

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b)**  
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

- Preliminary Information Statement
- Definitive Information Statement

2. Name of Registrant as specified in its charter

Marcventures Holdings, Inc.

3. Province, country or other jurisdiction of incorporation or organization

Manila, Philippines

4. SEC Identification Number

12942

5. BIR Tax Identification Code

000-104-320-000

6. Address of principal office

4th Floor, Citibank Center, Paseo de Roxas, Makati City

Postal Code

1227

7. Registrant's telephone number, including area code

+632-8314479

8. Date, time and place of the meeting of security holders

May 29, 2015, 2PM, The Big Function Room, Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 6, 2015

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

Diane Madelyn Ching

Address and Telephone No.

4th Floor Citibank Center, Paseo de Roxas, Makati City

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

(information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
common shares	1,821,358,599

13. 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

*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 17-5 - Information Statement for Annual or  
Special Stockholders' Meeting  
References: SRC Rule 20 and  
Section 17.10 of the Revised Disclosure Rules**

<b>Date of Stockholders' Meeting</b>	May 29, 2015
<b>Type (Annual or Special)</b>	Annual
<b>Time</b>	2:00 pm
<b>Venue</b>	The Big Function Room, Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City
<b>Record Date</b>	Apr 22, 2015

**Inclusive Dates of Closing of Stock Transfer Books**

<b>Start Date</b>	N/A
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<b>End date</b>	N/A
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**Other Relevant Information**

The accompanying reports to this Information statement, SEC Form 17A & Audited FS for the year ended December 31, 2014, SEC Form ACGR 2014 and SEC Form 17-Q for the period ended March 31, 2015 have all been previously disclosed and may be downloaded from the PSE Edge and Company website.

**Filed on behalf by:**

<b>Name</b>	Raquel Frondoso
<b>Designation</b>	Compliance Officer

# COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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

<b>Raquel Frondoso</b>
------------------------

(Contract Person)

<b>(02) 8314479</b>
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(Company Telephone Number)

1	2		3	1
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<i>(Fiscal Year)</i>				

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<i>(Annual Meeting)</i>				

**PRELIMINARY  
INFORMATION  
STATEMENT**

Secondary License Type, If Applicable)

<b>Corporation Finance Department</b>
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Dept. Requiring this Doc.

<b>N/A</b>
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Amended Articles Number/Section

<b>2169</b>
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Total No. of Stockholders

<b>Total Amount of Borrowings</b>	
	<b>N/A</b>
Domestic	Foreign

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To be accomplished by SEC Personnel concerned

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**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 20-IS**  
**INFORMATION STATEMENT PURSUANT TO SECTION 20**  
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

**Preliminary Information Statement**

Definitive Information Statement

2. **MARVENTURES HOLDINGS, INC.**  
Name of the Registrant as specified in its charter

3. **PHILIPPINES**  
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **12942**

5. BIR Tax Identification Code **470-000-104-320**

6. **4th Floor, Citibank Center , Paseo de Roxas, Makati City**  
Address of principal office Postal Code **1227**

7. **(02) 836-8609 or 856-7976**  
Registrant's telephone numbers, including area code

8. **May 29, 2015 at 2:00 pm, at the Big Function Room, Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City**  
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders –  
**May 6, 2015**

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **MARVENTURES HOLDINGS INC.**

Address and Telephone No.: **4<sup>th</sup> Floor Citi Center Bldg.  
Paseo de Roxas, Makati City  
Metro Manila, Philippines  
Tel. (632) 831-4479  
Attn: Ms. Raquel Frondoso**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<b>Common Stock</b>	<b>1,821,358,599*</b>

**\* As of 31 March 2015**

Are any or all of registrant's securities listed in a Stock Exchange?

**YES [X] NO [ ]**

If yes, disclose the name of such Stock Exchange and the class of securities therein:

**Philippine Stock Exchange - Common Stock**

**INFORMATION STATEMENT  
(SEC FORM 20-IS)**

**PART 1: GENERAL INFORMATION**

**Item 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS**

The 2015 Annual Stockholders' Meeting of Marcventures Holdings, Inc. ("MARC" or the "Company") will be held at The Big Function Room, Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City on May 29, 2015 (Friday) at 2:00 P.M. The complete mailing address of the principal office of the Company is 4th Floor, Citi Center Condominium, 8741 Paseo de Roxas, Makati City

The approximate date when the information statement including the proxy statement will be first sent to the members is on May 6, 2015.

**Revocability of Proxy**

A shareholder may revoke his proxy on or before the date of the Annual Meeting. The proxy may be revoked by the shareholder's written notice to the Corporate Secretary advising the latter of the revocation of the proxy, or by a shareholder's personal attendance during the meeting.

**Item 2. DISSENTERS' RIGHT OF APPRAISAL**

There are no matters to be taken up during the annual stockholders' meeting with respect to which the law allows the exercise of appraisal right by any dissenting stockholder. The Corporation Code limits the exercise of the appraisal right to the following instances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);
- b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);
- c. In case of merger or consolidation (Section 81);
- d. In case of investments in another corporation, business or purpose (Section 42).

Since the matters to be taken up do not include any of the foregoing, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

**Item 3.. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON**

No incumbent member of the Board of Directors, or nominee for election as Director, at any time since the beginning of the last fiscal year had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office and extension of the grant of existing warrants/issuance of new warrants.

No director has informed MARC in writing that he intends to oppose any action to be taken by MARC at the meeting.

**B. CONTROL & COMPENSATION INFORMATION**

**Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

- (1) The Registrant has 1,821,358,599 outstanding common shares as of March 31, 2015. Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting.
- (2) The record date for determining stockholders entitled to notice and to vote during the annual stockholders meeting and also to this information statement is on April 22, 2015.
- (3) The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Corporation Code. Section 24 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

**(4) Security Ownership of Certain Record and Beneficial Owners and Management**

Security ownership of certain record ("r") and beneficial ("b") owners of five percent (5%) or more of the outstanding capital stock of the Registrant as of March 31, 2015:

<b>Title of Class</b>	<b>Name , address of record owner and relationship with Issuer</b>	<b>Name of Beneficial Owner &amp; Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>Percent</b>
Common	PCD Nominee Corporation (registered owner in the books of the stock transfer agent)	Bright Kindle Resources & Investments Inc.	Filipino	600,000,000	32.94%
		Dy Chi Hing	Filipino	218,500,000	12.00%
		Sonia T. Techico	Filipino	130,000,000	7.14%
		Arturo L. Tiu	Filipino	87,629,000	4.81%
		Except those enumerated above, the Company is not aware of other persons with lodged shares who are the beneficial owners of more than 5% of its outstanding capital stock.  PCD authorizes its trading participants to vote the shares registered in their name.	Filipino	444,256,484	24.39%
<b>TOTAL</b>				<b>1,480,385,484</b>	<b>81.28%</b>

As of March 31, 2015 the foreign ownership level of Marcventures Holdings, Inc. (MARC) is 35,235,188 shares or equivalent to 1.93%.

**Security Ownership of Management** – Record “r” and Beneficial “b” (direct/indirect) owners as of March 31, 2015:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and nature of ownership (Indicate record (“r”) and/or beneficial (“b”))</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	Cesar C. Zalamea Chairman	1,000– “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Macario U. Te Director	1,000 – “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Isidro C. Alcantara, Jr. Director & President	2,000 – “r” (direct) 5,100,000“b” (indirect)	Filipino	0.00% 0.28%
Common	Marianne Regina T. Dy* Director	1– “r” (direct) 5,999,999- “b” (indirect)	Filipino	0.00% 0.33%
Common	Antonio H. Ozaeta Vice Chairman/ Independent Director	1,000– “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Carlos T. Ocampo Independent Director	1,000– “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Augusto C. Serafica, Jr. Director	10,000– “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Reynato S. Puno Independent Director	1– “r” (direct)		
Common	Michael L. Escaler Director	1– “r” (direct)		
Common	Rolando S. Santos Treasurer	-0- “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Roberto V. San Jose Corporate Secretary	-0- “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Ana Katigbak Asst. Corporate Secretary	-0- “r” (direct) 150,000 – “b” (indirect)	Filipino	0.01%
Common	Diane Madelyn C. Ching Asst. Corporate Secretary	-0- “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Reuben F. Alcantara VP Marketing, Business Development and Strategic Planning and Investor Relations Officer	-0- “r” (direct) -0- “b” (indirect)	Filipino	0.00%
Common	Rhodel S. Salvador Asst. VP for Finance	-0- “r” (direct) 12,000 – “b” (indirect)	Filipino	0.00%
	<b>TOTAL</b>	<b>16,003”r” 11,261,999“b”</b>		0.00% 0.62%

\*elected on 19 September 2014



### ***Voting trust holders of 5% or More***

No person holds more than five per centum (5%) of a class under a voting trust agreement or similar arrangement.

### ***Changes in control***

There are no arrangements which may result in a change in control of the registrant.

## **Item 5. DIRECTORS AND EXECUTIVE OFFICERS**

### **Board of Directors and Executive Officers**

The names, ages, citizenship, position and business experience of all directors and executive officers held for the past five (5) years (except those years stated otherwise) are as follows:

Name	Age	Citizenship	Position
Cesar C. Zalamea	86	Filipino	Chairman
Isidro C. Alcantara, Jr.	61	Filipino	President/Director
Antonio H. Ozaeta	82	Filipino	Independent Director
Augusto C. Serafica, Jr.	53	Filipino	Director
Macario U. Te	84	Filipino	Director
Marianne Regina T. Dy	38	Filipino	Director
Michael Escaler		Filipino	Director
Carlos Alfonso T. Ocampo	50	Filipino	Independent Director
Reynato S. Puno	74	Filipino	Independent Director
Rolando S. Santos	65	Filipino	Treasurer/ SVP Finance & Administration
Roberto V. San Jose	73	Filipino	Corporate Secretary
Ana Maria A. Katigbak	46	Filipino	Asst. Corporate Secretary, Corporate Information Officer, Compliance Officer
Diane Madelyn C. Ching	32	Filipino	Asst. Corporate Secretary, Corporate Information Officer, Compliance Officer
Reuben F. Alcantara	32	Filipino	Vice President for Marketing, Business Development and Strategic Planning and Investor Relations Officer
Rhodel B. Salvador	34	Filipino	Asst. Vice President Finance

### **Directors**

**Mr. Cesar C. Zalamea** was elected Chairman of Marcventures Holdings, Inc. (MHI) in June 2013. He served as the Company's President from June 2013 to September 2014. He also serves as Chairman of Marcventures Mining and Development Corp. (MMDC) and Bright Kindle Resources Inc. (formerly Bankard Inc.). He is an independent director of Araneta Properties Inc., a company he joined as Director in December 2008. He is also a member of the Advisory Board of Campbell Lutyens & Co. Ltd., an investment advisory company based in the U.K. In 1945, Mr. Zalamea joined AIG where he started as an Investment Analyst at the Philippine American Life Insurance Company (Philamlife) and, later, its President in May 1969. While with Philamlife, he was called to serve the Program Implementation Agency (PIA) in 1964 as Deputy Director General. PIA was an economic group that reported directly to the President of the Philippines. He returned to Philamlife in 1965. In 1969, Mr.

