

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULES REQUIRED UNDER ANNEX 68-J OF THE REVISED
SECURITIES REGULATION CODE RULE 68
DECEMBER 31, 2022

Table of Contents

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

Schedule C. Amounts Receivable from Related Parties Eliminated during the Consolidation of Financial Statements
December 31, 2022

Name of debtor	Balance of beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
Marcventures Mining and Development Corp.	₱268,422,153	₱48,445,696	₱-	₱-	₱316,867,849	₱-	₱316,867,849
BrightGreen Resources Corporation	5,628,288	-	-	-	5,628,288	-	5,628,288
Alumina Mining Philippines Inc.	208,980,856	5,015,772	-	-	213,996,628	-	213,996,628
Bauxite Resources Inc.	57,762,931	1,327,842	-	-	59,090,773	-	59,090,773
	₱540,794,228	₱54,789,310	₱-	₱-	₱595,583,538	₱-	₱595,583,538

Schedule D. Long - term Debt
December 31, 2022

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"
<i>Notes Payable</i>		
Philippine Veterans Bank	₱25,000,000	₱-
United Coconut Planters Bank	30,000,000	-
China Banking Corporation	24,000,000	127,728,730
Orix Metro Leasing and Finance Corp.	1,345,623	2,672,347
	₱80,345,623	₱130,401,077

Schedule G. Capital Stock

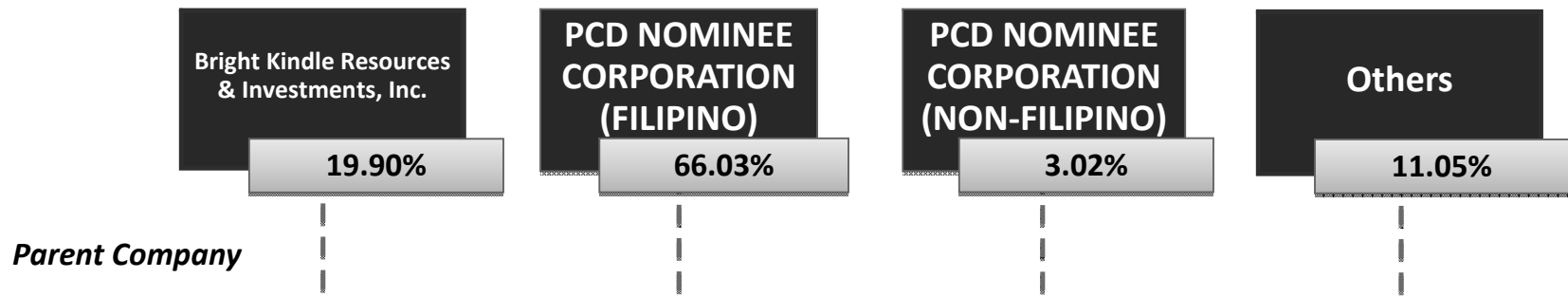
Title of issue	Number of shares authorized	Number of shares issued and outstanding shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by related parties	Directors officers and employees	Others
Common Stock	4,000,000,000	3,014,820,305	—	—	195,630,020	2,819,190,285

MARVENTURES HOLDINGS, INC. AND SUBSIDIARIES

CONGLOMERATE MAP

DECEMBER 31, 2022

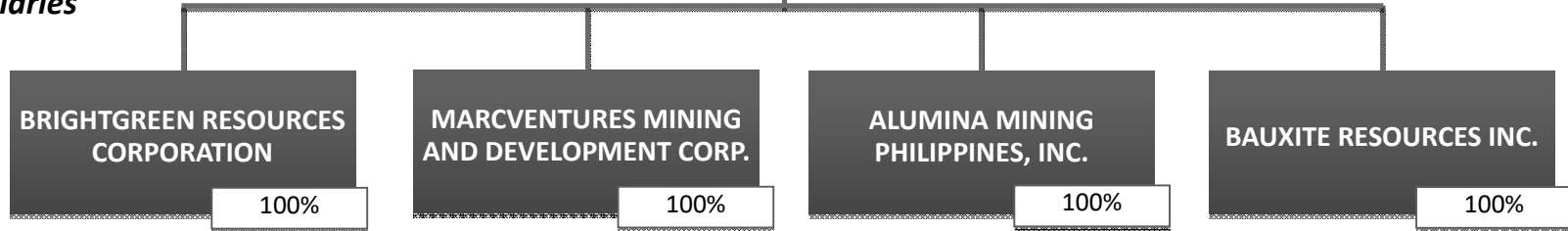
Stockholders



Parent Company



Subsidiaries





TO GREEN

2022 Sustainability Report

Board Statement

The 2022 Sustainability Report of Marcventures Holdings, Inc. (MHI or the "Group" or the "Company") continues the Company's sustainability journey as it fulfills its corporate goals strengthened by its commitment to the environment and host communities.

The country projects inspiring economic growth, with a significant performance by the mining industry amid the looming challenges of the global pandemic and the Russia-Ukraine War. Local metallic mineral production increased by almost a third, from last year. The data released by the Mines and Geosciences Bureau (MGB) showed an increase of production of 31.73% to Php 238.05 billion, from Php 180.71 billion in 2021.

