

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Sep 30, 2015
2. SEC Identification Number
12942
3. BIR Tax Identification No.
111-104-320-000
4. Exact name of issuer as specified in its charter
Marcventures Holdings, Inc.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
4th floor, Citibank Center, Paseo de Roxas, Makati City
Postal Code
1227
8. Issuer's telephone number, including area code
+632-8314479
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	1,821,358,599

11. Are any or all of registrant's securities listed on a Stock Exchange?
 - Yes No
 - If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange
12. Indicate by check mark whether the registrant:

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

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 17-2 - Quarterly Report *References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	Sep 30, 2015
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2015	Dec 31, 2014
Current Assets	896,192,728	907,772,795
Total Assets	3,787,052,530	3,716,584,378
Current Liabilities	606,088,533	566,493,638
Total Liabilities	770,032,391	637,596,710
Retained Earnings/(Deficit)	968,105,905	1,030,073,433
Stockholders' Equity	3,017,020,139	3,078,987,668
Stockholders' Equity - Parent	2,771,537,277	2,863,384,813

Book Value per Share	1.53	1.57
-----------------------------	------	------

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	169,049,594	592,926,007	190,100,461	864,394,576
Other Revenue	23,077,255	24,397,539	27,244,678	18,507,210
Gross Revenue	192,126,849	617,323,546	217,345,139	882,901,786
Operating Expense	86,944,249	85,832,487	272,063,393	205,349,680
Other Expense	2,134,332	123,120	7,249,274	445,308
Gross Expense	89,078,581	85,955,607	279,312,667	205,794,988
Net Income/(Loss) Before Tax	103,048,268	531,367,939	-61,967,528	677,106,798
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	103,048,268	531,367,939	-61,967,528	677,106,798
Net Income Attributable to Parent Equity Holder	103,048,268	531,367,939	-61,967,528	677,106,798
Earnings/(Loss) Per Share (Basic)	0.06	0.29	-0.03	0.37
Earnings/(Loss) Per Share (Diluted)	0.06	0.29	-0.03	0.37

Other Relevant Information

-

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance Officer

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.

(Company's Full Name)

U N I T 4 - 3 4 t h F L O O R C I T I B A N K C T 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)

Ana Katigbak

(Contact Person)

02-8368609

(Company Telephone Number)

1 2 3 1

Month Day
(Calendar Year)

1 7 - Q

(Form Type)

Month Day

(Annual Meeting)

N.A.

Secondary License Type, If Applicable)

Finance Department

Dept. Requiring this Doc.

September 30, 2015

Period Ending Date

Total Amount of Borrowings

2,163

Total No. of Stockholders

N/A

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **September 30, 2015**
2. Commission identification number **12942**
3. BIR Tax Identification No. **470-000-104-320**
4. Exact name of registrant as specified in its charter: **MARCVENTURES HOLDINGS INC.**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: **(SEC Use Only)**

7. Address of registrant's principal office:

**Unit 4-3 Citibank Center
8741 Paseo de Roxas , Makati City**

8. Registrant's telephone number, including area code: **(63 2) 831-44-79**

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

10. 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>
Common Stock (₱1.00 par value)	1,821,358,599 shares
Short-term Debt	₱206,958,217
Long-term Debt	₱90,000,000

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

Note: only 1,821,327,687 are listed with PSE

Yes. The common shares are listed on the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

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

Yes

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

Yes

Table of Contents	
PART I - FINANCIAL INFORMATION	1
Item 1 - Financial Statements	1
<i>Summary of Consolidated Balance Sheets as of September 30, 2015 and December 31, 2014</i>	1
<i>Summary of Consolidated Income Statements for the three-month and nine-month periods ending in September 30, 2015 and corresponding periods in 2014</i>	1
<i>Summary of Consolidated Statement of Cash Flows for the three-month and nine-month periods ending in September 30, 2015 and corresponding periods in 2014</i>	2
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation	2
Part 2 - Financial Soundness Indicators	11
SIGNATURES	12
Consolidated Financial Statements	13

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

The Unaudited Consolidated Financial Statements of Marcventures Holdings Inc. as of September 30, 2015 and for the three-month and nine-month periods ending in September 30, 2015 with comparative audited figure as of December 31, 2014 are in compliance with Generally Accepted Accounting Principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Consolidated Balance Sheets as of September 30, 2015 and December 31, 2014

	2015 ('000)	2014 ('000)	2015 vs. 2014 Increase (decrease)	
			Amount ('000)	Percentage
Current assets	₱896,192	₱907,773	(₱11,581)	-1.29%
Noncurrent assets	2,890,861	2,808,812	82,049	2.84%
Total Assests	₱3,787,053	₱3,716,584	₱70,468	1.86%
Current Liabilities	₱606,089	₱566,494	₱39,595	6.53%
Noncurrent liabilities	163,944	71,103	92,841	56.63%
Total Equity	3,017,020	3,078,988	(61,968)	-2.05%
Total Liabilities and Equity	₱3,787,053	₱3,716,584	₱70,468	1.86%

Summary of Consolidated Income Statements for the three-month and nine-month periods ending in September 30, 2015 and corresponding periods in 2014.

	For the Three Months Ended		For the Nine Months Ended	
	2015 ('000)	2014 ('000)	2015 ('000)	2014 ('000)
Sale of Ore	₱1,156,700	₱1,292,150	₱1,853,473	₱1,948,649
Cost of Good Sold	987,650	699,244	1,663,373	1,084,254
Gross Income	169,050	592,926	190,100	864,395
Operating Expenses	86,945	85,832	272,063	205,350
Income (Loss) from Operations	82,105	507,094	(81,963)	659,045
Interest Expenses	(2,134)	(123)	(7,249)	(445)
Interest Income	84	421	198	746
Other Income	22,993	23,976	27,046	17,761
Total Comprehensive Income (Loss)	₱103,048	₱531,368	(₱61,968)	₱677,107
Basic earnings per share	0.06	0.29	(0.34)	0.37
Diluted earnings per share	0.06	0.29	(0.03)	0.37

Summary of Consolidated Statement of Cash Flows for the three-month and nine-month periods ending in September 30, 2015 and corresponding periods in 2014.

	For the Three Months Ending September 30,		For the Nine Months Ending September 30,	
	2015 ('000)	2014 ('000)	2015 ('000)	2014 ('000)
Cash provided by (used in) operating activities	₱143,570	₱529,265	(₱252,621)	₱697,572
Cash used in investing activities	(5,231)	(85,974)	(316,039)	(229,163)
Cash provided by (used in) financing activities	(3,458)	(125)	196,292	(556)
Net increase (decrease) in cash and cash equivalent	134,881	443,166	(372,368)	467,853
Cash and cash equivalent- January 1, 2015	106,885	328,174	614,134	303,487
Cash and cash equivalent - September 30, 2015	₱241,766	₱771,340	₱241,766	₱771,340

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

The following discussion is based on the unaudited interim consolidated financial statements for the nine-month and three-month periods ending September 30, 2015, with comparative figures for the corresponding periods in 2014 and audited consolidated financial statements as of December 31, 2014, prepared in conformity with Philippine Accounting Standards 34, Interim Financial Reporting and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Results of Operation

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the nine-month periods ending September 30, 2015 and 2014, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Nine months ending September 30, 2015 compared with nine months ending September 30, 2014

Revenues

For the nine months ended September 30, 2015, Marcventures Mining and Development Corp. (MMDC), a wholly owned subsidiary of MHI sold a total volume of 2,806,300 wet metric tonnes (WMT) of nickel ore or equivalent to 51 shipments to China, as compared to 1,572,140 wmt or equivalent to 29 shipments for the same period last year. In April 2014, Mines and Geoscience Bureau (MGB) issued a suspension order to MMDC. The Company resumed its full operation on August 20, 2014 when MGB lifted the suspension order on August 19, 2014, thus the Company suffered a loss of 4 months operating period during that year.

