

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Sep 30, 2023
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	Sep 30, 2023
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2023	Dec 31, 2022
Current Assets	1,382,345,915	917,225,555
Total Assets	6,361,533,977	5,940,605,308
Current Liabilities	524,085,019	395,222,778
Total Liabilities	1,196,941,452	1,068,221,038
Retained Earnings/(Deficit)	1,839,979,233	1,547,770,977
Stockholders' Equity	5,164,592,525	4,872,384,270
Stockholders' Equity - Parent	3,342,151,049	3,373,690,456
Book Value per Share	1.71	1.62

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	970,158,538	1,082,214,089	1,843,388,128	2,377,250,366
Gross Expense	621,501,267	875,690,051	1,452,220,034	1,881,386,878

Non-Operating Income	13,810,937	13,822,021	24,926,587	27,906,670
Non-Operating Expense	2,215,108	5,190,126	10,204,828	17,142,670
Income/(Loss) Before Tax	360,253,100	215,155,933	405,889,853	506,627,488
Income Tax Expense	96,638,976	57,396,071	113,681,594	136,568,063
Net Income/(Loss) After Tax	263,614,124	157,759,861	292,208,259	370,059,424
Net Income Attributable to Parent Equity Holder	263,614,124	157,759,861	292,208,259	370,059,424
Earnings/(Loss) Per Share (Basic)	0.09	0.05	0.1	0.12
Earnings/(Loss) Per Share (Diluted)	0.09	0.05	0.1	0.12

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.1	0.12
Earnings/(Loss) Per Share (Diluted)	0.1	0.12

Other Relevant Information

PLEASE SEE ATTACHED SEC FORM 17-Q FOR THE PERIOD ENDED SEPTEMBER 30, 2023.

Filed on behalf by:

Name	Joanna Alecxis Manzano
Designation	Legal Admin Supervisor

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **September 30, 2023**
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 4th 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

Table of Contents

Contents

Securities And Exchange Commission	2
Sec Form 17-Q.....	2
Part I - Financial Information.....	3
Item 1. - Management’s Discussion And Analysis Of Financial Condition And Results Of Operation.....	3
Financial Condition As Of September 30, 2023 And December 31, 2022 And Results Of Operation For The Nine months Ended September 30, 2023 And September 30, 2022	3
Statement Of Comprehensive Income.....	3
Statement Of Financial Position.....	4
Statement Of Cash Flows	6
Item 2 - Financial Statements	6
Horizontal And Vertical Analysis:	7
Other Information.....	7
Key Performance Indicators (KPIs)	10
Part II - Other Information.....	11
Part III - Financial Soundness Indicators	11
Signatures.....	12

PART I - FINANCIAL INFORMATION

Item 1. - 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 3rd quarter period ended September 30, 2023, with comparative figures for the corresponding periods in 2022 and audited consolidated financial statements as of December 31, 2022, 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 as of September 30, 2023, and December 31, 2022, and Results of Operation for the Nine-Months ended September 30, 2023, and September 30, 2022

Statement of Comprehensive Income

(In '000 Pesos)	For the Nine – Months Ended		Increase (Decrease)	
	September 30		Amount	%
	2023	2022		
Revenues	₱1,843,388	₱2,377,250	(533,862)	(22.5%)
Cost of Sales	1,114,937	1,486,475	(371,539)	(25.0%)
Operating and Other Expenses	(322,562)	(384,148)	(61,586)	(16.0%)
Income Before Income Tax	405,890	506,627	(100,738)	(19.9%)
Income Tax	113,682	136,568	(22,886)	(16.8%)
Net Income	₱292,208	₱370,59	(77,851)	(21%)

Revenues

For the nine months period ended September 30, 2023, MHI subsidiary, MMDC, sold an aggregate of 1,390,971 wet metric tons (WMT) of nickel ore, or equivalent to two (2) shipments of saprolite and twenty-four (24) shipments of limonite, as compared to the nine months period ended September 30, 2022, with a total of 1,244,852 wet metric tons (WMT) of nickel ore, or equivalent to nineteen (19) shipments of saprolite and four (4) shipments of limonite. Hence, registering an increase of 146,119 WMT.

The Company's total revenue on September 30, 2023 was ₱1,843.39 million, which is notably lower by ₱533.86 million or 22.5% as compared to ₱2,377.25 million on September 30, 2022. Despite the increase of volume shipped, total gross sales have considerably decreased due to unfavorable market conditions. The result of operations was a net income after tax of ₱292.21 million in 2023 compared to 2022 with ₱370.60 million.

Cost of Sales

Due to a decrease in revenue, the Company's cost of sales decreased by ₱371.54 million or 25% from ₱1,486.48 million in 2022 to ₱1,114.94 million in 2023. The decrease was mainly due to the following:

- **Contracted services** decreased by 31.8% from ₱ 924.22 million to ₱630.75 million. The decrease is primarily due to lower production costs of limonite as compared to saprolite.
- **Personnel cost** decreased by 16.1% due to manpower reduction cost implemented.
- **Depletion** has considerably decreased by 76.4%, from ₱156.30 million in 2022 to ₱36.96 million in 2023. This decrease is attributable to the lower depletion rate of limonite as compared to saprolite.
- **Excise tax** decreased by 24.5% during the period due to lower revenues for the period.

- **Production overhead** decreased by 30.9% or ₱89.06 million from ₱288.41 million in 2022 to ₱199.35 million in 2023 due to cost-cutting measures executed.

Operating expenses

Operating expenses decreased by 14.6% or ₱57.63 million from ₱394.91 million for the 3rd quarter period last year to ₱337.28 million this year. The decrease was mainly accounted for by the following:

- **Community Relations** decreased by ₱5.83 million or 46.2% due to lower spending of livelihood assistance to the community, public utilities, and socio-cultural preservation.
- **Environmental Expenses** decreased by ₱38.85 million or equivalent to 44.3% due to the lower environmental activities and projects on the Environmental Protection and Enhancement Program (EPEP) including the protection and rehabilitation of the affected mined environment.
- **Social Development Program** decreased by ₱7.7 million or equivalent to 45.6%, the decrease is primarily due to the lower operating expenses.
- **Depreciation** decreased by ₱5.35 million or equivalent to 44.2% due to most of the service and mining equipment were already fully depreciated.
- **Royalties** decreased by ₱5.61 million or equivalent to 22.5% due to decrease of sales for the period.
- **Transportation and Travel** decreased by ₱0.16 million or equivalent to 13.9% due to lesser travel activities during the period.