Zalamea was appointed Member of the Monetary Board of the Central Bank of the Philippines, representing the private sector. In 1981, he left Philamlife to become Chairman of the Development Bank of the Philippines, giving up his post in the Monetary Board. In 1986, he left the DBP to go back to AIG. He was then stationed in Hong Kong to be the first President of AIG Investment Corporation (Asia) Ltd. At this time, he was elected to serve as Director in many AIG affiliated companies in Asia, such as the AIA Insurance Co., Nan Shan Life Insurance Co., and Philamlife. He left AIG in 2005 to work directly with Mr. Maurice R. Greenberg at C.V. STARR Companies, where he was appointed President and CEO of Starr Investment Co. (Asia) Ltd. In 2008, he became its Chairman until he retired in 2010. Mr. Zalamea obtained his BS in Accounting and Banking in 1951 from Colegio de San Juan de Letran, where he graduated valedictorian. In 1953, Mr. Zalamea received his MBA from New York University.

**Mr. Antonio H. Ozaeta** was elected as Independent Director of the Company in August 2013 and is now the Vice Chairman of the Board. He also sits as Chairman of the Board in Philippine Commercial Capital Inc. (July 1989 – present), Alaska Milk Corporation (May 2010 – present), Magellan Capital Holdings Corp. (June 1992 – present), and Magellan Utilities Development Corporation (June 1992 – present). He is a director of Insular Life Health Care, Inc. and Home Credit Mutual Building and Loan Association since April 1999. He sits as Vice Chairman of the Board of Bright Kindle Resources & Investments, Inc. He is a founding member of the Makati Business Club. He was previously the President and CEO of the Philippine Commercial International Bank (PCI Bank). He was also the Executive Vice President, Treasurer and Chairman of the Board of Manila Electric Company (Meralco). He was, likewise, the previous President of the Bankers Association of the Philippines and Founding Member and Chairman of the Board of Trustees of Philippine Business for Social Progress. Mr. Ozaeta obtained his BS in Economics degree from Ateneo de Manila, BSBA from De La Salle College, graduating *cum laude*, and MBA from Harvard University.

**Mr. Macario U. Te** was elected as Director in June 2013. He serves as director of Bright Kindle Resources & Investments, Inc. He was the previous President of Macte International Corp, and Linkwealth Construction Corp.; Chairman of Autobus Industries Corporation; and CEO of M.T. Holdings, Inc. He previously sat as director in Bulawan Mining Corp., PAL Holdings Inc., Philippine National Bank, Oriental Petroleum and Minerals Corp., Gotesco Land Inc., PNB Capital and Investment Corp., PNB General Insurers Co. Inc., PNB Holdings Corp., PNB Remittance Center, PNB Securities Inc., PNB-IFL, PNB Italy SPA, Balabac Resources and Holdings, Nissan North Edsa, Beneficial-PNB Life and Insurance Co. Inc., Waterfront Phils., Fontana Golf Club., Baguio Gold Holding Corp., Traders Royal Bank, Traders Royal Bank, Pacific Rim Oil Resources Corporation, Suricon Resources Corporation, Alcorn Petroleum & Minerals Corp., Associated Development Corp., and Palawan Consolidated Mining Corporation. Mr. Te obtained his BS in Commerce from Far Eastern University.

**Atty. Carlos Alfonso T. Ocampo** was elected as Independent Director in August 2013. He is also an independent director of Bright Kindle Resources & Investments, Inc. He is the founder of Ocampo & Manalo Law Firm. He is a member of the Board in various corporations, including Panalpina Transport Phils Inc., MAA General Assurance Phils. Inc., South Forbes City College Corporation, Columbian Autocar Corporation, Asian Carmakers Corp., Jam Transit Inc., Prestige Cars Inc., Autohaus Quezon City Inc., Timebound Trading Corp., and Monpierre Foods Corporation. He is the Corporate Secretary of PSI Healthcare Development Services Corp., PSI Prescription Solutions Corp., Adrianse Phils. Inc., Bluelion Motors Corp., First Charters and Tours Transport Corp., Brycl Resorts and International Inc., AVK Philippines Inc., Jam Liner Inc., and Manila Golf and Country Club. He previously served as Vice President and General Counsel of Air Philippines Corporation. Atty. Ocampo obtained his Bachelor of Laws from the University of the Philippines. Upon graduation from college, he was admitted into the honor societies of Phi Kappa Phi and Pi Gamma Mu. He also completed an Executive Management Program at the Asian Institute of Management and previously taught business law at the College of St. Benilde in De La Salle University. In 2013, he was named as a leading adviser as well as a commercial law expert by Acquisition International and Global Law Experts, respectively.

**Ms. Marianne Regina T. Dy** was elected Director in September 2014. She is the Vice President and Chief Operating Officer of So-Nice International Corporation and an active member of the Meat Importers and Traders Association (MITA). She is a graduate of De La Salle University with degrees in Psychology, Marketing Management, and Finance for Senior Executives from the Asian Institute of Management.

**Mr. Isidro C. Alcantara Jr.** was elected President last September 2014 and Director in August 2013. Before his election, he served as the Company's Executive Vice President. He is also the Vice Chairman and Director of MMDC. Mr. Alcantara is the President of Financial Risk Resolutions Advisory, Inc. He has been a Director of Benguet Corp. since November 2008. He served as Senior Vice President and Head of Corporate & Institutional Banking at HSBC. He was elected President and Chief Executive officer of Philippine Bank of Communications (PBCom) in Manila Philippines from 2000 to 2004. In addition, he served as Executive Vice President of the Corporate Banking Group of Equitable PCI Bank (EPCIB) from 1981 to 2000. He served as Director of Bankers Association of the Philippines from 2000 to 2003. He also served at Bancor Finance Corporation, PCI Bank, and Insular Bank of Asia and America (a Bank of America affiliate) from 1975 to 1981. Mr. Alcantara Jr. is a Certified Public Accountant. He obtained his BSc in Accounting and BS in Economics degrees from De La Salle University, graduating *magna cum laude*. He also attended the Special Studies in International Banking at the Wharton School, University of Pennsylvania.

**Mr. Augusto C. Serafica Jr.** was elected as Director in June 2013. He sits as Chairman of the Board in Premiere Horizon Alliance Corporation, Digiwave Solutions Inc., AOB Management Corporation, TLC Manna Consulting Inc., and Global Ideology Corporation. He is an independent director of Bright Kindle Resources & Investments, Inc. He is also the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings and Development Corp. He is the Treasurer of Sinag Energy Philippines Inc. and Ardent Property Development Corporation. He serves as a director of Investment House Association of the Philippines. He is the Chairman of the AIM Alumni Association, Treasurer of AUM Leadership Foundation Inc., and Chapter Head of the Makati chapter of Brotherhood of Christian Businessmen and Professionals. He was connected with Sycip, Gorres, Velayo & Co. from 1985 to 1989. Mr. Serafica Jr. obtained his Bachelor of Commerce in Accountancy from San Beda College and Masters in Business Management from Asian Institute of Management. He is a Certified Public Accountant.

**Justice Reynato S. Puno** was elected independent director on November 14, 2014, which took effect upon the Securities and Exchange Commission's approval of the Company's amendment of the Articles of Incorporation to increase the number of directors from seven to nine on January 13, 2015. He is an independent director of San Miguel Corp., San Miguel Brewery Hong Kong Limited, PT Delta Djakarta Tbk, Union Bank of the Philippines, Inc., and Manila Standard Today. He was the Chief Justice of the Supreme Court from December 6, 2006 until his retirement on May 17, 2010. He joined the Supreme Court as an Associate Justice on June 1993 and was previously Associate Justice of the Court of Appeals (1986 to 1993), Appellate Justice of the Intermediate Appellate Court (1983), Assistant Solicitor General (1974 – 1982), and City Judge of Quezon City (1972 – 1974). He also served as Deputy Minister of Justice from 1984 to 1986. Justice Puno completed his Bachelor of Laws from the University of the Philippines in 1962, and has a Master of Laws degree from the University of California in Berkeley (1968) and a Master in Comparative Law degree from the Southern Methodist University, Dallas, Texas (1967).

**Mr. Michael L. Escaler** was elected Director on November 14, 2014, which took effect upon the Securities and Exchange Commission's approval of the Company's amendment of the Articles of Incorporation that increased the number of directors. He is the President and CEO of All Asian Countertrade Inc., the largest sugar trader in the Philippines, founded in 1994 in partnership with Louis Dreyfus and Nissho-Iwai. He is also the Chairman, President, and CEO of Pampanga Sugar Development Co. Inc. (PASUDECO), President and CEO of San Fernando Electric Company (SFELAPCO), Chairman and CEO of Sweet Crystals Integrated Mill Corp, Okeelanta Corporation, Balibago Walterworks System Inc., JSY Transport, Aldrew and Gray Transport, Silver Dragon Transport, and Metro Clark Waste Management Inc. He serves as a Director of Lorenzo Shipping Corporation, PowerSource Philippines Inc., Empire Insurance Co., Trinity Insurance Co., Trinity Healthcare Services Inc., MHI, and Leyte AgriCorp. A sugar trader in New York and London from 1974 to 1993, he began his career at Nissho-Iwai of America for two years and left for ACLI International, one of the largest privately held trading company. Later on, he transferred to Philipp Brothers as Vice President to head its white sugar trading operation before starting his own trading company in the Philippines. Mr. Escaler was a Hall of Fame Sprinter for Ateneo de Manila University, where he graduated *cum laude* in Economics. He obtained his MBA in International Marketing in New York University. A philanthropist, he supports various charities including Habitat for Humanity, Coca Cola Foundation, PGH Medical Foundation, Mano Amiga Academy, and Productive Internships in Dynamic Enterprise (PRIDE).

#### **Key Officers**

**Mr. Rolando S. Santos** was elected Treasurer in March 2014 and concurrently holds the position of Senior Vice President for Finance and Administration. He also serves as Treasurer for MMDC, Bright Kindle Resources and Investments, Inc., and Bright Green Resources Corp. He was previously the Branch head/Cluster head of Branches for Banco De Oro from 2001 to 2013, Bank of Commerce from 1984 to 2001, Producers Bank of the Philippines from 1981 to 1984, and Far East Bank from 1972 and 1981. He obtained his degree in BS Business Administration from the University of the East.

**Mr. Roberto V. San Jose** is the Corporate Secretary of the Company and has held the office since 2010. He is also a Director, Corporate Secretary, or an officer of various companies which are clients of the law firm of Castillo Laman Tan Pantaleon & San Jose, where he is a Senior Consultant. He is a member of the Integrated Bar of the Philippines.

**Ms. Ana Maria A. Katigbak** is the Co-Assistant Corporate Secretary of the company and has held the office since 1997. She is a partner in Castillo, Laman, Tan, Pantaleon & Sna Jose Law Offices. She is a member of the Integrated Bar of the Philippines.

**Ms. Diane Madelyn C. Ching** was elected as Co-Assistant Corporate Secretary in August 2013. She also serves as General Counsel and Corporate Secretary of MMDC and Corporate Secretary of Bright Kindle Resources & Investments, Inc. She is a director and Assistant Corporate Secretary of Prime Media Holdings, Inc. She obtained her degrees in BSE Economics and AB Psychology from De La Salle University. She obtained her Bachelor of Laws from San Beda College-Mendiola in 2009 and was admitted to the Philippine Bar in 2010.

**Mr. Reuben F. Alcantara** is the Vice President for Marketing, Business Development, and Strategic Planning. He is also the Company's Investor Relations Officer. He joined the company in September 2013. He previously served as Relationship and Credit Officer for Security Bank and has had stints in Corporate Banking in Bank of Commerce and Maybank Philippines.