MGB attributed the positive performance to the passage of government policies namely "the lifting of the moratorium on accepting applications for mineral agreements under Department Administrative Order No. 201021 and the lifting of the ban on open pit mining for copper, gold, silver, and complex ores in the country under DAO No. 2021-40."¹

Nickel ranked the highest in production value with Php 117.58 billion or 49.39%, gold took the second spot with Php 90.95 billion or 38.21%, while Copper was in third position accounting for 10.78%.

MHI subsidiary Marcventures Mining and Development Corporation (MMDC) ended the year on a positive note generating a revenue of Php 3.07 billion in 2022, despite

the unstable weather conditions during the first half of the year, coupled with the weakening ore market and aggravation of fuel prices in the second half of 2022. MMDC completed a total of thirty-one (31) shipments for the year.

We, at MHI, believe in building a business model that not only delivers 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 honor our stewardship of the environment as we continue to work on implementing responsible mining methods, 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. This was demonstrated through our prompt and active response during the pandemic, in the 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.

Based on such factors, the scope of this Sustainability Report 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 2022. 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.

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¹ Danessa Rivera; Philippine metal production up 32% in 2022, March 8, 2023; Business <https://www.philstar.com/business/2023/03/08/2249973/philippine-metal-production-32-2022>.

For any queries about this report, please email us at:
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Our Commitment to Sustainability

Our Group Structure & Business Context



At MHI we believe that responsible mining is all about putting sustainability at the forefront of our decision-making process.



Sustainability in mining goes beyond environmental performance and mitigating social impact. It's a commitment to do business responsibly, without compromising the needs of future generations.

Our journey to sustainability has inspired us to look beyond our operational approach and focus on how our programs and initiatives can further uplift the lives of the communities in Carrascal, Cantillan, and Madrid.

Guided by the United Nations Sustainable Development Goals (UNSDG) our programs support quality education, good health, and well-being, economic growth, preservation of biodiversity, and climate action. We continued our initiatives to nurture communities, empower development and minimize environmental impact.

Under our Social Development Management Program (SDMP) and our Corporate Responsibility Projects, we are proud to support the education of 465 students all coming from low-income families and members of indigenous communities. We empower communities by providing resources to help organizations start their own enterprise.

And while pandemic restrictions have eased all over the country, our Company continued to extend health assistance to indigent patients, and procure resources and medical supplies for barangay health centers.

Our sustainability journey, is not just about programs and actions. The commitment to serve is embedded in our values and strategy, lighting our path as we embark on our corporate goals.

Responsible mining means giving back to the communities that helped us grow. We thank God almighty for blessing us with another successful and productive year.

ROLANDO SANTOS
President
Marcventures Holdings, Inc.

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



MARVENTURES 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: 4,799 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, 2022:
 • Total Measured and Indicated Saprolite Mineral Resource: 9.08 Million Wet Metric Tonnes (WMT) with an average grade of 1.32% Ni and 12.77% Fe
 • Total Measured and Indicated Limonite Mineral Resource: 64.99 Million Wet Metric Tonnes (WMT) with an average grade of 0.95% Ni and 30.09% 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 are 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 the Philippine Mineral Reporting Code (PMRC) 2007 guidelines which set 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.

BRC has secured the extension of the 3rd renewal of its Exploration Period for another two (2) years effective July 02, 2022, to July 01, 2024. It was also included in the list of priority projects by the Mines and Geosciences Bureau (MGB).

Preparation for all mandatory reports for the Declaration of Mining Project Feasibility application is ongoing. The team has completed public and technical scoping (a requirement for Environmental Compliance Certificate application), baseline gathering, IEC consultation for SDMP and EPEP, and FPIC MOA with NCIP and other concerned indigenous groups.

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 2022 MHI Sustainability Report, gives an 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 that could substantively influence the assessments and decisions of stakeholders.

Although this is the company's fourth report material topics are reviewed every year. The material topics were identified, during the Sustainability Reporting workshop in 2019. The topics are regularly assessed and evaluated by the members of the technical working group together with the different departments responsible for the data and information that support the company's nonfinancial contributions.

SUSTAINABILITY CONTEXT

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 aspires 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 for stakeholders. 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 REPORTING PROCESS

In preparing the very first MHI Sustainability Report in 2019, key officers and staff attended a Sustainability Reporting workshop, facilitated by Atty. Teodoro Y. Kalaw IV, is 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 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 which consists of:

- Definition of purpose and scope of assessment
- Topic identification and categorization
- Focus prioritization
- Validation
- Reporting

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 PROCESS

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.

Highlights of 2022 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

GOOD CORPORATE GOVERNANCE

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 can create and generate value for its employees, suppliers, stockholders, community, and government.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Disruption in the 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 on 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 the market price in the purchase of materials and services.



Responsible Mining

RESOURCE MANAGEMENT

The environmental team has established a system for managing energy, water, and material consumption. 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.

ENVIRONMENTAL IMPACT

Emissions, wastes, and effluents are regularly monitored and regulated to manage environmental threats, risks, and hazards 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.