The revenue as of September 2015 and 2014 amounted to ₱1.853 billion and ₱1,949 billion, respectively. A decrease of ₱95.18 million or 4.9% was due to the low price of nickel. At the same level of production, the revenue could have been ₱3.580 Billion if not for a 48.06% or US\$ 13.54 per WMT decline in nickel prices. The impact of the fall in nickel price was cushioned by the 78.5% increase in production in 2015.

The reduction of the revenue attributable mainly to the decline in selling price of nickel ore resulted in the drop of consolidated net income by 109.2% from previous period's Net Income of ₱677.1 million to this period's Net Loss of ₱62.0 million.

Cost of Sales

Cost of sales for the nine months period increased by P579.1 million or 53.4% from P1,084.2 million in 2014 to P1,663.4 million this year. The increase was largely on account of the following:

- **Increase in Direct Mining Cost of Nickel Ore** by P474.6 million equivalent to 65.1% due to increased production and sale by 1.23 million WMT (78.5% increase) during the period. MMDC sold a total volume of 2,806,300 WMT (51 shipments) of Nickel Ore as compared to 1,572,140 WMT (29 shipments) for the same period last year.
- **Increase in Marketing Expenses** by P55.4 million equivalent to 25.4% mainly due to escalation in barge rental resulting from higher volume shipped for the period.
- **Increase in Depletion Charges** by P35.6 million equivalent to 58.2% attendant to higher volume extracted and sold for the period.
- **Increase in Demurrage** by P15.3 million equivalent to 53.4% attributable to unfavorable weather conditions during loading (i.e. frequent rain in the area).

The above increases in cost was partly offset by the:

- **Decrease in Excise Tax** by P1.9 million equivalent to 4.9% due to the decline in price of nickel ore.

Operating expenses

Operating expenses for the nine months period increased by P66.7 million or 32.5% from P205.3 million in 2014 to P272.0 million this year. The increase was largely on account of the following:

- **Increase in Professional Fees** by P18.9 million equivalent to 82.5% mainly due to the payment of director's per diem and other remunerations.
- **Increase in Taxes and Licenses** by P20.7 million equivalent to 199.4% owing to business taxes paid by the parent and subsidiary company and the settlement of 2011 tax deficiency amounting to P9.5 million.
- **Increase in Depreciation Charges** by P17.2 million or 185.7% due to depreciation of office improvements and newly acquired service vehicles.
- **Increase in Salaries and Wages** by P11.5 million equivalent to 15.6% due to hiring of additional office personnel for both managerial and technical positions and salary adjustments of officers and employees.
- **Increase in Loading Fee** by P7.4 million equivalent to 78.5% resulting from the increase in volume of nickel ore shipped.
- **Increase in Social Development and Management Program** by P7.1 million or 166.9% in compliance with the implementing rules and regulation of the 1995 Philippine Mining Act which requires that 1.5% of operating cost be allocated for the development of the host and neighboring mining communities

- **Increase in Donation** by ₱3.33 million equivalent to 57.6% arising from financial assistance for various projects of the different municipalities, allowances of daycare workers and provision of food supplements to various barangays.
- **Increase in Communication, Light and Water expenditures** by ₱1.4 million equivalent to 44.5% due to additional light and power utility charges and upgrade of data connection in head office and minesite.
- **Increase in Repair and Maintenance** by ₱0.2 million equivalent to 530.9% used in the repair of office in mine site and service vehicles.
- **Increase in other expenses** by ₱10.1 million equivalent to 165.5% mainly due to increase in environmental charges on damage crops and trees at mine site, rental of water trucks used for dust control and other related expenses.

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

- **Decrease in Supplies** by ₱0.2 million equivalent to 5.0% as savings from non-recurring cost of printing of various forms and purchase of various office supplies.
- **Decrease in Royalties** by ₱1 million equivalent to 4.9% was due to decrease in price of nickel ore.
- **Decrease in Professional Fees** by ₱1.6 million equivalent to 13.0% due to savings in non-recurring consultants hired in 2014.
- **Decrease in Rental** by ₱1.8 million equivalent to 82.9% mainly as a result of the termination of lease contract of the former MHI office space and acquisition of new office space in 2014.
- **Decrease in advertisement** by ₱6.1 million equivalent to 97.3% is attributable to reduction of non-recurring promotional and advertising cost.
- **Decrease in Representation** by ₱26.2 million equivalent to 93.8% was realized due to lesser interactions with Buyers and other Minesite Stakeholders.

Three months ending September 30, 2015 compared with three months ending September 30, 2014

Revenues

For the three months ending September 30, 2015, the subsidiary sold a total of 1,765,591 wet metric tonnes (WMT) of nickel ore equivalent to thirty two (32) shipments to China, as compared to 992,359 wet metric tonnes (WMT) equivalent to eighteen (18) shipments for the same period the year before. The operations achieved an increase of 773,232 wet metric tonnes in production and sales corresponding to 77.9% increase in tonnage.

The corresponding total revenue from the sale of nickel ore for the three months ending September 30, 2015 and 2014 were ₱1,156.7 million and ₱1,292.1 million, respectively.

Despite of an increase in tonnage by 77.9% there is only a slight increase in sales revenue amounting to ₱16.7 million equivalent to 1.25% due to the decline in the selling price of nickel ore. A decrease of ₱135.4 million or 10.5% was due to the low price of nickel. At the same level of production, the revenue could have been ₱2.333 billion due to 50.7% decline in nickel price. The impact of the fall in nickel price was cushioned by the 77.9% increase in production in 2015.

As a result of the fall in the selling price of nickel ore the Consolidated Net Income dropped by 88.9% from previous year's third quarter net income of ₱531.4 million to this period's net income of ₱59.1 million.

Cost of Sales

Cost of sales for the three-month periods increased by ₱288.4 million or 41.2% from ₱699.2 million last year to ₱987.6 million this year. The increase was largely on account of the following:

- **Increase in Direct Mining Cost of Nickel Ore** by ₱168.0 million equivalent to 33.5% mainly due to increase in tonnage sold for the period. The incremental sales is 0.773 million WMT or 77.9% from 0.992 million WMT last year. However in terms of unit cost, the direct mining cost per ton of nickel ore during the three-month period in 2015 is ₱379.2 which is much lower than the unit cost of ₱505.3/WMT in 2014.
- **Increase in Marketing Expenses** by ₱59.1 million equivalent to 55.0% mainly due to the barge rental for the incremental tonnage shipped.
- **Increase in Demurrage** by ₱37.3 million equivalent to 1,319.2% due to surge in weather related delays in loading (i.e. frequent rain in the area).
- **Increase in Depletion charges** by ₱20.5 million equivalent to 33.5% which is attributable to increase in tonnage sold during the period.
- **Increase in Excise Tax** by ₱3.4 million equivalent to 13.2% was due to increase in gross value of nickel ore sold for the period.

