CR03286-2016

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
   470-000-104-320
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
   632-831-4479
8. Date, time and place of the meeting of security holders
   May 27, 2016, 2pm
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   May 3, 2016
10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor
    -
    Address and Telephone No.
    -

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	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

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

Date of Stockholders' Meeting	May 27, 2016
Type (Annual or Special)	Annual
Time	2PM
Venue	Tha Big Function Room,Manila Golf & Country Club, Harvard Rd. Forbes Park, Makati
Record Date	Apr 22, 2016

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
None

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance Officer

COVER SHEET

1 2 9 4 2

SEC Registration Number

MARC VENTURES HOLDINGS, INC.
(formerly AJO.NET HOLDINGS, INC.)

(Company's Full Name)

4th Floor Citibank Center
Paseo de Roxas Makati City

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

Raquel Frondoso
(Contract Person)

(02) 8314479
(Company Telephone Number)

1 2 3 1
Month *Day*
(Fiscal Year)

2 0 - I S
(Form Type)

0 6 2 8
Month *Day*
(Annual Meeting)

DEFINITIVE INFORMATION STATEMENT
Secondary License Type, If Applicable)

Corporation Finance Department
Dept. Requiring this Doc.

N/A
Amended Articles Number/Section

2169
Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign
	N/A

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

MARCVENTURES
HOLDINGS INC.

MARCVENTURES HOLDINGS, INC.
4th Floor, Citi Center Condominium, 8741 Paseo de Roxas,
Makati City
Tel. No. 836-8609 OR 856-7976

NOTICE ANNUAL STOCKHOLDERS' MEETING

To All Stockholders:

Please be advised that the annual meeting of the stockholders of MARCVENTURES HOLDINGS, INC. will be held on May 27, 2016(Friday) at 2:00 p.m. at the Big Function Room, Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City.

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
APR 25 2016
MARKET REGULATION DEPT.
BY: fu
TIME: 11:50

The agenda for the meeting shall be as follows:

1. Call to Order
2. Certification of Quorum
3. Approval of Minutes of the previous meeting
4. Approval of Management Report and Audited Financial Statements
5. Ratification of Management's Acts
6. Amendment of the Articles of Incorporation to Increase the Authorized Capital Stock from PhP 2.0B to PhP 2.5B and to authorize the Company's Board of Directors to accept subscriptions of third parties to the increase, to determine the amount of common shares to be issued and the amount and form of payment thereon.
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

For purposes of the meeting, stockholders of record as of 22 April 2016 are entitled to receive notice and to vote at the said meeting. Registration for the meeting begins at 1:00 p.m. For convenience in registering your attendance, please have available some form of identification, such as, a driver's license, voter's ID, TIN card, SSS card or passport.

In order that your stock may be represented at the meeting in case you could not be personally present thereat, you may submit your proxy form to the Office of the Corporate Secretary at the 4th Floor Citi Center, 8741 Paseo de Roxas, Makati City on or before 6:00 p.m. of 17 May 2016. Validation of proxies shall be made on May 20, 2015.

DIANE MADELYN C. CHING
Asst. Corporate Secretary

MARCVENTURES
HOLDINGS INC.

ANNUAL STOCKKHOLDERS' MEETING
May 27, 2016

PROXY FORM

This proxy is being solicited on behalf of the Board of Directors and Management of Marcventures Holdings Inc., (the "Company") for voting at the annual stockholders' meeting to be held on 27 May 2016 at 2:00 pm at the Big Function Room, Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City

I, the undersigned stockholder of the Company, do hereby appoint, name and constitute the Company's **President, Mr. Isidro C. Alcantara, Jr.**

or

______________________________,

as my attorney-in-fact and proxy, to represent me at the Annual Stockholders' Meeting of the Company to be held on May 27, 2016 at 2:00 p.m. and any adjournment(s) thereof, as fully and to all intents and purposes as I might or could if present and voting in person, hereby ratifying and confirming any and all actions taken on matters which may properly come before such meeting or adjournment(s) thereof. In particular, I hereby direct my said proxy to vote on the agenda items set forth below as I have expressly indicated by marking the same with an "X".

AGENDA ITEMS	ACTION		
Item 1. Call to Order	No action necessary.		
Item 2. Proof of Notice and Certification of Quorum	No action necessary.		
	FOR	AGAINST	ABSTAIN
Item 3. Approval of the Minutes of the Previous Stockholders' Meeting			
Item 4. Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2015			
Item 5. 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			
Item 6. Amendment of the Articles of Incorporation to increase the Authorized Capital Stock from PHP 2.0B to PHP 2.5B and to authorize the Company's Board of Directors to accept subscriptions of third parties to the increase, to determine the amount of common shares to be issued and the amount and form of payment thereon.			
Item 7. Election of Directors			
For Regular Director:			
1. Cesar C. Zalamea			
2. Isidro C. Alcantara, Jr.			
3. Macario U. Te			
4. Michael Escaler			
5. Marianne Dy			
6. Augusto C. Serafica, Jr.			
Nominees for Independent Director			
1. Reynato Puno			
2. Carlos Alfonso T. Ocampo			
3. Manuel L. Lazaro			
Item 8. Approval of appointment of Reyes Tacadong and Co. as the Company's external auditor			
Item 9. Other Matters	According to Proxy's Discretion		
Item 10. Adjournment			

IN CASE A PROXY FORM IS SIGNED AND RETURNED IN BLANK

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, 2015;
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 Amendment of the Articles of Incorporation to increase the Authorized Capital Stock from PHP 2.0B to PHP 2.5B and to authorize the Company's Board of Directors to accept subscriptions of third parties to the increase, to determine the amount of common shares to be issued and the amount and form of payment thereon.

FOR the election of the following directors:

For Regular Directors

1. Cesar C. Zalamea
2. Isidro C. Alcantara, Jr.
3. Macario U. Te
4. Michael Escaler
5. Marianne Dy
6. Augusto C. Serafica, Jr.

For Independen Director

1. Reynato S. Puno
2. Carlos Alfonso T. Ocampo
3. Manuel L. Lazaro

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".

A Proxy Form that is returned without a signature shall not be valid.

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. 0

VALIDATION OF PROXIES

In order that your stock may be represented at the meeting in case you could not be personally present thereat, you may submit your proxy form to the Office of the Corporate Secretary at the 4th Floor Citi Center, 8741 Paseo de Roxas, Makati City on or before 6:00 p.m. of 17 May 2016. Validation of proxies shall be made on May 20, 2015.

REVOCATION OF PROXIES

A stockholder giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

Signed this ____________________ 2016 at ______________________________.
(DATE) (PLACE)

______________________________ ______________________________
Printed Name of Stockholder **Signature of Stockholder or Authorized Signatory**

[*N.B.: Partnership, Corporations and Associations must attach certified resolutions or extracts thereof designating Proxy/Representing and authorized signatories]

PLEASE DATE AND SIGN YOUR PROXY

PLEASE MARK, SIGN AND RETURN YOUR PROXY BY HAND OR MAIL (IN TIME FOR IT TO REACH THE COMPANY) **ON OR BEFORE 6:00 P.M. of May 20, 2016**

REPUBLIC OF THE PHILIPPINES)
CITY OF) S.S.

SECRETARY CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

I, ______________________________, of legal age, Filipino and with business address at the ____, under oath, depose and state that:

I am the Corporate Secretary of ____________________________________, (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, with principal office and place of business at ________________.

I hereby certify that at a meeting of the Board of Directors of the said Corporation held at its principal office on _________ at which a quorum was present and acting throughout, the following resolution was unanimously approved:

"RESOLVED, That ____________________, be as he hereby is, appointed by the Corporation to represent it at the meeting of the stockholders of MARCVENTURES HOLDINGS, INC. scheduled on May 27, 2016 and at any postponement thereof, and in connection therewith, to vote all shares registered in the name of the Corporation or to execute or give any proxies as she/he may deem proper."

IN WITNESS WHEREOF, I have hereunto set my hand on this ________day of__________________ at ________________________.

Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of ________ 2016, affiants exhibiting to me their Community Tax Certificates as follows:

Name	CTC No.	Date/Place Issued

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2016.

REPUBLIC OF THE PHILIPPINES)
) S.S.
QUEZON CITY

SECRETARY'S CERTIFICATE

I, **DIANE MADELYN C. CHING**, of legal age, Filipino, with office address at 4th Floor Citibank Center Bldg.., 8741 Paseo de Roxas, Makati City, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected and qualified Asst. Corporate Secretary of **MARCVENTURES HOLDINGS INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal office at 4th Floor Citibank Center Bldg.., 8741 Paseo de Roxas, Makati City.

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors and Officers are appointed or employed in any government agency.

IN WITNESS WHEREOF, this Certificate was signed and issued this 15th day of May 2016 at Makati City, Philippines.

DIANE MADELYN C. CHING
Asst. Corporate Secretary

APR 15 2016

SUBSCRIBED AND SWORN to before me this 15th day of May 2016 at QUEZON CITY, affiant exhibited to me her Driver's License No. N04-99-451455 valid until 06 December 2017

Doc. No. 14;
Page No. 4;
Book No. CCCV;
Series of 2016.

COVER SHEET

3 2 9 4 2
SEC Registration Number

MARCVENTURES HOLDINGS INC.
(formerly:
AJO.NET HOLDINGS, INC.)
(Company's Full Name)

4TH FLOOR, CITIBANK CENTER,
8741 PASEO DE ROXAS MAKATI
CITY
(Business Address: No., Street City / Town / Province)

Atty. Ana Maria A. Katigbak
Contact Person

817-6791
Company Telephone Number

Certification of Independent Director
(Carlos Alfonso T. Ocampo)

0 6	3 0	FORM TYPE	1 1	
Month	Day		Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATE OF INDEPENDENT DIRECTORS

I, CARLOS ALFONSO T. OCAMPO, Filipino, of legal age with office address at 6TH Floor, Pacific Star Building, Makati Avenue cor. Sen. Gil Puyat Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of MARCVENTURES HOLDINGS, INC. ("MARC"),

2. I am affiliated with the following companies or organizations:

Company / Organization	Position/Relationship	Period of Service
Ocampo & Manalo Law Firm	Senior Partner	October 1997 to present
Panalpina Transport Phils., Inc.	Director	February 2002 to present
MAA General Assurance Phils., Inc.	Director	March 2003 to Present
South Forbes City College Corporation	Director	May 2009 to Present
Columbian Autocar Corporation	Director	October 2009 to April 2012
Asian Carmakers Corporation	Director	April 2008 to Present
Jam Transit, Inc.	Director	July 2009 to Present
Prestige Cars	Director	June 2006 to Present
Timebound Trading Corporation	Director	April 2013 to Present
Monpierre Foods Corporation	Director	December 2011 to Present
Zest Airways, Inc.	Director/Corporate Secretary	May 2008 to Present
PSI Healthcare Development Services Corp.	Director/Corporate Secretary	June 2010 to Present
Adriause Phils. Inc.	Director/Corporate Secretary	
Bluelion Motors Corp.	Director/Corporate Secretary	March 2012 to Present
First Charters & Tours Transport Corp.	Director/Corporate Secretary	February 1999 to Present
Bryel Resorts International Inc.	Director/Corporate Secretary	July 2012 to Present
Asian Carmakers Corporation	Director/Corporate Secretary	July 2009 to Present
Autohaus Quezon City, Inc.	Director/Corporate Secretary	July 2002 to Present
AVK Philippines, Inc.	Director/Corporate Secretary	April 2008 to Present
Jam Liner, Inc.	Director/Corporate Secretary	July 2000 to Present
Manila Golf & Country Club	Director/Corporate Secretary	July 2009 to Present
Integrated Bar of the Philippines	Member	April 2008 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of MARC, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of MARC of any changes in the abovementioned information within five days from its occurrence.

