

# 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  
Mar 31, 2022
2. SEC Identification Number  
12942
3. BIR Tax Identification No.  
000-104-320-000
4. Exact name of issuer as specified in its charter  
Marcventures Holdings Inc.
5. Province, country or other jurisdiction of incorporation or organization  
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
4th Floor BDO Towers Paseo (formerly Citibank Center), 8741 Paseo de Roxas, Makati  
City  
Postal Code  
1227
8. Issuer's telephone number, including area code  
632-88314479
9. Former name or former address, and former fiscal year, if changed since last report  
-
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	3,014,820,305

11. Are any or all of registrant's securities listed on a Stock Exchange?  
 Yes       No  
 If yes, state the name of such stock exchange and the classes of securities listed therein:  
 Philippine Stock Exchange
12. 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	Mar 31, 2022
Currency (indicate units, if applicable)	PHP

#### Balance Sheet

	Period Ended	
	Mar 31, 2022	Fiscal Year Ended (Audited) Dec 31, 2021
<b>Current Assets</b>	918,088,489	1,484,580,441
<b>Total Assets</b>	6,047,697,353	6,509,633,095
<b>Current Liabilities</b>	674,147,433	1,096,737,200
<b>Total Liabilities</b>	1,444,699,960	1,844,515,575
<b>Retained Earnings/(Deficit)</b>	1,283,070,070	1,345,190,197
<b>Stockholders' Equity</b>	4,602,997,393	4,665,117,520
<b>Stockholders' Equity - Parent</b>	3,431,644,904	3,432,250,238
<b>Book Value per Share</b>	1.53	1.55

#### Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	128,369	-	128,369	-
Gross Expense	205,020,104	138,144,308	205,020,104	138,144,308
Non-Operating Income	4,187,633	168,421	4,187,633	168,421
Non-Operating Expense	5,949,669	10,798,315	5,949,669	10,798,315
Income/(Loss) Before Tax	-78,413,587	-148,774,203	-78,413,587	-148,774,203
Income Tax Expense	-16,293,460	-33,110,245	-16,293,460	-33,110,245
Net Income/(Loss) After Tax	-62,120,127	-115,663,958	-62,120,127	-115,663,958
Net Income Attributable to Parent Equity Holder	-62,120,127	-115,663,958	-62,120,127	-115,663,958
Earnings/(Loss) Per Share (Basic)	-0.02	-0.04	-0.02	-0.04
Earnings/(Loss) Per Share (Diluted)	-0.02	-0.04	-0.02	-0.04

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0.02	-0.04
Earnings/(Loss) Per Share (Diluted)	-0.02	-0.04

#### Other Relevant Information

Please see attached SEC Form 17Q for the period ended March 31, 2022.

#### Filed on behalf by:

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

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)

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

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

**Rolando S. Santos**  
(Contact Person)

**(02) 8831-4479**  
(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.

**March 31, 2022**  
Period Ending Date

Total Amount of Borrowings

**2,169**  
Total No. of Stockholders

**N/A**  
Domestic

**N/A**  
Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q

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

1. For the quarterly period ended: March 31, 2022
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 4<sup>th</sup> Floor BDO Towers Paseo, 8741 Paseo de Roxas, Makati City
8. Registrant's telephone number, including area code: (63 2) 831-4479
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)	3,014,820,305 shares

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

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## PART I - FINANCIAL INFORMATION

### Item 1- Financial Statements

The unaudited Consolidated Financial Statement of Marcventures Holdings Inc. as of March 31, 2022 and for the three-month period ended March 31, 2021 with comparative audited figure as of December 31, 2021 is 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 Sheet As of March 31, 2022 and December 31, 2021

	March 31, 2022 Unaudited (P'000)	Dec. 31, 2021 Audited (P'000)	March 31, 2022 vs. Dec. 31, 2021	
			Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) %
Current assets	₱918,088	₱1,484,580	(₱566,492)	(38.2%)
Noncurrent assets	5,129,609	5,025,053	104,556	2.1%
<b>Total Assets</b>	<b>₱6,047,697</b>	<b>₱6,509,633</b>	<b>(₱462,034)</b>	<b>(7.1%)</b>
Current liabilities	₱674,147	₱1,096,737	(₱422,590)	(38.5%)
Noncurrent liabilities	770,553	747,778	22,775	3.0%
Equity	4,602,997	4,665,118	(62,121)	(1.3%)
<b>Total Liabilities and Equity</b>	<b>₱6,047,697</b>	<b>₱6,509,633</b>	<b>(₱461,936)</b>	<b>(7.1%)</b>

#### Summary of Consolidated Statement of Income For the Three Months Period ending March 31, 2022 and 2021

	For Three Months Ending March 31		March 31, 2022 vs. March 31, 2021	
	2022 (P'000)	2021 (P'000)	Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease)
Revenues	₱128,369	₱-	₱128,369	-
Cost of Sales	86,483	-	86,483	-
Gross Profit	41,886	-	41,886	-
Operating expenses	120,300	138,144	(17,844)	(12.9%)
Income from operations	(78,414)	(138,144)	59,730	(43.2%)
Income tax benefit	(16,293)	(22,480)	6,187	(27.5%)
<b>Net loss for the period</b>	<b>(₱62,121)</b>	<b>(₱115,664)</b>	<b>₱53,542</b>	<b>(46.3%)</b>

Summary of Consolidated Statement of Cash Flows  
For the Three Months period ending March 31, 2022 and 2021.

	For Three Month Ending March 31	
	2022 (₱'000)	2021 (₱'000)
Cash provided by (used in) operating activities	(₱71,712)	₱89,628
Cash provided by (used in) investing activities	(81,233)	(53,861)
Cash provided by (used in) financing activities	(428,271)	92,918
Net decrease in cash and cash equivalent	(581,216)	128,585
Cash - beginning	801,051	241,951
Cash - ending	₱219,836	₱370,536

**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 first quarter period ended March 31, 2022, with comparative figures for the corresponding periods in 2021 and audited consolidated financial statements as of December 31, 2021 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.

Financial Condition and Results of Operation:

Three months ended March 31, 2022 compared with three months March 31, 2021

**Revenues**

For the first quarter ended March 31, 2022, the Company managed to ship one (1) boatload of Saprolite while doing the preparatory activities consisting primarily of restoration of mine pit, waste dump site, and settling pond, road widening, repair of haul roads and causeway improvement.

**Operating expenses**

Operating expenses decreased by 12.9% or ₱17.84 million from ₱138.14 million for the first quarter period last year to ₱120.30 million this year. The decrease was mainly accounted for by the following:

- **Decrease in Salaries and Wages** by ₱1.17 million or 6.9% due to Management approved reorganization to promote efficiency.
- **Decrease in Depreciation** by ₱1.31 million or equivalent to 19.5% due to most of the service and mining equipment were already fully depreciated.
- **Decrease in Other Expenses** by ₱46.36 million or equivalent to 89.4% which substantially contributed to the decrease in operating expenses.
- **Decrease in Taxes and Licenses** by ₱2.40 million or equivalent to 9.9% due to lower documentary stamp tax and other taxes.

The above cost decreases were partly offset by the following:

- **Increase in Community Relations** by ₱1.52 million or 69.4% aside from Social Development and Management Program (SDMP), the Company also provides livelihood to the community, public utilities and socio-cultural preservation.
- **Increase in Rental** by ₱2.13 million or equivalent to 491.0% due to the rentals on various equipment for the preparation for mining operations.



- Increase in Environmental Expenses amounting ₱5.58 million or equivalent to 43.4% due to the projects on the Environmental Protection and Enhancement Program (EPEP) including the protection and rehabilitation of the affected mined environment.
- Increase in Social Development Program Expenses by ₱4.18 million or equivalent to 882.5% due to the implementation of health, livelihood and educational programs as compliance with the Department of Environment and Natural Resources (DENR).