Operating Expenses

For the three months ended September 30, 2015, operating expenses increased by ₱1.1 million or 1.3% from ₱85.8 million for the same period last year. The increase was primarily due to the following:

- **Increase in Taxes and Licenses** by ₱10.7 million equivalent to 591.1% mainly attributable to the settlement of 2011 tax deficiency.
- **Increase in Depreciation charges** by ₱ 9.4 million or 280.6% due to depreciation of office improvements and newly acquired service and equipment.
- **Increase in Loading Fee** by ₱4.7 million equivalent to 78.3% resulting from the increase in tonnage of nickel ore shipped.
- **Increase in Supplies** by ₱0.3 million equivalent to 34.6% due to replenishment of office supplies and printing of various forms for warehouse and office use.
- **Increase in Repair and Maintenance** by ₱0.04 million equivalent to 153.5% for the repair of office in mine site and service vehicles.

- **Increase in Other Expenses** by ₱2.6 million equivalent to 69.0% mainly due to rise of environmental charges on damage crops and trees at mine site, rental on water truck used for dust control and other related expenses.

The above cost increases were partly offset by the following :

- **Decrease in Donation** by ₱0.5 million equivalent to 12.7%. This pertains to financial assistance for various projects of the different municipalities, allowances of day-care workers and provision of food supplements to various barangays.
- **Decrease in Rent Expense** by ₱0.6 million equivalent to 85.9% mainly due to the termination of lease contract for the former MHI office space and acquisition of new office space in 2014.
- **Decrease in Communication, Light and Water Expenditures** by ₱0.6 million equivalent to 25.9% as a result of a cost saving initiative.
- **Decrease in Royalties** by ₱1.4 million equivalent to 10.5% due to the drop of nickel ore price.
- **Decrease in Salaries and Wages** by ₱1.9 million equivalent to 8.9% .
- **Decrease in Social Development and Management Program (SDMP)** by ₱2.0 million. For the quarter ended September 2015, MMDC utilized the remaining 2014 fund amounting to ₱9.0 million.
- **Decrease in Advertisement** by ₱2.5 million due to lesser non-recurring promotional and advertising cost in contrast with the cost incurred in 2014.
- **Decrease in Professional Fees** by ₱2.7 million equivalent to 29.9% due to lesser engagement of technical consultants.
- **Decrease in Representation** by ₱13.9 million equivalent to 100.9% due to minimal meeting with clients and representation to local community residents at the mine site.

STATEMENT OF FINANCIAL POSITION

September 30, 2015 vs. December 31, 2014

Assets

The consolidated total assets of the Company increased by ₱70.5 million as of September 30, 2015 from ₱3,716.6 million as of December 31, 2014. The 1.9% increase was mainly due to the increase in Total Noncurrent Assets which is partially offset by the decrease in Total Current Assets, to wit:

- **Increase in Total Noncurrent Assets** of ₱82.1 million equivalent to 2.9% from ₱2.81 billion to ₱2.89 billion mainly due to 51.0% increase in other noncurrent assets resulting from new investment and 7.1% increase in property and equipment resulting from acquisition of service vehicles and heavy equipment.

- **Decrease in Total Current Assets** amounting to ₱11.6 million as of September 30, 2015. The 1.3% decrease from ₱907.8 million as of December 31, 2014 was attributable to the following:
 - **Decrease in Cash** from ₱614.1 million to ₱241.8 million or a decrease of ₱372.3 million (equivalent to 60.6% decline) which was used in operating expenses, payment of payables, acquisition of service and mining equipment and additional development cost on mine and support facilities.
 - **Increase in Trade and other Receivables** of ₱474.6 million or 3,629.7% from ₱13.07 million to ₱487.6 million due to the sale of nickel ore towards the end of the period to be collected in succeeding months.
 - **Decrease in Inventory** of ₱142.5 million or 83.6% from ₱170.4 million to ₱27.9 million because MMDC sold most its 2014 stockpile in addition to 2015 production.
 - **Increase in Advances to Related Parties** amounting to ₱3.5 million or 5.8% increase from ₱61.0 million to ₱64.5 million. The additional advances were made to Bright Green Resources Corporation for the road maintenance services.
 - **Increase in Other Current Assets** valued at ₱25.2 million or 51.2% from ₱49.2 million to ₱74.4 million consisting of increase in advances to contractors, prepaid expenses and increase in mining supplies.

Liabilities

The total consolidated liabilities of the Company increased by ₱132.4 million or a 137.6% increase from ₱637.6 million as of December 31, 2014 to ₱770.0 million as of September 30, 2015. The increase is attributable to additional availment of loan amounting to ₱200 million (subsequently, ₱100.0 Million was paid off on November 6, 2015) and partly offset by a decrease in trade and other payable by ₱66.7 million due to payment of accounts.

Equity

The Stockholders' Equity of the Company decreased by ₱62.0 million or 2.0% from ₱3,079.0 million as of December 31, 2014 to ₱3,017.0 million as of September 30, 2015. The decrease pertains to the net loss of ₱62.0 million for the nine months period ending September 30, 2015.

STATEMENT OF CASH FLOWS

The net cash generated from operating activities amounted to ₱252.6 million for the nine months ending September 30, 2015 as compared to net cash of ₱697.6 million provided by operating activities for same period in 2014. Basically, the decrease in cash from operation was due to the lower sales revenues in the current period resulting from the fall in selling price of nickel ore.

Net cash used in investing activities amounted to ₱316.0 million as compared to ₱229.2 million for the same period in 2014 mainly as a result of the acquisition of the service vehicles and heavy equipment and placement of new investments.

Net cash provided by financing activities amounted to ₱196.3 million for the current year as compared to ₱0.6 million last year due to availment of an interest bearing loan in 2015.

As at September 30, 2015 and 2014, the cash amounted to P241.8 million and P771.3 million, respectively.

KEY PERFORMANCE INDICATORS

Sales

The volume of Limonite and Saprolite ore that the subsidiary (MMDC) sells depends largely on the grade of mined ore. Both limonite and Saprolite are sold to China.

Limonite ore contains high iron but low in nickel thus is priced based on the Iron content. On the other hand, Saprolite ores are medium to high grade in terms of nickel content thus prices are based on nickel prices referenced at the London Metal Exchange (LME) prices of metals. Limonite occupies the top horizon of the laterite profile overlying the Saprolite layers, it has to be mined before reaching the Saprolite ores below.

The prices of Saprolite is higher than Limonite ore. Accordingly, the type and grade of the ore that we mine affects our revenues from year to year. The quantity of Saprolite ore that MMDC mine annually depends on the customer demand (i.e. grade of nickel) and the availability of such ore at the mine sites. The mix between high-and medium-grade Saprolite ore at the mine sites coupled with the long-term mining plan determines the quantities of each that MMDC extract on an annual basis. The quantity of Limonite ore that MMDC mine on an annual basis depends on the amount of such ore that needs to be removed in order to extract the Saprolite ore, as well as market demand. The permitted annual capacity of MMDC was originally 3 million WMT. Recently, this was increased to 5 million WMT per year last September 17, 2015.

As of September 30, 2015 and 2014, MMDC sold an aggregate of 1,765,591 WMT and 992,359 WMT, respectively.

UNIT COST PER TON SOLD

The cash operating cost per volume of ore sold provides a cost profile which allows us to measure and compare operating performance as well as changes in per unit costs from period to period.

The cash operating cost includes production, shipping and loading costs, excise taxes and royalties, marketing and general and administrative expenses incurred by the Parent and Subsidiary.

The average cash operating cost per ton sold as of September 2015 was \$13.4 per WMT based on the aggregate cash costs of P1,698.3 million and a total sales volume of 1,765,591 WMT of ore. This compares to \$16.4 per WMT during the same period in 2014 on the basis of aggregate cash costs of P1,137.7 million and a total sales volume of 992,359 WMT of ore.

This 22.4% Cost reduction cushioned the impact of the almost 50.0% drop in Nickel Prices as Management endeavoured to balance volume targets with profitability concerns.