Done, this ___ day of _______________, at _______________ MAKATI CITY

CARLOS ALFONSO T. OCAMPO
Affiant

SUBSCRIBED AND SWORN to before me this ___ day of _______________ at MAKATI CITY _______________, affiant personally appeared before me and exhibited to me his/her Community Tax Certificate No. _______________ issued at _______________ on _______________.

Doc. No. 97;
Page No. 96;
Book No. 17;
Series of 2015.

COVER SHEET

12942

SEC Registration Number

MARC VENTURES HOLDINGS INC. (formerly: ADO.NET HOLDINGS, INC.)

(Company's Full Name)

4TH FLOOR, CITIBANK CENTER, 8741 PASEO DE ROXAS MAKATI CITY

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

Atty. Ana Maria A. Katigbak

Contact Person

817-6791

Company Telephone Number

Certification of Independent Director
(Reynato S. Puno)

06 30

Month Day

Fiscal Year

FORM TYPE

11

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATE OF INDEPENDENT DIRECTOR

I, REYNATO S. PUNO, Filipino, of legal age with address at No. 13 Julius Street, Don Jose Heights, Commonwealth Avenue, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of MARCVENTURES HOLDINGS, INC.

2. I am affiliated with the companies and organizations listed in Annex "A" hereof.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Marcventures Holding Corporation as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of Marcventures Holdings Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this ________, 2015 at Makati City.

REYNATO S. PUNO
Affiant

SUBSCRIBED AND SWORN to before me this JUN 01 2015 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport No. EB52069814 issued at DFA Manila on April 21, 2012.

Doc. No. 494;
Page No. 96;
Book No. 1;
Series of 2015.

Annex "A"

REYNATO S. PUNO

Present Position:

• Independent Director:	Marcventures Holdings, Inc.
• Independent Director:	San Miguel Corporation
• Independent Director:	Union Bank Corporation
• Independent Director:	San Miguel Brewery Hongkong
• Independent Director:	PT Delta Djakarta, Tbk

Other Position

- Member, University of the Philippines Board of Regents

Previous Position

- Appointed Chief Justice of the Supreme Court, December 6, 2006; Retired, May 17, 2010
- Chairman, Presidential Electoral Tribunal, 2007
- Chairman, First Division of the Supreme Court, 2007

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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
APR 25 2016
MARKET REGULATION DEPT.

1. Check the appropriate box:

   [ ] **Preliminary Information Statement**

   [ ] Definitive Information Statement

2. **MARCVENTURES 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 27, 2016 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 3, 2016**

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor:	**MARCVENTURES HOLDINGS INC.**
Address and Telephone No.:	**4th 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
Common Stock	**1,821,358,599***

*** As of 31 March 2016**

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 2016 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 27, 2016 (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 3, 2016.

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, 2016. 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, 2016.

(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 of more than 5%**

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, 2016:

Title of Class	Name , address of record owner and relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation (registered owner in the books of the stock transfer agent)	Bright Kindle Resources & Investments Inc.("BKR") Mr. Isidro Alcantara, Jr. shall exercise voting power over the BKR's shares	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%
			TOTAL	**1,480,385,484**	**81.28%**

As of March 31, 2016 the foreign ownership level of Marcventures Holdings, Inc. (MARC) is 31,684,095 shares or equivalent to 1.74%.

Security Ownership of Management – Record "r" and Beneficial "b" (direct/indirect) owners as of March 31, 2016

Title of Class	Name of Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b")	Citizenship	Percent of Class
Common	Cesar C. Zalamea Chairman	1,000– "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	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) 5,600,000"b" (indirect)	Filipino	0.00% 0.31%
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	Ramon N. Santos VP Project Development	-0- "r" (direct) -0- "b" (indirect)		
Common	Rhodel S. Salvador Asst. VP for Finance	-0- "r" (direct) 12,000 – "b" (indirect)	Filipino	0.00%
	TOTAL	**16,003"r"** **11,761,999"b"**		0.00% 0.62%

*cessation of service due to death on December 26, 2015

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	87	Filipino	Chairman
Isidro C. Alcantara, Jr.	62	Filipino	President/Director
*Antonio H. Ozaeta	83	Filipino	Independent Director
Augusto C. Serafica, Jr.	54	Filipino	Director
Macario U. Te	85	Filipino	Director
Marianne Regina T. Dy	39	Filipino	Director
Michael Escaler		Filipino	Director
Carlos Alfonso T. Ocampo	51	Filipino	Independent Director
Reynato S. Puno	75	Filipino	Independent Director
Rolando S. Santos	66	Filipino	Treasurer/ SVP Finance & Administration
Roberto V. San Jose	74	Filipino	Corporate Secretary
Ana Maria A, Katigbak	47	Filipino	Asst. Corporate Secretary, Corporate Information Officer, Compliance Officer
Diane Madelyn C. Ching	33	Filipino	Asst. Corporate Secretary, Corporate Information Officer, Compliance Officer
Reuben F. Alcantara	33	Filipino	Vice President for Marketing, Business Development and Strategic Planning and Investor Relations Officer
Ramon N. Santos	57	Filipino	Vice President for Project Development
Rhodel B. Salvador	35	Filipino	Asst. Vice President Finance

* cessation of service due to death on December 26, 2015

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. 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 currently sits as Vice Chairman and Director of MMDC, the Company's wholly owned subsidiary. He also serves as Chairman and Director of AG Finance, Inc. and presently Director and President of Bright Kindle Resources, Inc. 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 Bancom 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. Antonio H. Ozaeta was elected as Independent Director of the Company in August 2013 until December 2015 and is 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. He passed away on December 26, 2015.

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 Hotel, 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. 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.

Ramon N. Santos was elected Vice President for Project Development on December 15, 2015. Mr. Santos is a mining engineer and geologist. He also obtained a Master Degree in Mining and Mineral Technology from the Western Australian School of Mines – Curtin University of Technology at Kalgoorlie, Western Australia and Master in Business Administration degree from the University of the Philippines in Diliman, Quezon City. He has 32 years of experience in the mining industry – mostly in the Philippines and in Indonesia with limited work experiences in Australia, Malaysia, Japan and Papua New Guinea.

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 27 May 2016. 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. Michael Escaler
5. Marianne Dy
6. Augusto C. Serafica, Jr.

Nominees for Independent Director

1. Reynato Puno
2. Carlos Alfonso T. Ocampo
3. Manuel L. Lazaro

Mr. Manuel M. Lazaro currently sits as Director for Philippine Airlines, Inc., (PAL), The Manila Hotel Corporation and Manila Golf & Country Club and Independent director of AG Finance Inc.. He is also the Chairman & CEO of Philippine Constitution Association (PHILCONSA) and served as its President and Governor for Four Terms from the year 1991 to 2011. He sat as Director for PHILIA Development Center, Inc. and is a member ofthe Board of Advisors of Ateneo Law School and Chairman ofAquila Legis Alumni Foundation, Inc.

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.

3. **Manuel L. Lazaro**

   Mr. Lazaro possessed all the qualifications and none of the disqualifications as independent director

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 Cesar C. Zalamea,Jr. as Chairman and Messrs. Augusto Serafica, Jr., Carlos Alfonso T. Ocampo 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 up to the date of this information statement 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, 2015 Bright Green Resources Corporation and Benguet Management Corp. has an outstanding balance of ₱72,203,512 and ₱307,441, respectively which represents a non-interest bearing unsecured loan to be settled on demand. Please refer to Note 22 on page 28 of the 2015 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				
	2014	₱19,050,000	₱6,692,353	₱14,316,788
	2015	14,400,000	27,252,650	₱26,903,823
	2016 Estimated	14,400,000	1,200,000	24,687,647
All other officers and directors as group unnamed				
	2014	₱3,600,000	-	₱ 1,350,000
	2015	-	₱13,529,412	₱3,975,000
	2016 Estimated	-	-	5,400,000.00

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 2016 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 2014-2015 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 Justice Reynato S. Puno

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

Item 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

Increase in Authorized Capital Stock

Management is requesting the stockholders to approve the proposals to: (i) increase the authorized capital stock of the Corporation, (ii) authorize the Board of Directors to accept subscriptions of third parties to the increase in the form of cash and/or assets under such terms and conditions to be determined by the Board, subject to the requirements of the Securities and Exchange Commission and Philippine Stock Exchange.

The Board proposes to increase the authorized capital stock from Php 2 billion divided into Php 2,000,000,000 common shares at a par value of Php 1.00 per share to Php 2.5 billion divided into Php 2,500,000,000 common shares with a par value of Php 1.00 per share.

All the common shares to be created as a result of the increase in authorized capital stock shall have the same rights as the Company's outstanding common shares. The preemptive right has been denied under Article 8 of the Company's Articles of Incorporation.

Subject to the requirements of the Securities Exchange Commission and Philippine Stock Exchange, the stockholders are also requested to authorize the Company's Board of Directors to accept subscriptions of third parties to the increase, to determine the amount of common shares to be issued and the amount and form of payment thereon.

The purpose of the increase in authorized capital stock is to acquire assets that will be used to expand the Company's existing mining operations, whether by directly folding in assets in exchange for new shares or for cash to be used in the acquisition of such assets.

D. OTHER MATTERS

Item 15. ACTION WITH RESPECT TO REPORTS & OTHER PROPOSED ACTION/S

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

1. Call to Order
2. Certification of Quorum
3. Approval of Minutes of the previous meeting
4. Approval of Management Report and Audited Financial Statements
5. Ratification of Management's Acts
6. Amendment of the Articles of Incorporation to Increase the Authorized Capital Stock from PhP 2.0B to PhP 2.5B and to authorize the Company's Board of Directors to accept subscriptions of third parties to the increase to determine the amount of common shares to be issued and the amount and form of payment thereon.
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

Item 16. MATTERS NOT REQUIRED TO BE SUBMITTED

All corporate actions to be taken up at the annual stockholders' meeting this 27 May 2016 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.

Amendment of Articles of Incorporation to Increase Authorized Capital Stock

The Board of Directors is submitting for the stockholders approval the proposal to increase the authorized capital stock of the Corporation.

The Board proposes to increase the authorized capital stock from Php 2 billion divided into Php 2,000,000,000 common shares at a par value of Php 1.00 per share, to Php 2.5 billion divided into Php 2,500,000,000 common shares with a par value of Php 1.00 per share.

All the common shares to be issued under the proposed transaction shall have the same rights as the Company's outstanding common shares. The preemptive right has been denied under Article 8 of the Company's Articles of Incorporation.

The proposed increase in authorized capital stock is needed for the future capital raising activities of the Company, whether through the purchase of shares from the stock market or through a private placement.