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 is 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

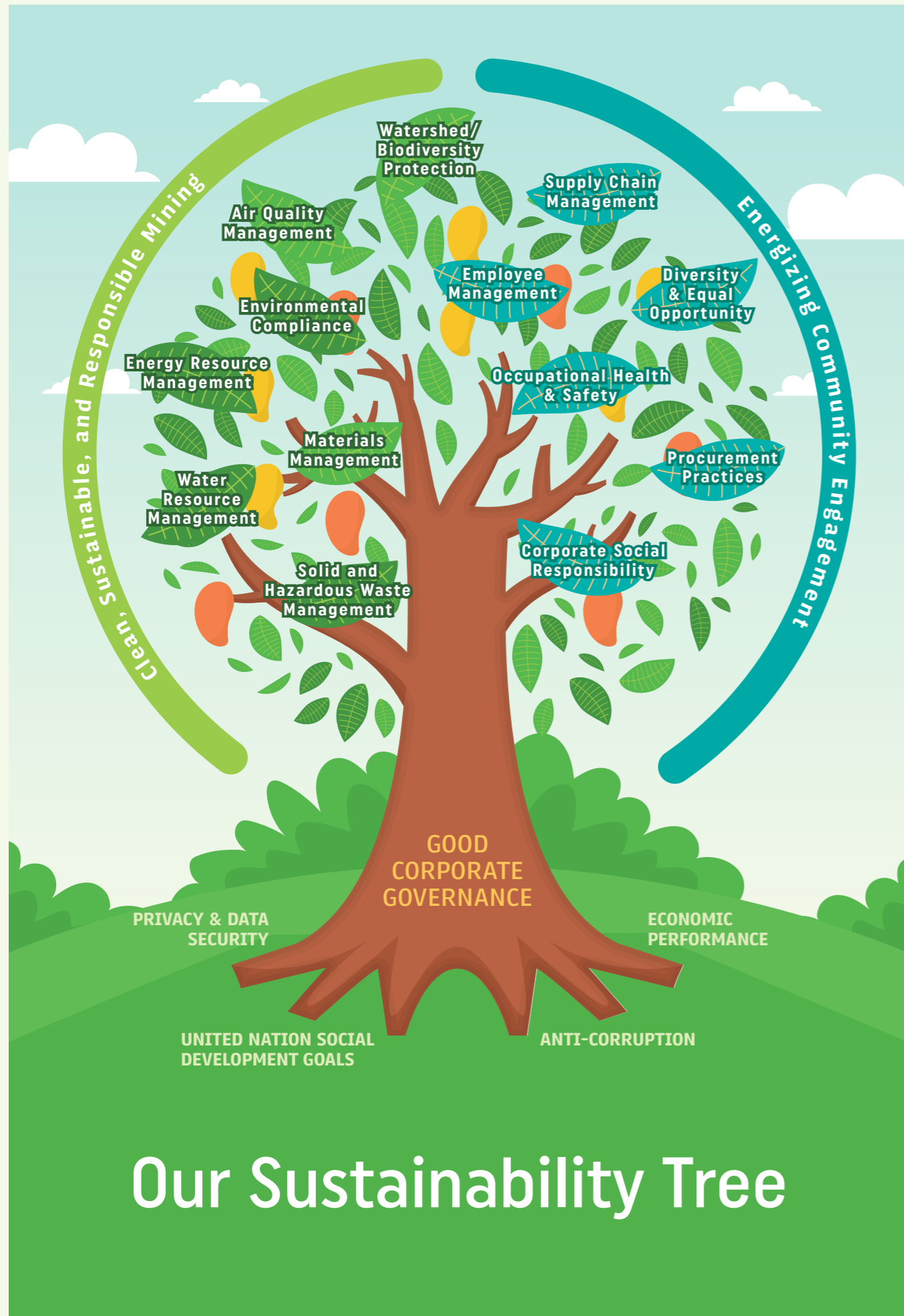
MMDC is committed to the safety, health, security, and welfare of all the people involved in the mining operation. Apart from ensuring compliance with government-mandated benefits, MHI also offers extra compensation that fulfills its employees' medical, livelihood, and educational needs. These extend to their family members in the form of food subsidies, educational assistance, and health insurance.

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 2022, there were no reported incidents of data breaches, leaks, or losses in the Company.



Responsible Mining

Responsible miners prioritize sustainability procedures when plotting the Company's operational plan. Sustainability is all about addressing current needs without compromising the needs of future generations and in mining, it is crucial to safeguard both the environment and long-term livelihood prospects of host communities. The overall goal is to reduce the negative environmental, social and governance impacts.

The National Economic and Development Authority (NEDA) emphasized the importance of responsible mining in the Philippine Development Plan (PDP), which seeks to lay the foundation of a "deep economic and social transformation" that will stir the economy on a high-growth path. The PDP prioritizes the "revitalization of the Philippine mining sector,"² which is believed to be the key driver for economic recovery and long term growth. This can ensure the sustainable recovery from the pandemic because it ensures, big investments that can generate jobs because of the high output demand.



¹ Philippine Development Plan (PDP) 2023-2028' Philippine Development Plan, Republic of the Philippines, GOVPH, <https://pdp.neda.gov.ph>.

² Editorial, 'Big Push for Sustainable Mining' Philippine Daily Inquirer, 13 February 2023. <https://opinion.inquirer.net/161023/big-push-for-sustainable-mining>.

Contribution to Global Sustainability



With a vision to fulfill its corporate goals while ensuring the welfare of host communities and protecting and conserving the environment, the Company continues to embark on its journey to contribute to the United Nations (UN) Sustainable Development Goals. The Company spearheads several initiatives to build, nurture and empower communities, promote social development and management, improve health and safety practices, and minimize environmental impact.