ATTRIBUTABLE NET INCOME

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements.

The net income attributable to equity holders of the Parent Company as of September 30, 2015 was P22.2 million compared to P766.7 million in the same period last year.

NUMBER OF HECTARES REHABILITATED/REFORESTED

We adhere to the principles and practices of socially and environmentally responsible mineral development. We are committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of our operations. To manage environmental impacts, the Company's subsidiaries have an Environmental Protection and Enhancement Program (EPEP). This refers to the comprehensive and strategic environmental management plan for the life of mining projects to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment. A major component under our EPEP is the rehabilitation and reforestation of the areas affected by our mining operations. We also participate in the government's National Greening Program (NGP) where we plant trees and/or donate seedlings outside of our mining properties. As of September of 2015 and 2014, the MMDC has rehabilitated a total of 6.36 hectares and 25.6 hectares, respectively, of mine disturbed/mined out areas within its Mineral Production Sharing Agreement (MPSA) areas. The corresponding number of trees planted inside the MPSA areas in 2015 and 2014 are 13,260 and 27,989, respectively. Planting outside the MPSA areas were also conducted in compliance with DENR's thrust of massive reforestation project under the NGP. For the period January to September 2014, about 9.15 hectares were planted with 18,110 trees and seedlings of various endemic species which fulfills our commitment with DENR's National Greening Program. About 20,291 trees and seedling were donated to Local Government units and other NGP participating institutions.

FREQUENCY RATE

Health and safety are integral parts of our personnel policies. Our Comprehensive Safety Program is designed to minimize risks to health arising from work activities and to ensure compliance with occupational health and safety standards and rules and regulations that apply to our operations. We measure our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents per million of man-hours worked for the period. As of September 30, 2015 and 2014, MMDC frequency rate was 1.86 and 0, respectively.

OTHER INFORMATION

Liquidity and Capital Resources

As of September 30, 2015 and December 31, 2014, MMDC's principal source of liquidity was cash from our operations. MMDC availed short-term and long-term debts to finance the acquisition of service and heavy equipment. The revenues the company generated is sufficient to service its long-term debt.

As of September 30, 2015 and December 31, 2014, the working capital, defined as the difference between our current assets and current liabilities, was ₱290.1 million and ₱341.3 million respectively. We expect to meet our working capital, capital expenditure and investment requirements from the cash flow coming from our operations.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Price Risk

The price of nickel is subject to fluctuations due to factors such as changes in global demand and global production of similar and competitive mineral products, and government policies among others. This therefore required us to change the pricing mechanism on the sales of Sapolite ore to the Chinese

customers, which was traditionally linked to LME prices. The price of Limonite ore however is based on the spot market price. The amounts payable under the contracts that govern the Saprolite ore sales to the customers are based upon payable nickel content of the delivered ore. This payable nickel is priced using the average of LME prices over the period at which the nickel ore was delivered. To mitigate the impact of such price movements, the Company may enter into commodity offtake contracts.

Foreign Currency Risk

The foreign currency risk results primarily from movements of the peso against the U.S. dollar and results primarily from the transaction exposure associated with transactions in currencies other than Peso. Such exposure arises from cash, deposits from customers and sales of nickel ore denominated in US\$. Because almost all of our revenues are earned in US\$ while most of our expenses are paid in Peso, appreciation of the peso against the US\$ effectively reduces our revenue without a corresponding reduction in our expenses and can result in a reduction in our net income. In addition, because a portion of our cash derived from the deposits by our customers are denominated in US\$, the appreciation of the peso against the US\$ reduces the value of our total assets and liabilities in peso terms in our consolidated financial statements. We are not currently a party to any foreign currency swap agreements and our policy is not to hedge foreign currency exchange risk.

To mitigate the effect of foreign currency risk, the Company will seek to accelerate the collection of foreign currency-denominated receivables and limit or eliminate any foreign-currency denominated payables, whenever practicable. Also, foreign exchange movements are monitored on a daily basis.

Nickel Ore Trade and Currency Exchange Rates

Nickel ore trade turned into a new phase in 2014 due to the Indonesian export ban and the price collapse in the iron ore market. The former brought about higher pricing in the middle/high grade nickel ore, consistent with the law of supply and demand, while the latter resulted in lower pricing and demand in the low grade nickel ore, which is mainly used for Chinese carbon steel mill as iron ore substitute.

Moreover, MMDC earn substantially all of its revenues in U.S. dollars while most of our expenses are paid in Peso. The appreciation of the Peso against the U.S. dollar reduces our revenue in Peso terms without a corresponding reduction in our expenses and can result in a reduction in our net income.

Aside from the volatility of the nickel price and changes in currency exchange rates, there were no other known trends, events or uncertainties which may have a material impact on our revenue.

Seasonality of Operations

Mining operations at the majority of the MMDC's mines and loading of ore into shipping vessels are often suspended during the rainy season (i.e. November to March). This seasonality results in quarter-to-quarter volatility in the MMDC's operating results with more revenues being earned and more expenses being incurred in the second and third fiscal quarters than in the first and fourth fiscal quarters.

Material Commitment for Capital Expenditures

There are no material commitments for capital expenditures

Off-balance sheet arrangements

We have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

Known Trends, Events, or Uncertainties

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

Other than as discussed above, there are no known significant trends, demands, commitments, or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way.

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

The causes for the material changes from period to period in the financial accounts were explained in the management's discussion and analysis of financial condition and results of operation.

Part 2 - Financial Soundness Indicators

For Nine Months Ended September 30, 2015 and 2014

	2015	2014
<i>Liquidity Analysis Ratios</i>		
Current Ratio	1.48	3.58
Quick Ratio	1.20	3.16
<i>Financial Leverage Ratios</i>		
Debt Ratio	4.92	10.13
Debt-to-Equity Ratio	0.26	0.11
Asset-to-Equity Ratio	1.26	1.11
Interest Coverage Ratio	7.55	1,521.54
<i>Profitability Ratios</i>		
Net Profit Margin	(0.03)	0.35
Return on Assets	(0.02)	0.20
Return on Equity	(0.02)	0.22
Gross Profit Margin	0.10	0.44
Earnings per Share	(0.03)	0.37


SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **MARCVENTURES HOLDINGS INC.**

Signature and Title:  **ROLANDO S. SANTOS**
SVP Finance

Date: November 13 2015

Signature and Title:  **RENITA S. TY**
Accountant

Date: November 13, 2015

Marcventures Holdings, Inc. and Subsidiary

**Consolidated Financial Statements
September 30, 2015**

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

	Note	Unaudited September 30, 2015	Audited December 31, 2014
ASSETS			
Current Assets			
Cash	6	P241,765,881	P614,134,346
Trade and other receivables	7	487,627,060	13,073,991
Inventories		27,892,647	170,374,619
Advances to related parties	8	64,509,119	60,985,516
Other current assets		74,397,021	49,204,323
Total Current Assets		896,191,728	907,772,795
Noncurrent Assets			
Property and equipment	9	550,862,307	514,558,741
Mining rights on explored resources	10	1,101,684,461	1,157,773,183
Mine and mining properties	10	836,979,829	867,786,012
Deferred tax assets	21	8,790,696	8,790,696
Other noncurrent assets	11	392,543,509	259,902,951
Total Noncurrent Assets		2,890,860,802	2,808,811,583
		P3,787,052,530	P3,716,584,378
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of long-term loans	13	P206,958,217	P100,666,400
Trade and other payables	12	399,130,316	465,827,239
Total Current Liabilities		606,088,533	566,493,639
Noncurrent Liabilities			
Loans Payable	13	90,000,000	-
Retirement liability	19	26,839,819	27,304,938
Provision for mine site rehabilitation		47,104,039	43,798,134
Total Noncurrent Liabilities		163,943,858	71,103,072
		770,032,391	637,596,711
Equity			
Capital stock	14	1,821,358,599	1,821,358,599
Additional paid-in capital		212,655,493	212,655,493
Retained earnings		968,105,905	1,030,073,433
Remeasurement gain on retirement liability		14,900,142	14,900,142
Total Equity		3,017,020,139	3,078,987,667
		P3,787,052,530	P3,716,584,378

See accompanying Notes to Consolidated Financial Statements.