Brief description of transaction in which securities are to be issued

1. Nature & appropriate amount devoted to each purpose

   Not applicable

2. Approximate amount devoted to each purpose

   Not applicable

3. If public offering for cash, state reasons for the proposed authorization or issuance & general effect upon the rights

   Not applicable

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, 2015;
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 Amendment of the Articles of Incorporation to Increase the Authorized Capital Stock from PhP 2.0B to PhP 2.5B and to authorize the Company's Board of Directors to accept subscriptions of third parties to the increase to determine the amount of common shares to be issued and the amount and form of payment thereon.
FOR the election of the following directors:

For Regular Directors

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

For Independent Director

1. Reynato Puno
2. Carlos Alfonso T. Ocampo
3. Manuel L. Lazaro

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., 4th Floor Citi Center Bldg, Paseo de Roxas, Makati City, on or before May 17, 2016. 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 20, 2016 at the office of the Company's stock transfer agent.

head office of Marcventures Holdings Inc., 4th Floor Citi Center Bldg, Paseo de Roxas, Makati City, on or before May 17, 2016. 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 20, 2016 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 22 APRIL 2016.

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-ADULY 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 S. 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 27, 2016

I. Consolidated Audited Financial Statements

The Consolidated Audited Financial Statements of Marcventures Holdings, Inc. (the "Company") for the year ended as of December 31, 2015 and unaudited financial statements for the period ended March 31, 20156 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, 2016and 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 Php0.01) 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 is nickel ore. All of its nickel ore production 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 125.15 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 these programs. The costs of complying with the above regulatory requirements are appropriately reflected in the books either as an expense or as a capital asset under the GAAP.

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

Costs and Effects of Compliance with Environmental Laws

The Company is strongly committed to its policy of protecting and enhancing the environment. It spent ₱50.3 Million on its environmental and enhancement program (EPEP) in 2015. For 2016, the Company has budgeted ₱47.1Million for its EPEP."

Business Transactions with Related Parties

As of December 31, 2015, Bright Green Resources Corporation (formerly Carac-an Development Corp.) has an outstanding balance of ₱72.5 million which represents a non-interest bearing unsecured loan to be settled on demand. Please refer to Note 22 on page 28 of the 2015 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 (MMDC)
  For the year the MMDC employed a total of 1,565 direct employment and 665 indirect employment.

  As of December 31, 2015, MMDC currently has a total of 549 employees, of which 436 are regular, 33 are probationary, and 80 are contractual.

  Of the 1,565 employees, 280 employees perform administrative work and 1,280 employees are involved directly in mine site operations.

On May 22, 2015, MMDC entered into a collective bargaining agreement with the Samahan ng Responsableng Manggagawa ng Marcventures Mining & Development Corporation (SRMMDC). The agreement shall be in full force for a period of 5 years starting June 1, 2015.

Major Risks of the Business

Market Risk

China's metals and mining commodity demand is likely to continue to be challenged by a substantial debt and property inventory overhang and dollar strength.

A positive note for the local Philippine market would be the increase in production of Nickel Pig Iron which consumes low grade nickel which is the Philippine nickel mines biggest export.

As a whole market outlook remains tentative due to the depreciating Chinese currency, as well as weak consumption in China, who is the main consumer of Philippine nickel

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 27 on page 31-35 of the 2015 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: 3.11 million WMT at 1.85% Nickel, 12.05% Iron Limonite 60.04 million WMT at 0.83% Nickel and 46.08% Iron Inferred Saprolite: 2.06 million WMT at 1.69% and 14.69% Iron Limonite: NA

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

	RESERVES
Volume	63.15 million WMT laterite ore
Ore Grade	Average 0.88% Ni grade, Fe 44.13%
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 11, page 20 of the 2015 AFS.

Property, Plant and Equipment

Office Space

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 and rented by MMDC.

Land and Improvements owned

	Lot Area (sqm)	Amount
Haulage Roads	122,475	10,262,779
Stockyards	377,090	23,087,586
Causeway	38,856	4,000,000
Campsite	25,395	770,850
Butuan Lot	3,544	15,948,000
Others	80,178	2,280,245
Improvements		868,024
Total land and Improvements	647,538	57,217,484

Rented

	Lot Area (sqm)	Amount
Haulage Roads	326,108	361,899
Stockyards	65,123	69,948
Causeway	19,555	51,010
Total land and Improvements	410,786	482,857

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 10 on pages 20 of the 2015 AFS. The Company intends to acquire new heavy equipment within the next 12 months.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2015, 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, 2015, 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 Ass. (CISFIA) vs. Ventura Timber Corp./Carac-an Development Corp. (CDC)

On 20 July 2009, CISFIA filed a petition for cancellation of the MPSA of MMDC and CDC (the "Respondents") before the DENR-National Office for alleged environmental violations including violation of the Watershed Forest Reserve Proclamation (PP 1747). On 17 December 2012, the petition was dismissed. Hence, CISFIA filed a Motion for Reconsideration. In July 2014, Plaintiffs filed a Manifestation of MGB's Assessment Report and Stoppage Order of MMDC's Mining Operations with Urgent Motion for the Early Resolution of Petitioners' Motion for Reconsideration. MMDC also filed its Comment/Opposition to the said Manifestation. As of even date, Petitioners' Motion for Reconsideration is pending resolution.

b. Jaime Bat-ao, et al., vs. MMDC.

This is a case about the alleged operation of MMDC inside the Watershed Forest Reserve and other environmental violations of MMDC pending before the RTC Branch 41, Cantilan, Surigao del Sur. The Court-Appointed Commissioners completed their inspection of MMDC's minesite. They are currently preparing their evaluation for submission to the Court.

c. Tribal Coalition of Mindanao vs. Taganito Mining Corp. et. al

This is a case pending before the Court of Appeals, Cagayan de Oro for alleged violation of constitutional right of the inhabitants to balanced and healthful ecology filed against the mining companies located in Surigao del Norte and Surigao del Sur. The motion filed by the Respondents for dismissal of the case arising from Petitioner's failure to submit judicial affidavits is submitted for resolution for the Court.

d. Bat-ao and Huna-Hunan Clans vs. MMDC

This case is pending before the NCIP Regional Hearing Officer, Butuan City for alleged violation of MMDC of the Memorandum of Agreement with the Manobo Tribe dated 15 July 2008. The case is set for pre-trial.

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
	2014	
January – March	4.22	2.70
April – June	5.41	3.66
July - September	8.20	4.82
October – December	7.48	5.56
	2015	
January – March	6.82	4.65
April – June	5.00	2.97
July - September	3.40	1.94
October – December	3.30	1.88
	2016	
January – March	2.47	1.36

Latest Market Price

On April 18, 2016 trading date, the closing market price of the Company's common stock was ₱2.18 per share.

Stockholders

The number of shareholders of record as of December 31, 2015 was 2,166. The outstanding shares as December 31, 2015 were 1,821,358,599 common shares, 99.60% of which are owned by Filipinos

MARCVENTURES HOLDINGS , INC.
List of Top 100 StockhoTders
As of 03/31/2016

1	PCD Nominee Corporation (Filipino)	1,483,248,677	81.44%
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)	31,598,187	1.73%
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	WILLY O. DIZON OR NENE C. DIZON	667,000	0.04%
10	BENJAMIN S. GELI	100,000	0.01%
11	JOHN C. JOVEN	100,000	0.01%
12	ANSALDO GODINEZ & CO., INC.	92,255	0.01%
13	PACIFICO B. TACUB	50,000	0.00%
14	ARNOLD JANSSEN T. BANTUGANOR CHRISTINE ANGELI L. BANTUGAN	45,000	0.00%
15	TERESITA N. LIM	40,000	0.00%
16	VICENTE GOQUIOLAY & CO., INC.	39,599	0.00%
17	ALBERTO MENDOZA&/OR JEANIE MENDOZA	30,000	0.00%
18	ENRIQUE B. PERALTA	23,000	0.00%
19	INDEPENDENT REALTY CORPORATION	20,400	0.00%
20	RAMON SALVADOR	20,000	0.00%

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

Dividends

DIVIDENDS

Subject to the availability of unrestricted retained eamings and the funding requirements of the Company's operations, it is the Company's policy to declare regular dividends, whether cash, stock or property dividends, twice a year in such amounts and at such dates to be determined by the Board. The declaration of stock dividends is subject to stockholders approval in accordance with the requirements of the Corporation Code.

2015

No dividends were declared for the year 2015.

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 March 31, 2015, there are no sales of unregistered or exempt Securities

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The figures presented in the discussion shall be reviewed /confirmed upon submission of the Audited Consolidated Financial Statements for the period ended December 31 ,2015
The financial information for the three years ended December 31, 2015, 2014 and 2013 are as follows:

2015 vs. 2014

Results of operations

	Audited		Increase(Decrease)	
	2015	2014	Amount	%
Revenues	**2,330.48**	2,526.96	(196.48)	(7.78)
Cost of Sales	**2,030.11**	1,404.92	625.19	44.50
Operating Expenses	**423.11**	306.99	116.12	37.83

Revenues

For the year ended December 31, 2015, the subsidiary sold 3,339,068 wet metric tonnes (WMT) of nickel ore or equivalent to 61 shipments to China, as compared to 2,103,239 WMT or equivalent to 38 shipments for the year 2014.

Despite of an increase in tonnage by 58.76% the gross revenue dropped by ₱196.48 million or equivalent to 7.78% due to the decline in the selling price of nickel ore. At the same price levels, , the revenue and net income would have been ₱4.1 billion and ₱1.0 billion due to 43.53% decline in nickel price. The impact of the fall in nickel price was cushioned by the 58.76% increase in production in 2015.

Due to the above mentioned dropped in revenue even with increase in volume, the operation resulted to a net loss of ₱119.05 million in 2015 as compared to net income of ₱841.26 in 2014.

Cost of Sales

The Company's Cost of Sales amounted to ₱2,030.11 million in 2015 as compared to ₱1,404.92 million in 2014 an increase of ₱625.19 million or 44.50%, was due to the higher volume shipped of nickel ore in 2015.

Operating Expenses

- Increase in Salaries and Wages by ₱5.92 million or equivalent to 5.51% due to appraisal increase and hiring of additional employees.
- Increase in Taxes and licenses by ₱7.80 million or equivalent to 70.73% mainly due to increase in business taxes, since 2015 business permit is based on 2014 gross revenue, and regulatory fees paid to MGB.
- Increase in Depreciation Expense by ₱24.74 million or 137.32% mainly due to depreciation of newly acquired service vehicles, office equipment, furniture & fixtures.
- Increase in Professional and Consultancy Fees by ₱16.97 million or equivalent to 53.06% due to the hiring of additional management, technical personnel, and consultants.
- Increase in the cost for Social Development Mining Program by ₱6.92 million or equivalent to 34.87% it is 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 ₱1.842 million or equivalent to 36.89% due to conversion of internet connection from DSL to Metro Eline and Igate a lease line between Surigao and Makati office. The lease line improved communication and will save travel expenses.
- Increase in Outside Services by ₱2.21million or 54.75% pertains to equipment maintenance and pilotage services.
- Inventory write-down of ₱35.65 million to reflect the net realizable value of the nickel ore.
- Increase in freight and shipping by ₱7.41 million or 58.76% due to increase in volume shipped in 2015.
- Increase in environmental expenses by 7.88 million or 222.80% due to water truck and equipment rentals to maintain haul roads and silt ponds.
- Increase in other expenses by ₱23.28 million or 1,161.84% due to pertains mainly on 2011 tax deficiency paid in 2015.