The above cost increases were partly offset by the following:

- **Rental** increased by ₱3.15 million or equivalent to 104% due to the development of new areas opened during the period.
- **Outside Services** increased by ₱1.58 million or equivalent to 11.9%. As there are other services that needed to be outsourced from different institutions.
- **Communication, Light and Water** increased by ₱0.48 million or equivalent to 17.8% due to higher generation charges of the power provider.
- **Office Supplies** increased by ₱0.26 million or equivalent to 43.5% due to increase of prices of supplies caused by inflation.
- **Other Expense** increased by ₱21.95 million or equivalent to 131.6% due to higher inflation rate experience by the economy.

Statement of Financial Position

(In '000 Pesos)	As of		Increase (Decrease)	
	Sept. 30, 2023	Dec. 31, 2022	Amount	%
Assets	₱6,361,534	₱5,940,605	₱420,928	7.1%
Liabilities	1,195,941	1,068,221	128,720	12%
Stockholders' Equity	5,164,593	4,872,384	292,208	6%

Assets

The consolidated total assets of the Company increased by ₱420.93 million or 7.1% from ₱5,940.61 million in 2022 to ₱6,361.53 million in 2023. The 7.1% increase was mainly due to the following:

- **Cash** increased by ₱317.85 million or 58.1% from ₱546.89 million in 2022 to ₱864.74 million in 2023. The increase was mainly due to the payments received from customers and other related parties.
- **Trade and other receivables** increased by ₱76.33 million or 75.4% from ₱101.2 million in 2022 to ₱177.52 million in 2023, due to uncollected sales proceeds for the period.

The above increases were partly offset by the following:

- **Advances to related parties** decreased by ₱11.09 million or 42.2% from ₱26.28 million in 2022 to ₱15.19 million in 2023 due to settlement of advances.
- **Ore inventory** decreased by ₱51.67 million or 34.2% from ₱151.11 million in 2022 to ₱99.45 million in 2023 since the Company incurred lower ore production with lower unit cost during the period.
- **Property and equipment** decreased by ₱17.26 million or 9.6% from ₱179.65 million in 2022 to ₱162.39 million in 2023 due to most of the service and mining equipment were already fully depreciated.

Liabilities

The total consolidated liabilities of the Company increased by ₱128.72 million or 12% from ₱1,068.22 million in 2022 to ₱1,196.94 million in 2023. The increase was mainly due to:

- **Trade and other payables** increased by ₱113.79 million or 40.5% from ₱281.21 million in 2022 to ₱394.40 million in 2023 due to unpaid billings from contractors and other suppliers during the period.
- **Advances from related parties** increased by ₱10.43 million or equivalent to 211.3% to support the working capital of related parties and affiliates.
- **Income Tax Payable** increased by ₱77.64 million or equivalent to 425.5% due to higher taxable income for the period.

Equity

The stockholders' equity of the Company increased by ₱292.21 million or 6% from ₱4,872.38 million in 2022 to ₱5,164.59 million as of September 30, 2023, due to the net income generated during the period.

Statement of Cash Flows

(In "000 Pesos)	For the Nine – Months Ended September 30		Increase (Decrease)	
	2023	2022	Amount	%
Cash provided by operating activities	₱409,284	₱402.03	₱7,258	1.8%
Cash provided by (used) in investing activities	2,196	(72.07)	74,264	3,381%
Cash provided by (used in) financing activities	(93,633)	(565.59)	471,961	(504.1%)

As of September 30, 2023, the cash provided from operating activities amounting to ₱409.28 million was mainly due to the net income before tax during the period.

The positive net cash from investing activities amounting ₱2.20 million due to the Input-VAT application for refund offset by the increase in mining and mine properties' expenses incurred during the period.

Cash used for financing activities amounting to ₱93.63 are primarily for payment of bank loans.

The net effect of the foregoing operating, investing, and financing activities is an increase of ₱317.85 million and a balance of ₱ 864.74 million in cash as of September 30, 2023.

Item 2 - Financial Statements

The unaudited Consolidated Financial Statement of Marcventures Holdings Inc. and Subsidiaries as of September 30, 2023, and for the six-month period ended September 30, 2023, with comparative audited figure as of December 31, 2022 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.

Horizontal and Vertical Analysis:

<i>Amounts in thousands</i>			Horizontal Analysis		Vertical Analysis	
	Sept 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)	Increase (Decrease)	% Change	2023	2022
ASSETS						
Current Assets						
Cash	₱ 864,741	₱ 546,894	₱ 317,847	58.1%	13.6%	9.0%
Trade and other receivables	177,526	101,197	76,329	75.4%	2.8%	2.0%
Advances to related parties	15,192	26,281	(11,089)	(42.2%)	0.2%	0.0%
Inventories	99,449	151,114	(51,665)	(34.2%)	1.6%	3.0%
Other current assets	225,439	91,740	133,699	145.7%	3.5%	2.0%
Total Current Assets	₱ 1,382,346	₱ 917,226	₱ 465,120	50.7%	21.7%	15.0%
Noncurrent Assets						
Property and equipment	₱ 162,390	₱ 179,647	₱ (17,257)	(9.6%)	2.6%	3.0%
Mining rights and other mining assets	4,332,373	4,327,258	5,115	0.1%	68.1%	73.0%
Net deferred tax assets	31,990	31,990	-	0.0%	0.5%	1.0%
Other noncurrent assets	452,435	484,485	(32,050)	(6.6%)	7.1%	8.0%
Total Noncurrent Assets	₱ 4,979,188	₱ 5,023,380	₱ (44,192)	(0.9%)	78.3%	85.0%
	₱ 6,361,534	₱ 5,940,605	₱ 420,929	7.1%	100.0%	100.0%
Current Liabilities						
Trade and other payables	₱ 394,998	₱ 281,210	₱ 113,788	40.5%	6.2%	5.0%
Loans payable	7,347	80,346	(72,999)	(90.9%)	0.1%	1.0%
Advances from related parties	15,366	4,937	10,429	211.3%	0.2%	0.0%
Dividends payable	10,485	10,485	-	0.0%	0.2%	0.0%
Income tax payable	95,890	18,246	77,644	425.5%	1.5%	0.0%
Total Current Liabilities	₱ 524,085	₱ 395,223	₱ 128,862	32.6%	8.2%	7.0%
Noncurrent Liabilities						
Long-term debt - net of current portion	₱ 130,401	₱ 130,401	₱ -	0.0%	2.0%	2.0%
Prov. for mine rehabilitation and decommissioning	60,122	60,122	-	0.0%	0.9%	1.0%
Retirement benefit liability	40,334	40,475	(142)	(0.4%)	0.6%	1.0%
Deferred tax liability	442,000	442,000	-	0.0%	6.9%	7.0%
Total Noncurrent Liabilities	₱ 672,856	₱ 672,998	₱ (142)	0.0%	10.6%	11.0%
Total Liabilities	₱ 1,196,941	₱ 1,068,221	₱ 128,720	12.0%	18.8%	18.0%
Equity						
Capital stock	₱ 3,014,820	₱ 3,014,820	₱ -	0.0%	47.4%	51.0%
Additional paid-in capital	269,200	269,200	-	0.0%	4.2%	5.0%
Retained earnings	1,839,979	1,547,771	292,208	18.9%	28.9%	26.0%
Rem gain on retirement benefit	40,593	40,593	-	0.0%	0.6%	1.0%
Total Equity	₱ 5,164,593	₱ 4,872,384	₱ 292,208	6.0%	81.2%	82.0%
	₱ 6,361,534	₱ 5,940,605	₱ 420,929	7.1%	100.0%	100.0%