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

	For the Three Months Ended		For the Nine Months Ended	
	2015	2014	2015	2014
Sale of ore	₱1,156,700,140	₱1,292,150,221	₱1,853,472,999	₱1,948,648,727
Cost of good sold (Note 15)	987,650,546	699,224,214	1,663,372,538	1,084,254,151
Gross income	169,049,594	592,926,007	190,100,461	864,394,576
Operating expenses (Note 16)	86,944,249	85,832,487	272,063,393	205,349,680
Income (Loss) from operations	82,105,345	507,093,520	(81,962,932)	659,044,896
Interest expense	(2,134,332)	(123,120)	(7,249,274)	(445,308)
Interest income	84,451	421,376	198,247	745,776
Other income (Charges) (Note 17)	22,992,804	23,976,163	27,046,431	17,761,434
Total comprehensive income	₱103,048,268	₱531,367,939	(₱61,967,528)	₱677,106,798
Basic earnings per share (Note 22)	0.06	0.29	(0.03)	0.37
Diluted earnings per share (Note 22)	0.06	0.29	(0.03)	0.37

See accompanying Notes to Consolidated Financial Statements.

MARVENTURES HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2015 AND 2014

	Note	2015	2014
CAPITAL STOCK			
Balance at beginning of year	14	P1,821,358,599	P1,821,358,599
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year		212,655,493	212,655,493
RETAINED EARNINGS			
Balance at beginning of year		1,030,073,433	735,219,661
Net income		(61,967,528)	677,106,798
Balance at end for the period		968,105,905	1,412,326,459
Remeasurement gain on retirement liability		14,900,142	-
		P3,017,020,139	P3,446,340,551

See accompanying Notes to Consolidated Financial Statements.

MARVENTURES HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱103,048,268	₱531,367,938
Adjustments for:			
Depletion	10	57,777,964	40,589,553
Depreciation	9	38,696,693	31,974,026
Interest expense	13	2,134,332	123,120
Interest income	6	(84,451)	(421,376)
Operating income before working capital changes		201,572,806	603,633,261
Working capital changes in:			
Decrease (increase) in:			
Trade and other receivables		(224,365,418)	(314,369,666)
Inventory		107,681,192	74,716,122
Other current assets		(1,200,515)	18,119,930
Advances to related parties		29,603,185	(229,964)
Increase in:			
Trade and other payables		32,328,534	147,094,014
Advances from related parties		-	2,860
Net cash generated from operations		145,619,784	528,966,557
Interest paid		(2,134,333)	(123,120)
Interest received		84,451	421,376
Net cash provided by operating activities		143,569,902	529,264,813
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Other noncurrent assets		(2,096,340)	(2,405,832)
Property and equipment	9	(8,366,454)	(45,578,154)
Mine and mining properties		5,231,667	(37,989,946)
Cash used in investing activities		(5,231,127)	(85,973,932)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of loans		-	-
Payment of loans		(3,458,283)	(124,950)
Net cash used in financing activities		(3,458,283)	(124,950)
NET INCREASE IN CASH		134,880,492	443,165,931
CASH AT BEGINNING OF YEAR		106,885,389	328,174,188
CASH AT END FOR THE PERIOD		₱241,765,881	₱771,340,120

See accompanying Notes to Consolidated Financial Statements.

MARVENTURES HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		(P61,967,528)	P677,106,798
Adjustments for:			
Depletion	10	93,301,141	61,334,123
Depreciation	9	140,688,459	90,576,062
Interest expense	13	7,249,274	445,308
Interest income	6	(198,247)	(745,776)
Operating income before working capital changes		179,073,099	828,716,515
Working capital changes in:			
Decrease (increase) in:			
Trade and other receivables		(474,036,229)	(322,891,536)
Inventory		142,481,972	7,278,174
Other current assets		(25,192,698)	(33,468,000)
Advances to related parties		(4,040,443)	(1,288,508)
Increase (decrease) in:			
Trade and other payables		(63,856,137)	219,022,517
Advances from related parties		-	(97,287)
Net cash generated from operations		(245,570,436)	697,271,875
Interest paid		(7,249,274)	(445,308)
Interest received		198,247	745,776
Net cash provided by operating activities		(252,621,463)	697,572,343
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Other noncurrent assets		(132,640,558)	(5,754,588)
Property and equipment	9	(176,992,025)	(179,796,894)
Mine and mining properties		(6,406,236)	(43,611,686)
Cash used in investing activities		(316,038,819)	(229,163,168)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of loans		200,000,000	-
Payment of loans		(3,708,183)	(556,269)
Net cash provided by (used in) financing activities		196,291,817	(556,269)
NET INCREASE IN CASH		(372,368,465)	467,852,906
CASH AT BEGINNING OF YEAR		614,134,346	303,487,214
CASH AT END FOR THE PERIOD		P241,765,881	P771,340,120

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

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

Marcventures Holdings, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 7, 1957 primarily 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 Investment Company Act (Republic Act 2629), or act as a securities broker or dealer.

The Parent's shares of stock were initially listed in the Philippine Stock Exchange (PSE) on January 10, 1958. As at September 30, 2014 and December 31, 2013, 1,821,358,599 of the Parent's Shares of Stock are listed in the PSE.

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

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

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

On October 29, 2009, MMDC's Partial Declaration of Mining Feasibility was approved by the MGB, allowing MMDC to commence development and operation within a 300-hectare area covered in the MPSA but production was limited to only 120 hectares covered by the Environmental Compliance Certificate (ECC) issued in December 22, 2008. On April 23, 2013, the ECC was amended. MMDC was granted authorization to develop and operate the whole 4,799-hectare area covered in the MPSA.

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

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

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

Basis of Preparation and Presentation

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

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary, MMDC, as September 30, 2014 and December 31, 2013.

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

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

3. Summary of Changes in PFRS

Adoption of New and Revised PFRS

The Company adopted the following new and revised PFRS, which became effective as at January 1, 2014:

- PAS 1, *Financial Statement Presentation* - The amendment changed the presentation of other comprehensive income, wherein items that will be reclassified to profit or loss at a future point in time are presented separately from items that cannot be reclassified.
- PAS 19, *Employee Benefits (Amendment)* - The amendment introduced numerous changes such as, among others, the removal of the corridor approach in the recognition of actuarial gains or losses and the concept of expected returns on plan assets and the disclosure of sensitivity analyses on the significant actuarial assumptions and the disaggregation of plan assets by nature and risk.
- PFRS 10, *Consolidated Financial Statements* - The standard replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements and SIC-12, *Consolidation - Special Purpose Entities*. It establishes a single control model that applies to all entities including special purpose entities. Management has to exercise significant judgment to determine which entities are controlled, and are required to be consolidated by a parent company.
- PFRS 12, *Disclosure of Interests in Other Entities* - The standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosure requirements that were previously included in PAS 31, *Interests in Joint Ventures* and

PAS 28, *Investments in Associates and Joint Ventures*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PAS 27, *Separate Financial Statements* (as revised in 2011) - As a consequence of the new PFRS 10 and PFRS 12, PAS 27 is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.
- PFRS 7, *Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments) - The amendment requires entities to disclose information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The new disclosure is required for all recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement.
- Amendments to PFRS 10, PFRS 11 and PFRS 12: *Transition Guidance* - The amendments provide additional transition relief in PFRS 10, PFRS 11 and PFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before PFRS 12 is first applied.
- PFRS 13, *Fair Value Measurement* - The standard establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.
- IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* - This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs") and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset.
- Improvements to PFRS

The omnibus amendments to PFRS issued in May 2012, which are effective for annual periods beginning on or after January 1, 2013, were issued primarily to clarify accounting and disclosure requirements to assure consistency in the application of the following standards.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*
- PAS 1, *Presentation of Financial Statements*
- PAS 32, *Financial Instrument: Presentation*

Adoption of the foregoing new and revised PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

New and Revised PFRS Not Yet Adopted

Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2013 and have not been applied in preparing the consolidated financial statements are summarized below.