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

- Decrease in Representation by ₱3.46 million or equivalent to 50.44%
- Decrease in Donation by ₱5.87 million or equivalent to 24.73%.
- Decrease in Rental expense by ₱1.62 million or 65.39% due to purchase of condominium unit
- Decrease in Advertising expense by ₱5.29 million or 80.46%
- Decrease in Royalties by ₱2.27 million or 8.97% due to decrease on revenue from sale of nickel ore for the year 2015.
- Decrease in Retirement expense by ₱5.78 million or equivalent to 29.817%.

Financial Position

	Audited 2015	2014	Increase(Decrease) Amount	%
	(in PhP Millions)			
Assets	**₱3,426.77**	₱3,716.58	(289.81)	(7.80)
Liabilities	**462.73**	637.60	(174.87)	(27.43)
Stockholders' Equity	**2,964.14**	3,078.98	(114.85)	(3.73)

Assets

The consolidated total assets of the Company decreased to ₱3,426.77 million as of December 31, 2015 from ₱3,716.58 million as of December 31, 2014. The 7.80% decrease was mainly due to the net effect of the following:

- Cash decreased by ₱423.93 million 69.03% is attributable to the payments of liabilities, acquisition of properties and equipment, and used for the mining operations.

- Trade receivables increased by ₱193.26 million or 1,478.18% due to ore allocation fees and shipments made by the company during the latter part of 2015.

- Advances to related parties increased by ₱11.53 million or 18.90% mainly due to advances of Bright Green Resources Corp. (formerly Carac-an Development Corp) which was used for its exploration.
- Ore Inventory decreased by 79.04% from the 2014 level of ₱170.37 million to ₱35.72 million in 2015. The decrease was due to the increased shipments partially coming from previous inventory and the write-down of ₱35.65 million to reflect the net realizable value of the nickel ore.

- Other current assets increased by ₱26.40 million or 53.66% due to increase in prepaid expenses by 74.65% mostly from the 15% creditable withholding tax withheld by the Subsidiary in connection with management services fee rendered by the parent company and increase in mining and office supplies by 41.20%.

- Other noncurrent assets increased by ₱125.00 million or 48.10% mainly due to advances to Contractor of ₱111.93 million and increase in accumulated Input tax amounting to ₱13.53 million.

- Property and equipment increased by ₱184.77 million net of disposal of ₱10.62 million. The increase was due to the acquisition heavy equipment, service vehicles, office furnitures and equipments, as a result an increase in accumulated depreciation of ₱183.98 million due to additional acquisition of asset.

Liabilities

As of December 31, 2015 the total liabilities of the Company decreased by 27.43% from ₱637.60 million in December 2014 to ₱462.73 in 2015 or equivalent to ₱174.87 million. The decrease was due to the following:

- Loans Payable increased by ₱91.77 million or 91.16% which was use to finance the acquisition of properties and equipment to be amortized for 60 months
- Trade and other payable decreased by ₱258.69 million or 45.66%, primarily due to payment of company's dividend payable amounted to ₱250.85 million to its stockholders
- Retirement liability increased by ₱7.60 million or 27.82% due to recognition of higher retirement expense based on latest actuarial valuation

Stockholders' Equity

The stockholders' equity decreased by ₱114.85 million from ₱3,078.99 million in 2014 to ₱2,964.14 million in 2015. The decrease pertains to the Company's total comprehensive loss for the year.

Consolidated Cash Flow

	Audited 2015	**2014**	**Increase(Decrease) Amount**	**%**
	(in PhP Millions)			
Cash provided by operating activities	**₱74.71**	₱1,202.71	(1,128)	(93.79)
Cash used in investing activities	**327.96**	444.10	(116.14)	(26.15)
Cash used in financing activities	**170.67**	447.97	(277.30)	(61.90)

The cash provided by operating activities decreased from ₱1,202.71 million in 2014 to ₱74.71 million in 2015. The company incurred a net loss before income tax in 2015 of ₱107.02 million as compared to 2014 that reported a net income of ₱838.38 million.

In 2015, the company's net cash used in investing activities are the acquisition of property and equipment worth ₱203.92 million and an increased in other noncurrent assets of ₱125.00 million.

In 2015, the Company paid dividends from 2014 dividend declaration to its stockholders in the amount of ₱250.84 million. The company secured a loan of ₱200 million to local Bank of which ₱100.00 million was paid on maturity date and the balance of ₱100 million is payable in 60 equal monthly installments.

Financial Indicators

Key Performance Indicators (KPI's)

Marcventures Holdings Inc.'s management uses the following KPIs for Marcventures Holdings Inc. and its subsidiaries: a) revenues, b) net income/loss after tax, c) debt-to-equity ratio (computed as total liabilities divided by total Stockholders' Equity), d) current ratio (computed as total current assets divided by total current liabilities), and e) Return on Assets (computed as net income divided by the book value of assets).

a) **Revenues** - These cover income receipts from all sources. See discussion on Revenues at "Management Discussion and Analysis ---- Results of Operations" section.
b) **Net Income/Loss After Tax** – is the earnings/loss of the company after income tax expense and minority interest.
c) **Debt-to-equity ratio** - gives an indication of the extent of financial leverage of the company. This ratio takes into account total liabilities in relation to Stockholders' Equity as reflected in the Balance Sheet.
d) **Current ratio** –is an indicator of the company's ability to repay its short-term debt. This ratio is based on the level of Current Assets and Current Liabilities as reported in the Balance Sheet.
e) **Return / (Loss) on Assets** – This is calculated by dividing its company's net income (loss) by its total assets.

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2015 and December 31, 2014:

	2015	2014
Net Income	₱841,261,352	₱841,261,3524
Current assets	909,311,007	909,311,007
Total assets	3,718,122,590	3,718,122,590
Current liabilities	566,493,638	566,493,638
Total liabilities	637,596,710	637,596,710
Stockholders' Equity	3,080,525,880	3,080,525,880
No. of common shares outstanding	1,821,358,599	1,821,358,599

	2015	2014
Current ratio [1]	1.89	1.61
Book value per share [2]	1.63	1.69
Debt ratio [3]	0.16	0.21
Profit per share [4]	(0.07)	0.46
Return on assets [5]	(0.03)	0.25

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

<u>2014 vs. 2013</u>

Results of operations

	Audited		**Increase(Decrease)**	
	2014	**2013**	**Amount**	**%**
		(in PhP Millions)		
Revenues	**2,526.96**	2,516.60	10.36	0.41
Cost of Sales	**1,404.92**	1,259.01	145.91	11.59
Operating Expenses	**306.99**	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	%
		(in PhP Millions)		
Assets	**₱3,718.12**	₱2,928.52	784.25	26.78
Liabilities	**637.60**	159.29	478.31	300.28
Stockholders' Equity	**3,080.52**	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.

c) **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	%
		(in PhP Millions)		
Cash provided by operating activities	**1,202.71**	1,028.44	837.36	558.62
Cash used in investing activities	**444.10**	125.62	(145.67)	(53.70)
Cash used in financing activities	**447.97**	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.

Financial Indicators

Key Performance Indicators (KPI's)

Marcventures Holdings Inc.'s management uses the following KPIs for Marcventures Holdings Inc. and its subsidiaries: a) revenues, b) net income/loss after tax, c) debt-to-equity ratio (computed as total liabilities divided by total Stockholders' Equity), d) current ratio (computed as total current assets divided by total current liabilities), and e) Return on Assets (computed as net income divided by the book value of assets).

a) **Revenues** - These cover income receipts from all sources. See discussion on Revenues at "Management Discussion and Analysis ---- Results of Operations" section.
b) **Net Income/Loss After Tax** – is the earnings/loss of the company after income tax expense and minority interest.

c) **Debt-to-equity ratio** - gives an indication of the extent of financial leverage of the company. This ratio takes into account total liabilities in relation to Stockholders' Equity as reflected in the Balance Sheet.
d) **Current ratio** –is an indicator of the company's ability to repay its short-term debt. This ratio is based on the level of Current Assets and Current Liabilities as reported in the Balance Sheet.
e) **Return / (Loss) on Assets** – This is calculated by dividing its company's net income (loss) by its total assets.

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

	2014	2013
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

	2014	2013
Current ratio [1]	1.61	2.69
Book value per share [2]	1.69	1.52
Debt ratio [3]	0.21	0.06
Profit per share [4]	0.46	0.56
Return on assets [5]	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

2013 vs. 2012

Results of operations

	Audited		Increase(Decrease)	
	2013	2012	Amount	%
		(in PhP Millions)		
Revenues	**2,516.60**	697.49	1,819.11	261.81
Cost of Sales	**1,259.01**	499.74	759.27	151.93
Operating Expenses	**201.52**	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% to 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:

a) 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.
b) 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.
c) 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	%
		(in PhP Millions)		
Assets	**2,928.52**	2,643.07	285.45	10.08
Liabilities	**159.29**	519.27	359.98	6.54
Stockholders' Equity	**2,769.23**	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:

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

d) **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.
e) **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.
f) **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:

a) **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.
b) **Related party payables** decreased by ₱33.14 million or 80.08% due to full settlement of advances from the stockholders.
c) **Current portion of long term loans** decreased by 24.15 million or 94.72% due to full payment of the loan to Orix Metro.
d) **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.
e) **Pension liability** increased by ₱25.24 million oro 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:

a) **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.
b) **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
c) **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**	**%**
	(in PhP Millions)			
Cash provided by operating activities	**1,028.44**	175.74	837.36	558.62
Cash used in investing activities	**125.62**	271.29	(145.67)	(53.70)
Cash used in financing activities	**612.46**	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.

Key Performance Indicators (KPI's)

Marcventures Holdings Inc.'s management uses the following KPIs for Marcventures Holdings Inc. and its subsidiaries: a) revenues, b) net income/loss after tax, c) debt-to-equity ratio (computed as total liabilities divided by total Stockholders' Equity), d) current ratio (computed as total current assets divided by total current liabilities), and e) Return on Assets (computed as net income divided by the book value of assets).

a. **Revenues** - These cover income receipts from all sources. See discussion on Revenues at "Management Discussion and Analysis ---- Results of Operations" section.
b. **Net Income/Loss After Tax** – is the earnings/loss of the company after income tax expense and minority interest.
c. **Debt-to-equity ratio** - gives an indication of the extent of financial leverage of the company. This ratio takes into account total liabilities in relation to Stockholders' Equity as reflected in the Balance Sheet.
d. **Current ratio** –is an indicator of the company's ability to repay its short-term debt. This ratio is based on the level of Current Assets and Current Liabilities as reported in the Balance Sheet.
e. **Return / (Loss) on Assets** – This is calculated by dividing its company's net income (loss) by its total assets.

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2013 and December 31, 2012:

	2013	2012
Net Income	₱1,017,867,889	₱114,566,493
Current assets	428,951,888	76,196,990
Total assets	2,928,520,960	2,643,071,597
Current liabilities	130,072,253	330,251,728
Total liabilities	159,287,206	519,274,613
Stockholders' Equity	2,769,233,754	2,123,796,984
No. of common shares outstanding	1,821,358,599	1,735,676,781

	2013	2012
Current ratio [1]	3.30	0.23
Book value per share [2]	1.52	1.22
Debt ratio [3]	0.06	0.24
Profit per share [4]	0.56	0.07
Return on assets [5]	4.03	0.09

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

<u>Other Information</u>

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	**₱500,000**	₱450,000
Audit-Related Fees	**50,000**	45,000
Total	**₱550,000**	₱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 1st QUARTER

The following discussion is based on the unaudited interim consolidated financial statements for the first quarter period ending March 31, 2016, with comparative figures for the corresponding periods in 2015 and audited consolidated financial statements as of December 31, 2015, 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, 2016 compared with three months March 31, 2015
Results of Operation:

Revenues
For the three months period ended March 31, 2016 the company had an estimated mined inventory ore of 175,423 wet metric tonnes (WMT). No shipment was made during the first quarter of 2016 due to unfavorable weather condition and the nickel selling price was lower than the market price in Surigao because Western Philippine area is still shipping their ores. The company's scheduled the 2016 first shipment on April. During the same period last year the subsidiary sold a total volume of 223,320 WMT of nickel ore or equivalent to 4 shipments.