15 LIFE ON LAND CONSERVING LIFE ON LAND

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. Marcventures is committed to looking after the welfare of its host communities and the environment, even after the mining activities have come to a close.

The Company embarked on a Bamboo Plantation Development program in 2017 with a goal to provide an enterprise for communities after mining operations. This was followed by the establishment of the Pili Kawayan Association (PKJ) in 2018 which is composed of community members who will spearhead the

management of the bamboo plantation. Members of the association attended a service excellence training which aims to strengthen its capacity to grow the bamboo plantation business.

Bamboo can be used for various purposes: 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 55,789 seedlings covering over 77,973 hectares. Currently growing at the mined-out areas are the two commercially viable varieties – Giant Bamboo (*Dendrocalamus asper*) and Kawayan Tinik (*Bambusa blumeana*) together with Spiny Bamboo *Bambusa blumeana*.

The Company also has several programs on Temporary Revegetation, Mining Forest Maintenance, and Nursery Operations.

In 2022, creeping vines, assorted grass and crops like upland, and mung beans, covered a land area measuring 80.02 hectares. The plants used for temporary revegetation will also serve as a control measure for soil erosion and nitrogen fixation for the topsoil. The latter is utilized for the engineered slopes as part of the mine rehabilitation process of both Cabangahan and Sipangpang areas.

For the Mining Forest Program, the mined-out area measuring 32.52 hectares was covered with 41,858 seedlings of Agoho, Narra, Bani, Magkono, Auri, and Mangium. Maintenance activities are regularly done to keep the plants healthy. These include weeding, cultivation, fertilizer application, and replanting.

River embankments are stabilized to prevent erosion. This is done by planting bamboo along Carac-an River and the pit limit at the Cabangahan Area. In 2022, about 2.96 hectares of land were covered with bamboo. The Company's existing bamboo plantation, measuring 13.20 hectares continues to be maintained through ring weeding, and fertilizer application. As of December 2022, a total 90,564 seedlings of various species are growing in the nurseries in Sipangpang, Pili and nursery and Ban-ban.

3 GOOD HEALTH AND WELL-BEING ENSURING HEALTHY LIVES AND WELL-BEING

The commitment to the safety, health, and well-being of all people involved in its business remains at the forefront of its operations. The Company focuses on maintaining safe and healthy working conditions by promoting safety training, and following standard operating procedures. Environmental protection measures that are economically feasible are also applied to safeguard the health of employees and community members.

Promoting healthy lives and well-being is essential to sustainable development. And while Covid-19 continues to be a threat, the Company continues to strictly follow health and safety measures side by side with health-related projects under its Social Development Management Program (SDMP).

For the year 2022, the Company continued to distribute health essentials like alcohol, face masks, vitamins supplies, and health equipment to the households and health centers in barangays Parang, Bacolod, Bon-ot, Babuyan, Gamuton, Madrid, Carrascal, Bayugo, Bon-ot and Cabas-an. Health and emergency assistance was also extended to patients in Cabangahan, Panikian, and Cabas-an.

The program also supported the purchase of a refrigerator unit for Parang health center. This will be used to store delicate pharmaceutical products and supplies. The barangay health center in Bon-ot was also given an air-conditioning unit, Smart TV, and office supplies. Health and emergency assistance was also extended to the patients in Cabangahan, Panikian, and Cabas-an. A total of 1,546,005.02 was spent on health assistance for the communities in the area.

2 ZERO HUNGER IMPROVED NUTRITION AND SUSTAINABLE AGRICULTURE

The annual SDMP also supported the distribution of milk and vitamins to senior citizens in the communities. Families who wish to grow their vegetable garden were also given free vegetable seeds. The Company's Mine Environmental Protection and Enhancement Department (MEPEO) also maintains a vegetable garden where the harvested fruits and vegetables are used to prepare meals for the staff.





4 QUALITY EDUCATION FOR ALL

Quality education is fundamental to a stable and prosperous future. Education gives people the knowledge and skills needed to stay healthy, get jobs, and foster mental strength for coping challenges.

The pandemic posed a major challenge to the educational system. The regular learning routine was replaced by online sessions for everyone's safety. Amid the limitations, Marcventures upheld its commitment and continued to provide scholarship grants and financial aid to students at various levels.

Financial assistance was given to college students in barangays Cabangahan, Babuyan, Bayugom Gamutan, Bon-ot, Babuyan, Bacolold, Parang, Cabas-an, including students from the non-mining communities of Taganito, Calayag and Doyog. A total of 383 students were given financial assistance throughout the school year.

MMDC also subsidized the salary of 15 volunteer teachers. Most public schools do not have the means to additional educators for the growing number of students every year. The volunteers help the teachers with their day-to-day 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. The students are taking up Environment, Mining, Community, and Accounting-related courses. Aside from the free tuition, they received a monthly allowance of Php 5,000.

The Company also grants full scholarship privileges to deserving students from IP communities under its Corporate Social Responsibility program. A total of 55 scholars from IP communities are currently supported by MMDC, while five (5) scholars are supported by Bright Green Resources Inc. (BRC) another subsidiary of MHI.

The project also supported five (5) volunteer teachers deployed in different schools receiving a monthly subsidy of Php 10,000.00.