<i>Amounts in thousands</i>	For the Nine-months ended Sep 30,				Horizontal Analysis		Vertical Analysis		
	2023 (Unaudited)		2022 (Unaudited)		Increase (Decrease)	% Change	2023	2022	
REVENUE	₱	1,843,388	₱	2,377,250	₱	(533,862)	(22.5%)	100.0%	100.0%
COST OF SALES		1,114,937		1,486,475		(371,539)	(25.0%)	60.5%	62.5%
GROSS INCOME	₱	728,451	₱	890,775	₱	(162,324)	(18.2%)	39.5%	37.5%
OPERATING EXPENSES		(337,283)		(394,912)		57,628	(14.6%)	18.3%	16.6%
INCOME FROM OPERATIONS	₱	391,168	₱	495,863	₱	(104,695)	(21.1%)	21.2%	20.9%
INTEREST EXPENSE		(10,205)		(17,143)		6,938	(40.5%)	0.6%	0.7%
INTEREST INCOME		541		201		339	168.3%	0.0%	0.0%
OTHER INCOME (CHARGES) - Net		24,386		27,705		(3,319)	(12.0%)	1.3%	1.2%
INCOME BEFORE TAX	₱	405,890	₱	506,627	₱	(100,738)	(19.9%)	22.0%	21.3%
INCOME TAX EXPENSE		113,682		136,568		(22,886)	(16.8%)	6.2%	5.7%
NET INCOME	₱	292,208	₱	370,059	₱	(77,851)	(21.0%)	15.9%	15.6%

<i>Amounts in thousands</i>	For the Three-months ended Sep 30,				Horizontal Analysis		Vertical Analysis		
	2023 (Unaudited)		2022 (Unaudited)		Increase (Decrease)	% Change	2023	2022	
REVENUE	₱	970,159	₱	1,082,214	₱	(112,056)	(10.4%)	100.0%	100.0%
COST OF SALES		508,059		733,408		(225,349)	(30.7%)	52.4%	67.8%
GROSS INCOME	₱	462,099	₱	348,806	₱	113,293	32.5%	47.6%	32.2%
OPERATING EXPENSES		(113,442)		(142,282)		28,840	(20.3%)	11.7%	13.1%
INCOME FROM OPERATIONS	₱	348,657	₱	206,524	₱	142,133	68.8%	35.9%	19.1%
INTEREST EXPENSE		(2,215)		(5,190)		2,975	(57.3%)	0.2%	0.5%
INTEREST INCOME		430		110		320	292.4%	0.0%	0.0%
OTHER INCOME (CHARGES) - Net		13,381		13,712		(332)	(2.4%)	1.4%	1.3%
INCOME BEFORE TAX	₱	360,253	₱	215,156	₱	145,097	67.4%	37.1%	19.9%
INCOME TAX EXPENSE		96,639		57,396		39,243	68.4%	10.0%	5.3%
NET INCOME	₱	263,614	₱	157,760	₱	105,854	67.1%	27.2%	14.6%

Other Information

- a. There are no known trends or any known demands, commitments, events or certainties 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:

	September 30, 2023	September 30, 2022
Net Income	₱292,208,259	₱370,059,424
Quick assets	1,221,559,947	1,010,453,518
Current assets	1,382,345,915	1,604,663,081
Total assets	6,361,533,977	6,656,378,185
Current liabilities	524,085,019	850,310,685
Total liabilities	1,196,941,452	1,621,201,240
Stockholders' Equity	5,164,592,525	5,035,176,945
Number of common shares outstanding	3,014,820,305	3,014,820,305

	September 30, 2023	September 30, 2022
Liquidity ratios:		
Current ratio ⁽¹⁾	2.64:1	1.89:1
Quick ratio ⁽²⁾	2.33:1	1.19:1
Solvency Ratios:		
Debt ratio ⁽³⁾	0.19:1	0.24:1
Debt to Equity ratio ⁽⁴⁾	0.23:1	0.32:1
Profitability ratios:		
Earnings (Loss) per share ⁽⁵⁾	0.10:1	0.12:1
Book value per share ⁽⁶⁾	1.71:1	1.67:1

=

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 = 2.64:1

b. Quick Ratio

Quick asset / Total Current Liabilities = 2.33:1

Solvency Ratio

a. Debt Ratio

Total liabilities / Total assets = 0.19:1

b. Debt to Equity Ratio

Total liabilities / Shareholder's Equity = 0.23:1

Profitability Ratio

a. Return on Equity Ratio

Net Income (Loss) / Average shareholder's equity = 0.06:1

b. Return on Assets

Net Income (Loss)/ Average Total assets = 0.05:1

c. Fixed Assets Turnover Ratio:

Revenue/Property Plant and Equipment = 0.41:1

d. Asset to Equity Ratio:

Total Assets / Stockholders' Equity = 1.23:1

e. Asset Turnover:

Revenue/Total Assets = 0.29

f. Interest Coverage Ratio

Net Income (Loss) / Interest expense = 40.77:1

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
EVP and Chief Operating Officer

Date: November 9, 2023

Signature and Title: 
DALE A. TONGCO
Treasurer

Date: November 9, 2023

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

	Note	Sept. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
ASSETS			
Current Assets			
Cash	4	₱ 864,740,755	₱ 546,893,643
Trade and other receivables	5	177,525,873	101,197,320
Inventories	6	99,449,229	151,114,261
Advances to related parties	19	15,191,513	26,280,675
Other current assets	7	225,438,545	91,739,656
Total Current Assets		₱ 1,382,345,915	₱ 917,225,555
Noncurrent Assets			
Property and equipment	8	₱ 162,390,285	₱ 179,647,033
Mining rights and other mining assets	9	4,332,372,541	4,327,257,856
Net deferred tax assets		31,990,307	31,990,307
Other noncurrent assets	10	452,434,929	484,484,557
Total Noncurrent Assets		₱ 4,979,188,062	₱ 5,023,379,753
		₱ 6,361,533,977	₱ 5,940,605,308
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	₱ 394,997,508	₱ 281,209,564
Current portion of loans payable	13	7,346,581	80,345,623
Advances from related parties	19	15,365,926	4,936,715
Dividends payable	14	10,484,846	10,484,846
Income tax payable		95,890,158	18,246,030
Total Current Liabilities		₱ 524,085,019	₱ 395,222,778
Noncurrent Liabilities			
Long-term debt - net of current portion	13	₱ 130,401,077	₱ 130,401,077
Provision for mine rehabilitation and decommissioning	12	60,122,100	60,122,100
Retirement benefit liability	18	40,333,635	40,475,462
Deferred tax liability	2	441,999,621	441,999,621
Total Noncurrent Liabilities		₱ 672,856,433	₱ 672,998,260
Total Liabilities		₱ 1,196,941,452	₱ 1,068,221,038
Equity			
Capital stock	14	₱ 3,014,820,305	₱ 3,014,820,305
Additional paid-in capital	14	269,199,788	269,199,788
Retained earnings		1,839,979,233	1,547,770,977
Remeasurement gain on retirement benefit liability - net of deferred tax		40,593,200	40,593,200
Total Equity		₱ 5,164,592,525	₱ 4,872,384,270
		₱ 6,361,533,977	₱ 5,940,605,308

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	For the three-months ended September 30,		For the nine-months ended September 30,	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
REVENUE		₱ 970,158,538	₱ 1,082,214,089	₱ 1,843,388,128	₱ 2,377,250,366
COST OF SALES	15	508,059,387	733,408,003	1,114,936,672	1,486,475,316
GROSS INCOME		462,099,151	348,806,086	728,451,456	890,775,050
OPERATING EXPENSES	16	(113,441,880)	(142,282,048)	(337,283,362)	(394,911,562)
INCOME FROM OPERATIONS		348,657,271	206,524,038	391,168,094	495,863,488
INTEREST EXPENSE		(2,215,108)	(5,190,126)	(10,204,828)	(17,142,670)
INTEREST INCOME	4	430,037	109,585	540,509	201,448
OTHER INCOME (CHARGES) - Net	17	13,380,900	13,712,436	24,386,078	27,705,222
INCOME BEFORE INCOME TAX		360,253,100	215,155,933	405,889,853	506,627,488
INCOME TAX EXPENSE		96,638,976	57,396,071	113,681,594	136,568,063
TOTAL COMPREHENSIVE INCOME		₱ 263,614,124	₱ 157,759,861	₱ 292,208,259	₱ 370,059,424
Basic earnings per share		₱ 0.090	₱ 0.050	₱ 0.100	₱ 0.120

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

	Note	Nine-months Ended September 30,	
		2023 (Unaudited)	2022 (Unaudited)
CAPITAL STOCK - ₱1 par value	14		
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
ADDITIONAL PAID-IN CAPITAL	14	₱ 269,199,788	₱ 269,199,788
RETAINED EARNINGS			
Balance at beginning of year		₱ 1,547,770,977	₱ 1,345,190,197
Net income		292,208,259	370,059,424
Balance at end of year		₱ 1,839,979,236	₱ 1,715,249,621
REMEASUREMENT GAIN ON RETIREMENT BENEFIT LIABILITY - net of deferred tax		₱ 40,593,200	₱ 31,884,838
		₱ 5,164,592,525	₱ 5,035,176,945

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	For the Nine-months Ended September 30,	
		2023	2022
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before income tax		₱ 405,889,853	₱ 506,627,488
Adjustments for:			
Depreciation	8	19,404,138	21,462,302
Depletion	9	36,957,269	156,298,906
Interest expense		10,204,828	17,142,670
Retirement benefit expense		–	897
Interest income	4	(445)	(201,0448)
Operating income before working capital changes		₱ 472,455,643	₱ 701,330,815
Decrease (increase) in:			
Trade and other receivables		(76,328,553)	(21,004,460)
Inventories		51,665,032	(108,057,137)
Other current assets		(133,698,889)	(204,125,131)
Increase in:			
Trade and other payables		113,787,944	293,160,674
Net cash provided in operations		₱ 427,881,177	₱ 661,304,761
Interest received	4	445	201,448
Income tax paid		(18,597,381)	(91,285,268)
Net cash provided in operating activities		₱ 35,206,333	₱ 570,220,941
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (Increase) to:			
Property and equipment	8	₱ 17,256,748	₱ (6,517,233)
Mining rights and other mining assets	9	(20,218,101)	(84,667,622)
Other noncurrent assets		32,049,628	19,117,267
Advances to related parties		11,089,162	(22,532,091)
Net cash provided(used) in investing activities		₱ 40,177,437	₱ (94,599,679)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Interest		₱ (10,204,828)	₱ (17,142,670)
Loans		(72,999,042)	(177,010,337)
Advances from related parties		(10,429,211)	–
Dividends paid		–	(371,441,423)
Net cash used in financing activities		₱ (93,633,081)	₱ (565,594,430)
NET DECREASE IN CASH		₱ 355,828,597	₱ (235,636,179)
CASH AT BEGINNING OF YEAR		546,893,643	801,051,844
CASH AT END OF PERIOD		₱ 902,722,241	₱ 565,415,665

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

General Information

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

The Parent Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 7, 1957. Its primary purpose is to deal with properties of every kind and description to the extent permitted by law without engaging in the business of an investment company as defined in the Investment Company Act (Republic Act (R.A.) No. 2629), or act as a securities broker or dealer.