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

- Amendments to PAS 32: *Offsetting Financial Assets and Financial Liabilities* - The amendments address inconsistencies in current practice when applying the offsetting criteria in PAS 32. The amendments clarify (1) the meaning of 'currently has a legally enforceable right of set-off'; and (2) that some gross settlement systems may be considered equivalent to net settlement.

Effective for annual periods beginning on or after January 1, 2015:

- PFRS 9, *Financial Instruments: Classification and Measurement* - This standard is the first phase in replacing PAS 39, *Financial Instruments: Recognition and Measurement*, and applies to classification and measurement of financial assets as defined in PAS 39.

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

4. Summary of Significant Accounting and Reporting Policies

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

Fair Value Measurement

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

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

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

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

Financial Assets and Liabilities

a. Recognition

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

b. Classification

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

As at September 30, 2015 and December 31, 2014, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

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

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

This category includes cash, trade and other receivables (excluding advances to contractors and suppliers) and advances to related parties.

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

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when

the liabilities are derecognized, as well as when there is amortization process.

This category includes interest-bearing loans, trade and other payables (excluding statutory payables) and advances from related parties.

c. Derecognition

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

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

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

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

d. Offsetting

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

e. **Impairment of Financial Assets**

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

A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The carrying value of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

Inventories

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

Prepayments

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

Property and Equipment

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

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

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

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

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

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

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

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

Mine and Mining Properties

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

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

Mining Rights on Explored Resources

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

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

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that property and equipment, mine and mining properties and mining rights on explored resources may be impaired when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and if the carrying value exceeds the estimated recoverable amount, the asset or cash-generating unit is written down to its recoverable amount, which is the greater of fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Retirement Benefits

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

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

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

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

The net retirement liability or asset is the aggregate of the present value of the retirement liability and the fair value of plan assets on which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

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

Borrowing Costs

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

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

Capital Stock

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

Additional Paid-in Capital

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

Retained Earnings

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

Revenue Recognition

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

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

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

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

Cost and Expenses Recognition

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

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

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

Leases

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

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

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

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

Foreign Currency-Denominated Transactions

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

Income Taxes

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

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax

(RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Provisions and Contingencies

General 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. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

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

Earnings Per Share

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

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

Events After the Reporting Date

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

Segment Reporting

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

5. Significant Accounting Judgments and Estimates

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

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

Judgments

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

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

Operating Lease Commitment - Company as Lessee. The Company has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease (see Note 20).

Estimates

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

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

Trade and other receivables, net of allowance, amounted to P262.2 million and P13.1 million as at September 30, 2015 and December 31, 2014, respectively. Allowance for receivable impairment amounted to P4.5 million as at September 30, 2015 and P11.0 December 31, 2014 (see Note 7).

Estimating Net Realizable Value of Inventories. The Company recognizes loss on inventories whenever net realizable values become lower than costs due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Net realizable value is reviewed on a monthly basis to reflect the accurate valuation in the financial records. The carrying value of inventories, which is measured at cost, amounted to P135.6 million and P170.4 million as at September 30, 2015 and December 31, 2014, respectively.

Estimating the Realizability of Input VAT. The Company assesses the realizability of input VAT based on its ability to utilize the asset. The assessment is made on a continuing basis year on year. The carrying value of input VAT, which is included as part of "Other noncurrent assets" in the consolidated statements of financial position, amounted to P272.5 million and P253.1 million as at September 30, 2015 and December 31, 2014, respectively (see Note 11).

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

Property and equipment, net of accumulated depreciation, amounted to P581.2 million and P514.6 million as at September 30, 2015 and December 31, 2014, respectively (see Note 9).

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

Mine and mining properties, net of accumulated depletion, amounted to P868.4 million and P867.8 million as at September 30, 2015 and December 31, 2014, respectively (see Note 10).

Mining rights on explored resources, net of accumulated depletion, amounted to P1,136.6 million and P1,157.7 million as at September 30, 2015 and December 31, 2014, respectively (see Note 10).

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

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

No impairment loss was recognized in 2015 and 2014.

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

Provision for mine rehabilitation amounted to ₱47.1 million and ₱43.8 as at September 30, 2015 and December 31, 2014, respectively (see Note 12).

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

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

Retirement liability amounted to ₱26.8 million and ₱27.3 as at September 30, 2015 and December 31, 2014, respectively (see Note 18).

6. Cash

This account consists of:

Cash		
	September 30, 2015	December 2014
Cash in banks	₱241,495,854	₱614,001,323
Cash on hand	270,027	133,023
	₱241,765,881	₱614,134,346

Cash in banks earn interest at the respective bank deposit rates. Interest income from cash in banks amounted to ₱198,247 in September 30, 2015 and ₱745,776 as of September 30, 2014.

7. Trade and Other Receivables

This account consists of:

Accounts Receivables		
	September 30, 2015	December 2014
Trade receivables	₱472,377,268	₱1,885,786
Advances to employees	9,943,904	14,204,887
Others	9,778,853	8,019,845
	492,100,025	24,110,518
Allowance for impairment	(4,472,965)	(11,036,527)
	₱487,627,060	₱13,073,991

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

Advances to employees are unsecured, noninterest-bearing and subject to liquidation for a specified period of time of about one year.

<i>P'000</i>	<i>1 to 30 days past due P'000</i>	<i>31 to 60 days past due P'000</i>	<i>61 to 90 P'000</i>	<i>120+ past due P'000</i>	<i>Total P'000</i>
	<i>P302,950</i>	<i>P137,032</i>	<i>P16,613</i>	<i>P15,782</i>	<i>472,377</i>

No additional allowances for impairment was provided for the six month period ended September 30, 2015.

8. Other Current Assets

This account consists of:

	September 30, 2015	December 2014
Mining and office supplies	P33,925,037	P24,400,769
Advances to contractors and suppliers	12,242,229	5,414,359
Prepaid expenses	19,537,589	18,078,325
Others	8,692,166	1,310,870
	P74,397,021	P49,204,323

Prepaid expenses pertain to insurance, rent, and excise taxes.