8 SUSTAINABLE ECONOMIC GROWTH

Inclusive economic growth is required for sustainable development to improve community livelihood. Growth brings new and better employment opportunities and provides greater economic security for all.



Marcventures 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, 84 members of indigenous cultural communities are currently employed by the Company, through MMDC.

The Company also 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 Five hundred seventy-two thousand, two hundred fifty-two (Php 572,252.00) in 2022 for community livelihood programs.

Training workshops on Broiler Production, Swine and Poultry raising, candle-making, and ginger processing were organized for the various groups and associations in Panikian, Bon-ot and Banban.

The Company also provided different groups with ample supplies and resources so they can start their own business. Frozen food items, movable tents, chairs, and tables were given to various small enterprise groups in Cabangahan, Bayugo, Babuyan, Parang, and Bacolod. Communities in Bacolod who also wish to grow their vegetables in their backyard for their own consumption were given free seeds.



17 PARTNERSHIPS TO FACILITATE SUSTAINABLE DEVELOPMENT

The journey towards sustainable development requires strong partnerships between the government, the private sector, and civil society. Since the beginning of Company operations, Marcventures has been fully committed to working hand in hand with local government units, and regulatory bodies for seamless operations and the proper implementation of its livelihood programs. Sustainable goals can only be achieved with strong commitment and cooperation by all parties.

Direct Economic Value Generated

MHI's consolidated income for 2022 declined by 73% from Php 756.4 million in 2021 to Php 202.6 million in 2022. The regression of profit was due to the shortfall in the number of shipments coupled with the weakening ore market and aggravated by the rise in fuel prices in the second half of 2022. These factors largely affected the performance of Marcventures Mining and Development Corporation (MMDC), the subsidiary of MHI.

MMDC's revenues receded 21% from Php 3.9 billion in 2021 to Php 3.1 billion in 2022. MMDC completed thirty-one (31) shipments in 2022 with a total 382 shipments year-to-date.

Operationally, MMDC had a positive year generating a direct economic value of Php 3.067 billion in 2022, despite the unstable weather conditions, weakening ore market and the rise in fuel cost.

The Company is gearing up for an 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 2.57 billion in 2022. The decrease was primarily due to the shortfall of ore produced and sold.

The Company also spent over Php 236 million on employee wages and benefits. Workforce productivity boosts morale and creates a culture of excellence, thereby improving the work environment. Efficiency and product improvements bring significant changes in the organization. It paves the way for advancements, incentives and higher compensation. More importantly, it opens more job opportunities within MMDC's host communities.

The expenditures for suppliers and other operating costs in 2022 amounted to Php 2,043,607,876. Based on the results for the year in review, the Company paid interest to loan providers totaling Php 28,659,047.

Profitability from enhanced business models in 2022 translated to over Php 528,235,329 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 generated profit allowed optimal returns for shareholders, with enough resources for future investments.

The Company's expenditure on host and neighboring communities in 2022 totaled Php 54,123,441. 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.





Climate-Related Risks

Mining operations continue even in harsh climates. Most companies operate amid unfriendly 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 carbon dioxide, the main contributor to anthropogenic climate change. To reduce emissions, trucks, and loaders must be always kept in perfect running condition.

Operations also involve cutting down trees which reduces carbon dioxide absorption. The Company 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.

The Company's unconsolidated deposit can add resilience to operations during lower temperatures, 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, and the frequency of rainfall in a week are used as metrics 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.

The Company can manage the risk with weekly stewardship of the 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.

The Company 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, and reusing and recycling of materials to reduce solid wastes.



CONSERVING WATER RESOURCES

Access to safe water, sanitation, and hygiene is the most basic human need. Water demand is rising owing to rapid population growth, urbanization, and increasing water needs from the agriculture, industry, and energy sectors.

Decades of misuse, poor management, over-extraction of groundwater, and contamination of freshwater supplies have created various challenges. In addition, the world is facing issues linked to water scarcity caused by climate change.

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 the water quality of both surface and drinking water sources.

In 2022, the Company's total water consumption was 145,984.39 cubic meters. Water conservation and recycling efforts have been in place since MMDC began its operations.

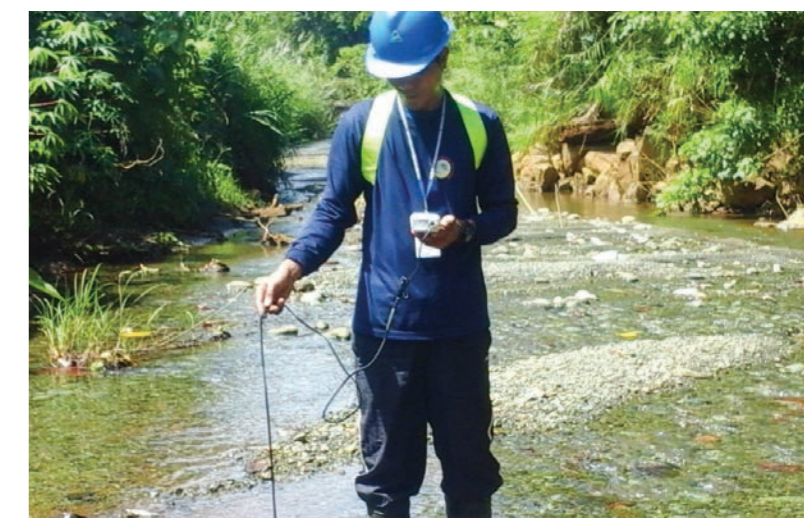
Soil movement during mining operations and road construction can cause the siltation of nearby water systems.