**Mr. Rhodel B. Salvador** was promoted to Assistant Vice President for Finance from Finance Manager in September 2014. He was an Audit Manager, Quality Assurance of MG Madrid & Co. from 2005 to 2013, and Project Manager and Business Processing Licensing for Business Solutions & Outsourcing Inc. (BSO) from 2007 to 2011. He is a Certified Public Accountant.

### **Nomination Committee and Nominees for Election as Members of the Board of Directors**

The Nominations Committee has screened the following nominees for election or re-election on 29 May 2015. The Nominations Committee determined that the candidates possess all the qualifications and none the disqualifications as director or independent director.

#### Nominees for Regular Directors

1. Cezar C. Zalamea
2. Isidro C. Alcantara, Jr.
3. Macario U. Te
4. Antonio H. Ozaeta
5. Michael Escaler
6. Marianne Dy
7. Augusto C. Serafica, Jr.

#### Nominees for Independent Director

1. Reynato Puno
2. Carlos Alfonso T. Ocampo

All nominations for regular and independent director have been reviewed and approved by the Company's Nomination and Compensation Committee.

Please refer to the above biographical details of current directors that have been renominated.

### **Independent Directors**

As of the date of this Information Statement, the Nominations Committee has received and approved the nominations of the following nominees for independent directors of the Company:

#### **1. Carlos Alfonso T. Ocampo**

Atty. Ocampo possessed all the qualifications and none of the disqualifications as independent director since his election in the year 2013.

#### **2. Reynato S. Puno**

Mr. Puno possessed all the qualifications and none of the disqualifications as independent director since his election in the year 2014.

The Independent Directors named above were nominated by Isidro C. Alcantara, Jr, who has no relations to the nominees.

The nomination and election of independent director shall be in accordance with Section 38, as amended of Republic Act 8799 or the Securities Regulation Code.

The Nomination Committee is composed of Augusto C. Serafica, Jr. as Chairman and Messrs. Antonio H. Ozaeta, Cesar C. Zalamea as members.

In compliance with SEC Notice dated October 20, 2006, the Company will submit the updated Certifications of Qualification for the Independent Directors within 30 days from their election.

In accordance with SEC Memorandum Circular No.9 Series of 2011, both Independent Directors (ID) have not exceeded the five (5) year term limit. Furthermore, the Company understands that after a term of five years, an ID can serve for another five years after a "cooling off" period of two (2) years provided, that during such period,

the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company.

### **Period in Which Directors and Executive Officers Should Serve**

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

### **Term of Office of a Director**

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

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

### **Significant Employees**

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

### **Family Relationships**

Mr. Isidro Alcantara, Jr., the Company's President is the father of Mr. Reuben Alcantara, the Vice President for Marketing, Business Development and Strategic Planning and Investor Relations Officer

### **Involvement in Certain Legal Proceedings**

To the best of the Company's knowledge, there has been no occurrence during the past five years of any of the following events since its incorporation which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and
4. Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

### **Certain Relationships and Related Transactions**

As of December 31, 2014 Carac-an Development Corporation (now known as BrightGreen Resources Inc.) has an outstanding balance of Php60,985,516 which represents a non-interest bearing unsecured loan to be settled on demand. Please refer to Note 21 on page 25 of the 2014 Audited Financial Statements (AFS).

The Company retains the law firm of Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPS) where the corporate secretary, Atty. Roberto V. San Jose, is a senior partner. During the last fiscal year, the Company paid CLTPS legal fees which the Company believes to be reasonable.

The Company is involved in nickel mining operations in Surigao del Sur, through its subsidiary Marcventures Mining & Development Corporation (MMDC), a wholly-owned company. The area covered by MMDC's Mineral Production Sharing Agreement, No. 016-93-XI, is physiologically located in the Diwata mountain range of Surigao del Sur and covers an area of 4,799 hectares. The mine is covered by ECC NO. 0807-022-1093 issued by the Department of the Environment and Natural Resources. Please refer to Note 2 of the 2013 AFS.

Other than the foregoing, there has been no transaction outside of the ordinary course of business during the last two years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any director or executive officer of the Company, or owner of more than 10% of the Company's voting securities or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material

interest. In the ordinary and regular course of business, the Company had or may have had transactions with other companies in which some of the foregoing persons may have an interest.

**Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

**Executive Compensation**

The following table summarizes certain information regarding compensation paid or accrued during the last three fiscal years and to be paid in the ensuing fiscal year to the Company's President and each of the Company's three other highest compensated executive officers:

**Table Summary of Compensation**

Names	Position	SALARY	BONUS	OTHER COMPENSATION
Cesar Zalamea Antonio Ozaeta Isidro C. Alcantara, Jr. Roberto San Jose Diane Madelyn Ching Ana Maria Katigbak	Chairman Vice Chairman President Corporate Secretary Asst. Corporate Secretary Asst. Corporate Secretary			
All above named officers as a group	2012	₱5,490,000	₱150,000	₱390,000
	2013	₱6,060,000	₱1,600,000	₱915,000
	2014	₱19,050,000.0	₱6,692,352.94	₱14,316,788.24
	2015 Estimated	₱22,200,000	₱19,749,709.68	₱15,667,058.83
All officers and directors as group unnamed	2012	₱5,490,000	₱500,000	₱390,000
	2013	₱6,060,000	₱1,600,000	₱2,040,000
	2014	₱3,600,000	0	₱ 1,350,000
	2015 Estimated	₱3,600,000	₱8,823,529.42	₱ 1,800,000

The above executive officers are covered by standard employment contracts and can be terminated upon appropriate notice.

Non-executive Directors are entitled to a per diem allowance of ₱75,000 for each attendance in Regular Board meetings.

**Item 7. INDEPENDENT PUBLIC ACCOUNTANTS**

Independent Public Accountants, Reyes Tacandong & Co. ("RTC") stands for re-election as the Corporation's auditor for the year 2015 which shall be subject to shareholders' approval during the Annual Meeting.

RTC is currently the Company's Independent Public Accountant. Representatives of RTC will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed.

The 2013-2014 audit of the Company by RTC is in compliance with SRC Rule 68, Paragraph 3(b)(iv) which provides that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed. At present, RTC's account partner handling the Corporation is Belinda B. Fernando and she has been the handling partner since December 2013. She is due for rotation in 2018. A two year cooling off period shall be observed in the re-engagement of the same signing partner or individual.

There was no event in the past years where RTC and the Corporation had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The following are members of the Audit Committee:

Chairman: Antonio H. Ozaeta (Ind. Dir.)      Members:      Carlos T. Ocampo (Ind. Dir.)  
Augusto C. Serafica, Jr.

**Item 8. COMPENSATION PLANS**

There is no action proposed to be taken during the stockholders' meeting with regard to any bonus, profit sharing, pension/retirement plan, granting of any extension of options, warrants or rights to purchase any securities.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

No matter will be taken up involving any issuance or exchange of securities.

**D. OTHER MATTERS**

**Item 15. ACTION WITH RESPECT TO REPORTS & OTHER PROPOSED ACTIONS**

The following matters shall be submitted to the vote of stockholders of the Company during the stockholders' meeting.

1. Approval of Minutes of the previous meeting
2. Approval of Management Report and Audited Financial Statements
3. Ratification of Management's Acts
4. Election of Directors
5. Appointment of External Auditor

**Item 16. MATTERS NOT REQUIRED TO BE SUBMITTED**

All corporate actions to be taken up at the annual stockholders' meeting this 29 May 2015 will be submitted to the stockholders of the Registrant for their approval in accordance with the requirements of the Corporation Code.

Matters not required to be submitted are the Call to Order and Certification of Notice and Quorum.

**Item 19. VOTING PROCEDURES**

- (a) the vote required for approval or election

A majority of the subscribed capital present in person or represented by proxy, shall be sufficient at a stockholders meeting to constitute a quorum for the transaction of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater portion.

During the election of directors, every stockholder entitled to vote shall have the right to vote the number of shares of stock standing, in his own name on the stock books of the Corporation; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

The Chairman shall ensure that two seats or at least 20% of the number of directors to be elected, whichever is lesser, shall be allotted for the election of independent directors as required by the SRC and Corporation's Code of Corporate Governance.

- (b) Method by which Votes will be counted

At each meeting of the stockholders, every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him, which has voting power upon the matter in question.

The method and manner of counting the votes of shareholders shall be by *viva voce* and/or by ballots. The votes shall be counted by the Corporate Secretary and Assistant Corporate Secretary, who shall be assisted by the stock transfer agent.

## **PART II: INFORMATION REQUIRED IN A PROXY FORM**

### **PLEASE USE THE ATTACHED PROXY FORM**

#### **Item 1. Identification**

This proxy is solicited by the Board of Directors and Management of Marcventures Holdings Inc.. The solicited proxy shall be exercised by the President, Isidro C. Alcantara, Jr., **or** the stockholder's authorized representative.

#### **Item 2. Instruction**

- a. For all agenda items other than "Call to Order", "Proof of Notice and Certification of Quorum", the proxy form shall be accomplished by marking in the appropriate box either "FOR", "AGAINST" or "ABSTAIN" according to the stockholder's/proxy's preference.

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

FOR the approval of the minutes of previous meeting of the stockholders;

FOR the approval of the Management Report and audited financial statements for year ended December 31, 2014;

FOR the confirmation and ratification of all acts and resolutions of Management and the Board of Directors from the date of the last stockholders' meeting to date as reflected in the books and records of the Company;

FOR the election of the following directors:

For Regular Directors

1. Cezar C. Zalamea
2. Isidro C. Alcantara, Jr.
3. Macario U. Te
4. Antonio H. Ozaeta
5. Michael Escaler
6. Marianne Dy
7. Augusto C. Serafica, Jr.

For Independent Director

1. Reynato Puno
2. Carlos Alfonso T. Ocampo

FOR the approval of the appointment of Reyes Tacandong & Co. as the Company's external auditor;

and to authorize the Proxy to vote according to discretion of the Company's President or Chairman of the Meeting on any matter that may be discussed under "Other Matters".

- b. A Proxy Form that is returned without a signature shall not be valid.
- c. The matters to be taken up in the meeting are enumerated opposite the boxes on the accompanying Proxy Form. The names of the nominee directors are likewise enumerated opposite an appropriate space.
- d. If a stockholder will not be able to attend the meeting but would like to be represented thereat, he may submit his Proxy Form, duly signed and accomplished, to the Office of the Corporate Secretary at the head office of Marcventures Holdings Inc., 4<sup>th</sup> Floor Citi Center Bldg, Paseo de Roxas, Makati City, on or before May 19, 2015. Beneficial owners whose shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary allowed by law must, in addition to the required I.D., present a notarized certification from the owner of record (i.e. the broker, bank or other fiduciary) that he is the beneficial owner, indicating thereon the number of shares. Corporate shareholders shall likewise be required to present a notarized secretary's certificate attesting to the authority of its representative to attend and vote at the stockholders' meeting.

Validation of proxies will take place on May 22, 2015 at the office of the Company's stock transfer agent.



**Item 3. Revocability of Proxy**

A shareholder may revoke his proxy on or before the date of the Annual Meeting. The proxy may be revoked by the shareholder's written notice to the Corporate Secretary advising the latter of the revocation of the proxy, or by a shareholder's personal attendance during the meeting and appropriate advice to the Corporate Secretary of such revocation.

**Item 4. Persons Making the Solicitation**

This solicitation is made by the Company. No director has informed the Company in writing or otherwise of his intention to oppose any action intended to be taken up at the meeting.