On August 7, 2007, the SEC approved the extension of the Parent Company’s corporate life for another 50 years. However, as prescribed by the Revised Corporation Code of the Philippines, effective February 23, 2019, the Group shall have perpetual existence.

The Parent Company’s shares of stock were initially listed in the Philippine Stock Exchange, Inc. (PSE) on January 10, 1958. As at Sept. 30, 2023 and December 31, 2022, 3,014,820,305 shares of the Parent Company’s shares of stock are listed in The Philippine Stock Exchange, Inc. (PSE).

Registered Address

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

Information about the Subsidiaries

All of the subsidiaries of the Parent Company are wholly owned and are domiciled in the Philippines.

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

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

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

On February 13, 2017, MMDC received an order dated February 8, 2017 from the DENR cancelling its MPSA. Management and its legal counsel believe that the order has no basis and the outcome of legal

actions taken will not have a material adverse effect on the MMDC's operations (see Notes 3 and 23). Accordingly, MMDC has continued its mining operations in the area covered by its MPSA.

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

BrightGreen Resources Corporation (BRC).

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

On July 1, 1993, the DENR approved BGRC's application for MPSA No. 015-93-XI (SMR) covering an area of approximately 4,860 hectares located in the municipalities of Carrascal and Cantilan, Surigao del Sur. On February 7, 2019, the MGB approved the extension of the MPSA for a period of six years starting from the expiration of its 25-year term.

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

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

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

Alumina Mining Philippines, Inc. (AMPI)

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

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

Bauxite Resources, Inc. (BARI)

BARI was incorporated and registered with the SEC on August 31, 2001 to engage in the mining business. The Parent Company acquired BARI from its merger with APMPC in 2017.

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

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

On February 9, 2022, AMPI and BARI wrote to MGB requesting for additional two (2) years extension (or until June 18, 2024) of the 3rd exploration period (CY2018-2020; Extension: CY2020-2022) on the ground that due to force majeure, factors and events which prevented them from fully utilizing its respective contract areas to complete activities corresponding to the exploration period were not yet addressed and are still prevailing. The request was approved (subject to several conditions) by the MGB on March 28, 2022. Both AMPI and BARI plan to file for the DMPF and an early renewal of the MPSA for another 25 years.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

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

Measurement Bases

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

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for retirement benefit liability, which is measured at the present value of the defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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

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

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

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

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

Adoption of Amended PFRS

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

- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.
- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets).
- Annual Improvements to PFRS 2018 to 2020 Cycle –
 - Amendment to PFRS 9, *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

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

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiaries as at Sept. 30, 2023 and December 31, 2022 and for the period ended Sept. 30, 2023 and 2022.

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 those of the Group using uniform accounting policies. Significant intercompany transactions and balances, including intercompany profits and unrealized profits and losses, are eliminated in full.

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

If the Parent Company loses control over a subsidiary, the Group: (a) derecognizes the assets and liabilities of the subsidiary; (b) derecognizes the carrying amounts of any non-controlling interest;

(c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; and (g) reclassifies the Group's share of components previously recognized in other comprehensive income (OCI) to profit or loss.

Financial Assets and Liabilities

a. Recognition

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

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

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

b. Classification and Subsequent Measurement Policies

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

As at Sept. 30, 2023 and December 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 the 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 Sept. 30, 2023 and December 31, 2022, the Group's cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), advances to related parties, and final mine rehabilitation fund (FMRF), rehabilitation cash fund (RCF), rental deposit and monitoring trust fund (MTF) (included under "Other noncurrent assets") accounts are classified under this category. Cash and cash equivalents in the consolidated statements of financial position comprise cash on hand and in banks and cash equivalents, excluding any restricted cash. Restricted cash, which includes FMRF, RCF and MTF, is not available for use by the Group and therefore is not considered highly liquid.

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

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

As at Sept. 30, 2023 and December 31, 2022, the Group's trade and other payables (excluding advances from customers and excise tax and other statutory payables), loans payable, advances from related parties and dividends payable are classified under this category (see Notes 11, 12, 13 and 16).

c. Reclassification

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

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

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

d. Impairment on Financial Assets at Amortized Cost

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

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

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

e. Derecognition of Financial Assets and Liabilities

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

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

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

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

f. Offsetting of Financial Assets and Liabilities

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

g. Classification of Financial Instrument between Liability and Equity

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

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

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

Inventories

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

Other Current Assets

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

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

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

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

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

Property and Equipment

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

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic

benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expense in the period in which these are incurred.

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

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

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

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

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

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

the customers, net of any sales adjustments based on the contracts with the customers.

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

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

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

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Group through an increase in assets 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 the 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.

Company as Lessor

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

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

Foreign Currency-Denominated Transactions

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

Income Taxes

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

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

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

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

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

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

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

Value Added Tax (VAT)

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

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

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

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

Related Party Transactions and Related Parties

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

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

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

Provisions

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

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an 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 an asset corresponds to the present value of the 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 assets shall not exceed its carrying amount. In case the decrease in the obligation exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

Contingencies

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

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

Earnings Per Share

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

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

Events After the Reporting Date

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

Segment Reporting

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

3. Significant Judgments, Accounting Estimates and Assumptions

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

Judgments

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

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

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

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

Defining Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when contractual payments are

90 days past due. The Group also considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

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

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

Accounting Estimates and Assumptions

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

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

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

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

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

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

For cash in banks, cash equivalents and advances to related parties, the Group assessed that these financial assets have low credit risk because the counterparties are reputable banks and related parties which possess good credit standings. Thus the ECL on these financial assets in 2022, 2021 and 2020 are not significant and not recognized.