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 before discharge and ensure effluents are compliant with DENR standards.

For the year 2022, a total of 26 new settling ponds were constructed, 16 in the Cabangahan mine area and 10 in the Sipangpang mine area. A total of 114,358.63 silt materials were desilted as part of the maintenance and improvement of settling ponds.

Silt curtains were installed in the porta area to maintain good water quality while shipment is ongoing.



Addressing Effluents

The water quality at the causeway area, creeks, and rivers including discharge points of settling ponds are regularly monitored. The monthly in-house sampling is done with the Horiba U-50 monitoring device which measures temperature, pH (acid level), DO (dissolved oxygen), and turbidity. The team also uses a Hach colorimeter which measures parameters of chlorine, iron, manganese, chemical oxygen demand (COD), ozone, and phosphate and other substances. Samples are evaluated by the Company's teams of chemists while the quarterly third-party analysis is done by First Analytical Services and Technical Cooperative (FAST) Laboratories Inc.

The total volume of water withdrawals, abstractions taken from ground surface water sources, is 145,984.39 cubic meters. According to the DENR classification, the Company's water usage is under Class C for industrial water supply.

The quality is measured according to TSS or Total Suspended Solids (TSS). These are solid materials in water that are captured when filtered. The acceptable TSS for Class C is below 80 milligrams (mg) per liter (L).

For 2022 the average TSS for effluent or wastewater is 5.31 mg/L and the average TSS for ambient or open water is 15.91 mg/L. The analysis by both the in-house team and third-party Ostrea Mineral Laboratories shows that ambient, effluent, and process-related water quality in all stations were 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).



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 sensitive areas like the community water sources of barangay Bon-ot, Gamuton and Panikian (Carrascal) situated west of the 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 a water source and servicing an agricultural area measuring 150 ha.
- Cantillan Irrigation System with Carac-an River as a water source.
- Habitation sites of barangay Bon-ot, Gamuton and Panikian in Carrascal, and barangay Cabangahan in Cantillan.
- 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.

Positive for Terrestrial Wildlife Vertebrates

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 a 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.



ENERGY CONSERVATION

Access to clean and affordable energy is the key to development and throughout the globe are several initiatives to advance towards sustainable energy targets. 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 regularly. 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 2022, MMDC consumed a total of 9,619,329.00 liters of diesel fuel, an increase of 724,350 liters from last year's 8,894,879.00 liters. The company's contractors consumed 9,064,644 liters of diesel fuel while the landing craft transport (LCT) system consumed 370,000 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.



WASTE AND POLLUTION RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable consumption and production patterns are key to the stable livelihoods of current and future generations.

Irresponsible consumption and production cause crises of climate change, biodiversity loss, and pollution.

Both the government and the private must work together to improve resource efficiency, and reduce waste and pollution.

The Company's positive performance is supported by sustainable consumption and production. It 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.



MANAGING EMISSIONS AND ADAPTING CLIMATE IMPACT

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 generation is a primary concern in every operation, especially during dry weather conditions. Mitigation and control of dust must be given utmost consideration.

Road Maintenance

The main haulage road is well-maintained to minimize excessive dust during ore transport from the mine pit to the port. Prior to operations the team makes sure that roads are paved and in good condition. Regular road watering is done during the dry season. The company deploys (8) water trucks to control the dust from haulage roads.

Dust Suppression

Dust is a prevalent problem in nickel mining. Aside from air pollution, it can affect the health of the people in the 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 within the limits set by the DENR stipulated in the National Ambient Air Quality Standards (NAAQS).

Dust and other suspended particulate matters cause air quality degradation during mining operations. To suppress fugitive dust the operations team strives to:

- limit the area of disturbance;
- perform re-vegetation immediately to limit wind blown dust;
- control vehicle speed; and
- regularly spray water on unpaved roads and other affected areas like the mine pit, mine yard, port, and stockyard.

Air Quality Monitoring

Air quality sampling is done monthly by the in-house technical personnel, while the quarterly analysis is carried out by a DENR-accredited laboratory. Suspended particles are measured with the gravimetric method using high volumetric samplers. The monitoring parameters are defined by Total Suspended Particulates (TSP). PM10 are particulate matters that are less than 10 micrometers while PM 2.5 are particulate matters that are less than 2.5 micrometers.

The Total Suspended Particulates (TSP) are the solid matters in the atmosphere and the primary contributors to air pollution, smog formation, and environmental contamination. PM10 refers to particulate matter that is 10 micrometers and below. PM10 can reach the upper regions of the lungs. PM2.5 measures 2.5 micrometers and below. It can cause lung problems because it reaches the deeper parts of the lungs.

The standard for TSP is below 300 micrograms (ug) / Nanocentimeter (Ncm). In 2022, the maximum TSP reached 182 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. The official results were submitted in the first quarter of 2022.

The result of 2022 regular emission tests in 2022 showed that air emission levels are below national threshold limits. The technical team continues to manage these emissions to prevent any form of damage in the future.