There was no recorded revenue for the quarter period ended March 31, 2016 as compared to the same period last year, revenue from the sale of nickel ore amounted to ₱152.12 million.

Operating expenses
Operating expenses increased by 8.51% or ₱5.76 million increased from ₱67.64 million for the 1st quarter period last year to ₱73.40 million this year. The increase was mainly accounted for by the following:

- **Increase in Representation by** ₱0.64 million or equivalent to 54.70% due to various meeting with prospective client.
- **Increase in Depreciation** by ₱8.16 million or 164.56% mainly due to depreciation of acquired service vehicles, office equipment, furniture & fixtures after the 2015 first quarter.
- **Increase in Professional fees** by ₱4.02 million or equivalent to 179.70% due to the hiring of additional management, technical personnel, and consultants.
- **Increase in Outside services** by ₱0.67 million **or** equivalent to 18.25% mainly due to equipment maintenance and pilotage services.
- **Increase in Rental by** ₱0.63 million or equivalent to 489.10% mainly due to lot rental at minesite.
- **Increase in Repairs and Maintenance by** ₱0.23 million or equivalent to 717.54% due to repair of service vehicles and office improvement.
- **Increase in Supplies** by ₱0.48 million or equivalent to 70.35%, due increase office supplies, food and pantry supplies.
- **Increase in Donation** by ₱1.18 million or equivalent to 84.13% due to financial assistance on leagues of municipalities, allowances of daycare workers and solicitation for graduation of various schools.
- **Environmental expenses amounting** ₱1.76 million consist of salaries of EPEP staff, materials and materials used in environmental protection.
- **Increase in Other expenses by** ₱1.16 million or equivalent to 40.41% mainly due to settlement of 2012 tax deficiency.

The above cost increases were partly offset by the following:

- **Decrease in Salaries and allowances** by ₱6.51 million or equivalent to 20.40%
- **Decrease in Taxes and licenses** by ₱1.03 million or equivalent to 14.20%.
- **Decrease in Director's Fee** by ₱1.97 million or equivalent to 42.48%.
- **Decrease in Social development program** by ₱0.66 million or equivalent to 24.71%.

Statement of Financial Position

March 31, 2016 vs. December 31, 2015

Assets

The consolidated total assets of the Company decreased by ₱150.62 million from ₱3,426.87 million as of December 31, 2015 to ₱3,276.25 million as of March 31, 2016. The 4.40%% decrease was mainly due to the following:

- **Decrease in total current assets** from ₱580.38 million as of December 31, 2015 to ₱465.85 million as of March 31, 2016. The 19.73% decrease was attributable to the following:
    - **Decrease in cash** from ₱190.21 million to ₱100.72 million or reduction of ₱89.49 million or 47.05%, due to payment of loans, trade payables and operating expenses.
    - **Decrease in Trade and other receivables** from ₱206.33 million to ₱41.20 million. The decrease of ₱165.13 million or 80.03% was due to earlier collection of trade and other receivable recognized in 2015.
    - **Increase in Inventory** from ₱35.72 million to ₱161.93 million. The increase of ₱126.21 or 353.35% pertains to the inventory buildup in preparation for the shipment operations.
    - **Increase in other current assets** from ₱75.61 million to ₱87.98 million. The increase of ₱12.37 million or 16.4% was due to advances to suppliers and increase in mining supplies.
    - **Decrease in Property and equipment by** ₱42.67 million mainly due to depreciation.

Liabilities

The total consolidated liabilities of the Company decreased by ₱75.80 million or a 16.38% from ₱462.73 million as of December 31, 2015 to ₱386.93 million as of March 31, 2015. The decrease was primarily due to payment trade and other payables amounting to ₱71.13 million.

Equity

The stockholders' equity of the Company decreased by ₱74.82 million or 2.52% from ₱2,964.14 million as of December 31, 2015 to ₱2,889.31 million as of March 31, 2016. The decrease pertains to the net loss for the quarter.

Horizontal and Vertical Analysis:

	March 2016	December 2015	Mar. 31, 2016 vs. Dec 31, 2015 Increased (Decreased)	Percentage
A S S E T S				
Current Assets				
Cash and cash in bank	100,723,043	190,206,924	(89,483,881)	-47.05%
Receivable	41,200,665	206,331,617	(165,130,952)	-80.03%
Inventories	161,928,233	35,717,894	126,210,339	353.35%
Receivable from related parties	74,016,764	72,511,953	1,504,811	2.08%
Other current assets	87,982,253	75,609,021	12,373,232	16.36%
Total Current Assets	465,850,958	580,377,409	(114,526,451)	-19.73%
Non-current Assets				
Property and Equipment - net	472,684,715	515,351,252	(42,666,537)	-8.28%
Mine and Mining Propreties	836,052,030	831,818,187	4,233,843	0.51%
Explored Mineral Resources	1,098,559,100	1,098,559,100	-	0.00%
Deferred tax assets	15,857,627	15,857,627	-	0.00%
Other non current assets	387,243,886	384,904,627	2,339,259	0.61%
Total non-current assets	2,810,397,358	2,846,490,793	(36,093,435)	-1.27%
TOTAL ASSETS	3,276,248,316	3,426,868,202	(150,619,886)	-4.40%
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current Liabilities				
Current Portion -long term loans	113,446,786	118,116,126	(4,669,340)	-3.95%
Trade and other payable	94,406,325	165,534,536	(71,128,211)	-42.97%
Income Tax payable	19,199,421	19,199,421		0.00%
Dividend payable	4,955,354	4,955,354		0.00%
Total Current liabilities	232,007,886	307,805,437	(75,797,551)	-24.63%
Non current Liabilities				
Interest bearing loans	74,316,486	74,316,486	-	0.00%
Pension liability	34,900,776	34,900,776	-	0.00%
Provision for mine site rehabilitation	45,709,730	45,709,730	-	0.00%
Total Non current liabilities	154,926,992	154,926,992	-	0.00%
	386,934,878	462,732,429	(75,797,551)	-16.38%
Stockholders' Equity				
Capital stock	1,821,358,599	1,821,358,599	-	0.00%
Additional paid in capital	212,655,494	212,655,494	-	0.00%
Retained Earnings (Deficit)	836,196,346	911,018,681	(74,822,335)	-8.21%
Actuarial Gain	19,102,999	19,102,999	-	0.00%
Total Equity	2,889,313,438	2,964,135,773	(74,822,335)	-2.52%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,276,248,316	3,426,868,202	(150,619,886)	-4.40%

STATEMENT OF CASH FLOWS

The net cash used in operating activities amounted to ₱76.20 million for the three months ended March 31, 2016 as compared to the same period last year amounted to ₱239.22 million. The decrease in cash from operating activities is the net result of the following:

- Net loss generated during the first quarter this year.
- Higher interest paid due to payment of interest bearing loans
- Decrease in current liabilities

Net cash used in investing activities amounted to ₱8.62 million as compared to ₱133.78 million for the same period in 2015.

Net cash used in financing activities amounted to ₱4.67 million for the current year due to payment of loan as compared to net cash used of ₱150.98 million last year mainly due to availment of an interest bearing loan of ₱100.00 million and payment of dividends amounting to ₱250.85 in 2015.

The net effect of the foregoing operating, investing and financing activities is a decrease of ₱89.48 million and a balance of ₱100.72 million in cash as of March 31, 2016 as compared to a decrease of ₱523.98 million and a balance of ₱90.15 million as of March 31, 2015.

OTHER INFORMATION

a. There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

d. There are no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

e. Aside from the volatile prices of ore in the market and USD exchange rate, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations

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

g. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

h. There are no seasonal aspects that had a material effect on the financial condition or results of operations.

i. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

j. There are no new Issuances, repurchases, and repayments of debt and equity securities.

k. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

l. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

m. There are no contingent liabilities or contingent assets since the last annual balance sheet date.

n. There are no material contingencies and other material events or transactions during the interim period.

o. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Key Performance Indicators

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

	March 31, 2016	March 31, 2015
Net Loss	(₱74,822,335)	(₱62,543,114)
Quick assets	141,923,708	255,203,873
Current assets	465,850,958	572,557,959
Total Assets	3,276,248,316	3,455,779,911
Current liabilities	232,007,885	368,232,290
Total liabilities	386,934,877	439,335,362
Stockholders' Equity	2,889,313,438	3,016,444,549
Number of common shares outstanding	1,821,358,599	1,821,358,599

Liquidity ratios:		
Current ratio (1)	2.00:1	1.55:1
Quick ratio (2)	0.61:1	0.69:1
Solvency Ratios:		
Debt ratio (3)	0.12:1	0.13:1
Debt to Equity ratio (4)	0.13:1	0.15:1
Profitability ratios:		
Earning (loss) per share (5)	(0.04)	(0.03)

Note:

1. Current assets / Current liabilities
2. Quick assets / Current liabilities
3. Total liabilities / Total assets
4. Total Liabilities / Shareholders' equity
5. Net income (loss) / common shares outstanding

Compliance with Corporate Governance Practices

The Company uses the evaluation system established by SEC in its Memorandum Circular No. 5, series of 2003, including the accompanying Corporate Governance Self-Rating Form (CG-SRF) to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance Manual. The Company undertakes a self-evaluation process every semester and any deviation from the Company's Corporate Governance Manual is reported to the Management and the Board together with the proposed measure to achieve compliance. The Company did not materially deviate from its Corporate Governance Manual for the last fiscal year. The Company is in compliance with the leading practices on good corporate governance embodied in the CG-SRF. Employees and officers undergo professional development programs subject to meeting the criteria set by the Company. The Board determines succession plan for senior management as the need arises. The Company shall adopt such improvement measure on its corporate governance, as it may be necessary from time to time.

Attached herewith is a copy of the Consolidated Annual Corporate Governance Report for 2015.

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-ADULY 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 S. FRONDOSO**
MARCVENTURES HOLDINGS INC.
4th Floor Citi Center, Paseo de Roxas, Makati City

MARCVENTURES
HOLDINGS INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Marcventures Holdings Inc. and Subsidiary (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2015 and 2014, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such examination.

CESAR C. ZALAMEA Chairman of the Board	**ISIDRO C. ALCANTARA, JR.** President

ROLANDO S. SANTOS
SVP Finance

Signed this _____ day of APR 2 1 2016, 2016

4th Floor, Citibank Center, 8741 Paseo de Roxas
Makati City 1227
(632) 831-4479 (632) 856-7976
(632) 831-4483
(632) 831-4484

SUBSCRIBED AND SWORN to before me this ______ day of APR 2 1 2016, 2016 at MAKATI CITY, affiant(s) exhibiting to me their valid identification cards as follows:

Name	Valid ID	Date/Place Issued
Cesar C. Zalamea	Senior#14467	12-19-08/ Mandaluyong
Isidro C. Alcantara	Passport# EB8303097	06-04-13/DFA-MANILA
Rolando S. Santos	Senior#1003235	March 2010/Antipolo

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Page No. 14
Book No. I
Series of 2016.