### Statement of Financial Position

#### March 31, 2022 vs. December 31, 2021

#### Assets

The consolidated total assets of the Company decreased by ₱461.94 million from ₱6.51 billion as of December 31, 2021 to ₱6.05 billion as of March 31, 2022. The 7.1% decrease was mainly due to the following:

- Decrease in Cash from ₱801.05 million to ₱219.84 million. The decrease of ₱581.22 million or 72.6% was due to the large payment to Contractors for the preparation for 2022 mining operations and minimal revenue for the 1<sup>st</sup> quarter.
- Decrease in Trade and other Receivable from ₱351.62 million to ₱279.55 million or ₱72.07 million equivalent to 20.5% due to subsequent collections from prior period sales.
- Decrease in Advances to Related Parties from ₱10.77 million to ₱7.64 million. The decrease of ₱3.1 million or 29% was due to collection from advances to subsidiaries.

The above decreases were partly offset by the following:

- Increase in Inventory from ₱197.31 million to ₱227.01 million. The increase of ₱29.7 million or 15.1% pertains to the ore production and stock filing operations during the quarter.
- Increase in Other Current Assets from million ₱123.83 million to ₱184.05 million. The increase of ₱60.22 million or 48.6% pertains to the advance made to Contractors for mobilization.

#### Liabilities

The total consolidated liabilities of the Company decreased by ₱399.82 million or 21.7% from ₱1,844.52 million as of December 31, 2021 to ₱1,444.70 million as of March 31, 2022. The decrease was mainly due to the payments of dividends payable and advances from related parties.

#### Equity

The stockholders' equity of the Company decreased by ₱461.94 million or 7.1% from ₱6,509.63 million as of December 31, 2021 to ₱6,047.69 million as of March 31, 2022, due to the net loss incurred during the quarter.

## STATEMENT OF CASH FLOWS

In 2022, the decrease of cash for operating activities amounting to ₱71.71 million was mainly due to the subsequent payment of payables for the quarter..

The decrease of cash used for investing activities amounting ₱81.23 million was mainly due to the additional mine development activities in preparation for the 2022 mining season.

The decrease of cash used for financing activities amounting to ₱428.27 million was mainly due to the payment of dividends payables.

The net effect of the foregoing operating, investing and financing activities is a decrease of ₱581.2 million and a balance of ₱219.8 million in cash as of March 31, 2022.

### Horizontal and Vertical Analysis:

	Consolidated		Increase (Decrease)	
	March 31, 2022	Dec. 31, 2021	Amount	%
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	₱219,836	₱801,052	(₱581,216)	(72.6%)
Trade and other receivables	279,554	351,623	(72,069)	(20.5%)
Inventories	227,008	197,309	29,699	15.1%
Advances to related parties	7,642	10,767	(3,124)	(29.1%)
Other current assets	184,048	123,829	60,219	48.6%
<b>Total Current Assets</b>	<b>₱918,088</b>	<b>₱1,484,580</b>	<b>(₱566,492)</b>	<b>(38.2%)</b>
<b>Noncurrent Assets</b>				
Property and equipment	₱188,386	₱176,763	₱11,623	6.6%
Mining rights on explored resources	4,467,118	4,392,637	74,481	1.7%
Net deferred tax assets	68,665	52,155	16,510	31.7%
Other noncurrent assets	405,440	403,498	1,942	0.5%
<b>Total Noncurrent Assets</b>	<b>₱5,129,609</b>	<b>₱5,025,053</b>	<b>₱104,556</b>	<b>2.1%</b>
<b>TOTAL ASSETS</b>	<b>₱6,047,697</b>	<b>₱6,509,633</b>	<b>(₱461,936)</b>	<b>(7.1%)</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	₱450,830	₱453,124	(₱2,294)	(0.5%)
Current portion of loans payable	185,397	231,260	(45,863)	(19.8%)
Advances from related parties	2,142	11,319	(9,177)	(81.1%)
Dividends payable	10,504	381,945	(371,441)	(97.2%)
Income tax payable	25,275	19,089	6,186	32.4%
<b>Total Current Liabilities</b>	<b>₱674,147</b>	<b>₱1,096,737</b>	<b>(₱422,688)</b>	<b>(38.5%)</b>

	Consolidated		Increase (Decrease)	
	March 31, 2022	Dec. 31, 2021	Amount	%
<b>Noncurrent Liabilities</b>				
Long-term debt - net of current portion	₱208,195	₱209,108	(₱913)	(0.4%)
Provision for mine rehabilitation and decommissioning	57,515	57,515	-	(0%)
Retirement benefit liability	39,090	39,156	(66)	(0.2%)
Deferred tax liability	465,753	442,000	23,753	5.4%
<b>Total Noncurrent Liabilities</b>	<b>₱770,553</b>	<b>₱747,778</b>	<b>₱22,774</b>	<b>3.0%</b>
<b>Total Liabilities</b>	<b>₱1,444,700</b>	<b>₱1,844,515</b>	<b>(₱399,815)</b>	<b>(21.7%)</b>
<b>Equity</b>				
Capital stock	₱3,014,820	₱3,014,820	-	(0%)
Additional paid-in capital	269,200	269,200	-	(0%)
Retained earnings	1,283,070	1,345,190	(₱62,120)	(4.6%)
Remeasurement gain on retirement benefit liability - net of deferred tax	35,907	35,907	-	(0%)
<b>Total Equity</b>	<b>₱4,602,997</b>	<b>₱4,665,118</b>	<b>(₱62,121)</b>	<b>(1.3%)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱6,047,697</b>	<b>₱6,509,633</b>	<b>(₱462,034)</b>	<b>(7.1%)</b>

#### OTHER INFORMATION

- a. There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.
- b. There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- d. Aside from the volatile prices of ore in the market and USD exchange rate, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations
- e. 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.
- f. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.
- g. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

- h. There are no new Issuances, repurchases, and repayments of debt and equity securities.
- i. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- j. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
- k. There are no contingent liabilities or contingent assets since the last annual balance sheet date.
- l. There are no material contingencies and other material events or transactions during the interim period.
- m. There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

#### Key Performance Indicators (KPIs)

Marcventures' Management uses the following KPIs for the Company and its subsidiaries:

	March 31, 2022	March 31, 2021
Net Loss	(P62,120,127)	(P115,663,958)
Quick assets	543,575,870	702,247,519
Current assets	918,088,489	1,052,486,361
Total assets	6,047,697,353	6,181,303,163
Current liabilities	674,147,433	1,174,045,989
Total liabilities	1,444,699,960	2,000,388,209
Stockholders' Equity	4,602,997,393	4,180,914,954
Number of common shares outstanding	3,014,820,305	3,014,820,305

	March 31, 2022	March 31, 2021
Liquidity ratios:		
Current ratio <sup>(1)</sup>	1.36:1	0.90:1
Quick ratio <sup>(2)</sup>	0.93:1	0.60:1
Solvency Ratios:		
Debt ratio <sup>(3)</sup>	0.24:1	0.32:1
Debt to Equity ratio <sup>(4)</sup>	0.31:1	0.48:1
Profitability ratios:		
Earnings (Loss) per share <sup>(5)</sup>	(0.02)	(0.04)
Book value per share <sup>(6)</sup>	1.53	1.39

Note:

1. Current Assets / Current liabilities
2. Quick Assets / Current liabilities
3. Total Liabilities / Total assets
4. Total Liabilities / Shareholders' equity
5. Net Income (Loss) / Common shares outstanding
6. Stockholders' Equity / Common shares outstanding

## PART II - OTHER INFORMATION

Any information not previously reported in a report on SEC Form 17-C

NONE

## PART III - FINANCIAL SOUNDNESS INDICATORS

### Liquidity Ratio

- a. Current Ratio

Total Current Assets/ Total Current Liabilities = 1.36:1

- b. Quick Ratio

Quick asset / Total Current Liabilities = 0.93:1

### Solvency Ratio

- a. Debt Ratio

Total liabilities / Total assets = 0.24:1

- b. Debt to Equity Ratio

Total liabilities / Shareholder's Equity = 0.31:1

### Profitability Ratio

- a. Return on Equity Ratio

Net Income (Loss) / Average shareholder's equity = (1.35):1

- b. Return on Assets

Net Income (Loss)/ Average Total assets = (1.03):1

- c. Fixed Assets Turnover Ratio:

Revenue/Property Plant and Equipment = 0.00

- d. Asset to Equity Ratio:

Total Assets / Stockholders' Equity = 1.31:1

- e. Asset Turnover

Revenue/Total Assets = 0.00

### Interest Coverage Ratio

Net Income (Loss) / Interest expense = (12.18):1


## 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: May 20, 2022

Signature and Title:  ELMER O. PURISIMA  
AVP- Accounting

Date: May 20, 2022

# COVER SHEET

SEC Registration Number

1 2 9 4 2

COMPANY NAME

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

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

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Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address <b>mhicorporate@marcventures.com.ph</b>	Company's Telephone Number/s <b>(02) 8-831-4479</b>	Mobile Number <b>0998-985-0229</b>
No. of Stockholders <b>2,169</b>	Annual Meeting (Month / Day)	Fiscal Year (Month / Day) <b>March 31</b>

CONTACT PERSON INFORMATION

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

Name of Contact Person <b>Mr. Rolando S. Santos</b>	Email Address <b>rolly.santos@marcventures.com.ph</b>	Telephone Number/s <b>(02) 8-831-4479</b>	Mobile Number <b>0998-985-0229</b>
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CONTACT PERSON'S ADDRESS

<b>4th Floor BDO Towers Paseo (formerly Citibank Center), 8741 Paseo de Roxas, Makati City</b>
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**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

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

		Unaudited	Audited
	Note	March 31, 2022	Dec. 31, 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	5	₱219,836,333	₱801,051,844
Trade and other receivables	6	279,553,538	351,623,284
Inventories	7	227,008,207	197,309,136
Advances to related parties	20	7,642,232	10,767,041
Other current assets	8	184,048,179	123,829,136
Total Current Assets		₱918,088,489	₱1,484,580,441
<b>Noncurrent Assets</b>			
Property and equipment	9	188,385,642	176,762,578
Mining rights and other mining assets	10	4,467,118,380	4,392,636,987
Net deferred tax assets		68,665,116	52,155,347
Other noncurrent assets	11	405,439,726	403,497,742
Total Noncurrent Assets		₱5,129,608,864	₱5,025,052,654
		₱6,047,697,353	₱6,509,633,095
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	₱450,830,109	₱453,124,346
Current portion of loans payable	14	185,396,704	231,260,318
Advances from related parties	20	2,142,140	11,318,602
Dividends payable	15	10,503,932	381,945,355
Income tax payable		25,274,548	19,088,579
Total Current Liabilities		₱674,147,433	₱1,096,737,200
<b>Noncurrent Liabilities</b>			
Long-term debt - net of current portion	14	208,195,142	209,107,868
Provision for mine rehabilitation and decommissioning	13	57,514,917	57,514,917
Retirement benefit liability	19	39,089,582	39,155,969
Deferred tax liability	4	465,752,886	441,999,621
Total Noncurrent Liabilities		₱770,552,527	₱747,778,375
Total Liabilities		₱1,444,699,960	₱1,844,515,575
<b>Equity</b>			
Capital stock	15	3,014,820,305	₱3,014,820,305
Additional paid-in capital	15	269,199,788	269,199,788
Retained earnings		1,283,070,070	1,345,190,197
Remeasurement gain on retirement benefit liability - net of deferred tax		35,907,230	35,907,230
Total Equity		₱4,602,997,393	₱4,665,117,520
		₱6,047,697,353	₱ 6,509,633,095

*See accompanying Notes to Consolidated Financial Statements.*



MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	For the Three Months Ended March 31,	
		2022 (Unaudited)	2021 (Unaudited)
REVENUE		₱128,368,553	₱ –
COST OF SALES	16	86,482,777	–
GROSS INCOME		41,885,776	–
OPERATING EXPENSES	17	(118,537,327)	(138,144,308)
LOSS FROM OPERATIONS		(76,651,551)	(138,144,308)
INTEREST EXPENSE		(5,949,669)	(10,798,315)
INTEREST INCOME	5	42,302	6,634
OTHER INCOME (CHARGES) - NET	18	4,145,331	161,787
LOSS BEFORE INCOME TAX		(78,413,587)	(148,774,203)
INCOME TAX BENEFIT		(16,293,460)	(33,110,245)
NET LOSS		(62,120,127)	(115,663,958)
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss -			
Remeasurement gain (loss) on retirement benefit liability - net of deferred income tax		–	–
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>(₱62,120,127)</b>	<b>(₱115,663,958)</b>
<b>Basic and diluted loss per share</b>	23	<b>(₱0.021)</b>	<b>(₱0.038)</b>

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Three Months Ended March,	
		2022	2021
		(Unaudited)	(Unaudited)
<b>CAPITAL STOCK</b> - ₱1 par value	15		
Authorized - 4,000,000,000 shares			
Issued and outstanding:			
Balance at beginning of year		₱3,014,820,305	₱3,014,820,305
Issuance		—	—
Balance at end of year		3,014,820,305	3,014,820,305
<b>ADDITIONAL PAID-IN CAPITAL</b>	15	269,199,788	269,199,788
<b>RETAINED EARNINGS</b>			
Balance at beginning of year		1,345,190,197	980,673,981
Transition adjustment on initial application of PFRS			
9 - net of deferred tax		—	—
Balance at beginning of year		1,345,190,197	980,673,981
Net income (loss)		(62,120,127)	790,307,983
Balance at end of year		1,283,070,070	1,770,981,964
<b>REMEASUREMENT GAIN ON RETIREMENT BENEFIT</b>			
<b>LIABILITY</b> - net of deferred tax		35,907,230	31,884,838
		₱4,602,997,393	₱4,180,914,954

See accompanying Notes to Consolidated Financial Statements.

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

	Note	For the Three Months Ended March 31,	
		2022	2021
		(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss before income tax		(₱78,413,587)	(₱148,774,203)
Adjustments for:			
Depreciation	9	7,634,505	125,720,465
Depletion	10	10,417,424	–
Interest expense		5,949,669	10,798,315
Retirement benefit expense		897	–
Interest income	5	(42,302)	(6,634)
Operating loss before working capital changes		(54,453,394)	(12,262,057)
Decrease (increase) in:			
Trade and other receivables		72,069,746	248,049,481
Advances to related parties		3,124,809	1,677,151
Inventories		(29,699,071)	(73,328,301)
Other current assets		(60,121,596)	(15,333,539)
Increase (decrease) in:			
Trade and other payables		2,391,684	(57,503,971)
Advances from related parties		9,176,462	119,336,671
Net cash provided(used) in operations		(59,453,344)	210,635,435
Interest received	5	42,302	6,634
Net cash provided(used) in operating activities		(₱59,411,042)	₱210,642,069
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Property and equipment	9	(11,623,064)	(202,922)
Mining rights and other mining assets	10	(74,676,287)	(55,167,033)
Decreased in other noncurrent assets		1,941,984	(168,730)
Net cash provided(used) in investing activities		(₱84,357,367)	₱55,538,685
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Availments (Payments) of:			
Interest		(5,949,669)	(10,798,315)
Loans		(60,056,010)	(15,720,068)
Dividends paid		(371,441,423)	–
Net cash provided(used) in financing activities		(₱437,447,102)	₱26,518,383
<b>NET INCREASE(DECREASE) IN CASH</b>		(₱581,020,617)	128,585,001
<b>CASH AT BEGINNING OF YEAR</b>		801,051,844	241,951,074
<b>CASH AT END OF YEAR</b>		₱220,031,227	₱370,536,075

*See accompanying Notes to Consolidated Financial Statements.*

## MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 1. Corporate Information

##### General Information

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

The Parent Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 7, 1957. Its primary purpose is to deal with properties of every kind and description to the extent permitted by law without engaging in the business of an investment company as defined in the Investment Company Act (Republic Act 2629), or act as a securities broker or dealer. On August 7, 2007, the SEC approved the extension of the Parent Company’s corporate life for another 50 years.

The Parent Company’s shares of stocks were initially listed in the Philippine Stock Exchange, Inc. (PSE) on January 10, 1958. As at March 31, 2022 and 2021, 3,014,820,305 shares of the Parent Company’s shares of stocks are listed in The Philippine Stock Exchange, Inc. (PSE).