Responsible Solid and Hazardous Waste

Improper handling of solid and hazardous wastes brings harmful consequences. Environmental management begins with proper disposal and the Company has a waste management system to protect its employees and the communities.

Solid wastes are separated at the source, before recycling. Regular collection and proper segregation are always observed. Food scraps and other biodegradable wastes are brought to the onsite vermicomposting facility while materials for recycling like metals, plastics, and glass are sorted and stored at an onsite materials recovery facility. The Company has also been utilizing recycled materials for landscaping purposes.

Residuals are disposed of at the 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 22,917.00 kilograms of segregated wastes were collected and disposed of in 2022. Total reusable waste was 7,383 kg, 2171 kg for compost, and 11,571 kg for residuals.

Hazardous waste

The Company has not transported any form of hazardous waste as the re-registration of the Hazardous Waste Generator's ID renewal and Permit-To-Transport application were still in process in 2022. To address the need to transport the waste, the Company tapped Genetron International Marketing from Bulacan, a DENR Accredited Transporter and Treater for the disposal, transportation, and treatment of hazardous waste.

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. Now, the percentage of recycled input materials used for its mining operations is zero, but it recognizes its responsibility to reduce the environmental impact for future generations.

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 and their benefits in the current operational setup.

Enhancing Strict Environmental Compliance

Responsible environmental management is a testament to the Company's commitment to reducing its carbon footprint.

On October 25, 2022, the Company passed the surveillance audit by NQA Philippines for its Integrated Management System. The Company met 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. NQA Philippines provides accredited ISO standard certification for companies and organizations. The Marcventures was recommended for continued certification.

The recommendation seals the Company's commitment to providing quality service while incorporating environmental protection and resource conservation as well as maintaining all safety and health standards.

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 according 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 March 2023, a total of 2,556,301.00 out of the 3 Million seedlings have been planted covering an area of 1829.43 hectares.



Energizing Community Engagement

Operational efficiency proactively reduces wasted resources, time, and money. It also enhances the Company's commitment to the development of its host and neighboring communities.



Ella Doribelle Sugian
Bachelor of Science in Social Work
Cum Laude

Darriel Crispo Benedicto
Electrical Engineering

Raven Daryle Suarez
Bachelor of Science in Forestry

Darwin Hunahunan
Bachelor of Science in Criminology

In 2022, the Company spent Php 54.12 million for its Social Development Management Programs (SDMP) and Php 19,204,321.00 Million for Corporate Social Responsibility (CSR) initiatives. These include educational assistance to members of indigenous communities, health programs, livelihood development, and other initiatives to help meet the needs of mining communities.

These initiatives aim to optimize empowerment, provide opportunities for sustainable livelihood, and protect socio-cultural values and local customs while improving economic conditions and human advancement.

Educational Assistance

As discussed in the section on UNSDG #4 Quality Education for All, the Company continues to extend assistance to deserving students from various communities including members of indigenous groups.

A total of 383 students were given financial assistance throughout the 2021-2022 school year. The Company also supports the college education of 22 students under the Company's Development of Mining and Geoscience Technology program. MMDC also supported the 55 scholars from IP (Indigenous Peoples) communities while Bright Green Resources Inc. (BRC) another subsidiary of MHI, supported the education of 5 scholars from IP communities.

Livelihood Development

As discussed in the section on UNSDG #8 Sustainable Economic Growth, Enterprise Development the Company spent a total of Five hundred seventy-two thousand, two hundred fifty-two (Php 572,252.00) in 2022 for community livelihood programs. The Company organized livelihood training workshops for various organizations and provided retail supplies and resources to help communities start their businesses.

Stakeholder Engagement

The society is represented by stakeholders who play a key role in setting the course and defining the actions of the business. During a stakeholder engagement exercise, companies can address expectations and create benefits within the communities they operate. This becomes a crucial component of a company's sustainability approach.

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 2022 the Company procured approximately Php 28 Million worth of goods and services from local suppliers in Surigao, Davao, Butuan, Cebu, Tagum, Tandag, Cavite, and Bukidnon.

Local businesses employ workers from different communities which helps boost the local economy. The growth in the business sector opens more opportunities for employment and local enterprise.

Enhancing Employment Management

Organizations need to help employees do their best work every day to achieve corporate goals. It entails finding and hiring the right candidates to fill positions so that operations run smoothly. Once onboard, employee performance is measured and evaluated regularly. Regular interaction is also encouraged to effectively communicate expectations, job culture, and feedback.

In 2022, MHI, through MMDC, had a total of two hundred seventy (274) regular employees, 78 female and 196 male employees all with SSS, PhilHealth, Pag-IBIG, and HMO benefits. During the mining season (March-November 2022), the Company hired an additional 746 project-based employees. Most of them are assigned to work at the stockyard, barge, and cargo areas.

When assessing the capability of current and prospective employees, the Company 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.

MHI aligns workforce aspirations with the organization's mission and vision. Workforce planning and overall management is measured by the attrition rate. The average rate for workers in the mining and quarrying industry, according to Philippine Statistics Authority (PSA) is 10.6%. For 2022, MMDC's attrition rate is 12% which is slightly higher than average. This is attributed to several organizational changes that were implemented to improve operational efficiency.

Employee Development

In the increasingly competitive market for skills, the Company continuously evaluates various programs aimed at enhancing skills, knowledge, and awareness.