Notary Public

DIANE MADELYN C. CHING
Notary Public for Makati City
Appointment No. M-204 (2015-2016)
Until 31st December 2016
Roll No. 58472
IBP Lifetime Membership No. 018071; Manila
PTR No. 5332465; 01/11/2016; Makati City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
1 2 9 4 2

COMPANY NAME

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

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

4th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mhicorporate@marcventures.com.ph	(02) 831-4479	09989850229

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,168	June 28	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Rolando S. Santos	rolly.santos@marcventures.com.ph	(02) 831-4479	09989850229

CONTACT PERSON'S ADDRESS

4th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0207-FR-1 (Group A)
September 6, 2013, valid until September 5, 2016

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone +632 982 9100
Fax +632 982 9111
Website www.reyestacandong.com

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Marcventures Holdings, Inc. and Subsidiary
4th Floor, Citibank Center
8741 Paseo de Roxas, Makati City

We have audited the accompanying consolidated financial statements of Marcventures Holdings, Inc. and Subsidiary which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years ended December 31, 2015, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Marcventures Holdings, Inc. and Subsidiary, as at December 31, 2015 and 2014 and their financial performance and their cash flows for each of the three years ended December 31, 2015, 2014 and 2013 in accordance with Philippine Financial Reporting Standards.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1022-AR-1 Group A
Valid until October 2, 2016
BIR Accreditation No. 08-005144-4-2013
Valid until November 26, 2016
PTR No. 5321842
Issued January 5, 2016, Makati City

April 6, 2016
Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2015	2014
ASSETS			
Current Assets			
Cash	6	**₱190,206,924**	₱614,134,346
Trade and other receivables	7	**206,331,617**	13,073,991
Inventories	8	**35,717,894**	170,374,619
Advances to related parties	22	**72,511,953**	60,985,516
Other current assets	9	**75,609,021**	49,204,323
Total Current Assets		**580,377,409**	907,772,795
Noncurrent Assets			
Property and equipment	10	**515,351,252**	514,558,741
Mining rights on explored resources	11	**1,098,559,100**	1,157,773,183
Mine and mining properties	11	**831,818,187**	867,786,012
Net deferred tax assets	25	**15,857,627**	8,790,696
Other noncurrent assets	12	**384,904,627**	259,902,951
Total Noncurrent Assets		**2,846,490,793**	2,808,811,583
		₱3,426,868,202	₱3,716,584,378
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**₱165,534,536**	₱210,017,867
Dividends payable	16	**4,955,354**	255,809,371
Income tax payable		**19,199,421**	–
Current portion of loans payable	15	**118,116,126**	100,666,400
Total Current Liabilities		**307,805,437**	566,493,638
Noncurrent Liabilities			
Loans payable - net of current portion	15	**74,316,486**	–
Provision for mine rehabilitation and decommissioning	14	**45,709,730**	43,798,134
Retirement benefit liability	21	**34,900,776**	27,304,938
Total Noncurrent Liabilities		**154,926,992**	71,103,072
Equity			
Capital stock	16	**1,821,358,599**	1,821,358,599
Additional paid-in capital (APIC)		**212,655,494**	212,655,494
Retained earnings		**911,018,681**	1,030,073,433
Remeasurement gain on retirement benefit liability	21	**19,102,999**	14,900,142
Total Equity		**2,964,135,773**	3,078,987,668
		₱3,426,868,202	₱3,716,584,378

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31		
	Note	2015	2014	2013
REVENUE	17	**₱2,330,484,178**	₱2,526,963,186	₱2,516,601,260
COST OF SALES	18	**2,030,111,468**	1,404,921,526	1,259,008,828
GROSS INCOME		**300,372,710**	1,122,041,660	1,257,592,432
OPERATING EXPENSES	19	**423,114,858**	306,993,513	201,522,364
INCOME (LOSS) FROM OPERATIONS		**(122,742,148)**	815,048,147	1,056,070,068
INTEREST EXPENSE	15	**(13,729,998)**	(877,027)	(41,175,616)
INTEREST INCOME	6	**377,478**	1,013,040	1,406,471
OTHER INCOME - Net	20	**29,072,181**	23,196,098	47,811
INCOME (LOSS) BEFORE INCOME TAX		**(107,022,487)**	838,380,258	1,016,348,734
PROVISION FOR (BENEFIT FROM) INCOME TAX	25	**12,032,265**	(2,881,094)	(1,519,155)
NET INCOME (LOSS)		**(119,054,752)**	841,261,352	1,017,867,889
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefit liability-net of deferred income tax	21	**4,202,857**	14,900,142	(14,523,539)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱114,851,895)**	₱856,161,494	₱1,003,344,350
Basic and diluted earnings (loss) per share	26	**(₱0.07)**	₱0.46	₱0.58

See accompanying Notes to Consolidated Financial Statements.

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

		For the Years Ended December 31		
	Note	2015	2014	2013
CAPITAL STOCK	16			
Balance at beginning of year		**₱1,821,358,599**	₱1,821,358,599	₱1,735,676,781
Conversion of private placements		**–**	–	68,090,909
Exercise of underlying warrants		**–**	–	17,590,909
Balance at end of year		**1,821,358,599**	1,821,358,599	1,821,358,599
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		**212,655,494**	212,655,494	109,837,312
Conversion of private placements		**–**	–	81,709,091
Exercise of underlying warrants		**–**	–	21,109,091
Balance at end of year		**212,655,494**	212,655,494	212,655,494
RETAINED EARNINGS				
Balance at beginning of year		**1,030,073,433**	735,219,661	278,282,891
Net income (loss)		**(119,054,752)**	841,261,352	1,017,867,889
Actuarial loss - net of deferred income tax	21	**–**	–	(14,523,539)
Dividends declared	16	**–**	(546,407,580)	(546,407,580)
Balance at end of year		**911,018,681**	1,030,073,433	735,219,661
OTHER COMPREHENSIVE INCOME (LOSS)				
Balance at beginning of year		**14,900,142**	–	–
Remeasurement gain (loss) on retirement benefit liability - net of deferred income tax	21	**4,202,857**	14,900,142	(14,523,539)
Reclassification to retained earnings		**–**	–	14,523,539
Balance at end of year		**19,102,999**	14,900,142	–
		₱2,964,135,773	₱3,078,987,668	₱2,769,233,754

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the Years Ended December 31		
	Note	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱107,022,487)**	₱838,380,258	₱1,016,348,734
Adjustments for:				
Depreciation	10	**189,295,483**	131,877,483	107,437,917
Depletion	11	**104,050,406**	44,140,938	93,230,600
Inventory writedown	8	**35,647,218**	–	–
Interest expense	15	**13,729,998**	877,027	41,175,616
Loss on disposal of assets	10	**685,172**	–	–
Interest income	6	**(377,478)**	(1,013,040)	(1,406,471)
Operating income before working capital changes		**236,008,312**	1,014,262,666	1,256,786,396
Decrease (increase) in:				
Trade and other receivables		**(192,770,808)**	(4,811,436)	3,724,730
Inventories	18	**99,009,507**	(89,393,499)	(66,082,828)
Advances to related parties		**(11,526,437)**	(60,317,876)	656,686
Other current assets		**(23,572,623)**	(13,650,963)	(693,821)
Increase (decrease) in:				
Trade and other payables		**(44,715,235)**	85,365,115	(50,823,548)
Retirement benefit liability		**13,599,920**	19,375,901	4,487,881
Advances from related parties		**–**	–	(121,022,685)
Net cash generated from operations		**76,032,636**	950,829,908	1,027,032,811
Income tax paid		**(1,701,000)**	(2,500,000)	–
Interest received		**377,478**	1,013,040	1,406,471
Net cash provided by operating activities		**74,709,114**	949,342,948	1,028,439,282
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	10	**(203,916,606)**	(297,839,996)	(26,718,157)
Other noncurrent assets		**(125,001,676)**	(13,457,734)	(98,901,296)
Mine and mining properties	11	**(346,729)**	(132,797,750)	–
Proceeds from disposal of assets		**1,302,778**	–	–
Net cash used in investing activities		**(327,962,233)**	(444,095,480)	(125,619,453)

(Forward)

	Note	2015	2014	2013
		For the Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		**(₱250,854,017)**	(₱293,042,070)	(₱546,407,580)
Availment of loans		**200,000,000**	99,958,754	–
Payments of:				
Loans		**(108,233,788)**	(639,993)	(63,576,967)
Interest		**(11,586,498)**	(877,027)	(41,175,616)
Proceeds from stock subscription		**–**	–	38,700,000
Net cash used in financing activities		**(170,674,303)**	(194,600,336)	(612,460,163)
NET INCREASE (DECREASE) IN CASH		**(423,927,422)**	310,647,132	290,359,666
CASH AT BEGINNING OF YEAR		**614,134,346**	303,487,214	13,127,548
CASH AT END OF YEAR	6	**₱190,206,924**	₱614,134,346	₱303,487,214
NONCASH FINANCIAL INFORMATION				
Reclassification from construction in-progress to mine and mining properties	10	**₱8,521,769**	₱7,468,240	₱28,486,135

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

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

The Parent Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 7, 1957. Its primary purpose is to acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own and use for investment or otherwise, and to transfer any and all properties of every kind and description and wherever situated to the extent permitted by law provided it shall not engage in the business of an open-end or close-end investment company as defined in the Investment Company Act (Republic Act 2629), or act as a securities broker or dealer. On August 7, 2007, the SEC approved the extension of the corporate life of the Parent Company for another 50 years.

The Parent Company's shares of stock were initially listed in the Philippine Stock Exchange (PSE) on January 10, 1958. As at December 31, 2015 and 2014, 1,821,358,599 shares of the Parent Company's shares of stock are listed in the PSE.

The Parent Company owns 100% interest in Marcventures Mining and Development Corporation (MMDC), a corporation incorporated in the Philippines and primarily engage and/or carry on the business of extracting, mining, smelting, refining and converting mineral ores.

On January 13, 2015, the SEC approved the change of the registered address of the Parent Company from 16th floor Citibank Tower to 4th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City.

On September 17, 2015, MMDC was granted by the Environmental Management Bureau of the Philippine Department of Environment and Natural Resources (DENR) an increase to its allowable Annual Nickel Ore Production from 3.0 million wet metric tons (WMT) to 5.0 million WMT.

The consolidated financial statements as at and for the year ended December 31, 2015, with comparative figures and information for 2014 and 2013, were approved and authorized for issue by the Board of Directors on April 6, 2016.

<u>Mineral Production Sharing Agreement (MPSA)</u>
MMDC has been granted by the DENR a MPSA covering an area of approximately 4,799 hectares located in Cantilan, Surigao Del Sur.

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

On April 23, 2013, MMDC was granted authorization to develop and operate the 4,799 hectares area covered in the MPSA.

Registration with Board of Investment (BOI)
On July 19, 2010, MMDC was registered with the BOI in accordance with the provisions of the Omnibus Investments Code of 1987, as amended, as a New Producer of Nickel Laterite Ore. As a BOI registered entity, MMDC is entitled to an Income Tax Holiday (ITH) for four (4) years from July 2010 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration. On September 18, 2014, the BOI approved the extension of the ITH for another year until July 18, 2015.