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

##### Information about the Subsidiaries

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

##### ***Marcventures Mining and Development Corporation (MMDC).***

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

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

Originally, the MPSA was granted to Ventura Timber Corporation (VTC) on September 19, 1992. In January 1995, VTC executed a deed of assignment (the Deed) to transfer to MMDC all its rights and interest in and title to the MPSA. On January 15, 2008, the Deed was approved by the Mines and Geosciences Bureau (MGB).

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

On February 13, 2017, MMDC received an order dated February 8, 2017 from the DENR cancelling its MPSA. The Management and its legal counsel believe that the order has no basis in law and the outcome of legal actions taken will not have a material adverse effect on the Company’s operations (see Note 24). Foremost, the Company is engaged in clean and responsible mining. Accordingly, MMDC has continued its mining operations in areas covered by the MPSA.

On February 17, 2017, the Company filed a Notice of Appeal to the Office of the President. Subsequently, on March 17, 2017, the Company filed its Appeal Memorandum. The Company asserted that the grounds for cancellation cited by the DENR: (a) operations is allowed by law since said MPSA dated 01 July 1993 is granted with prior rights and is allowed by law as indicated specifically in Proclamation 1747 issued in 2009 by former President Gloria Macapagal Arroyo; (b) despite operations in a watershed, the Company has not impaired farmlands, rivers, or coastal areas within the MPSA area. As to the alleged non-compliance to the planting of three million seedlings, the Company was prevented from implementing the same due to circumstances beyond its control.

As at March 31, 2022, the Company has not received any decision nor any notice from the Office of the President. The Company's Legal Counsel is of a good faith position that the Company may continue its operations because the execution of the Order of the DENR Secretary is deemed automatically stayed as a matter of law on account of the pendency of the Company's appeal, as likewise confirmed by the Office of the President.

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

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

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

***BrightGreen Resources Corporation (BRC).***

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

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

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

On February 27, 2017, the Company submitted a reply to the Show-Cause Order to explain why the MPSA should not be cancelled. The Company stated in the reply that it has prior legal right considering

that the MPSA of the Company with the Republic of the Philippines was approved on July 1, 1993, while Proclamation No. 1747 on the proclamation of watershed areas was only issued on March 23, 2009. Notably, Proclamation No. 1747 provides that prior rights should be respected. Thus, the Company should be allowed to continue its operations over its contract area. The management and its legal counsel believe that the alleged violation is without basis in fact and in law.

As at March 31, 2022, there are no developments regarding the Show-Cause orders. However, the Management and the Legal Counsel of the Company take the good faith position that the operations of the Company under said MPSA is granted with prior rights and is allowed by law and the alleged impairment and damage in the Company's MPSA area is not supported by any specific acts of impairment because the Company is not yet operating in the area but has only completed exploration and drilling.

***Alumina Mining Philippines, Inc. (AMPI)***

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

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

***Bauxite Resources, Inc. (BARI)***

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

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

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

AMPI and BARI plans to file for the DMPF and an early renewal of the MPSA for another 25 years.

**Basis of Preparation and Statement of Compliance**

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

**Measurement Bases**

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

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

and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

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

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

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

#### **Amended PFRS Issued But Not Yet Effective**

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

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

- Amendments to PFRS 3, *References to the Conceptual Framework* – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence, and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
  - Amendment to PFRS 9, *Financial Instruments* – The amendment clarifies which fees an entity includes when it applies the “10% test” in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.
  - Amendment to PFRS 16, *Lease Incentives* – The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use* – The amendments prohibit deducting from the cost of an item of property, plant, and equipment any

proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.



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

Deferred effectivity -

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

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

### **Basis of Consolidation**

The consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiaries for the period ended March 31, 2022 and 2021.

### **Subsidiaries**

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

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

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

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

### **Financial Assets and Liabilities**

#### a. Recognition

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

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

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

b. Classification and Subsequent Measurement Policies

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

As at March 31, 2022, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

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

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

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

As at March 31, 2022, the Group’s cash, trade and other receivables (excluding advances to officers and employees), advances to related parties and rehabilitation cash fund (RCF), rental deposit and monitoring trust fund (MTF) (included under “Other noncurrent assets”) accounts are classified under this category. Cash in the consolidated statements of financial position comprise cash on hand and in banks, excluding any restricted cash. Restricted cash, which includes RCF and MTF, is not available for use by the Group and therefore is not considered highly liquid.

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation

other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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

As at March 31, 2022 and 2021, the Group's trade and other payables (excluding advances from customers and excise tax and other statutory payables), loans payable, advances from related parties and dividends payable are classified under this category.

c. Reclassification

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

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

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

d. Impairment Policy on Financial Assets at Amortized Cost

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

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

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

e. Derecognition of Financial Assets and Liabilities

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

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

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

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

f. Offsetting of Financial Assets and Liabilities

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

g. Classification of Financial Instrument between Liability and Equity

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

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

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

### **Inventories**

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

### **Other Current Assets**

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

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

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

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

*Prepaid Expenses.* Prepaid expenses represent expenses not yet incurred but paid in advance and are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

### **Property and Equipment**

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

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

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

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

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

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

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

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

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

#### **Mining Rights and Other Mining Assets**

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

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

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

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

Exploration and evaluation activities include:

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

*Mine and Mining Properties.* Upon start of commercial operations, mine development costs are reclassified as part of mine and mining properties. These costs are subject to depletion, which is

computed using the units-of-production method based on proven and probable reserves, which is reviewed periodically to ensure that the estimated depletion is consistent with the expected pattern of economic benefits from the mine and mining properties.

Deferred exploration costs and construction-in-progress related to an already operating mine are reclassified to mine and mining properties and stated at cost. Such costs pertain to expenses incurred in sourcing new resources and converting these into reserves, which are not depleted or amortized until the development has been completed and become available for use.

### **Impairment of Nonfinancial Assets**

The Group assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount, which is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction.

In assessing value in use, the estimated future cash flows are discounted to present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

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

### **Employee Benefits**

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

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

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and interest cost in profit or loss. Interest cost is calculated by applying the discount rate to the retirement benefit liability.

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

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or

curtailment; and the date that the Group recognizes restructuring related costs.

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

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

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

### **Equity**

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

*Additional Paid-In Capital (APIC).* APIC is the excess over par value of consideration received for the subscription and issuance of shares of stock.

*Retained Earnings.* Retained earnings represent the cumulative balance of the Group's operating results, dividend distributions and effect of change in accounting policy. Cash dividends are deducted from retained earnings and recognized as liability when these are approved by the BOD.

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

### **Revenue Recognition**

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

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

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

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

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

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

*Other Income.* Other income is recognized when there is an incidental economic benefit, other than



the usual business operations, that will flow to the Group through an increase in asset or reduction in liability that can be measured reliably.

### **Cost and Expense Recognition**

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

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

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

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

### **Leases**

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

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

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

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

### **Group as Lessee**

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

### **Foreign Currency-Denominated Transactions**

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

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

### **Income Taxes**

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of any unused tax credits

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

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

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

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

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

#### **Value Added Tax (VAT)**

Revenues, expenses, and assets are recognized net of the amount of VAT, except:

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

The net amount of tax recoverable from the taxation authority is included as part of “Other noncurrent assets” in the consolidated statements of financial position.

#### **Related Party Transactions and Related Parties**

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

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

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

#### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

Where applicable, the Group recognizes a mine rehabilitation asset under the mine and mining properties related to the obligation arising from the mine rehabilitation and decommissioning. The cost of such asset corresponds to the present value of future cost of rehabilitation and decommissioning and amortized over expected settlement of the obligation using units of production method. The estimated future costs of rehabilitation and decommissioning are reviewed annually and adjusted prospectively. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. Any amount deducted from the cost of asset shall not exceed its carrying amount. In case the decrease in the obligation exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

#### **Contingencies**

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

#### **Earnings Per Share**

*Basic.* Basic earnings per share is calculated by dividing the net income by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Group and held as treasury shares, if any.