For 2022, 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. Details are discussed in the Occupational Health and Safety 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 2022, a total of 2,132 hours were spent on employee training.



Nurturing Labor-Management Relations

The Company continues to nurture good relations with its senior officers, employees, organized labor groups, and the host communities within its Mineral Production Sharing Agreement (MPSA) area.

MMDC regularly holds town hall meetings so that important or urgent matters can be properly raised and openly addressed by the management.

MHI, through MMDC, maintains a cooperative and healthy relationship with the Associated Professional Supervisory Office and Technical Employee Union (APSOTEU) and the

Samahan ng Responsableng Manggagawa ng Marcventures Mining and Development Corporation-Associated Labor Unions-Trade Union Congress of the Philippines (SRMMMDC-ALU-TUCP). The latter is the exclusive bargaining agent of MMDC's rank-and-file employees. A total of 128 employees are members of SRMMMDCALU-TUCP, and 56 employees are members of APSOTEU. MMDC's existing rate of employees covered by the Collective Bargaining Agreement is 67%. The Collective Bargaining Agreement (CBA) was completed in September 2020. For the current year, wage-increase for rank-and-file employees was implemented in June 2022, while the increase for supervisors was implemented in August 2022.

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, Cantillan, and Madrid. Through the years, the Company has been very successful in maintaining strong ties with various local agencies and stakeholders.

Promoting Diversity and Equal Opportunity

The Company pays close attention to processes and procedures with the assurance that it does not discriminate against any individual or group. Workforce diversity is embraced and respected and every contribution is valuable as it paves the way for a broader understanding of process improvement. After all varying mindsets are needed to tackle complex global challenges faced by the mining industry.

MHI provides equal opportunity in recruitment and career development regardless of gender. In 2022 female workers represented about twenty-eight percent (28%) of the workforce. This is very significant considering that mining is still a male-dominated industry, and across the globe, women make up only 5% to 15% of workers.²

The Company upholds its legal obligation to prioritize the talents in the community. Before 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 is priority hiring for IP members.



MHI works closely with its host and neighboring communities, including Indigenous Cultural Communities (ICC) / Indigenous Peoples (IP). A total of eighty-four (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

The Company's business strategy reinforces safe and responsible operations. Occupational health and safety objectives emphasize "zero harm." Workers return home in good health, because on top of the safety gear provided by the Company, orientation, and awareness exercises are conducted regularly.

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. Technically proven and economically feasible environmental protection measures are always applied to safeguard the health of employees and nearby communities.

The Company's Central Safety and Health Committee (CSHC) was organized to regularly discuss day-to-day 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 person 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.

¹ Cai Ordinario, "Labor turnover rate show positive employment levels," Business Mirror, June 27, 2022. <https://businessmirror.com.ph/2022/06/27/labor-turnover-rate-shows-positive-employment-levels/>

² Ege Tekinbas, "Will Women Fit Into the Mining workforce of the Future," Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, June 14, 2022. <https://www.igfmining.org/women-mining-workforce-future/>



Safe Man Hours

As of 2022 the Company achieved a total of 3,767,894 safe hours with no lost time accident. The safety team recorded only one¹ work-related, non-fatal accident for the year. 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. The Company remains unwavering in its commitment to achieving the vision of zero harm.

Good Corporate Governance



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 abides by 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 the Protection of Confidential Information. (MC-002-19).

Upon hiring, employees are asked to sign a Deal of Undertaking to certify that all information is 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 – moving towards a more digitized workplace. The Company recently launched its Social Media policy which emphasizes the role of all employees in protecting the Company's reputation. The employees were made aware that they must exercise caution, discretion, and judgment when posting about Company activities in their personal social media accounts.

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. The Company is committed to improving systems and procedures for data gathering as it integrates online tools to better address operational needs.

Disclaimer:

The "forward-looking information" in this report is based on estimates, assumptions, expectations, and opinions of management and is subject to uncertainties and contingencies. For this reason, readers are advised not to solely rely on the data presented in this report when making significant investment decisions.

MHI's commitment to Good Corporate Governance is 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.

The Company acknowledges that to enhance shareholder value, operations 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 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, 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 the Whistle Blowing Policy, employees who are aware of a valid occurrence of unethical behaviors are highly encouraged to report it to Management without fear of repercussions. Management does not hesitate to pursue disciplinary actions which may even result in the

replacement of key executives for actions detrimental to and in contravention of the Company's corporate governance practices.

Transparency in 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 adhere to the policy. As the Company optimizes the approach to responsible procurement, it is also looking

into expanding our contractual remedies to include environmental performance, social commitments, and even the investments of contractors and suppliers.

Anti-Corruption Measure

The Company also practices a zero-tolerance policy on misappropriation of assets and properties, fraudulent acts and reporting, corruption, and bribery in any form, and unethical practices. It supports the emphasis on integrity, transparency, and accountability in the conduct of its operations by providing a mechanism (the "Whistleblower Policy") for individuals to raise concerns that 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, provided it is made in good faith and without malice.

As discussed in the section on Supply Chain Management of this Report, procurement and supply policies, and standard operating procedures are based on principles of fair treatment and open competition. Third-party

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:

Topic	Page # in SEC Memorandum Circular #4 series of 2019	Page # in 2022 Sustainability Report
Air Emissions	27	16
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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, 2022



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