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

No provision for inventory obsolescence was recognized in as of Sept. 30, 2023 and for the year 2022. The carrying amount of inventories, which is measured at the lower of cost and NRV, are disclosed in Note 6 to the consolidated financial statements.

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

No provision for impairment loss was recognized as of Sept. 30, 2023 and for the year 2022. The carrying amount of noncurrent input VAT is disclosed in Note 10 to the consolidated financial statements.

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

There were no changes in estimated useful lives of property and equipment as of Sept. 30, 2023 and for the year 2022. The carrying amount of property and equipment is disclosed in Note 8 to the consolidated financial statements.

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

The carrying amounts of mining rights and other mining assets are disclosed in Note 9 to the consolidated financial statements.

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

every mining operation. Changes in rehabilitation and decommissioning costs are recognized as additions or charges to the corresponding provision when these occur.

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

Mine rehabilitation asset, recognized under the mine and mining properties are disclosed in Note 9 to the consolidated financial statements.

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

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

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

Based on management assessment, there are no impairment indicators on the Group's mining rights and deferred exploration costs. Management has determined that (a) the Group's rights to explore in the mining area are not expired and the Group was granted extension of its exploration permits until 2024, (b) the Group continues to conduct exploration and evaluation activities based on its approved Exploration Work Programs and Environmental Work Programs, and (c) based on the Mineral Resource Validation Report by the MGB, the Group has measured and indicated resource of nickel laterite and alumina bauxite resources. Accordingly, no impairment loss was recognized as of Sept. 30, 2023 and for the year 2022.

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

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

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

The recoverable amount of an asset is the higher of its fair value less costs to sell or value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the Group's expected mining operations. The estimated cash flows are discounted using pre-tax

discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Based on management assessment, there are no impairment indicators on the Group's nonfinancial assets. Accordingly, no impairment loss was recognized as of Sept. 30, 2023 and for the year 2022.

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

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

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.

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

4. Cash

	Unaudited Sept. 30, 2023	Audited Dec. 31, 2022
Cash on hand	₱121,974	₱372,713
Cash in banks	864,618,780	546,520,930
	₱864,740,754	₱546,893,643

Cash in banks earn interest at prevailing bank deposit rates. Interest income of ₱540,509 and ₱799,726 was earned for the period ended September 30, 2023 and for the year ended December 31, 2022, respectively.

5. Trade and Other Receivables

	Unaudited Sept. 30, 2023	Audited Dec. 31, 2022
Trade receivables	₱134,841,225	₱113,024,369
Advances to officers and employees	10,767,010	58,409,425
Others	107,433,765	5,279,653
	253,042,000	176,713,447
Allowance for impairment	(75,516,127)	(75,516,127)
	₱177,525,873	₱101,197,320

Trade receivables pertain to MMDC's receivables arising from shipments of nickel and iron concentrates to its customers which is covered by yearly sales agreements, which are initially paid

based on 90% of their provisional value after shipment date. The 10% final balance does not bear any interest until final settlement based on ore grade upon receipt of the customer which usually takes three (3) months from shipment date.

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 Sept. 30, 2023	Audited Dec. 31, 2022
Balance at beginning of year	₱75,516,127	₱152,226,571
Provision	-	75,516,127
Write-off	-	(152,226,571)
Balance at end of year	₱75,516,127	₱75,516,127

6. Inventories

This account consists of net inventory movement amounting to ₱99.45 million and ₱151.11 million which is stated at cost as of September 30, 2023 and December 31, 2022. The cost of inventories is lower than its NRV.

7. Other Current Assets

This account consists of:

	Unaudited Sept. 30, 2023	Audited Dec. 31, 2022
Prepaid expenses	₱61,336,739	₱52,786,504
Mining and office supplies	13,281,889	11,659,227
Others	150,819,917	27,293,925
	₱ 225,438,545	₱91,739,656

Prepaid expenses pertain to insurance, excise tax and rent.

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

Others pertain to advances made to National Commission on Indigenous Peoples (NCIP).

8. Property and Equipment

The balances and movements of this account are as follows:

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

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

	Note	2023	2022
Charged to:			
Cost of sales	15	₱ 12,664,600	₱12,088,352
Operating expenses	16	6,739,538	9,373,950
		₱ 19,404,138	₱ 21,462,302

Fully depreciated property and equipment with cost of ₱605.9 million and ₱489.6 million as of Sept. 30, 2023 and December 31, 2022, respectively, are still being used by the Group and retained in the accounts.

9. Mining Rights and Other Mining Assets

The balances and movements of this account are as follows:

	Note	2022				Total
		Mining Rights	Deferred Exploration Costs	Mine Development Costs	Mine Rehabilitation Asset	
Cost						
Balances at beginning of year		₱2,935,579,522	₱169,416,318	₱2,306,974,596	₱44,167,841	₱5,456,138,277
Additions		–	5,125,188	203,095,711	–	208,220,899
Balances at end of year		2,935,579,522	174,541,506	2,510,070,307	44,167,841	5,664,359,176
Accumulated Depletion						
Balances at beginning of year		470,860,671	–	579,694,372	12,946,247	1,063,501,290
Depletion	15	80,926,775	–	188,116,968	4,556,287	273,600,030
Balances at end of year		551,787,446	–	767,811,340	17,502,534	1,337,101,320
Net Carrying Amount		₱2,383,792,076	₱174,541,506	₱1,742,258,967	₱26,665,307	₱4,327,257,856

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

A third party was commissioned for a fair 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, a discount rate of 25% and a constant nickel price of US\$11,000 per metric ton over a ten-year projection period.

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

Deferred Exploration Costs

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

Mine and Mining Properties

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

Mine Rehabilitation Asset. Mine rehabilitation asset is the estimated rehabilitation cost of MMDC's mine site upon termination of MMDC's ore activities, as required in MMDC's MPSA (see Note 9).

10. Other Noncurrent Assets

	Unaudited Sept. 30, 2023	Audited Dec. 31, 2022
Input VAT	₱359,115,463	₱390,735,707
Final mine rehabilitation fund	86,600,317	87,029,694
Rehabilitation Cash Fund (RCF)	5,590,616	5,590,616
Rental deposit	961,850	961,850
Monitoring Trust Fund (MTF)	166,690	166,690
	₱452,434,936	₱484,484,557

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

RCF is reserved as part of the Group's compliance with the approved rehabilitation activities and schedules for specific mining project phase, including research programs as defined in the Environmental Protection and Enhancement Program (see Note 21).