Solicitation of proxies will be done mainly by mail. Certain regular employees of the Company will also solicit proxies in person or by telephone.

The estimated amount to be spent by the Company to solicit proxies for the Board of Directors is PhP 20,000. The cost of solicitation will be borne by the Company.

**Item 5. Interest of Certain Persons in Matters to be Acted Upon**

No member of the Board of Directors or executive officer since the beginning of the last fiscal year, or nominee for election as director, or their associates, has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

**PART III: SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on 21 APRIL 2015.

MARCVENTURES HOLDINGS INC.

By:

Diane Madelyn C. Ching  
Asst. Corporate Secretary

The Company will provide without charge to each person solicited, upon his written request, a copy of the Company's annual report on SEC Form 17-A duly filed with the Securities and Exchange Commission. At the discretion of Management, a reasonable fee may be charged for the expense incurred in providing a copy of the exhibits. All requests may be sent to the Company's head office and addressed to:

Attention: Raquel F. Frondoso  
MARCVENTURES HOLDINGS INC.  
4th Floor Citi Center, Paseo de Roxas, Makati City

## MARCVENTURES HOLDINGS INC.

### MANAGEMENT REPORT Pursuant to SRC Rule 20

For the Annual Stockholders' Meeting  
On MAY 29, 2015

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#### I. Consolidated Audited Financial Statements

The Consolidated Audited Financial Statements of Marcventures Holdings, Inc. (the "Company") for the year ended as of December 31, 2014 and unaudited financial statements for the period ended March 31, 2015 are attached to this report.

The Company undertakes to timely file the Interim Financial Statements under SEC Form 17-Q for the period ended March 31, 2015 and furnish the same to any stockholder upon written request addressed to the Corporate Secretary.

#### II. Disagreements with Accountants on Accounting and Financial Disclosures

There was no event in the past years where **Reyes Tacandong & Co. ("RTC")** the Company's Independent Public Accountant and the Company had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

#### ITEM 1. BUSINESS

##### Background

Marcventures Holdings, Inc. (Formerly: AJO.net Holdings, Inc.), the Parent Company (or Company), was incorporated and registered with the Securities and Exchange Commission (SEC) on August 7, 1957, with a primary purpose to acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own and use for investment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, traffic, deal in, and with, and otherwise operate, manage, enjoy and dispose of, any and all properties of every kind and description and wherever situated, including land as and to the extent permitted by law, including but not limited to, buildings, tenements, warehouses, factories, edifices and structures and other improvements and bonds, debentures, promissory notes, shares of stock, or other securities or obligations, created, negotiated or issued by any corporation, association or other entity, foreign or domestic and while the owner, holder or possessors thereof, to exercise all rights, powers and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all rentals, dividends, interest and income derived therefrom, and the right to vote on any proprietary or other interest, on any shares of the capital stock, and upon any bonds, debentures or other securities having voting power, so owned or held; and provided it shall not engage in the business of an open-end or close-end investment company as defined in the Investment Company Act (Republic Act 2629), or act as a securities broker or dealer.

On December 15, 2009, the Parent Company entered into a Memorandum of Agreement (MOA) between the shareholders of Marcventures Mining & Development Corporation (Investor Group) and their partners to exchange their ownership of MMDC for a total value of ₱1.3 billion consisting of: (i) new Parent Company shares worth ₱100 million representing the full payment of the balance for the subscription to the increase in authorized capital stock; (ii) additional Parent Company shares worth ₱1.15 billion to be issued from the authorized capital stock as increased, and the new par value of the Parent Company after its corporate restructuring; and (iii) 488 membership certificates of The Metropolitan Club, Inc. (Metroclub Certificates) with an agreed net value of 50 million together with the Parent Company's rights, obligation and interests. The consolidated financial statements assumed June 30, 2010 as the acquisition date.

In March 2010, the Company reduced the par value of its capital stock from ₱0.10 to ₱0.01, which resulted in a reduction in its issued and outstanding capital stock in the amount of ₱459 million and in a corresponding increase in its Additional Paid-in Capital account. Subsequently, the Company issued 5 billion new shares (par value of ₱0.01) at a price of ₱0.02, which resulted in additional paid-in capital of ₱50 million. The Company also transferred the amount of ₱441 million from its Additional Paid-in Capital to reduce its Deficit account.

On, September 30, 2010, the Securities and Exchange Commission approved the change in the par value of its capital stock from ₱0.01 to ₱1.00

Marcventures Mining & Development Corporation (MMDC), a wholly-owned Subsidiary of the Parent Company, and incorporated in the Philippines is engaged primarily to carry on the business of mining, smelting, extracting, smelting mineral ores such as, but not limited to nickel, chromites, copper, gold, manganese and other similar ores and/natural metallic or non-metallic resource from the earth. To operate, manage and/or engage in the business of smelting, and/or operate smelting plant, to refine and/or convert metals, ore, and other precious metals into finished products within the commerce of man. On July 19, 2010 the Subsidiary was registered with the Board of Investments (BOI) in accordance with the provisions of the Omnibus Investments Code of 1987, as amended, as a New Producer of Nickel Laterite Ore. As a BOI registered entity, the Subsidiary is entitled to an Income Tax Holiday (ITH) for four (4) years from July 2010 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration.

The Company is not involved in any bankruptcy, receivership or similar proceedings nor in any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of business.

The Company is listed in the Philippine Stock Exchange. The consolidated financial statements include those of the Parent Company and its wholly-owned subsidiary, Marcventures Mining & Development Corporation (MMDC).

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

### **Products/Sales/Competition**

The Company's Subsidiary's main product for the past three years is nickel ore. All of its nickel ore production for the past three years were exported to China. The principal market for nickel ore production from the Philippines is currently China. In 2007, Philippine nickel ore shipments accounted for around 50% of China's total imports of nickel ore. Chinese companies prefer Philippine-sourced nickel ore due to savings in freight costs because of the proximity of the Philippines to China. Nickel ore is sold to Chinese customers based on FOB shipping point and customers handle the charter of vessels. China also relies heavily on imported nickel ore due to insufficient domestic supplies. While the Company does not rely heavily on a single customer, it is affected by the market price of nickel ore depending on domestic and foreign supply and demand.

### **Sources and availability of Raw Materials**

MMDC's nickel ore is extracted from its mining property covered by MPSA No. 016-93-XIII in Surigao del Sur in the municipalities Cantilan, Carrascal and Madrid

Equipment, spare parts, and other operating supplies are readily available both locally and abroad and as such the Company is not expected to be dependent upon one or a limited number of suppliers.

### **Mining Claim**

MMDC has been granted by the DENR of the Philippine National Government a Mineral Production Sharing Agreement (MPSA) No. 016-93-XIII covering an area of approximately 4,799 hectares located in Surigao Del Sur. As the holder of the said MPSA, MMDC has the exclusive right to conduct and develop mining operations within the mineral property over a period of 25 years from July 1, 1993. The MPSA is valid until 2018 and renewable for another 25 years. MMDC has identified Nickel Ore as the primary mineral that will be extracted and sold to third parties due to the abundance and favorable characteristics of nickel within the mineral property.

The MPSA was originally granted to Ventura Timber Corporation on July 1, 1993. In January 1995, a deed of assignment (Deed) was executed, wherein Ventura assigned to MMDC all its rights, title and interest in and to MPSA No. 016-93-XIII. The Deed was duly registered with the Mines and Geosciences Bureau (MGB) Regional Office (RO) No. XIII on February 9, 1995, and was subsequently approved on January 15, 2008, making the Subsidiary the official contractor of the mineral property.

To date the Company has done exploration work on 1,659 hectares and has performed mining operations on 82.83 hectares on the above MPSA covered area.

### **Government Approvals; Effect of Existing or Probable Government Regulations on the Business**

As mentioned above the Company's subsidiary is a holder of an MPSA issued by the Mine and Geosciences Bureau (MGB) which defines the percentage share of the local and national government in the mining revenues. MGB also regulates the export of mineral ores with the issuance of Ore Transport/Mineral Ore permits before any shipment can be made. The Department of Environment and Natural Resources (DENR) monitors compliance with the environmental protection and enhancement program, as well as, the social development and management programs of the Company and requires a certain percentage of the Company's operating cost to be allotted to this programs. The costs of complying with the above regulatory requirements are appropriately reflected in the books either as an expense or as a capital asset under the GAAP.

Determination of the effect of probable government regulations cannot be known until specific provisions are made clear.

#### **Costs and Effects of Compliance with Environmental Laws**

The Company is strongly committed to its policy of protecting and enhancing the environment. It spent Php 36.49 Million on its environmental and enhancement program (EPEP) in 2014. For 2015, the Company has budgeted Php 23.627 Million for its EPEP."

#### **Business Transactions with Related Parties**

As of December 31, 2014, Carac-an Development Corporation has an outstanding balance of Php60,985,516 which represents a non-interest bearing unsecured loan to be settled on demand. Please refer to Note 21 on page 26 of the 2014 Audited Financial Statements (AFS).

#### **Employees**

- Parent Company  
The Company currently has a total of 8 employees, consisting of 1 executive position, 1 in legal, 2 in accounting/clerical, 2 in administrative, 2 messenger personnel. For the ensuing 12 months, the Company anticipates it will have the same number of employees. There is no employees' union and neither is there a collective bargaining agreement with the employees. There has not been a strike by the employees in the Company's history. The Company believes relations with the employees are good.
- Marcventures Mining & Development Corporation  
As of December 31, 2014, MMDC currently has a total of 604 employees, of which 450 are regular, 20 are probationary, and 134 are contractual.

Of the 519 employees, a total of employees perform administrative work and employees are involved directly in mine site operations.

For 2014, there was no employees' union nor was there a collective bargaining agreement with the employees. There has not been a strike in MMDC's history.

## Major Risks of the Business

### Market Risk

While the business is currently enjoying great demand for the nickel ore because of the export ban policy of Indonesia, one of the major nickel exporters, revenues will be affected by the volatility of the price and demand. As such, the company closely monitors prices and demand trends for the product and if possible enter into long term supply contracts to hedge against this risk. Customers also make advances on certain shipments at a fixed price.

### Foreign exchange risk

As all revenues are in US dollars, the company revenues are affected by fluctuations in the US\$/PHP exchange rate. To mitigate this risk, the Company closely monitors foreign exchange rates trends and properly timed conversion of dollars at the best rates.

### Other risks

For a discussion of other risks affecting the Company, please refer to Note 26 on page 28-29 of the 2014 Audited Financial Statements.

## **Item 2 : DESCRIPTION OF PROPERTIES**

### Mineral Properties

The Company, through its subsidiary Marcventures Mining & Development Corporation, holds Mineral Production Sharing Agreement No. 016-93-XIII which covers 4,799 hectares in the province of Surigao Del Sur. It is physiologically located within the Diwata Mountain Range.

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

RESOURCE	
Volume	Measured & Indicated Saprolite: 3.2 million WMT at 1.90% Nickel, 11.98% Iron  Limonite 62.2 million WMT at 0.83% Nickel and 46.02% Iron  Inferred Saprolite: 2.30 million WMT at 1.69% and 14.18% Iron  Limonite: NA

These estimates were prepared by **Mr. Radegado de Luna, a Competent Person in Geology**, to study the exploration data on the mineral property and verify its nickel resources

	RESERVES
Volume	64.79 million WMT laterite ore
Ore Grade	Average 0.89% Ni grade, Fe 44.57%
Area	1,659 hectares

These estimates are based on the measured & indicated mineral resource computed which was readily convertible to prove and probable ore reserve. For other discussion of mining properties, please refer to Note 10, page 20 of the 2014 AFS.