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

#### **Events After the Reporting Date**

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

#### **Segment Reporting**

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

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### **3. Significant Judgments, Accounting Estimates and Assumptions**

PFRS requires Management to make judgments, accounting estimates and assumptions that affect the

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

### **Judgments**

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

*Assessing the Ability of the Group to Continue as a Going Concern.* The Group received an order from the DENR for the cancellation of its MPSA. The Management and its legal counsel believe that the order has no basis and the outcome of the legal actions taken will not have a material adverse effect on the Group's operations. Accordingly, the Management assessed that the Group would continue as a going concern.

*Establishing Control over the Subsidiaries.* The Parent Company determined that it has control over the subsidiaries by considering, among others, its power over the investee, exposure, or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

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

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

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

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

- a. Quantitative Criteria - the borrower is more than 30 days past due on its contractual payments, which is consistent with the Group's definition of default.
- b. Qualitative Criteria - The borrower meets unlikeliness to pay criteria, which indicates that the borrower is in significant financial difficulty. These are instances where:
  - The borrower is experiencing financial difficulty or is insolvent;
  - The borrower is in breach of financial covenants; and
  - It is probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent

with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to the determination of ECL.

### **Accounting Estimates and Assumptions**

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

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

Provision for ECL amounted to nil and ₱159.40 million as at March 31, 2022 and December 31, 2021, respectively. The allowance for ECL amounted to nil and ₱152.23 million as at March 31, 2022 and December 31, 2021. The carrying amounts of trade and other receivables (excluding advances to officers and employees) are ₱279.55 million and ₱351.62 million as at March 31, 2022 and December 31, 2021, respectively (see Note 6).

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

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

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

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

The carrying amounts of the Group's other financial assets at amortized cost subjected to impairment testing are disclosed in Note 25, *Financial Risk Management Objectives and Policies*.

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

No provision for inventory obsolescence was recognized on March 31, 2022 and as at December 31, 2021. The carrying amount of inventories, which is measured at the lower of cost and NRV, amounted to ₱227.0 million and ₱197.3 million as at March 31, 2022 and December 31, 2021, respectively (see Note 7).

*Estimating the Realizability of Input VAT.* The Group assesses the realizability of input VAT based on its ability to utilize the asset. The assessment is made on a continuing basis year on year.

No provision for impairment loss was recognized on March 31, 2022 and as at December 31, 2021.

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

There were no changes in estimated useful lives of property and equipment in 2022. Property and equipment, net of accumulated depreciation, amounted to ₱188.4 million and ₱176.8 million as at March 31, 2022 and December 31, 2021, respectively (see Note 9).

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

*Estimating Provision for Mine Rehabilitation and Decommissioning.* The Group recognizes provision for its obligation to decommission and rehabilitate mine sites at the end of term of its MPSA. The provision represents the best estimate of the expenditures required to settle the present obligation at the current reporting date. The amount of provision depends on the completeness of rehabilitation and decommissioning activities performed by the Group during and immediately after every mining operation. Changes in rehabilitation and decommissioning costs are recognized as additions or charges to the corresponding provision when these occur.

While the Group has made its best estimate in establishing the decommissioning and rehabilitation provision, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning and rehabilitation activities, the ultimate provision requirements could either increase or decrease significantly from the Group’s current estimates. The obligation to rehabilitate and decommission a mine generally arises when the

ground/environment is disturbed at the production location.

Mine rehabilitation asset, recognized under the mine and mining properties and presented as part of "Mining assets" in the consolidated statements of financial position, amounted to ₱4,467.12 million as at March 31, 2022 and ₱4,392.64 million as of December 31, 2021 (see Note 10).

Provision for mine site rehabilitation and decommissioning amounted to ₱57.51 million as at March 31, 2022 and December 31, 2021 (see Note 13).

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

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

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

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

Retirement benefit liability amounted to ₱39.09 million and ₱39.16 million as at March 31, 2022 and December 31, 2021, respectively (see Note 19).

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

The Group's recognized deferred tax assets amounted to ₱36.19 million as at March 31, 2022 and December 31, 2021.

Deferred tax assets were not recognized on NOLCO, MCIT and retirement benefit liability of certain subsidiaries as at March 31, 2022 and December 31, 2021 because the Management assessed that there will be no sufficient future taxable profits against which the deferred tax asset can be utilized.

*Contingencies.* The Group is currently involved in various legal proceedings and/or assessment or pending governmental investigation which the Group believes to have no material adverse effect on its financial position. It is not involved in any pending legal proceedings with respect to any of its properties. Apart from the foregoing, therefore, it is not involved in any claims or lawsuits involving damages, which may materially affect it or its subsidiaries. It is possible however, that changes in estimates relating to these proceedings may materially affect the results of operations of the Group.

#### 4. Acquisition of Group of Assets

On December 29, 2017, the SEC approved the application for merger of the Parent Company, BHI and Asia Pilot Mining Philippines Corporation (APMPC), with the Parent Company as surviving entity (see Note 1). As at the acquisition date, BHI's and APMPC's assets consist mainly of mining rights and deferred exploration costs. Management determined that based on the substance of the underlying circumstances at that date, BHI and APMPC did not constitute a business and, accordingly, was not accounted for as a business combination. The transaction was accounted for as an acquisition of a group of assets, wherein the acquisition cost was allocated among the individual identifiable assets net of liabilities assumed in the group based on their relative fair values.

Allocation of the acquisition cost of the group of assets and liabilities of BHI and APMPC are as follows:

	BHI	APM	Allocation
<b>Assets</b>			
Current assets	₱2,862,560	₱111,725	₱2,974,285
Mining rights	695,649,865	945,163,500	1,640,813,365
Deferred exploration costs	75,640,185	2,195,389	77,835,574
Property and equipment	2,062,499	–	2,062,499
	776,215,109	947,470,614	1,723,685,723
<b>Liabilities</b>			
Advances from related parties	111,856,563	14,897,589	126,754,152
Deferred tax liability	211,153,999	254,108,760	465,262,759
Loans payable	1,742,257	–	1,742,257
Other liabilities	1,462,290	3,464,265	4,926,555
	326,215,109	272,470,614	598,685,723
<b>Net assets acquired</b>	<b>₱450,000,000</b>	<b>₱675,000,000</b>	<b>₱1,125,000,000</b>

The consideration for the acquisition cost consists of 1,125,000,000 common shares of the Parent Company issued at ₱1 a share.

The assets of BRC, AMPI and BARI are among the assets acquired in the merger between MHI, APMPC and BHI (see Note 1). The merger was accounted by virtue of a tax-free exchange pursuant to Section 40(C)(2) in relation to Section 40(C)(6)(b) of the National Internal Revenue Code of 1997, as amended.

The fair value of the mining rights used as basis for allocating the acquisition cost are based on the report by Competent Persons (CP) dated March 31, 2017 and was arrived at using the Discounted Cash Flow method (DCF) under the income approach methodology. Under this approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. Under the DCF method, the forecasted cash flows are discounted back to the valuation date, resulting in a present value of the asset.

The significant unobservable inputs used in the fair value measurement of the Company's mining rights categorized within Level 3 of the fair value hierarchy follows:

	BHI	APM
Mining life	10	20
Discount rate	12%	12%
Estimated mineral ore reserves (WMT):		
Nickel ore	9,513,459	–
Bauxite ore	–	28,904,888



	BHI	APM
Market price (per WMT)	₱850 to ₱1,550	₱1,350 to ₱1,550
Estimated annual shipment of mineral ore (WMT)	951,345	1,445,244
Production costs:		
Average variable cost	₱477 to ₱479	₱663
Fixed	₱448	₱490
Operating costs (percentage of gross revenue)	18%	19% to 33%
Estimated project costs	₱976,901,820	₱1,693,192,588
Exchange rate of Philippine Peso to US Dollar	₱50: \$1	₱50: \$1

*Discount Rate.* The risk inherent in the pre-feasibility study stage and scale of production was considered in determining the Risk Adjusted Discount Rate that was used to discount the net cash flows generated from shipments during the period of analysis.

*Estimated Mineral Ore Reserves.* Ore reserve estimation is performed by the CP in accordance with Philippine Mineral Reporting Code.