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

11. Trade and Other Payables

This account consists of:

	Unaudited Sept. 30, 2023	Audited Dec. 31, 2022
Trade payables	₱ 64,740,040	₱140,497,177
Advances from customers	119,509,950	68,780,592
Accrued expenses:	183,248,222	45,217,203
Interest Payable	972,009	972,009
Excise tax and other statutory payables	17,663,365	16,780,128
Others	8,863,922	8,962,455
	₱394,997,508	₱281,209,564

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

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

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

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

12. Provision for Mine Rehabilitation and Decommissioning

Movements of this account are as follows:

	Unaudited Sept. 30, 2023	Audited Dec. 31, 2022
Balance at beginning of year	₱60,122,100	₱57,514,917
Accretion of interest	–	2,607,183
Balance at end of year	₱60,122,100	₱60,122,100

A provision is recognized for the estimated rehabilitation costs of the Group's mine site upon termination of the Group's ore extraction activities, which is about 13 years. There has been no change in material estimates, operations and requirements to warrant a change in previously estimated provision for mine rehabilitation and decommissioning.

The provision is calculated by the Group's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 4.53% as the effective interest rate.

13. Loans Payable

This account consists of:

	Unaudited Sept. 30, 2023	Audited Dec. 31, 2022
Short-term loans	₱—	₱—
Long-term loans:	137,401,077	210,746,700
	137,401,077	210,746,700
Less current portion	(7,346,581)	(80,345,623)
Noncurrent portion	₱130,401,077	₱130,401,077

MMDC

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

On February 18, 2020, the Group's short-term loans amounting to ₱200.0 million was restructured into a three (3)-year term loan. The loan bears an annual interest rate of 8.97% payable quarterly and the interest rate is subject to repricing. Interest rates in 2022 and 2021 are at 6.50% and 7.55%, respectively. The loan is secured by shares of MMDC and shares held in an affiliate. Principal payments are payable quarterly starting May 18, 2021 until maturity.

14. Equity

Details of the Group's capital stock with ₱1 par value as at September 30, 2023 and for the year ended December 31, 2022 follows:

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

Dividends payable amounted to ₱10.5 million as at Sept. 30, 2023 and December 31, 2022.

15. Cost of Sales

This account consists of:

	Note	For the Nine-months Ended September 30,	
		2023 (Unaudited)	2022 (Unaudited)
Contractual services		₱630,747,307	₱924,221,203
Personnel costs		111,803,996	133,193,269
Production overhead		199,349,519	288,410,553
Depletion	9	36,957,269	156,298,906
Demurrage		-	(12,055,443)
Excise tax		71,748,949	95,090,015
Depreciation	8	12,664,600	9,373,950
		₱1,063,271,640	₱1,594,532,453
Net movement in inventories		51,665,032	(108,057,137)
		₱1,114,936,672	₱1,486,475,316

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

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

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

16. Operating Expenses

This account consists of:

		For the Nine-months Ended September 30,	
	Note	2023 (Unaudited)	2022 (Unaudited)
Taxes and licenses		₱71,924,470	₱68,094,446
Salaries and allowances		57,003,573	52,094,371
Environmental expenses	21	48,829,866	87,676,688
Professional fees		37,660,278	36,467,196
Representation		15,096,255	43,912,651
Outside services		14,841,959	13,259,166
Royalties	21	19,355,575	24,961,129
Social Development Program	21	9,197,276	16,901,703
Community relations		6,783,048	12,615,266
Depreciation		6,739,538	12,088,352
Rent expense		6,184,167	3,031,534
Communication, light and water		3,158,277	2,681,386
Transportation and travel		969,778	1,126,578
Office supplies		846,578	589,970
Advertisement		63,410	219,988
Retirement benefit expense		-	897
Others		38,629,314	19,190,241
		₱337,283,362	₱394,911,562

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

17. Other Income (Charges) - Net

	For the Nine-months Ended September 30,	
	2023 (Unaudited)	2022 (Unaudited)
Foreign exchange gain(loss)	₱2,669,644	₱23,218,472
Others	21,716,433	4,486,750
	₱ 24,386,077	₱27,705,222

18. Retirement Benefit Liability

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

An independent actuary conducted a valuation of the retirement benefit obligation using the projected unit credit method. The latest actuarial valuation is for the year ended December 31, 2022.

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

	2022 (Audited)
Discount rates	7.61% - 7.66%
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:

	2022 (Audited)
Current service cost	₱ 7,116,859
Net interest cost	1,205,388
Past service cost	—
	₱ 8,322,247

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

	2022 (Audited)
Balance at beginning of year	P 33,160,260
Retirement benefits expense recognized in profit or loss:	
Current service cost	7,116,859
Net interest cost	1,205,388
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	P 39,155,969

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

	Change in basis points	Effect on defined benefit obligation
Discount rate	+1%	(P3,317,594)
	-1%	3,998,083
Salary increase rate	+1%	P 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:

	2022		
	Cumulative Remeasurement Gains	Deferred Tax Liability (see Note 20)	Net Remeasurement Gain
Balance at beginning of year	P47,876,307	(P11,969,077)	P35,907,230
Actuarial gain	6,247,960	(1,561,990)	4,685,970
Balance at end of year	P54,124,267	(P13,531,067)	P40,593,200

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

19. 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	Audited Dec.	Unaudited	Audited Dec.	
		Sept. 30, 2023	31, 2022	Sept. 30, 2023	31, 2022	
Advances to related parties		₱10,767,041	₱15,513,634	₱15,191,513	₱26,280,675	Working fund; unsecured; noninterest-bearing; Collectible on demand
Advances from related parties		₱-	₱-	₱-	₱4,936,715	Working fund; unsecured; noninterest-bearing; payable on demand
Loans payable	13	₱-	₱-	₱-	₱-	Short-term loan; unsecured; interest-bearing; payable in installments

As at September 30, 2023 and December 31, 2022, 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.