## Property, Plant and Equipment

### Office Space

The Company was previously leasing an office space located at Unit 16A Citibank Tower, 8741 Paseo de Roxas, Makati City. The office space has a total area of 307.9 square meters. The lease of the space is for three (3) years starting March 15, 2011 to March 14, 2014. The rent is ₱169,144.32 per month inclusive of twelve percent (12%) value-added taxes, less five percent (5%) withholding tax and subject to a yearly 10% escalation fee. The Company renewed the lease contract for a period of six (6) months commencing from March 15, 2014 to September 14, 2014 with monthly rental fee amounting to Two Hundred Twenty Five Thousand One Hundred Thirty One Pesos & 10/100 (₱225,131.10).

In January 2014, the company acquired two (2) condominium units located at Citi Center Condominium Project, Citibank Center, 8741 Paseo de Roxas, Makati City, with an aggregate floor area of, more or less, nine hundred sixty-seven and 7/100 (967.07) square meters and amounting to Sixty-Eight million pesos (₱68,000,000.00). The property is covered by Condominium Certificates of Title Nos. 006-2011006557 and 006-2011006558 issued by the Register of Deeds of Makati City. The said property became the Company's new principal office address starting September 2014

### MMDC Properties

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

	<b>Land Owner</b>	<b>Area</b>	<b>Amount</b>
1	Agyang, Banjelito		50,000.00
2	Agyang, Juanita	2,487.00	49,740.00
3	Ampo, Cayetana	4,341.00	86,820.00
4	Angeles, Bambina	26,000.00	250,000.00
5	Angeles, Bambina	26,000.00	270,000.00
6	Angeles, Lucas	9,684.00	193,680.00
7	Angeles, Lucas	2,939.00	58,780.00
8	Antad, Felipe	2,917.00	61,958.00
9	Antad, Miguela	2,087.00	41,740.00
10	Arreza, Joel	238.00	300,000.00
11	Ascarez Jr, Alfonso	6,510.00	130,200.00
12	Ating Jr, Venancio	3,893.60	77,872.00
13	Ating Jr, Venancio	1,424.12	28,482.40
14	Ating Jr, Venancio	1,166.42	23,328.40
15	Ating, Fabian	1,791.00	35,820.00
16	Ating, Fabian	4,487.17	89,743.40
17	Ating, Fabian	523.00	10,460.00
18	Ating, Fabian	1,746.63	34,932.60
19	Ating, Fabian	721.16	14,432.20
20	Batad, Arnulfo	3,544.00	15,948,000.00
21	Bat-ao, Bandino	1,645.00	32,900.00
22	Bat-ao, Benjamin	1,450.00	29,000.00
23	Bat-ao, Felino	3,538.00	70,760.00
24	Bat-ao, Jose	235.00	4,700.00
25	Bat-Ao, Pelino	2,242.00	55,652.00

26	Bat-Ao, Roger	4,490.00	89,800.00
27	Bat-Ao, Tomasito	7,177.00	143,540.00
28	Bat-Ao, Wenifredo	2,855.00	57,100.00
29	Bulabog, Charlito		80,000.00
30	Bruzon, Jose		150,000.00
31	Cabadonga, Julian	10,695.00	320,850.00
32	Cabadonga, Julian		64,024.00
33	Ciez, Bonifacio D.	4,890.12	489,012.00
34	Ciez, Bonifacio D.	22,192.00	1,500,000.00
35	Ciez, Bonifacio D.	47,920.00	4,000,000.00
36	Cosmiano, Paz		50,000.00
37	Dagno, Margarita	2,882.00	57,640.00
38	Dodiog, Margarita/ Osio, Ruben	2,882.00	56,000.00
39	Emboc, Cosme	2,312.00	46,240.00
40	Entino, Reynaldo		80,000.00
41	Guiral, Juan	14,700.00	450,000.00
42	Guiral, Petra	4,706.14	200,000.00
43	Hunahunan, Calixtrato	6,762.00	135,240.00
44	Hunahunan, Calixtrato	2,970.00	70,524.00
45	Hunahunan, Calixtrato	3,088.00	61,760.00
46	Hunahunan, Sefa	920.00	18,400.00
47	Hunahunan, Calixtrato/Agyang, William	12,460.00	256,120.00
48	Huniog Jr, Antonio	4,450.93	89,018.60
49	Huniog Jr, Antonio	2,929.00	69,550.00
50	Huniog Jr, Antonio	3,891.00	77,820.00
51	Huniog, Ryan	2,673.00	53,460.00
52	Lumayno, Lamberto		80,000.00
53	Nadao, Antioco	1,983.00	49,200.00
54	Nadao, Antioco	6,408.00	128,160.00
55	Ondao, Jose	5,005.00	100,100.00
56	Ondao, Margarito	2,746.00	54,920.00
57	Ortiz, Myrna	7,496.00	224,880.00
58	Paceno, Jacqueline/ Castro, Justo	8,196.00	200,000.00
59	Pebojot, Alejandro/ Julve, Carina	12,938.74	1,293,874.00
60	Petros, Heirs of Basilisa	38,856.00	4,000,000.00
61	Polida, Richard	9,239.00	1,100,000.00
63	Solejon, Nelita	685.00	274,000.00
64	Sotoniel, Nelia	7,028.00	702,800.00
65	Sumberan, Francisco	12,696.00	253,920.00
66	Sumberan, Francisco	13,463.00	269,260.00
67	Sumberan, Marlon	11,692.00	233,840.00
68	Sumberan, Marlon	2,786.00	59,324.00
70	Tawide, Rodrigo	10,962.00	253,240.00
71	Tindugan, Benjamin		180,000.00
72	Tuldanes, Virgilio	48,758.00	4,875,799.96
73	Urbiztondo, Romulo	17,895.00	1,789,500.00
74	Urbiztondo, Romulo	10,000.00	1,000,000.00
75	Valle, Jessie james	6,599.00	1,600,000.00
76	Vertudes, Edilberto	2,408.00	240,800.00
77	Yparraguirre, Modesto/ Castorico, Cornello	12,237.00	1,500,000.00
		529,532.03	47,078,717.56

Leased

The table below presents a summary of the properties currently being leased to MMDC.

	LAND OWNER	AREA (sqm)	AMOUNT
1	Ajit, Alan D.	1,944.00	1,103.26
2	Ajit, Alfredo	727.00	1,000.00
3	Ajit, Fermin A.	1,396.00	1,490.86
4	Arquillano, Ma. Loreto A.	19,555.00	51,010.00
5	Asupra, Rogelio C.	1,070.00	15,000.00
6	Bobias, Bernard Ardel	1,939.00	1,919.42
7	Bobias, Luna Y.	7,010.00	4,803.51
8	Bonani, Porfirio	2,648.00	1,520.13
9	Buar, Arturo A.	1,595.00	1,288.91
10	Bucarile, Juan Sr.	3,703.00	3,703.00
11	Comparativo, Alfred Y.	543.00	1,000.00
12	Consad, Robinson M.	7,971.08	3,346.38
13	Cosmiano, Paz B.	22,099.00	50,000.00
14	Cotecson, Lolita/Glenn C. ( Lot No. 223)	579.46	16,000.00
15	Cuajao, Eladio Jr.	641.00	1,000.00
16	Cuajao, Marcos	3,141.00	2,742.69
17	Dagasdas, Benito	698.00	500.00
18	Dagasdas, Winefredo	872.00	500.00
19	Ellorico, Elenita	600.00	500.00
20	Intano, Nora	1,007.00	1,007.00
21	Jacobe, Alberta Y.	705.00	1,000.00
22	Jubac, Decena A.	2,481.00	1,852.86
23	Julve, Carina P.	1,795.12	1,795.12
24	Marzon, Charita	928.88	7,000.00
25	Moreno, Emilia C.	917.00	1,119.54
26	Ortiz, Myrna Elauria	50,000.00	27,631.58
27	Pimentel, Marie Louise H.	2,626.89	2,626.89
28	Rafaila, Librada C.	834.00	500.00
29	Roculas, Charita	11,905.00	11,905.00
30	Rodilla, Elisa P.	2,274.67	2,433.47
31	Solejon, Diosdado	901.00	700.00
32	Suarez, Agustin P.	1,824.00	1,636.20
33	Younglove-Kyle, Helenita	1,282.00	1,000.00
34	Yparraguirre, Andres N. Jr.	15,400.00	15,400.00
35	Aguilar, Dionesio	2,432.00	2,432.00
36	Ajoc, Lucita	1,910.00	1,910.53
37	Angeles, Lucas	1,939.00	1,979.00
38	Arpilleda, Pablo B. Jr.	4,848.00	4,848.00
39	Bacol, Virginia P.	2,765.68	2,765.68
40	Barrios, Julieta C.	667.00	700.00
41	Bat-ao, Mardonio A.	1,000.00	1,000.00
42	Bat-ao, Mike	345.00	500.00
43	Bat-ao, Polito	192.00	500.00



44	Buar, Henry	1,123.00	1,200.00
45	Burlat, Herminigildo D.	1,793.00	1,793.00
46	Cabadonga, Antonio	2,142.00	2,000.00
47	Cabadonga, Eifanio	1,367.00	1,500.00
48	Cabadonga, Julian	1,565.00	1,565.00
49	Cabadonga, Luis	4,089.00	5,000.00
50	Consigna, Rosalina	4,146.71	4,146.71
51	Consigna, Faustino	3,939.37	3,939.97
52	Cordita, Dioneto	4,603.00	4,603.00
53	Cordita, Dioneto	5,595.80	5,595.80
54	Cordita, Jemelito	3,288.00	3,288.00
55	Cordita, Jemelito	3,516.42	3,516.42
56	Cotecson, Lolita/Glenn C. ( Lot No. 130 & 133)	3,602.00	3,602.00
57	Cotecson, Lolita/Glenn C. ( Lot No. 183)	49,435.00	54,259.50
58	Dagno, Roberto	1,194.00	1,194.00
59	Dagno, Roberto	3,793.50	3,793.50
60	Galdo, Carmelita Ladroma	2,427.00	3,000.00
61	Guardalupe, Nonita Plaza (deceased)	1,437.00	1,500.00
62	Guiral, Alfredo	1,390.00	2,000.00
63	Huerte, Edelyn	2,575.00	2,575.00
64	Hunahunan, Danilo	281.00	500.00
65	Huniog, Antonio Jr.	4,128.00	4,743.00
66	Huniog, Antonio Jr.	11,475.70	11,475.70
67	Huniog, Ronnie	289.00	1,621.00
68	Ilagan, Punella	1,621.00	1,621.00
69	Intano, Anastacio	3,725.00	4,000.00
70	Intano, Nora	12,188.00	12,188.00
71	Intano, Policarpio	1,920.00	2,000.00
72	Intano, Romen	16,000.00	12,000.00
73	Jubac, Decena A.	1,406.00	1,406.00
74	Papilleras-Isiang, Buenafe	16,300.00	16,300.00
75	Pebojot, Teodulo	18,702.73	18,702.73
76	Pedraraja, Benjamin	1,146.00	1,500.00
77	Plaza, Estemson Sr. (Late)	774.00	1,000.00
78	Portillano, Rudy P.	13,600.00	13,600.00
79	Sampinit, Merlinita	6,692.62	6,692.62
80	Sandag, Banjelito	462.00	500.00
81	Sandag, Emilda Cordeta	1,388.71	1,388.71
82	Sandag, Jimmy	1,057.00	1,057.00
83	Trugillo, Rogelio S.	913.50	5,230.00
84	Tuldanes, Virgelio	4,276.00	5,000.00
85	Villarin, Sergio	10,671.00	10,671.00
86	Villarin, Sergio/ Pefecto Erno	4,602.00	4,602.00
		426,352.84	500,541.69

The renewals of the above leases are subject to agreement by the parties.