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

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

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

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiary, MMDC, as at December 31, 2015 and 2014.

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

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

3. Summary of Changes in PFRS

Adoption of New and Revised PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and revised PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2015:

- Amendment to PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation,* and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization* – The amendment clarifies how the gross carrying amount and the accumulated depreciation/amortization are treated when an entity uses the revaluation model.

- Amendment to PAS 24, *Related Party Disclosures - Key Management Personnel* – The amendment clarifies how payments to entities providing key management personnel services are to be disclosed.

- Amendment to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception* – The amendment clarifies that the portfolio exception in PFRS 13 - allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis - applies to all contracts (including non-financial) within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments.*

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

New and Revised PFRS Not Yet Adopted

Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2015 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2016:

- Amendments to PAS 1, *Presentation of Financial Statements* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments to PAS 16 - *Clarification of Acceptable Methods of Depreciation,* and PAS 38 - *Clarification of Acceptable Methods of Amortization* – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

- Amendment to PAS 19, *Employee Benefit* – The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

- Amendment to PFRS 7, *Financial Instruments: Disclosures* – The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that the gain or loss from sale or contribution of assets between an investor and its associate or joint venture should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- Amendments to PFRS 10, PFRS 12, *Disclosure of Interests in Other Entities,* and PAS 28 - *Investment Entities: Applying the Consolidation Exception* – The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Effective for annual periods beginning on or after January 1, 2018 -

- PFRS 9 – This standard will replace PAS 39 (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

  PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

  For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

  For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will be no longer necessary for objective evidence of impairment before a credit loss is recognized.

  For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

  The derecognition provisions are carried over almost unchanged from PAS 39.

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

4. Summary of Significant Accounting and Reporting Policies

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

Fair Value Measurement

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

<u>Financial Assets and Liabilities</u>

a. Recognition

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

b. Classification

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

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

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the profit or loss unless it qualifies for recognition as some other types of assets. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount

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

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

This category includes cash in banks, trade and other receivables (excluding advances to officers and employees), advances to related parties, and rehabilitation cash fund (RCF), monitoring trust fund (MTF) and rental deposit (classified under "Other noncurrent assets").

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

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

This category includes trade and other payables (excluding statutory payables and advances from customers), dividends payable and loans payable.

c. Derecognition

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

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

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

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

d. Offsetting

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

e. Impairment of Financial Assets

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

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

Inventories

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

Other Current Assets

Other current assets include prepaid expenses and creditable withholding taxes (CWTs).

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

CWTs. CWTs in the consolidated statements of financial position, are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Property and Equipment

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

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

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

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

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

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

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

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

Mining Rights on Explored Resources

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

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

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

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

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

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

Employee Benefits

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

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

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

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

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

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

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

Borrowing Costs

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

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

Capital Stock

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

APIC

APIC is the excess over par value of consideration received for the subscription and issuance of shares of stock.

Retained Earnings

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

Revenue Recognition

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

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

Reservation Fee for Ore Allocation. Revenue is recognized when the grant of right to ore to be provided in the future is established.

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

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

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

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

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

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

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

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

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

Foreign Currency-Denominated Transactions
Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at reporting date. Exchange rate differences arising from the translation or settlement of monetary items at rates different from those at which these were initially recorded during the period are recognized in the profit or loss in the period these arise.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the period such are realized.

Income Taxes

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

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

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

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

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

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

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

Value Added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

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

Deferred Input VAT

In accordance with the Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Related Parties

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

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

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

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

Earnings Per Share

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

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

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

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

5. Significant Judgments, Accounting Estimates and Assumptions

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

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

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

Establishing Control over MMDC. The Company determined that it has control over MMDC by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following are also considered:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual agreements
- the Company's voting rights and potential voting rights

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

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

Provisioning for Contingencies. The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account.

The Company has not identified any provisions that need to be recognized as at December 31, 2015 and 2014.

Accounting Estimates and Assumptions

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

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

Allowance for receivable impairment amounted to ₱11.0 million as at December 31, 2015 and 2014 (see Note 7).

The carrying amounts of the Company's receivables are as follows:

	Note	**2015**	2014
Trade and other receivables	7	**₱206,331,617**	₱13,073,991
Advances to related parties	22	**72,511,953**	60,985,516

Estimating Net Realizable Value (NRV) of Inventories. The Company recognizes loss on inventories whenever net realizable values become lower than costs due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Net realizable value is reviewed on a monthly basis to reflect the accurate valuation in the financial records.

The carrying amount of inventory, which is measured at lower of cost and net realizable value, amounted to ₱35.7 million and ₱170.4 million as at December 31, 2015 and 2014, respectively (see Note 8).

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

The carrying amount of input VAT, which is included as part of "Other noncurrent assets" account in the consolidated statements of financial position, amounted to ₱266.6 million and ₱253.1 million as at December 31, 2015 and 2014, respectively (see Note 12).

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

There is no change in estimated useful lives of property and equipment in 2015 and 2014.

Property and equipment, net of accumulated depreciation, amounted to ₱515.4 million and ₱514.6 million as at December 31, 2015 and 2014, respectively (see Note 10).

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

Mine and mining properties, net of accumulated depletion, amounted to ₱831.8 million and ₱867.8 million as at December 31, 2015 and 2014, respectively (see Note 11).

Mining rights on explored resources, net of accumulated depletion, amounted to ₱1,098.6 million and ₱1,157.8 million as at December 31, 2015 and 2014, respectively (see Note 11).

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

- significant underperformance relative to expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the strategy for overall business; or

- significant negative industry or economic trends.

There are no indicators that the nonfinancial assets may be impaired. Accordingly, no impairment loss was recognized in 2015, 2014 and 2013.

The carrying amounts the Company's nonfinancial assets are as follows:

	Note	2015	2014
Mineral rights on explored resources	11	**₱1,098,559,100**	₱1,157,773,183
Mine and mining properties	11	**831,818,187**	867,786,012
Property and equipment	10	**515,351,252**	514,558,741
Other noncurrent assets (excluding financial assets)	12	**378,935,601**	253,300,495

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

Provision for mine site rehabilitation and decommissioning amounted ₱45.7 million and ₱43.8 million as at December 31, 2015 and 2014, respectively (see Note 14).

Estimating Asset Retirement Obligation. The Company recognizes provision for its obligation to decommission and rehabilitate mine sites at the end of term of its MPSA. The provision represents the best estimate of the expenditures required to settle the present obligation at the current reporting date.

While the Company has made its best estimate in establishing the decommissioning and rehabilitation provision, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning and rehabilitation activities, the ultimate provision requirements could either increase or decrease significantly from the Company's current estimates. Changes in decommissioning and rehabilitation obligation that result from a change in the current best estimate of cash flows required to settle the obligation or a change in the discount rate are added to or deducted from the amount of asset recognized.

Mine rehabilitation asset, recognized under mine and mining properties, amounted to ₱40.0 million and ₱42.2 million as at December 31, 2015 and 2014, respectively (see Note 11).

Provision for mine rehabilitation and decommissioning amounted ₱45.7 million and ₱43.8 million as at December 31, 2015 and 2014, respectively (see Note 14).

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

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

Retirement benefit liability amounted to ₱34.9 million and ₱27.3 million as at December 31, 2015 and 2014, respectively (see Note 21).

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

The Company's recognized deferred tax assets amounted to ₱21.5 million and ₱8.8 million as at December 31, 2015 and 2014, respectively (see Note 25).

The Company's unrecognized deferred tax assets amounted to ₱31.0 million and ₱23.4 million as at December 31, 2015 and 2014, respectively (see Note 25). Management believes that it may not be probable that future taxable profit will be available in the near future against which the deferred tax assets can be utilized.

6. Cash

This account consists of:

	2015	2014
Cash on hand	**₱150,951**	₱133,023
Cash in banks	**190,055,973**	614,001,323
	₱190,206,924	₱614,134,346

Cash in banks earn interest at prevailing bank deposit rates. Interest income was earned from the following sources:

	Note	**2015**	2014	2013
Cash in banks		**₱333,664**	₱976,460	₱1,377,127
Other noncurrent assets	12	**43,814**	36,580	29,344
		₱377,478	₱1,013,040	₱1,406,471

7. Trade and Other Receivables

This account consists of:

	2015	2014
Trade receivables	**₱184,280,933**	₱1,885,786
Advances to officers and employees	**18,818,508**	14,204,887
Others	**14,268,703**	8,019,845
	217,368,144	24,110,518
Allowance for impairment	**(11,036,527)**	(11,036,527)
	₱206,331,617	₱13,073,991

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

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

Others primarily pertain to advances to former related parties which are fully provided with allowance.

No provision for impairment loss was recognized in 2015, 2014 and 2013.

8. Inventory

This account pertains to nickel ore which is carried at lower of cost and NRV. Comparison of cost and NRV are as follows:

	2015	2014
Cost	**₱71,365,112**	₱170,374,619
NRV	**35,717,894**	190,060,549
Lower of cost or NRV	**₱35,717,894**	₱170,374,619

In 2015, the Company incurred inventory writedown amounting to ₱35.6 million which is presented as part of "Operating expenses" in the consolidated statements of comprehensive income (see Note 19).

9. Other Current Assets

This account consists of:

	2015	2014
Mining and office supplies	**₱34,452,989**	₱24,400,769
CWTs	**27,299,000**	16,250,000
Advances to contractors and suppliers	**7,884,524**	5,414,359
Prepaid expenses	**4,269,301**	1,823,392
Others	**1,703,207**	1,315,803
	₱75,609,021	₱49,204,323

Advances to contractors and suppliers include materials and fuel and oil supplied for the use of the heavy equipment, the cost of which shall be deducted against the billings.

Prepaid expenses pertain to insurance and rent.

10. Property and Equipment

Movements in this account are as follows:

	2015					
	Land	Building and Improvements	Office Equipment and Furniture and Fixture	Heavy and Transportation Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	₱47,078,744	₱113,158,652	₱48,108,631	₱677,103,094	₱19,020,120	₱904,469,241
Additions	10,138,740	1,711,194	14,694,879	158,902,304	18,469,489	203,916,606
Disposal	–	–	–	(10,622,518)	–	(10,622,518)
Reclassification	–	17,179,440	1,233,954	3,918,343	(30,853,506)	(8,521,769)
Balance at end of year	57,217,484	132,049,286	64,037,464	829,301,223	6,636,103	1,089,241,560
Accumulated Depreciation						
Balance at beginning of year	–	17,281,047	30,069,300	342,560,153	–	389,910,500
Depreciation	–	10,305,918	9,870,691	169,118,874	–	189,295,483
Disposal	–	–	–	(5,315,675)	–	(5,315,675)
Balance at end of year	–	27,586,965	39,939,991	506,363,352	–	573,890,308
Net Carrying Amount	₱57,217,484	₱104,462,321	₱24,097,473	₱322,937,871	₱6,636,103	₱515,351,252

	2014					
	Land	Building and Improvements	Office Equipment and Furniture and Fixture	Heavy and Transportation Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	₱29,646,649	₱18,876,757	₱37,530,399	₱516,419,486	₱11,624,194	₱614,097,485
Additions	17,432,095	94,281,895	10,578,232	160,683,608	14,864,166	297,839,996
Reclassification	–	–	–	–	(7,468,240)	(7,468,240)
Balance at end of year	47,078,744	113,158,652	48,108,631	677,103,094	19,020,120	904,469,241
Accumulated Depreciation						
Balance at beginning of year	–	5,606,897	24,197,510	228,228,610	–	258,033,017
Depreciation	–	11,674,150	5,871,790	114,331,543	–	131,877,483
Balance at end of year	–	17,281,047	30,069,300	342,560,153	–	389,910,500
Net Carrying Amount	₱47,078,744	₱95,877,605	₱18,039,331	₱334,542,941	₱19,020,120	₱514,558,741

Reclassifications from construction in-progress to mine and mining properties mainly pertain to mine development costs in Cabangahan and Pili area (see Note 11).