20. Income Taxes

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

	2022
Current	₱ 314,908,863
Deferred	8,996,858
Effect of change in tax rate	– (45,044,616)
	₱ 278,861,105

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

	2022
Deferred tax assets:	
Allowance for ECL on receivables	₱ 36,415,753
Retirement benefit liability	9,350,384
Provision for mine rehabilitation	3,429,196
Allowance for obsolescence on mining supplies	3,889,523
	34,579,109
Deferred tax liabilities:	
Unrealized foreign exchange gain	(2,588,802)
Unamortized debt-issue cost	
Retirement benefit liability	(216,309)

2022
₱ 52,155,347

The presentation of net deferred tax assets are as follows:

	Note	2022
Through profit or loss		₱ 53,084,856
Through other comprehensive income	14	(929,509)
		₱ 52,155,347

The Group's deferred tax liability amounting to ₱52.115 million as at September 30, 2023 and December 31, 2022, is attributable to the mining rights of BGRC, AMPI and BARI, as a result of business combination.

Management believes that it may not be probable 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, 2022
NOLCO	₱ 64,340,988
Retirement benefit liability	2,831,355
Excess MCIT over RCIT	17,271
	₱ 67,189,614

Details of NOLCO of the Group are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2022	2025	₱ 69,189,004	₱—	₱—	₱69,189,004
2021	2026	89,254,500	—	—	89,254,500
2020	2025	98,920,446	—	—	98,920,446
2019	2022	99,510,206	—	(99,510,206)	-
		₱ 356,874,156	₱—	(₱99,510,206)	₱257,363,950

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

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

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2022	2025	₱ 2,471	₱—	₱—	₱ 2,471
2021	2024	14,800	—	—	14,800
2019	2022	17,760	—	(17,760)	—
		₱ 35,031	₱—	(₱ 17,760)	₱ 17,271

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

The CREATE Act was approved and signed into law on March 26, 2021 which reduced the RCIT rate from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The

changes in the income tax rates became effective beginning July 1, 2020. The effect of the change in income tax rate in 2020, however, is reflected in 2021 in accordance with the accounting standard.

The income tax rates used in preparing the financial statements as of and for the years ended Sept. 30, 2023 and December 31, 2022 are 25% for RCIT and 1% for MCIT. The income tax rates used as of and for the year ended December 31, 2020 are 30% for RCIT and 2% for MCIT.

21. Commitments

Social and Environmental Responsibilities

Social Development and Management Programs (SDMP)

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

Environmental Protection and Enhancement Program (EPEP)

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

Royalty Agreement

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

22. Earnings Per Share

Earnings per share are computed as follows:

	For the Nine-months Ended September 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Net income shown in the consolidated statements of comprehensive income (a)	₱292,208,259	₱370,059,424
Weighted average number of common shares (b)	3,014,820,305	3,014,820,305
Basic earnings per share (a/b)	₱ 0.10	₱0.12

The Group does not have potentially dilutive common shares.

23. Contingencies

Cancellation of MMDC's MPSA

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

The Management and its legal counsel have assessed that the order is without basis in fact and in law. Foremost, MMDC is engaged in clean and responsible mining. On February 17, 2017, the Group filed a Notice of Appeal to the Office of the President. Subsequently, on March 17, 2017, MMDC filed its Appeal Memorandum. MMDC asserted that the grounds for cancellation cited by the DENR: (a) operations is allowed by law since said MPSA dated July 1, 1993 is granted with prior rights and is allowed by law as indicated specifically in Proclamation 1747 issued in 2009 by former President Gloria Macapagal Arroyo; (b) despite operations in a watershed, MMDC has not impaired farmlands, rivers or coastal areas within the MPSA area. As to the alleged non-compliance to the planting of three million seedlings, MMDC was prevented from implementing the same due to circumstances beyond its control.

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

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

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

As proof its compliance, MMDC has also secured a certification from the MGB as of March 17, 2022, attesting to the validity and existence of its MPSA and that MMDC has an approved DMPF covering its entire contract mining area as of October 15, 2014 and is being developed and utilized by virtue of an approved Three-Year Development/Utilization Work Program dated September 9, 2022 covering Calendar Years 2020 to 2022.

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

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

BRC

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

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

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

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

AMPI and BARI

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

Legal Proceedings

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

24. Financial Risk Management Objectives and Policies and Fair Value Measurement

General

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

Financial Risk Management Objectives and Policies

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

Foreign Currency Risk. The Group's foreign exchange risk results primarily from movements of the Philippine peso against the US dollar with respect to US dollar-denominated financial assets. The Group's transactional currency exposures arise from its cash in banks and trade receivables which are denominated in US dollar. The Group periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk.

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 to ensure that exposure to fluctuations in interest rate are kept within acceptable limits.

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

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

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

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

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

The credit quality of the financial assets is managed by the Group using internal credit quality ratings. High grade accounts consist of receivable from debtors with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts. Past due but not impaired accounts are still collectible but require persistent effort from the Group to collect.

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

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

25. Capital Management Objectives, Policies and Procedures

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

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
As of September 30, 2023 and December 31, 2022

Ratio	Formula	2023	2022
Current ratio	Total Current Assets	₱ 1,382,345,915	₱917,225,555
	Divided by: Total Current Liabilities	524,085,019	395,222,778
	Current ratio	2.64:1	2.32:1
Solvency ratio	Net Income Before Depreciation, Amortization, and Depletion	₱311,612,397	₱502,885,218
	Divide by: Total liabilities	1,196,941,452	1,068,221,038
	Solvency ratio	0.26:1	0.47:1
Debt-to-equity ratio	Total Liabilities	₱ 1,196,941,452	₱1,068,221,038
	Divide by: Total equity	5,164,592,525	4,872,384,270
	Debt-to-equity ratio	0.23:1	0.22:1
Asset-to-equity ratio	Total Assets	₱ 6,361,533,977	₱5,940,605,308
	Divide by: Total equity	5,164,592,525	4,872,384,270
	Asset-to-equity ratio	1.23:1	1.22:1
Interest rate coverage Ratio	Pretax income before interest	₱ 416,094,681	₱366,444,217
	Divided by: Interest expense	10,204,828	26,859,047
	Interest rate coverage ratio	40.77:1	13.64:1
Profitability Ratio	Net income	₱ 292,208,259	₱202,580,780
	Divide by: Total equity	5,164,592,525	4,872,384,270
	Profitability ratio	0.06:1	0.04:1