The above leased properties are used by MMDC for hauling roads and stockpile areas.

MMDC will acquire and/or lease additional properties to be utilized for hauling roads and stockpile areas as needed for its operations. The cost of such acquisitions will depend on negotiations with prospective owners and lessors. MMDC plans to finance such acquisitions from internally generated funds and borrowing from banks.

The Company's equipment mostly pertain to heavy and transportation equipment related to the mining operations. For details of the property and equipment, please refer to Note 9 on pages 19 of the 2014 AFS. The Company intends to acquire new heavy equipment within the next 12 months.

### **ITEM 3. LEGAL PROCEEDINGS**

As of December 31, 2014, the Company is not a party to any legal proceedings. It is not involved in any pending legal proceedings with respect to any of its properties. It is not involved in any claims or lawsuits involving damages that may materially affect it or its subsidiaries.

However, as of December 31, 2014, Marcventures Mining & Development Corporation (MMDC), the Company's wholly-owned subsidiary, is involved in the following legal proceedings which may affect the operations of MMDC and the Company:

- a. Cantilan Irrigation System Federation of Irrigators Association (CISFIAI) vs. Marcventures Mining and Development Corporation, et al before the Office of the Secretary, Department of Environment and Natural Resources. This case was filed on 24 July 2009 which seeks to cancel the Mineral Production Sharing Agreement [MPSA] issued in favor of Marcventures Mining and Development Corporation. This case was dismissed on 17 December 2012. However, the Complainant filed a Motion for Reconsideration which is pending for resolution.
- b. Jaime Bat-ao, et al v. Marcventures Mining and Development Corporation, Civil Case No. 224, filed before the Regional Trial Court, Branch 41, Carignan, Surigao del Sur. This case was filed on 10 November 2010. This case seeks to secure a Temporary Environmental Protection Order [TEPO] against the mining operations of Marcventures Mining and Development Corporation. The TEPO expired as of 14 November 2010. The mediation is set on 4 March 2014.
- c. Tribal Coalition of Mindanao (TRICOM), Inc. v. Taganito Mining Corporation, et al The Petition was filed before the Supreme Court on 30 May 2011. Marcventures Mining and Development Corporation is just one of the Respondents in the Petition. The Petition seeks to stop the mining operations of the mining companies. But the Supreme Court denied the application for Writ of Kalikasan. After the denial of the Writ of Kalikasan, the Supreme Court delegated the reception of evidence to the Court of Appeals, Mindanao.
- d. Bat-ao and Huna-Hunan Clans vs. MMDC. The case is for alleged violation of MMDC of the Memorandum of Agreement with the Manobo Tribe dated 15 July 2008 and that MMDC desecrated several sacred areas of the Manobos pending before the NCIP Regional Hearing Officer, Butuan City. The NCIP required the Bat-ao and Huna-Hunan Clans to settle among themselves considering that Cesar Bat-ao, their authorized representative, already signed a Notice to Dismiss. During the last hearing on 20 February 2015, the complainants were required to submit a formal written manifestation regarding their offer to MMDC as a form of amicable settlement.

To the knowledge and/or information of the Company, none of its directors or its executive officers, is presently or during the last five (5) years been involved in any material legal proceeding in any court or government agency on the Philippines or elsewhere which would put to question their ability and integrity to serve Marcventures Holdings Inc. and its stockholders.

The Company is not aware of: (a) any bankruptcy petition filed by or against any business of which a director or executive officer or person nominated to be become a director or executive officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, excluding traffic violations and other minor offenses; (c) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

## **OPERATIONAL AND FINANCIAL INFORMATION**

### **ITEM 5. MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

#### **Market Information**

The principal market for the registrant's common stock is the Philippine Stock Exchange ("PSE"). The Company's stock symbol is "MARC"

### Stock Prices – Common Shares

The following table sets forth the high and low closing sales prices per share of the Common Shares listed on the PSE during the respective periods indicated as per published financial sources.

	Price per Share (In Pesos)**	
	High	Low
	<b>2012</b>	
January – March	3.50	1.80
April – June	3.82	2.35
July – September	2.75	2.17
October – December	2.35	1.71
	<b>2013</b>	
January – March	2.08	1.68
April – June	1.93	1.40
July – September	1.96	1.55
October – December	4.22	1.81
	<b>2014</b>	
January – March	4.22	2.70
April – June	5.41	3.66
July - September	8.20	4.82
October – December	7.48	5.56

### Latest Market Price

On March 23, 2015 trading date, the closing market price of the Company's common stock was ₱5.20 per share.

### Stockholders

The number of shareholders of record as of December 31, 2014 was 2,166. The outstanding shares as December 31, 2014 were 1,821,358,599 common shares, 99.60% of which are owned by Filipinos

MARCVENTURES HOLDINGS, INC.  
List of Top 100 Stockholders  
As of 12/31/2014

1	PCD NOMINEE CORPORATION (FILIPINO)	1,482,627,424	81.40%
2	STINSON PROPERTIES INC.	87,834,569	4.82%
3	SUREGUARD PROPERTIES INC.	86,514,534	4.75%
4	MYOLNER PROPERTIES INC.	86,514,533	4.75%
5	PCD NOMINEE CORP. (NON—FILIPINO)	32,907,340	1.81%
6	GLORIOUS DECADE PROPERTIES, INC	30,000,000	1.65%
7	GLORIOUS DECADE PROPERTIES, INC.	13,013,000	0.71%
8	ATC SECURITIES, INC.	808,023	0.04%
9	BENJAMIN S. GELI	100,000	0.01%
10	JOHN C. JOVEN	100,000	0.01%
11	ANSALDO GODINEZ & CO., INC.	92,255	0.01%
12	PACIFICO B. TACUB	50,000	0.00%
13	ARNOLD JANSSEN T. BANTUGANOR CHRISTINE ANGELI L. BANTUGAN	45,000	0.00%
14	TERESITA N. LIM	40,000	0.00%
15	VICENTE GOQUIOLAY & CO., INC.	39,599	0.00%
16	ALBERTO MENDOZA&/OR JEANIE MENDOZA	30,000	0.00%
17	INDEPENDENT REALTY CORPORATION	20,400	0.00%
18	RAMON SALVADOR	20,000	0.00%
19	CHIONG & CO., INC.	13,787	0.00%
20	AO 1. LOK	13,000	0.00%
		<u>1,820,783,464</u>	<u>99.96%</u>

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

## Dividends

### DIVIDENDS

#### 2014

On 19 September 2014, the Board approved the initial declaration of cash dividends of PhP 273.2 Million or Php 0.15 per common share in favor of shareholders of record as of October 3, 2014, payable on or before October 22, 2014. Subsequently, on November 14, 2014, the Board approved the second round of cash dividends of PhP 273.2 Million or Php 0.15 per common share in favour of Shareholders of Record as of December 19, 2014, payable on or before January 6, 2015 and later moved to January 16 considering the holidays.

## Sales of Securities

As of December 31, 2014, there are no sales of unregistered or exempt Securities

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes as of December 31, 2014 and 2013 prepared in conformity with PFRS hereto attached in the Exhibits.

The financial information for the three years ended December 31, 2014, 2013 and 2012 are as follows:

### 2014 vs. 2013

#### Results of operations

	Audited		Increase(Decrease)	
	2014	2013	Amount	%
	<i>(in PhP Millions)</i>			
<b>Revenues</b>	<b>2,526.96</b>	2,516.60	10.36	0.41
<b>Cost of Sales</b>	<b>1,404.92</b>	1,259.01	145.91	11.59
<b>Operating Expenses</b>	<b>306.99</b>	201.52	105.47	52.34

- **Revenues**

The Company's revenue from nickel ore amounted to ₱2,526.96 million for the year 2014, ₱10.36 million or 0.41% higher as compared to ₱2,516.60 million in 2013. The increase is attributable to the increase in the average price of saprolite and limonite combined of US\$26.04 in 2014 versus \$21.22 in 2013 or an average increase of \$4.82 per wet metric tonnes (WMT). For the year 2014, MMDC made 39 shipments to China for a total volume of 2,103,238 wet metric tonnes (WMT) of nickel ore as compared to 50 shipments with a total volume of 2,775,755 WMT or 11 vessels short in 2013. This is equivalent to a volume decrease of 672,517 (WMT) or 24.22% from last year. The significant drop of volume was primarily due to the suspension of extraction activities pursuant to the Order issued by MGB in April 2014.

- **Cost of Sales**

The Company's cost of sales amounted to ₱1,404.92 million in 2014 as compared to ₱1,259.01 million in 2013, an increase of ₱145.91 million or 11.59%, due to longer distance in loading and hauling of its inventory and other cost related to mining.

#### **Operating Expenses**

- **Increase in salaries and wages** by ₱58.05 million or equivalent to 117.76% due to hiring of additional office personnel for both managerial and executives positions the increase also include salary adjustments of officers and employees in line with company's thrust to strengthen the corporate structure.
- **Increase in Retirement expense** by 14.567 million or equivalent to 302.97%, due to increase in number of regular employees.

- **Increase in Taxes and licenses** by ₱5.02 million or equivalent to 83.47% mainly due to increase in documentary stamp in connection with the increase in capital, fees paid to MGB for the extension of exploration period and other business taxes.
- **Increase in Depreciation expense** by ₱9.30 million or 106.81% mainly due to depreciation of newly acquired service vehicles, office equipment, furniture & fixtures.
- **Increase in Advertisement** by ₱6.42 million or 4,196.13% mainly due to the infomercial produced by Asian Business Channel (“ABC”) for the Company. ABC is an independent production company that specializes in producing program that focus on the economic development.
- **Increase in Professional and Consultancy Fees** by ₱24.06 million or equivalent to 303.71% due to the hiring of additional management, technical personnel, consultants and legal services.
- **Increase in supplies** by ₱1.26 million or equivalent to 38.26% due to printing of various forms for warehouse for office use and increase in other office equipment.
- **Increase in the cost for social development mining program** by ₱12.52 million consistent with the increase in operating cost wherein 1.5% was allocated to the development of host and neighboring communities.
- **Increase in Communication, light and water** by ₱4.04 million or equivalent to 424.70% due to additional light and power utility charges incurred.
- **Increase in outside services** by ₱1.68 million or 70.87% primarily due to special assessment dues of ₱1.1 million and fees of ₱0.5 million in related to due diligence.

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

- **Decrease in Representation** by ₱11.25 million or equivalent to 62.10%
- **Decrease in Donation** by ₱2.025 million or equivalent to 7.86%.
- **Decrease in freight and shipping** by ₱4.04 million or 24.23% due to decrease in shipment of nickel ore in 2014.
- **Decrease in rent** by ₱0.307 million or 11.0% due to purchase of condominium unit for Makati office space.
- **Decrease in royalties** by ₱1.43 million or 5.34% due to decrease on sale of nickel ore for the year 2014.
- **Decrease in other expenses** by ₱2.15 million or 27.98% primarily due to payment of ₱1.9 million to SEC in 2013 relating to the increase in authorized capital stock.