*Market Prices.* Market prices are based on the Bloomberg conservative Nickel ore price forecast and Shanghai metal market for the nickel and bauxite mineral ore, respectively.

*Production Costs.* Estimated costs incurred in extracting mineral ores that composed of variable and fixed costs.

*Operating Cost.* Estimated cost of administering the business and costs incurred to sell and market goods.

*Estimated Project Costs.* Project costs pertain to project-related capital expenditures such as mining equipment fleet, mine support services equipment and tools, mine development works and infrastructures, safety equipment, environmental facilities, exploration expenses, permits and licenses and final mine rehabilitation and decommissioning program.

### **Sensitivity Analysis**

Significant increases (decreases) in estimated mineral ore reserves, market price and exchange rate in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate, production and operating costs and estimated project costs in isolation would result in a lower (higher) fair value measurement.

### **Information about the Absorbed Companies**

*BHI.* BHI was incorporated and registered with the SEC on January 11, 2017 to deal with any and all properties of every kind and description to the extent permitted by law provided it shall not engage in the business of an investment company as defined in the Republic Act 2629, Investment Company Act, or act as a securities broker or dealer. BHI owns 100% interest in BRC (see Note 1).

*APMPC.* APMPC was incorporated and registered with the SEC on August 14, 2013 to engage in mining activities. APMPC owns 100% interests in AMPI and BARI (see Note 1).

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## 5. Cash

This account consists of:

	Unaudited Mar. 31, 2022	Audited Dec. 31, 2021
Cash on hand	₱371,799	₱372,713
Cash in banks	219,464,534	800,679,131
	<b>₱219,836,333</b>	<b>₱801,051,844</b>

Cash in banks earn interest at prevailing bank deposit rates. Interest income of ₱42,302 and ₱601,633 was earned for the period ended March 31, 2022 and for the year ended December 31, 2021, respectively.

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## 6. Trade and Other Receivables

This account consists of:

	Unaudited Mar. 31, 2022	Audited Dec. 31, 2021
Trade receivables	₱398,156,647	₱469,088,519
Advances to officers and employees	23,818,604	22,784,158
Others	9,054,940	11,977,178
	<b>738,659,123</b>	<b>503,849,855</b>
Allowance for ECL	<b>(152,226,571)</b>	<b>(152,226,571)</b>
	<b>₱279,553,538</b>	<b>₱351,623,284</b>

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

Advances to officers and employees are unsecured, noninterest-bearing and subject to liquidation within one (1) year.

Movements in allowance for ECL are as follows:

	Unaudited Mar. 31, 2022	Audited Dec. 31, 2021
Balance at beginning of year	₱152,226,571	₱86,631,586
Provision	–	159,402,782
Write-off	–	(93,807,797)
Balance at end of year	<b>₱152,226,571</b>	<b>₱152,226,571</b>

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## 7. Inventories

This account consists of beneficiated nickel ore amounting to ₱227.0 million and ₱197.3 million which is stated at cost as at March 31, 2022 and December 31, 2021. The cost of inventories is lower than its NRV.

Cost of inventories charged to “Cost of sales” account in the consolidated statements of comprehensive income amounted to ₱86.48 million, ₱0 million and ₱1,647.8 million in first quarter of 2022, and 2021, respectively (see Note 16).

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## 8. Other Current Assets

This account consists of:

	Unaudited Mar. 31, 2022	Audited Dec. 31, 2021
Prepaid income tax	₱49,492,733	₱49,492,733
Advances to contractors and suppliers	80,281,862	25,526,184
Mining and office supplies	14,564,572	10,192,535
Prepaid expenses	17,722,670	17,918,324
Others	21,979,195	20,699,360
	<b>₱184,048,179</b>	<b>₱123,829,136</b>

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

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

Mining and office supplies include mechanical, electrical, and other materials that will be used in the Group's mining operation.

Prepaid expenses pertain to insurance, excise tax and rent.

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

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## 9. Property and Equipment

The balances and movements of this account are as follows:

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

Heavy and transportation equipment with carrying amounts of ₱32.25 million and ₱21.19 million as at March 31, 2022 and December 31, 2021, respectively are held for collaterals for loans payable.

## 10. Mining Rights and Other Mining Assets

The balances and movements of this account are as follows:

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

### Mining Rights

Mining rights of the Group consist of:

	Note	Mar. 31, 2022	Dec. 31, 2021
Mining rights on explored resources		₱886,820,390	₱823,905,486
Mining rights of BRC, AMPI and BARI	4	1,640,813,365	1,640,813,365
		<b>₱2,527,682,175</b>	<b>₱2,464,718,851</b>

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

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

### Deferred Exploration Costs

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

### Mine and Mining Properties

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

*Mine Rehabilitation Asset.* Mine rehabilitation asset is the estimated rehabilitation cost of MMDC's mine site upon termination of MMDC's ore activities, as required in MMDC's MPSA.

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## 11. Other Noncurrent Assets

This account consists of:

	Unaudited Mar. 31, 2022	Audited Dec. 31, 2021
Input VAT	₱312,143,281	₱310,299,775
Final mine rehabilitation fund	86,579,003	87,100,125
Rehabilitation Cash Fund (RCF)	5,568,073	5,568,073
Rental deposit	982,850	363,250
Monitoring Trust Fund (MTF)	166,519	166,519
	<b>₱405,439,726</b>	<b>₱403,497,742</b>

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

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

Others pertain to deposit in compliance with the requirements of regulatory agencies.

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## 12. Trade and Other Payables

This account consists of:

	Unaudited Mar. 31, 2022	Audited Dec. 31, 2021
Trade payables	₱ 200,593,644	₱140,375,562
Advances from customers	184,081,287	230,807,057
Excise tax and other statutory payables	6,190,798	29,048,460
Accrued expenses:		
Interest	3,264,048	3,264,049
Others	41,170,326	43,643,712
Others	15,530,006	5,985,506
	<b>₱450,830,109</b>	<b>₱453,124,346</b>

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

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

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

Other accrued expenses include accrual of expenditures for Social Development Management Program as required by the MGB.

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### 13. Provision for Mine Rehabilitation and Decommissioning

Movements of this account are as follows:

	Unaudited Mar. 31, 2022	Audited Dec. 31, 2021
Balance at beginning of year	₱57,514,917	₱55,675,292
Accretion of interest	–	1,839,625
Balance at end of year	<u>₱57,514,917</u>	<u>₱57,514,917</u>

A provision is recognized for the estimated rehabilitation costs of the Group's mine site upon termination of the Group's ore extraction activities, which is about 13 years. The provision is calculated by the Group's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 4.53% as the effective interest rate.

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### 14. Loans Payable

This account consists of:

	Unaudited Mar. 31, 2022	Audited Dec. 31, 2021
Short-term loans	₱26,000,000	₱26,000,000
Long-term loans:		
MMDC	367,591,846	414,368,186
	₱393,591,846	440,368,186
Less current portion	185,396,704	231,260,318
Noncurrent portion	<u>₱208,195,142</u>	<u>₱209,107,868</u>

#### MMDC

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

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

The short-term loans amounting to ₱26.0 million as at March 31, 2022 and December 31, 2021 pertains to a related party loan (see Note 14).

## 15. Equity

Movements of this account are as follows:

	Three Months Ended March 31			
	2022		2021	
	Shares	Amount	Shares	Amount
Authorized Capital Stock at ₱1 par value	4,000,000,000	₱4,000,000,000	4,000,000,000	₱4,000,000,000
<b>Capital Stock</b>				
Balance at beginning of year	3,014,820,305	₱3,014,820,305	3,014,820,305	₱3,014,820,305
Issuance of shares	–	–	–	–
Balance at end of year	3,014,820,305	₱3,014,820,305	3,014,820,305	₱3,014,820,305
<b>Additional Paid-in Capital</b>		₱269,199,788		₱269,199,788

Cash dividends declared by the Group are as follows:

Date Approved	Per Share	Total Amount	Stockholders of Record Date	Payment Date
November 19, 2021	₱0.13	₱391,926,640	December 7, 2021	January 4, 2022
November 14, 2014	0.15	273,203,790	December 19, 2014	January 16, 2015
September 19, 2014	0.15	273,203,790	October 1, 2014	October 22, 2014

Dividends payable amounted to ₱10.5 million as at March 31 2022 and ₱381.95 million as at December 31, 2021.