9. Property and Equipment

This account consists of the following:

	Land	Building	Office Equipment and Furniture and Fixtures	Heavy and Transportation Equipment	Construction in Progress	Total
Cost						
Balance at the beginning of the year	₱7,078,744	₱13,158,652	₱5,329,766	₱649,881,950	₱19,020,121	₱904,469,233
Additions	9,984,210	15,707,194	7,372,098	144,289,306	-	176,631,242
Reclassification	-	-	-	-	(360,783)	(360,783)
Balance as at September 30, 2015	7,062,954	128,865,846	82,701,864	₱794,171,256	18,659,338	1,081,461,258
Accumulated Depreciation						
Balance at the beginning of the year	-	17,281,048	41,796,887	330,832,557	-	389,910,492
Additions	-	7,286,433	12,587,120	120,814,906	-	140,688,459
Balance as at September 30, 2015	-	24,567,481	54,384,007	451,647,463	-	530,598,951
Net Carrying Amount as at September 30, 2015	₱7,062,954	₱104,298,365	₱28,317,857	₱342,523,793	₱18,659,338	₱550,862,307

	Land	Building	Office Equipment and Furniture and Fixtures	Heavy and Transportation Equipment	Construction in Progress	Total
Cost						
Balance at the beginning of the year	₱29,646,649	₱18,876,757	₱37,530,399	₱516,419,485	₱11,624,195	₱614,097,485
Additions	17,432,095	94,281,895	37,799,367	133,462,465	14,864,166	297,839,988
Reclassification	-	-	-	-	(7,468,240)	(7,468,240)
Balance as at December 31, 2014	47,078,744	113,158,652	75,329,766	649,881,950	19,020,121	904,469,233
Accumulated Depreciation						
Balance at the beginning of the year	-	5,606,897	24,197,510	228,227,610	-	258,032,017
Additions	-	11,674,151	17,599,377	102,604,947	-	131,878,475
Balance as at December 31, 2014	-	17,281,048	41,796,887	330,832,557	-	389,910,492
Net Carrying Amount as at December 31, 2014	₱47,078,744	₱95,877,604	₱33,532,879	₱319,049,394	₱19,020,121	₱514,558,741

Transportation equipment with carrying value aggregating ₱1.5 million and ₱1.7 million as at September 30, 2015 and December 31, 2014, respectively, are used as security for loans, as discussed in Note 13.

10. Mine and Mining Properties and Mining Rights

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

	September 30, 2015			Total
	Mining rights on explored resources	Mine and Mining properties Mine development costs	Mine rehabilitation asset	
Cost				
Beg Bal	₱1,294,766,157	₱923,306,495	₱42,170,134	₱2,260,242,786
Additions	-	3,100,331	3,305,905	6,406,236
Total	1,294,766,157	926,406,826	45,476,039	2,266,649,022
Accumulated				
Balance at beg	136,992,974	97,690,617	-	234,683,591
Additions	56,088,722	37,212,419	-	93,301,141
Total	193,081,696	134,903,036	-	327,984,732
Net carrying amount as at September 30, 2015	₱1,101,684,461	₱791,503,790	₱45,476,039	₱1,938,664,290

	December 31, 2014			Total
	Mining rights on explored resources	Mine and Mining properties Mine development costs	Mine rehabilitation asset	
Cost				
Beg Bal	₱1,294,766,157	₱783,040,505	₱-	₱2,077,806,662
Additions	-	140,265,990	42,170,134	182,436,124
	1,294,766,157	923,306,495	42,170,134	2,260,242,786
Accumulated depletion:				
Balance at beg	121,061,960	69,480,693	-	190,542,653
Additions	15,931,014	28,209,924	-	44,140,938
	136,992,974	97,690,617	-	234,683,591
Net carrying amount, 12-31-2014	₱1,157,773,183	₱825,615,878	₱42,170,134	₱2,025,559,195

Depletion was charged to the following accounts:

	September 30, 2015	December 31, 2014
Cost of sales	₱ 97,028,632	₱44,140,938

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

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

In 2014, additions to mine and mining properties represent reclassifications from construction-in-progress under property and equipment.

11. Other Noncurrent Assets

This account consists of:

	September 30, 2015	December 2014
Input VAT	P273,727,689	P253,062,540
Rehabilitation cash fund (RCF)	5,305,827	5,294,620
Rental Deposit	901,203	1,146,204
Monitoring trust fund (MTF)	161,843	161,632
Others	112,446,947	237,955
	P392,543,509	P259,902,951

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

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

Others are advances to seek potential projects related to mining engagements to perform Engineering, Studies, Design and Planning.

12. Trade and Other Payables

This account consists of:

	September 30, 2015	December 2014
Trade Payables	₱66,233,109	₱96,591,391
Advance from customers	41,494,451	40,426,805
Accrued expenses		
Excise tax and other statutory payables	15,079,208	62,591,020
Salaries and wages	4,376,155	5,879
Others	263,686,746	1,059,493
Dividend Payable	-	255,809,372
Others	8,260,647	9,343,279
	₱399,130,316	₱465,827,239

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

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

13. Interest-Bearing Loans

This account consists of:

	September 30, 2015	December 2014
Loan from Banks		
United Coconut Planters Bank	₱ 291,550	₱ 666,400
Orix Metro Leasing and Finance Corp.	96,666,667	-
Philippine Business Bank	200,000,000	100,000,000
	296,958,217	100,666,400
Less: Current Portion	206,958,217	100,666,400
Noncurrent Portion	₱ 90,000,000	-

The loan obtained from UCPB, which reached up to 1.5 million during 2013, which was used to meet working capital requirements and for the purchase of transportation equipment. The loan which bears an annual interest rate of 11.81%, will mature in November 2014. Transportation equipment are used to secure the loan (see Note 9).

In 2015 the company obtained loan from Philippine Business Bank and Orix Metro Leasing and Finance Corporation (Orix) was used for working capital and for the purchase of transportation equipment. The loan from PBB bears an interest rate of 5% per annum, is secured by MMDC's Shares of Stock. The Loan from Orix is payable in 5 years with an annual interest rate of 6%.

Interest expense charged to operations amounted to ₱7.2 million and ₱0.9 million as of September 2015 and December 2014 respectively.

14. Equity

Capital Stock

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

	September 30, 2015	December 2014
Authorized number of shares - ₱ 1 par value	₱2,000,000,000	₱2,000,000,000
Issued:		
Issued and Outstanding	1,821,358,599	1,821,358,599

15. Cost of Goods Sold

This account consists of:

	September 30, 2015	September 30, 2014
Direct mining cost	₱ 1,203,891,659	₱ 729,318,499
Marketing expense	281,424,296	225,977,912
Excise tax	37,069,460	38,972,974
Demurrage	43,958,491	28,650,643
Depletion	97,028,632	61,334,123
	₱1,663,372,538	₱ 1,084,254,151

Contracted services pertain to activities directly related to mining. The services include, among others, mine extraction, stevedoring, janitorial, maintenance, security and explosive blasting.