## Financial Position

	Audited		Increase(Decrease)	
	2014	2013	Amount	%
	<i>(in PhP Millions)</i>			
<b>Assets</b>	<b>₱3,718.12</b>	<b>₱2,928.52</b>	784.25	26.78
<b>Liabilities</b>	<b>637.60</b>	159.29	478.31	300.28
<b>Stockholders' Equity</b>	<b>3,080.52</b>	2,769.23	305.94	11.05

- **Assets**

The consolidated total assets of the Company increased to ₱7,718.12 million as of December 31, 2014 from ₱2,928.52 million as of December 31, 2013. The 26.96% increase was mainly due to the net effect of the following:

- a) **Cash** increased by ₱310.65 million 102.36% from the proceeds of the bank loan amounting to ₱100 million and collection of its credit sales.

- b) **Trade receivables** increased by ₱4.81 million or 58.23 % due to improved collection policy.
- c) **Advances to related parties** recorded the highest increase of ₱60.32 million or 9034.50% mainly due to advances of Carac-an Development Corp which was used for its exploration.
- d) Inventories of ready to ship ore increased by 110.39% from the 2013 level of ₱80.98 million to ₱170.37 million in 2014. The company maximized its resources in anticipation of higher sales volume in 2015.
- e) **Other current assets** increased by ₱15.22 million or 42.80% due to 15% creditable withholding tax withheld by MMDC in connection with management services fee rendered by the parent company.
- f) **Other noncurrent assets** increased by ₱13.46 million or 5.46% mainly due to the increase in accumulated Input tax amounting to ₱18.23 million on the other hand mining supplies used in operation decreased by ₱8.26 million.
- g) **Property and equipment** increased by ₱158.49 million or 44.51%. The capex was due to the acquisition and renovation of Makati head office, purchase of heavy equipment, service vehicles, office furnitures and equipments.

- **Liabilities**

As of December 31, 2014, the total liabilities of the Company amounted to ₱637.60 million or 300.28% higher than ₱159.29 million as of December 31, 2013. The increase was due to the following:

- a) **Loans Payable** increased by ₱99.32 million or 7,369.95%, the company secured a ₱100 million short term loan which matured in January 16, 2015.
- b) **Trade and other payable** increased by ₱338.73 million or 53.51%, because of the company's dividend payable which amounted to P273.20 million and continued focus to catch up from the suspension. The company strengthened its loading and hauling capacity by increasing contractors deployed upon resumption of its operation which caused an increase in trade payable. The other reason for the increase were due to increase in taxes and other statutory payable.
- c) **Provision for mine site rehabilitation** increased by ₱42.17 million or 2,590.30%, the increase is mainly due to the amendment in estimated outflow of resources including economic benefits to settle the obligation and to rehabilitate the negative environment impact.
- d) **Retirement liability** increased by ₱1.91 million or 6.54% due to recognition of higher retirement expense based on latest actuarial valuation

- **Stockholders' Equity**

As of year-end 2014, the stockholders' equity amounting to ₱3,080.52 million is higher by ₱311.29 million or 11.24% from the year-end 2013 level of ₱2,769.23. The increase was on the account of :

- a) **Retained Earnings** increased by ₱311.29 mainly due to the registered net comprehensive income of ₱842.80 million, partly offset by the declaration of cash dividends of P546.4 million which were paid in Oct 22, 2014 and January 6, 2015 respectively.

### Consolidated Cash Flow

	Audited		Increase(Decrease)	
	2014	2013	Amount	%
	<i>(in PhP Millions)</i>			
<b>Cash provided by operating activities</b>	<b>1,202.71</b>	1,028.44	837.36	558.62
<b>Cash used in investing activities</b>	<b>444.10</b>	125.62	(145.67)	(53.70)
<b>Cash used in financing activities</b>	<b>447.97</b>	612.46	541.65	1,828.05

The cash provided by operating activities improved from ₱1,028.44 million in 2013 to ₱1,202.71 million in 2014. This increase is net of the ₱342.85 million cash required for working capital due to increase in the inventory level, increase in advances to related party and trade and other payables.

In 2014, the company's noncurrent assets increased by ₱318.48 million of which ₱263.67 million were invested in property and equipment and ₱140.26 million pertains to additions to mine properties, primarily in Cabangahan area.

With the positive results of operations the Company was able to pay dividends of ₱546.41 million to its stockholders.

## 2013 vs. 2012

### Results of operations

	Audited		Increase(Decrease)	
	2013	2012	Amount	%
	<i>(in PhP Millions)</i>			
<b>Revenues</b>	<b>2,516.60</b>	697.49	1,819.11	261.81
<b>Cost of Sales</b>	<b>1,259.01</b>	499.74	759.27	151.93
<b>Operating Expenses</b>	<b>201.52</b>	68.29	133.23	195.09

- **Revenues**

The Company's revenue from nickel ore amounted to ₱2,516.60 million for the year 2013, P1,819.11 million or 260.81% higher as compared to ₱697.49 million made in 2012 mainly as a result of higher volume and the strengthening of peso as against US Dollar. For the year 2013, MMDC made 50 shipments to China for a total volume of 2,775,755 wet metric tonnes (WMT) of nickel ore as compared to 12 shipments with a total volume of 637,933 WMT in 2012. This is equivalent to a volume increase of 2,137,822 (WMT) or 335% from last year.

- **Cost of Sales**

The Company's cost of sales amounted to ₱1,259.01 million in 2013 as compared to ₱499.74 million in 2012, an increase of ₱759.27 million or 151.93% attributable to higher tonnage of ore sold in 2013. Gross margin rate improved from the 28.35% experienced in 2012 to 49.97% in 2013 largely due to shorter hauling distances from the minesite to the coastway.

- **Operating Expenses**

The operating expenses for the year 2013 amounted to ₱201.52 million as compared to ₱68.29 million in 2012. The increase of ₱133.23 million or 195.09% is mainly attributable the following accounts:

- Salaries and wages for the year ended December 31, 2013 increased by 436% from ₱9.2 million in 2012 to P49.3 million this year. The increase was mainly due to hiring of new employees for the managerial and executive positions, as well as, for the rank and file in anticipation of higher production volumes.
- Donations for the year 2013 increased by 930% from ₱2.50 million in 2012 to P25.8 million in 2013. These donations were contributed to various calamity areas hit by typhoons which entered the country. Freight and shipping, royalties and social development program increased by 358%, 284% and 429%, respectively, as these expense items are directly proportional to increase in revenues.
- Professional fees and outside services increased by ₱ 6.4 million and ₱1.43 million respectively, in 2013 due to additional management consultants and security services.

### Financial Position

	Audited		Increase(Decrease)	
	2013	2012	Amount	%
	<i>(in PhP Millions)</i>			
<b>Assets</b>	<b>2,928.52</b>	2,643.07	285.45	10.08
<b>Liabilities</b>	<b>159.29</b>	519.27	359.98	6.54
<b>Stockholders' Equity</b>	<b>2,769.23</b>	2,123.80	645.43	30.39

- **Assets**

The consolidated total assets of the Company increased to ₱2,928.52 million as of December 31, 2013 from ₱2,643.07 million as of December 31, 2012. The 10.80% increase was mainly due to the net effect of the following:

- Cash** increased by ₱290.36 million or 2,211.83% due to the significant increase in the sale of nickel ore.

- i) **Trade receivables** decreased by ₱3.72 million or 31.03 % and **receivables from related parties** decreased by 0.656 million or 50.24% due to collection from various customers and receivables from related parties respectively.
- j) Ending inventory of ready to ship ore increased by 443.56% from the 2012 level of P14.90 million to PP66.08 million in 2013 in anticipation of higher sales volume in 2014.
- k) **Deferred tax asset** increased by ₱7.74 million or 377.39% due to the deferred tax recognized on higher retirement expense based on latest actuarial valuation.
- l) **Other noncurrent assets** increased by ₱98.90 million or 67.03% mainly due to the increase in accumulated Input tax amounting to ₱99.08 million.
- m) **Property and equipment** decreased by ₱109.20 million or 23.47% due to depreciation.

- **Liabilities**

As of December 31, 2013, the total liabilities of the Company amounted to ₱159.29 million or 6.54% lower than ₱519.27 million as of December 31, 2012. The decrease was due to the following:

- e) **Trade and other payable** decreased by ₱138.70 million or 53.51% due to payment made to contractors and creditors in the normal course of business.
- f) **Related party payables** decreased by ₱33.14 million or 80.08% due to full settlement of advances from the stockholders.
- g) **Current portion of long term loans** decreased by 24.15 million or 94.72% due to full payment of the loan to Orix Metro.
- h) **Long term loan** decreased by ₱189.22 or 100%, as a result of the full settlement of loans with aggregate amount of ₱149.8 million by way of conversion into shares of the Company's stock and the full settlement of the loan with UCPB leasing amounting to ₱39.42 million.
- i) **Pension liability** increased by ₱25.24 million or 634.20% due to recognition of higher retirement expense based on latest actuarial valuation

- **Stockholders' Equity**

As of year-end 2013, the stockholders' equity amounting to ₱2,769.23 million is higher by ₱645.43 million or 30.39% from the year-end 2012 level of ₱2,123.80. The increase was on the account of the following:

- b) **Capital Stock** increased by ₱85.68 million or 4.94% due to the conversion of the investors' loan amounting to P149.80 million into subscription of P68.09 million at a price of ₱2.20 per share. Furthermore, the exercise of all the corresponding remaining warrants resulted to additional subscription of ₱17.59 million.
- c) **Additional Paid in capital** increased by ₱102.82 million or 93.61% as a result of the conversion of the investors' loan and the exercise of all the related warrants at a price higher than the par value of P1 per share
- d) **Retained Earnings** increased by ₱456.9 million or 164.2% higher than the 2012 level of P278.3 million mainly due to the registered net comprehensive income of ₱1,003.34 million, partly offset by the declaration of cash dividends of P546.4 million which were paid in December 18, 2013

### Consolidated Cash Flow

	Audited		Increase(Decrease)	
	2013	2012	Amount	%
	<i>(in PhP Millions)</i>			
<b>Cash provided by operating activities</b>	<b>1,028.44</b>	175.74	837.36	558.62
<b>Cash used in investing activities</b>	<b>125.62</b>	271.29	(145.67)	(53.70)
<b>Cash used in financing activities</b>	<b>612.46</b>	55.46	541.65	1,828.05

The cash provided by operating activities improved from ₱175.74 million in 2012 to ₱1,028.44 million in 2013 primarily due to higher income from significant volume of ore shipped in 2013. This increase is net of the P234.2 million cash required for working capital due to increase in the inventory level, decrease in trade and other payables and payable to related parties.

In 2013, the company's noncurrent assets increased by ₱125.62 million of which ₱26.72 million were invested in property and equipment and ₱98.9 million pertains to the increase in input VAT.

With the improved results of operations and additional equity infusion, the Company was able to pay dividends of ₱546.41 million, and reduced debt by ₱63.6 million.