## 16. Cost of Sales

This account consists of:

	Note	For the Three Months ended March 31,
		2022 (Unaudited)
Contractual services		₱32,055,165
Personnel costs		23,891,062
Production overhead		29,896,850
Depletion	10	10,417,424
Demurrage costs		12,593,113
Excise tax		5,134,742
Depreciation	9	2,193,492
		116,181,848
Net movement in inventories		(29,699,071)
		₱86,482,777

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

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

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

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## 17. Operating Expenses

This account consists of:

				For the Three Months ended March 31,	
				2022	2021
				(Unaudited)	(Unaudited)
	Note				
Taxes and licenses				₱21,795,554	₱24,186,671
Salaries and allowances				15,849,754	17,020,280
Environmental expenses	21			19,949,573	14,438,541
Professional fees				10,565,089	12,806,635
Depreciation and amortization	9			5,441,013	6,755,337
Outside services				4,277,708	2,293,870
Community relations				3,832,003	2,233,706
Representation				19,971,033	1,433,412
Dues and subscriptions				1,009,804	1,251,337
Communication, light and water				584,644	1,078,780
Social Development Program	21			4,656,805	474,335
Rent expense				2,564,925	433,673
Transportation and travel				356,520	251,014
Office supplies				207,500	330,173
Repairs and maintenance				552,961	–
Advertisement				63,570	67,871
Others				5,511,001	53,088,673
				<b>₱118,537,327</b>	<b>₱138,144,308</b>

Others include insurance, trainings and seminars, security services, among others.

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## 18. Other Income (Charges) - Net

This account consists of:

				For the Three Months ended March 31,	
				2022	2021
				(Unaudited)	(Unaudited)
Foreign exchange gain				₱4,521,434.25	₱139,132
Others				376,103	22,655
				<b>₱4,145,331</b>	<b>₱161,787</b>

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## 19. Retirement Benefit Liability

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

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



The principal actuarial assumptions used to determine retirement benefit liability for 2021 is as follows:

	2021 (Audited)
Discount rates	4.90% - 5.00%
Salary increase rates	4.00%

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

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

	2021 (Audited)
Current service cost	₱7,116,859
Net interest cost	1,205,388
Past service cost	—
	<b>₱8,322,247</b>

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

	2021 (Audited)
Balance at beginning of year	₱33,160,260
Retirement benefits expense recognized in profit or loss:	
Current service cost	7,116,859
Net interest cost	1,205,388
Past service cost	—
Remeasurement losses (gains) recognized in OCI:	
Changes in financial assumptions	(1,431,932)
Deviations of experience from assumptions	(894,606)
Benefits paid	—
Balance at end of year	<b>₱39,155,969</b>

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

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

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

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

The cumulative remeasurement gains recognized in OCI are as follows:

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

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

## 20. Related Party Transactions

Significant transactions with related parties include the following:

### Related Parties under Common Management

	Note	Transaction Amounts		Outstanding Balances		Nature and Terms
		Unaudited March 31, 2022	Audited Dec. 31, 2021	Unaudited March 31, 2022	Audited Dec. 31, 2021	
Advances to related parties		₱–	₱9,856,875	₱7,642,232	₱10,767,041	Working fund; unsecured; noninterest-bearing; Collectible on demand
Advances from related parties		₱–	₱–	₱2,142,140	₱11,318,602	Working fund; unsecured; noninterest-bearing; payable on demand
Loans payable	14	₱–	₱–	₱26,000,000	₱26,000,000	Short-term loan; unsecured; interest-bearing; payable in installments

As at March 31, 2022 and December 31, 2021, the Group has not provided any allowance for ECL for amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

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## 21. Commitments

### Social and Environmental Responsibilities

#### **Social Development Management Programs (SDMPs)**

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

The Group's implemented social development programs to host communities amounted to ₱4.6 million and ₱0.47 million in March 31, 2022 and 2021, respectively (see Note 21).

#### **Environmental Protection and Enhancement Program (EPEP)**

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

The Group implemented projects amounting to ₱19.95 million and ₱12.85 million in March 31, 2022 and 2021, respectively.

#### **Royalty Agreement**

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

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## 22. NOLCO

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

	Audited Dec. 31, 2021
NOLCO	₱64,340,981
Retirement benefit liability	2,831,355
Excess MCIT over RCIT	17,271
	<u>₱67,189,614</u>

Details of NOLCO of the Group are as follows:

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

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

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

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

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

#### **Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act**

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

### **23. Earnings (Loss) Per Share**

Earnings (loss) per share are computed as follows:

	Three Months Ended March 31,	
	2022 (Unaudited)	2021 (Unaudited)
Net income shown in the consolidated statements of comprehensive income (a)	(₱62,120,127)	₱163,179,285
Weighted average number of common shares (b)	3,014,820,305	3,014,820,305
Basic loss per share (a/b)	(₱0.021)	(₱0.038)

The Group does not have potentially dilutive common shares.

### **24. Contingencies**

#### **Cancellation of MMDC’s MPSA**

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

The Management and its legal counsel have assessed that the order is without basis in fact and in law. Foremost, MMDC is engaged in clean and responsible mining. On February 17, 2017, the Group filed

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

As at March 31, 2022, MMDC has not received any decision nor any notice from the Office of the President. MMDC's Legal Counsel is of a good faith position that MMDC may continue its operations because the execution of the Order of the DENR Secretary is deemed automatically stayed as a matter of law on account of the pendency of the MMDC's appeal, as likewise confirmed by the Office of the President.

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

MMDC has continuously been granted the necessary regulatory permits and licenses to operate, including but not limited to Discharge Permits, Ore Transport Permits and Mineral Ore Export Permits. As proof its compliance, MMDC has also secured a certification from the MGB as of March 17, 2022, attesting to the validity and existence of its MPSA and that MMDC has an approved DMPF covering its entire contract mining area as of October 15, 2014 and is being developed and utilized by virtue of an approved Three-Year Development/Utilization Work Program dated September 9, 2022 covering Calendar Years 2020 to 2022.

Moreover, MGB also certified that MMDC has complied with the terms and conditions of the MPSA and the pertinent provisions of R.A. No. 7942 or the Philippine Mining Act of 1995 and its Implementing Rules and Regulations.

MMDC has continued mining operations in areas covered by the MPSA (see Note 1).

### **BGRC**

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

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

As at March 31, 2022, there are no developments regarding the Show-Cause Order. However, the management and the Legal Counsel of BGRC take the good faith position that the operations of BGRC under said MPSA is granted with prior rights and is allowed by law and the alleged impairment and damage in BGRC's MPSA area is not supported by any specific acts of impairment because BGRC is not yet operating in the area but has only completed exploration and drilling.

### **AMPI and BARI**

On May 18, 2020, the AMPI and BARI received a letter-approval of the DENR, through the MGB, granting the requested extension of the exploration period of the their MPSA from June 18, 2020 to June 18, 2022. As of March 28, 2022, AMPI and BARI received a favorable response granting its request for an additional two (2) year extension period (or until June 18, 2024) of the 3rd Exploration Period (CY 2018-2020; Extension: CY2020-2022) on the ground of force majeure.

### **Legal Proceedings**

The Group is a party of certain legal proceedings and the Management, after consultation with its legal counsel, believes that none of these contingencies will materially affect the Group's financial position and results of operations.

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## 25. Financial Risk Management Objectives and Policies and Fair Value Measurement

### **General**

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

### **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments consist of cash and loans payable. The primary purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments such as trade and other receivables (excluding advances to officers and employees), RCF, rental deposit, MTF, trade and other payables (excluding excise tax and other statutory payables and advances from customers), dividends payable and advances to and from related parties, which arise directly from operations. The main risks arising from the use of these financial instruments are foreign currency risk, interest rate risk, credit risk, and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

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

The Group's transactional currency exposures arise from its cash in banks and trade receivables which are denominated in US dollar. The Group periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk.