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

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

16. Operating expenses

This account consists of:

	Nine months ended September 30,		Three months ended September 30	
	2015	2014	2015	2014
Salaries and Allowances	₱85,541,142	₱73,990,671	₱19,820,493	₱21,761,347
Professional Fees	45,913,781	22,997,427	6,181,065	9,176,992
Taxes and Licenses	31,089,544	10,384,525	12,558,884	1,817,356
Depreciation	26,541,207	9,289,594	12,688,602	3,334,194
Royalties	19,461,467	20,460,812	12,145,352	13,567,578
Loading fee	16,837,798	9,432,842	10,616,146	5,954,153
Social Development program	11,300,361	4,233,574	-	2,094,894
Donations	9,129,000	5,793,782	3,366,911	3,857,027
Communication, light and water	4,678,104	3,237,526	1,812,241	2,446,455
Office Supplies	2,837,761	2,988,005	1,209,691	898,714
Representation	1,736,186	27,964,930	(128,407)	13,832,253
Rental	366,886	2,148,999	103,037	729,106
Repairs and maintenance	277,083	43,920	65,106	25,685
Advertisement	167,313	6,286,034	10,000	2,492,657
Others	16,185,760	6,097,039	6,495,128	3,844,076
	₱272,063,393	₱205,349,680	₱86,944,249	₱85,832,487

17. Other Income (Charges)

This account consists of:

	September 30, 2015	September 30, 2014
Forex Gain (Loss)	₱26,629,027	₱18,665,132
Other income(charges)	417,404	(903,698)
	₱27,046,431	₱17,761,434

18. Retirement Benefits

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

The retirement liability recognized in the consolidated statement of financial position as at September 30, 2015 and December 31, 2014 and changes in the present value of defined benefit obligation are as follows:

	September 30, 2015	December 31, 2014
Balance at beginning of year	P27,304,938	P29,214,953
Current service cost	-	17,917,358
Interest cost	-	1,458,543
Net actuarial losses	-	(21,285,916)
Retirement benefits paid	(465,119)	--
Balance at end of year	P26,839,819	P27,304,938

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

	2014
Discount rates	4.68%
Salary increase rates	5.00%

Sensitivity analysis on defined benefit obligation as at December 31, 2013 is as follows:

	Change in Assumption	Effect on defined benefit liability
Discount rate	+100	(P3,937,381)
	-100	4,970,880
Salary increase rate	+100	4,624,730
	-100	(3,763,511)

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

It should be noted that 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 reasonable.

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

19. Related Party Transactions

Significant transactions with related parties include the following:

Advances to Related parties	Transaction Amounts		Outstanding Balances		Nature and Terms	Conditions
	2015 (Nine months)	2014 (1 year)	September 30, 2015	December 31, 2014		
Receivables from:						
Bright Green Resources Corporation (BGRC)	₱4,191,243	60,317,876	₱64,509,119	₱60,985,516	Working fund; unsecured; non- interest bearing; settled on demand	None
	₱4,191,243	₱60,317,876	₱64,509,119	₱60,985,516		

20. Lease Commitments

The Company leases an office space for its operations. The lease is for a period of five (5) years. The minimum lease payments under operating lease amounted to ₱0.4 million in 2015 and 2014.

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

	2015	2014
Within 1 year	₱276,000	₱276,000
More than 1 year but within 5 years	115,000	115,000
	₱391,000	₱391,000

21. Income Taxes

As discussed in Note 1, MMDC is registered with the Board of Investments (BOI) in accordance with the provisions of the Omnibus Investments Code of 1987, as amended, as a New Producer of Nickel Laterite Ore and enjoys ITH for a period of four years until September 2014.

Benefit from income tax represents the movement in recognized deferred tax assets.

The Company's deferred tax assets arising from temporary differences as at September 30, 2015 and December 31, 2014 are summarized as follows:

	September 30, 2015	Dec. 2014
Retirement liability	₱7,448,806	₱7,448,806
Allowance for receivable impairment	1,341,890	1,341,890
Provision for mine site development cost	—	—
Excess of MCIT over RCIT	—	—
	₱8,790,696	₱8,790,696

Details of unrecognized deferred tax assets are as follows:

	September 30, 2015	Dec. 2014
NOLCO	P20,176,049	P20,176,049
Retirement liability	6,866,444	6,866,444
	2,500,000	2,500,000
	P29,542,493	P29,542,493

Details of NOLCO are as follows:

Year incurred	2015	Year of Expiry
2013	P57,410,040	2016
2012	9,843,457	2015
2011	-	2014
	P67,253,497	

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

22. Basic/Diluted Earnings Per Share

Basic earnings per share is calculated by dividing the net income attributable to stockholders of the Company by the weighted average number of ordinary shares in issue during the year.

Estimation of earnings per share as of September 30, 2015 and 2014 are as follows:

	September 2015	September 2014
Net income (loss) shown in the statement of comprehensive income (a)	(P61,967,528)	P677,106,798
Weighted average number of common shares (b)	1,821,358,599	1,821,358,599
Effect of dilution from conversion options and warrants	-	-
Weighted average number of common shares adjusted for the effect of dilution (c)	1,821,358,599	1,821,358,599
Basic earnings per share (a/b)	(P0.03)	P0.37
Diluted earnings per share (a/c)	(P0.03)	P0.37

23. Financial Risk Management Objectives and Policies

General

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

for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

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

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

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

The following table shows the Company's US dollar-denominated monetary financial assets and their Philippine Peso equivalent as at September 30, 2015 and December 31, 2014.

	September 30, 2015		December 31, 2014	
	Philippine Peso	US Dollar	Philippine Peso	US Dollar
Current financial asset:				
Cash in banks	₱5,836,741.02	\$124,557	₱192,887,556	\$4,313,228
Trade receivables	470,491,482	10,040,365	-	-
	₱476,328,223	\$10,164,922	192,887,556	4,313,228
Current financial liability -				
Advances from customers	41,494,451	885,498	40,426,804	903,998
Net financial asset (liability)	₱434,833,772	\$9,279,424	₱152,460,751	\$3,409,230

For purposes of restating the outstanding balances of the Company's foreign currency-denominated financial assets and liabilities as at September 30, 2015 and December 31, 2014, the exchange rate applied was ₱46.86 and ₱44.72 per US\$1.00, respectively.

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

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

The table below show the credit quality per class of financial asset and aging analysis of financial assets that are past due but not impaired as at September 30, 2015 and December 30, 2014.

The aging analysis of the Company's financial assets as at September 30, 2015 and December 31, 2014 are as follows:

(P'000)

	Current	Less Than 3 months	3 to 6 months	6 to 12 months	Impaired	Total
September 30, 2015						
Cash in banks	P241,766	P-	P-	P-	P-	P241,766
Trade receivables	302,950	137,032	16,613	15,782	1,886	474,263
Advances to related parties	4,708			60,318	6,564	71,590
	P549,424	P137,032	P16,613	P76,100	P8,450	P787,619
December 31, 2014						
Cash in banks	P614,001	P-	P-	P-	P-	P614,001
Trade and other receivables	13,074	-	-	-	11,037	24,111
Advances to related parties	60,986	-	-	-	-	60,986
	P688,061	P-	P-	P-	P11,037	P699,098

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

The tables below summarize the maturity profile of the Company's financial liabilities as at September 30, 2015 and December 31, 2014 based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.

(P'000)

	On Demand	Less than 3 months	3 to 6 Months	More than 6 months	Total
September 30, 2015					
Trade and other payables*	P40,365	P18,527	P2,621	P1,886	P355,415
Interest-bearing loans	296,958		-		296,958
	P302,653	P247,203	P15,617	P90,483	P655,956

(P'000)

	On Demand	Less than 3 months	3 to 6 Months	More than 6 months	Total
December 31, 2014					
Trade and other payables*	P35,999	P293,941	P5,764	P27,105	P362,809
Interest-bearing loans	100,000	125	125	416	100,666
	P135,999	P294,066	P5,889	P27,521	P463,475

**Trade and other payables exclude statutory liabilities*

Fair Value of Financial Assets and Financial Liabilities

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

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

(P'000)

	September 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables:				
Cash	₱241,766	₱241,766	₱614,001	₱614,001
Trade and other receivables	487,110	487,110	24,111	24,111
Advances to related parties	65,026	65,026	60,985	60,985
Rental deposit	901	901	1,146	1,146
	₱794,803	₱794,803	₱700,244	₱700,244
Other financial liabilities:				
Trade and other payables	₱339,130	₱339,130	₱362,809	₱362,809
Loans payable	296,958	296,958	100,666	100,666
	₱636,088	₱636,088	₱463,475	₱463,475

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

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

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