## **Financial Indicators**

### **Key Performance Indicators (KPI's)**

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2014 and December 31, 2013:

	<b>2014</b>	<b>2013</b>
Net Income	₱841,261,3524	₱1,017,867,889
Current assets	909,311,007	428,951,888
Total assets	3,718,122,590	2,928,520,960
Current liabilities	566,493,638	128,444,253
Total liabilities	637,596,710	159,287,206
Stockholders' Equity	3,080,525,880	2,769,233,754
No. of common shares outstanding	1,821,358,599	1,821,358,599

	<b>2014</b>	<b>2013</b>
Current ratio <sup>1</sup>	1.61	2.69
Book value per share <sup>2</sup>	1.69	1.52
Debt ratio <sup>3</sup>	0.21	0.06
Profit per share <sup>4</sup>	0.46	0.56
Return on assets <sup>5</sup>	0.25	0.37

Note:

1. Current assets / current liabilities
2. Stockholder's Equity / Total outstanding number of shares
3. Total Liabilities / Stockholder's Equity
4. Net Income ( Loss ) / Total outstanding number of shares
5. Net income / average total assets

### **Other Information**

Other material events and uncertainties known to management that would address the past and would have an impact on the Company's future operations are discussed below.

1. Except as disclosed in the management discussion and notes to the financial statements, there are no other known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
2. Except as disclosed in the management discussion and notes to the financial statements, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on revenues or income from operations.
3. All significant elements of income or loss from continuing operations are already discussed in the management discussion and notes to financial statements. Likewise any significant elements of income or loss that did not arise from the registrant's continuing operations are disclosed either in the management discussion or notes to financial statements.
4. There is no material off-balance sheet transaction, arrangement, obligation, and other relationship of the company with unconsolidated entities or other persons created during the reporting period.
5. The company does not expect any liquidity or cash problem within the next twelve months.
6. There no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described. If the registrant knows of events that will cause material change in the relationship between cost and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.
7. There are no significant elements of income or loss that did not arise from the registrant's continuing operations;
8. The Company's mining operations starts during dry season and ends during rainy season.

## ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A. The management is not aware of any significant or material events or transactions not included nor disclosed in the consolidated financial statements in compliance with the SRC Rule 68.

## ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

### External Audit Fees and Services

	Year Ended December 31	
	2014	2013
Audit Fees	<b>₱500,000</b>	₱450,000
Audit-Related Fees	<b>50,000</b>	45,000
<b>Total</b>	<b>₱550,000</b>	₱445,000

**Audit Fees.** Represents professional fees of the external auditor for the audit services rendered on Company's Annual Financial Statements for the year 2014.

**Audit-Related Fees.** Represents the out of pocket expenses of the individuals who will perform the audit, it also includes postage and reproduction of Financial Statements as billed by the external auditor.

**Tax Fees.** Represents professional fees for tax advisory/consultation services rendered.

Audit services provided to the Company by external auditor have been pre-approved by the Audit Committee. The Audit Committee has reviewed the magnitude and nature of these services to ensure that they are compatible with maintaining the independence of the external auditor.

### Changes in and disagreements with Accountants on Accounting and financial Disclosure

There was no event in the past years where the external auditor and the Registrant had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION FOR THE 1<sup>st</sup> QUARTER

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

### **FINANCIAL CONDITION AND RESULTS OF OPERATION:**

#### **Three months ended March 31, 2015 compared with three months March 31, 2014**

##### **Results of Operation:**

##### **Revenues**

For the three months ended March 31, 2015, the subsidiary sold a total volume of 223,320 wet metric tonnes (WMT) of nickel ore or equivalent to 4 shipments to as compared to 203,390 wet metric tonnes during the same period last year. The average price per wmt were \$15.35 and \$26.97 during the first quarter of 2015 and 2014, respectively.

The Company's revenue from the sale of nickel ore for the first quarter amounted to ₱152.12 million this year as against to ₱245.85 million in 2014. The decrease in revenue was due to decrease in price per wmt. The first quarter operation resulted to a consolidated net loss of ₱62.54 million as compared to the consolidated net income of ₱50.11 million for the same period last year.

## Operating expenses

Operating expenses increased by 11.16% or a ₱6.79 million increase from ₱60.86 million for the 1st quarter period last year to ₱67.64 million this year. The increase was mainly accounted for by the following:

- **Increase in salaries and wages** by ₱2.01 million or equivalent to 6.73% due to annual salary adjustments of officers and employees effective January 1, 2015.
- **Increase in Director's Fee** by ₱1.36 million due to payment of director's per diem and fees.
- **Increase in depreciation expense** by ₱2.25 million or 82.68% due to depreciation of the newly acquired office, office equipment, furnitures & fixtures and service vehicles
- **Increase in Professional Fees** by ₱1.37 million or equivalent to 156.71% due to additional legal, audit and other professional services rendered
- **Increase in outside services** by ₱1.76 million or equivalent to 92.81% mainly due to additional listing fee and monthly dues relating to the Condominium units acquired last year
- **Increase in supplies** by ₱0.185 million or equivalent to 37.39% due to replenishment of office supplies
- **Increase in Donation** by ₱0.93 million or equivalent to 196.72% due to financial assistance on leagues of municipalities, allowances of daycare workers and solicitation for graduation of various schools.
- **Increase in social development mining program** by ₱2.20 million in compliance with implementing rules and regulation of 1995 Phil. Mining Act, 1.5% of operating cost should be allocated for the development of host and neighboring mining communities
- **Increase in Communication, light and water** to ₱0.626 million or equivalent to 164.47% due to additional light and power incurred to the new acquired condominium units for office space

## STATEMENT OF FINANCIAL POSITION

### March 31, 2015 vs. December 31, 2014

#### Assets

The consolidated total assets of the Company decreased to ₱3,455.78 million as of March 31, 2015 from ₱3,716.58 million as of December 31, 2014. The 7.02% decrease was mainly due to the following:

- **Decrease in total current assets** amounting to ₱572.56 million as of March 31, 2015 from ₱907.77 million as of December 31, 2014. The 36.93% decrease was attributable to the following:
  - **Decrease in cash** from ₱614.13 million to ₱90.15 million or reduction of ₱523.98 million or 85.32%, due to payment of dividends, payable and operating expenses.
  - **Increase in trade and other receivables** from ₱13.07 million to ₱165.05 million or an additional ₱151.98 million or 1,162.46% increase, due to sale of nickel ore for the quarter and advances to employees
  - **Increase in advances to related parties** from ₱60.98 million to ₱62.03 million or an additional ₱1.04 million or 1.71% increase due to additional advances made by a subsidiary for the road maintenance and personnel salaries of Carac-an Development Corporation
  - **Increase in other current assets** from ₱49.20 million to ₱81.97 million or an additional ₱32.76 million or 66.59% increase, due to increase in advances to contractors, prepaid expenses and increase in mining supplies

- **Increase in total noncurrent assets** from ₱2,808.81 million to ₱2,883.22 million or an increase of ₱74.41 million or equivalent to 2.65% mainly due to the 43.25% increase in other noncurrent assets resulting from new investment.

## Liabilities

The total consolidated liabilities of the Company decreased by ₱198.26 million or a 31.10% from ₱637.60 million as of December 31, 2014 to ₱439.33 million as of March 31, 2015. The decrease was primarily due to payment of dividends.

## Equity

The stockholders' equity of the Company decreased by ₱62.54 million or 2.03% from ₱3,078.99 million as of December 31, 2014 to ₱3,016.44 million as of March 31, 2015. The decrease pertains to the net loss for the quarter.

## HORIZONTAL AND VERTICAL ANALYSIS:

	March 31, 2015	Dec. 31, 2014	March 31, 2015 vs. Dec. 31, 2014	
	Unaudited	Audited	Increase (Decrease)	Percentage (%) Increase (Decrease)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	₱ 90,150,131	₱614,134,346	(523,984,215)	(85.32%)
Trade and Other receivable	165,053,742	13,073,991	151,979,751	1162.46%
Inventories	173,357,695	170,374,619	2,983,076	1.75%
Advances to related parties	62,028,094	60,985,516	1,042,578	1.71%
Other currents assets	81,968,297	49,204,323	32,763,974	66.59%
<b>Total Current Assets</b>	<b>₱572,557,959</b>	<b>₱907,772,795</b>	<b>(335,214,836)</b>	<b>(36.93%)</b>
<b>Noncurrent Assets</b>				
Property and equipment	474,987,443	514,558,741	(39,571,298)	(7.69%)
Mining rights on explored resources	1,157,773,183	1,157,773,183	-	-
Mine and mining properties	869,371,616	867,786,012	1,585,604	0.18%
Deferred tax assets	8,790,696	8,790,696	-	-
Other non current assets	372,299,014	259,902,951	112,396,063	43.25%
<b>Total Noncurrent Assets</b>	<b>2,883,221,952</b>	<b>2,808,811,583</b>	<b>74,410,369</b>	<b>2.65%</b>
<b>TOTAL ASSETS</b>	<b>₱3,455,779,911</b>	<b>₱3,716,584,378</b>	<b>(260,804,467)</b>	<b>(7.02%)</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Current portion of long term loans	₱ 200,541,450	₱100,666,400	99,875,050	99.21%
Trade and other payable	167,690,840	465,827,238	(298,136,398)	(64.00%)
<b>Total Current Liabilities</b>	<b>368,232,290</b>	<b>566,493,638</b>	<b>(198,261,348)</b>	<b>(35.00%)</b>
<b>Noncurrent Liabilities</b>				
Retirement Liability	27,304,938	27,304,938	-	-
Provision for mine site rehabilitation	43,798,134	43,798,134	-	-
<b>Total Noncurrent Liabilities</b>	<b>71,103,072</b>	<b>71,103,072</b>	<b>-</b>	<b>-</b>
<b>Equity</b>				
Capital Stock	1,821,358,600	1,821,358,600	-	-
Additional Paid-in-capital	212,655,493	212,655,493	-	-
Retained earnings	967,530,314	1,030,073,433	(62,543,119)	(6.07%)
Remeasurement gain on retirement liability	14,900,142	14,900,142	-	-
<b>Total Equity</b>	<b>3,016,444,549</b>	<b>3,078,987,668</b>	<b>(62,543,119)</b>	<b>(2.03%)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>₱3,455,779,911</b>	<b>₱3,716,584,378</b>	<b>(260,804,467)</b>	<b>(7.02%)</b>

## STATEMENT OF CASH FLOWS

The net cash used in operating activities amounted to ₱490.07 million for the three months ended March 31, 2015 as compared to net cash generated from operating activities which amounted to ₱36.01 million for the same period in 2014. The decrease in cash from operating activities is the net result of the following:

- Net loss generated during the first quarter this year
- Lower interest income from cash investment
- Higher interest paid due to payment of interest bearing loans
- Increase in current assets
- Decrease in current liabilities

Net cash used in investing activities amounted to ₱133.78 million as compared to ₱122 million for the same period in 2014 mainly as a result of new investment.

Net cash provided by financing activities amounted to ₱99.88 million for the current year as compared to net cash used in financing activities of ₱0.27 million last year mainly due to availment of an interest bearing loan.

The net effect of the foregoing operating, investing and financing activities is a decrease of ₱523.98 million and a balance of ₱90.15 million in cash as of March 31, 2015 as compared to a decrease of ₱86.26 million and a balance of ₱217.23 million as of March 31, 2014.

#### **Compliance with Corporate Governance Practices**

See attached Consolidated Annual Corporate Governance Report for 2014.

The Company will provide without charge to each person solicited, upon his written request, a copy of the Company's annual report on SEC Form 17-A and 17-Q for the 1st quarter duly filed with the Securities and Exchange Commission. At the discretion of Management, a reasonable fee may be charged for the expense incurred in providing a copy of the exhibits. All requests may be sent to the Company's office and addressed to Ms. Raquel Frondoso.