The following table shows the Group's US dollar-denominated financial assets and their Philippine Peso equivalent as at December 31, 2021:

	Audited December 31, 2021	
	Philippine Peso	US Dollar
Cash in banks	₱150,993,220	\$2,961,232
Trade receivables	469,088,519	\$9,199,618
	₱620,081,739	\$12,160,850

For purposes of restating the outstanding balances of the Group's US dollar-denominated financial assets as at December 31, 2021, the exchange rates applied were ₱50.99.

The table below demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's income before tax for the years ended December 31, 2021 (due to changes in the fair value of financial assets). There is no other impact on the Group's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
<b>December 31, 2021</b>	<b>+2.15</b>	<b>₱13,331,757</b>
	<b>-2.15</b>	<b>(13,331,757)</b>
December 31, 2021	+2.28	16,624,560
	-2.28	(16,624,560)

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

The Group's loans payable are exposed to changes in market interest rates since the loans are subject to variable interest rates.

The table below set forth the estimated change in the Group's income before tax to a reasonably possible change in the market prices of loans payable brought about by reasonably possible change in interest rates as at December 31, 2021.

	Increase/Decrease in Interest Rate	Effect on Income before Tax
<b>December 31, 2021</b>	<b>+3.11%</b>	<b>(₱1,571,333)</b>
	<b>-3.11%</b>	<b>1,571,333</b>
December 31, 2021	+2.70%	(1,741,303)
	-2.70%	1,741,303

*Credit Risk.* Credit risk arising from the inability of a counterparty to meet the terms of the Group's financial instrument is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligation of the Group. With respect to credit risk arising from the other financial assets of the Group, which comprise cash in banks, trade, and other receivables (excluding advances to officers and employees) and advances to related parties, RCF, MTF and rental deposit, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The tables below show the credit quality per class of financial assets as at December 31, 2021.

	2021						
	High Grade	Standard Grade	Past Due but not Impaired			Impaired	Total
			1 – 30 Days	31 – 90 Days	More than 90 Days		
Lifetime ECL (not credit impaired): Trade and other receivables*	₱	₱11,977,178	₱	₱201,779,084	₱115,082,864	₱152,226,571	₱481,065,697
12 - month ECL:							
Cash in banks	800,679,131	–	–	–	–	–	800,679,131
Advances to related parties	–	10,767,041	–	–	–	–	10,767,041
RCF and MTF	5,734,592	–	–	–	–	–	5,734,592
Rental deposit	–	363,250	–	–	–	–	363,250
	806,413,723	11,130,291	–	–	–	–	817,544,014
	₱806,413,723	₱23,107,469	₱	₱201,779,084	₱115,082,864	₱152,226,571	₱1,298,609,711

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

Customer credit risk from trade and other receivables is managed by the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The calculation of provision rates reflects the information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. Generally, trade receivables are written-off if the Group has actually ascertained that these are worthless and uncollectible as of the end of the year.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

For other financial assets consisting of cash in banks, advances to related parties, RCF, MTF and rental deposit, the Group established controls and procedures on its credit policy to determine and monitor the credit worthiness of counterparties.

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

Cash in banks, RCF and MTF are classified as high grade since these are deposited in reputable banks having good credit rating and low probability of insolvency. While the advances to related parties is classified under standard grade since the counterparties are reputable related parties with low credit risk.

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

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2021, based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.



	2021					Total
	On Demand	Less than three months	Three to six months	More than six months to one year	More than one year	
Trade and other payables*	₱9,249,554	₱43,643,713	₱140,375,562	₱—	₱—	₱193,268,829
Dividends payable	381,945,355	—	—	—	—	381,945,355
Loans payable**	26,000,000	57,883,350	57,090,594	111,872,773	237,930,452	490,777,169
Advances from a related party	11,318,602	—	—	—	—	11,318,602
	<b>₱428,513,511</b>	<b>₱101,527,063</b>	<b>₱197,466,156</b>	<b>₱111,872,773</b>	<b>₱237,930,452</b>	<b>₱1,077,309,955</b>

\*Excluding excise tax and other statutory payables and advances from customers aggregating to ₱259.9 million as at December 31, 2021.

\*\*Including interest payable up to maturity amounting to ₱50.4 million as at December 31, 2021.

### Fair Value of Financial Assets and Financial Liabilities

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

	Unaudited March 31, 2022		Audited December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash	₱219,836,333	₱219,836,333	₱801,051,844	₱801,051,844
Trade and other receivables*	279,553,538	279,553,538	328,839,126	328,839,126
Advances to related parties	7,642,232	7,642,232	10,767,041	10,767,041
RCF and MTF	5,568,073	5,568,073	5,734,592	5,734,592
Rental deposit	166,519	166,519	363,250	363,250
	<b>₱512,766,695</b>	<b>₱512,766,695</b>	<b>₱1,146,755,853</b>	<b>₱1,146,755,853</b>

	Unaudited March 31, 2022		Audited December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Trade and other payables*	₱450,830,109	₱450,830,109	₱193,268,829	₱193,268,829
Dividends payable	10,503,932	10,503,932	381,945,355	381,945,355
Loans payable and long-term debt	208,195,142	208,195,142	440,368,186	426,350,535
Advances from related parties	2,142,140	2,142,140	11,318,602	11,318,602
	<b>₱671,671,323</b>	<b>₱671,671,323</b>	<b>₱1,026,900,972</b>	<b>₱1,012,883,321</b>

*Cash, Trade and Other Receivables (excluding advances to officers and employees), Advances to Related Parties, RCF and MTF, Trade and Other Payables (excluding excise tax and other statutory payables and advances from customers), Dividends Payable and Advances from Related Parties.* Due to the short-term nature of transactions, the fair values approximate the amount of consideration at reporting period.

*Rental Deposit.* The fair value of rental deposit has not been determined using observable market data because Management believes that the difference between fair value and carrying amount is not significant.

*Loans Payable and Long-term Debt.* Estimated fair values have been calculated on the instruments' expected cash flows using the prevailing PDST-R2 rates that are specific to the tenor of the instruments' cash flows at reporting dates (Level 2).

## 26. Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk. The Group manages its capital structure and makes adjustments to it, whenever there are changes in economic conditions. The Group monitors its capital using debt

to equity ratio. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or by conversion of related party advances to an equity component item.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As at March 31, 2022 And December 31, 2021

Ratio	Formula	Unaudited March 31, 2022	Audited Dec. 31, 2021
Current ratio	Total Current Assets	<b>₱918,088,489</b>	₱1,484,580,441
	Divided by: Total Current Liabilities	<b>674,147,433</b>	1,096,737,200
	Current ratio	<b>1.36:1</b>	1.35:1
Solvency ratio	Net Income (Loss) Before Depreciation and Amortization	<b>(₱54,485,622)</b>	₱1,000,870,898
	Divide by: Total liabilities	<b>1,444,699,960</b>	1,844,515,575
	Solvency ratio	<b>(0.04):1</b>	0.54:1
Debt-to-equity ratio	Total Liabilities	<b>₱1,444,699,960</b>	₱1,844,515,575
	Divide by: Total equity	<b>4,602,997,393</b>	4,665,117,520
	Debt-to-equity ratio	<b>0.31:1</b>	0.40:1
Asset-to-equity ratio	Total Assets	<b>₱6,047,697,353</b>	₱6,509,633,095
	Divide by: Total equity	<b>5,055,002,057</b>	4,665,117,520
	Asset-to-equity ratio	<b>1.31:1</b>	1.40:1
Interest rate coverage Ratio	Pretax income (loss) before interest	<b>(₱56,170,458)</b>	₱1,062,566,014
	Divided by: Interest expense	<b>5,949,669</b>	50,525,191
	Interest rate coverage ratio	<b>(12.18):1</b>	21.03:1
Profitability Ratio	Net income (loss)	<b>(₱62,120,127)</b>	₱756,442,856
	Divide by: Total equity	<b>4,602,997,393</b>	4,665,117,520
	Profitability ratio	<b>(0.01):1</b>	0.16:1