Heavy and transportation equipment aggregating to ₱121.0 million and ₱1.3 million as at December 31, 2015 and 2014, respectively, are held as collaterals for loans payable (see Note 15).

In 2015, the Company disposed heavy and transportation equipment with carrying amount of ₱5.3 million for ₱4.6 million resulting to a loss of ₱0.7 million.

Depreciation is allocated to profit or loss as follows:

	Note	2015	2014	2013
Cost of goods sold	18	**₱146,539,445**	₱113,861,206	₱98,726,212
Operating expenses	19	**42,756,038**	18,016,277	8,711,705
		₱189,295,483	₱131,877,483	₱107,437,917

Fully depreciated property and equipment with cost of ₱26.4 million and ₱25.6 million as at December 31, 2015 and 2014, respectively, are still being used by the Company and retained in the accounts.

11. Mining Rights on Explored Resources and Mine and Mining Properties

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

	2015			
		Mine and Mining Properties		
	Mining Rights on Explored Resources	Mine Development Costs	Mine Rehabilitation Asset	Total
Cost				
Balance at beginning of year	₱1,294,766,157	₱923,306,495	₱42,170,134	₱2,260,242,786
Additions	–	346,729	–	346,729
Reclassifications	–	8,521,769	–	8,521,769
Balance at end of year	1,294,766,157	932,174,993	42,170,134	2,269,111,284
Accumulated Depletion				
Balance at beginning of year	136,992,974	97,690,617	–	234,683,591
Depletion	59,214,083	42,679,539	2,156,784	104,050,406
Balance at end of year	196,207,057	140,370,156	2,156,784	338,733,997
Net Carrying Amount	₱1,098,559,100	₱791,804,837	₱40,013,350	₱1,930,377,287

	2014			
		Mine and Mining Properties		
	Mining Rights on Explored Resources	Mine Development Costs	Mine Rehabilitation Asset	Total
Cost				
Balance at beginning of year	₱1,294,766,157	₱783,040,505	₱–	₱2,077,806,662
Additions	–	132,797,750	42,170,134	174,967,884
Reclassifications	–	7,468,240	–	7,468,240
Balance at end of year	1,294,766,157	923,306,495	42,170,134	2,260,242,786
Accumulated Depletion				
Balance at beginning of year	121,061,960	69,480,693	–	190,542,653
Depletion	15,931,014	28,209,924	–	44,140,938
Balance at end of year	136,992,974	97,690,617	–	234,683,591
Net Carrying Amount	₱1,157,773,183	₱825,615,878	₱42,170,134	₱2,025,559,195

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

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

Additions and reclassifications from "Construction in-progress" under "Property and equipment" account represent mine development costs in Cabangahan and Pili area.

12. Other Noncurrent Assets

This account consists of:

	Note	2015	2014
Input VAT		**₱266,592,646**	₱253,062,540
Advances to contractor		**111,925,000**	–
RCF		**5,337,605**	5,294,620
Rental deposit	23	**468,959**	1,146,204
MTF		**162,462**	161,632
Others		**417,955**	237,955
		₱384,904,627	₱259,902,951

Advances to contractor are advanced payments made to the contractor to invest, build and operate a nickel processing plant.

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

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

Interest income from RCF and MTF amounted to ₱43,814, ₱36,580 and ₱29,344 in 2015, 2014 and 2013 respectively (see Note 6).

13. Trade and Other Payables

This account consists of:

	2015	2014
Trade payables	**₱121,099,163**	₱96,591,391
Accrued expenses		
Excise tax and other statutory payables	**35,320,445**	62,591,020
Interest payable	**231,904**	–
Salaries and wages	**44,467**	5,879
Other accrued expenses	**219,210**	1,059,493
Advances from customers	**–**	40,426,805
Others	**8,619,347**	9,343,279
	₱165,534,536	₱210,017,867

Trade payables primarily consist of liabilities arising from transactions with contractors and suppliers related to the normal course of business. These are noninterest and interest-bearing at 12% interest rate and are generally on a 90-day credit term. Interest expense related to trade payable amounted to ₱0.2 million, ₱0.6 million and ₱2.1 million in 2015, 2014 and 2013, respectively (see Note 15).

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

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

Others pertain to advances from a former related party.

14. Provision for Mine Rehabilitation and Decommissioning

The movements in this account are as follows:

	Note	2015	2014
Balance at beginning of year		**₱43,798,134**	₱1,628,000
Accretion of interest	15	**1,911,596**	–
Change in estimated future outflows		**–**	42,170,134
		₱45,709,730	₱43,798,134

A provision is recognized for the estimated rehabilitation costs of the Company's mine site upon termination of the Company's ore extraction activities, which is about 14 years. The provision is calculated by the Company's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 4.53% as the effective interest rate in 2015 and 2014.

The movement in 2014 is due to amendment in estimated future outflows of resources embodying economic benefits required to settle the obligation.

15. Loans Payable

This account consists of:

	2015	2014
Short-term loan	**₱100,000,000**	₱100,000,000
Long-term loans	**92,432,612**	666,400
	192,432,612	100,666,400
Less current portion	**118,116,126**	100,666,400
	₱74,316,486	₱–

Short-term Loan

MMDC obtained a short-term loan from a local bank to finance working capital requirements. The short-term loan bears interest rates ranging from 5.00% to 5.50% to be repriced every month in 2015 and 2014 and has maturity of not more than one year.

On January 12, 2015, MMDC obtained another credit facility amounting to ₱200.0 million, ₱100.0 million of which is paid in November 2015, and domestic bills purchase line amounting to ₱5.0 million from a local bank. The said credit facility is secured by the interests and rights of the Parent Company over 647,692 shares of stocks of MMDC.

Long-term Loans

On July 15, 2015, the Company obtained a five (5) year promissory note with chattel mortgage on transportation equipment from a financing company amounting to ₱100.0 million with an annual interest rate of 6% maturing on July 15, 2020. Proceeds were used for working capital purposes. The carrying amount of transportation equipment covered by the chattel mortgage amounted to ₱120.1 million in 2015 (see Note 10).

In 2013, the Company obtained a three (3) year loan from a local bank amounting to ₱1.5 million which was used to meet working capital requirements and for the purchase of transportation equipment. The loan which bears an annual interest rate of 11.81% is secured by heavy and transportation equipment amounting to ₱0.9 million and ₱1.3 million in 2015 and 2014, respectively (see Note 10).

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

	Note	**2015**	2014	2013
Loans payable		**₱11,660,627**	₱320,255	₱39,088,915
Provision for mine rehabilitation	14	**1,911,596**	–	–
Trade payable	13	**157,775**	556,772	2,086,701
		₱13,729,998	₱877,027	₱41,175,616

16. **Equity**

Capital Stock

Movements in the shares of capital stock are as follows:

	2015	2014	2013
Common stock - ₱1 par value			
Authorized - 2,000,000,000 shares			
Issued and outstanding:			
Balance at beginning of year	**1,821,358,599**	1,821,358,599	1,735,676,781
Conversion of notes payable	–	–	68,090,909
Exercise of warrants	–	–	17,590,909
Balance at end of year	**1,821,358,599**	1,821,358,599	1,821,358,599

In 2011, convertible notes were issued giving creditors then the option to convert all or portion of this loan balance into shares of the Parent Company's stock at a price of ₱2.20 per share. When a loan is converted, the creditor is entitled to a warrant to subscribe to one share of the Parent Company's stock for every four converted shares at a price of ₱2.20 per share.

In 2012, ₱17.6 million of the convertible notes were converted into the Parent Company's shares of stock. Warrants were exercised that resulted to the additional subscription to 6,206,818 shares of the Company's stock, which have been fully paid and issued as at December 31, 2013. Conversion of the notes was approved by the SEC in 2012.

In 2013, all the remaining convertible notes aggregating ₱149.8 million were converted into 68,090,909 shares of the Parent Company's shares of stock. Moreover, all remaining warrants were exercised that resulted to the additional subscription to 17,590,909 shares of the Company's stock, which have been fully paid and issued as at December 31, 2013. Conversion of the notes was approved by the SEC in 2013.

Retained Earnings

Cash dividends declared by the Company are as follows:

Date Approved	Per Share	Total Amount	Stockholders of Record Date	Payment Date
November 12, 2013	₱0.30	₱546,407,580	November 26, 2013	December 18, 2013
September 19, 2014	0.15	273,203,790	October 1, 2014	October 22, 2014
November 14, 2014	0.15	273,203,790	December 19, 2014	On or after January 16, 2015

Dividends payable amounted to ₱5.0 million and ₱255.8 million as at December 31, 2015 and 2014, respectively.

17. **Revenue**

This account consists of:

	2015	2014	2013
Sale of ore	**₱2,198,716,173**	₱2,415,263,186	₱2,516,601,260
Reservation fee for ore allocation	**131,768,005**	111,700,000	–
	₱2,330,484,178	₱2,526,963,186	₱2,516,601,260

18. **Cost of Sales**

This account consists of:

	Note	2015	2014	2013
Contractual services		**₱1,194,755,300**	₱837,267,603	₱783,585,098
Personnel costs		**209,212,344**	170,985,668	119,795,784
Production overhead		**185,108,158**	213,707,059	142,875,936
Depreciation	10	**146,539,445**	113,861,206	98,726,212
Depletion	11	**104,050,406**	44,140,938	93,230,600
Demurrage costs		**52,682,180**	66,047,287	35,845,841
Excise tax		**38,754,128**	48,305,264	51,032,185
		1,931,101,961	1,494,315,025	1,325,091,656
Net movement in inventory		**99,009,507**	(89,393,499)	(66,082,828)
		₱2,030,111,468	₱1,404,921,526	₱1,259,008,828

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

Excise tax represents the Philippine Government's share on mineral production as defined under the MPSA. The MPSA also provides that any term favorable to the contractor resulting from the enactment of a new law shall inure to the benefit of the contractor and such law shall be considered part of the MPSA. On March 3, 1995, Republic Act (RA) No. 7942, *The Mining Act of 1995*, was passed and enacted into law. Section 80 of RA No. 7942 prescribes that the total government share in an MPSA shall be the excise tax of 2.0% on gross revenue on mineral products.

19. Operating Expenses

This account consists of:

	Note	2015	2014	2013
Salaries and allowances		**₱113,260,555**	₱107,342,308	₱49,294,650
Professional fees		**48,952,781**	31,982,689	7,922,246
Depreciation	10	**42,756,038**	18,016,277	8,711,705
Inventory writedown	8	**35,647,218**	–	–
Social development program		**26,746,937**	19,831,654	7,307,769
Royalties	24	**23,086,520**	25,360,264	26,791,897
Freight and shipping		**20,034,408**	12,619,434	16,654,531
Taxes and licenses		**18,826,285**	11,033,998	6,152,008
Donations		**17,864,896**	17,801,352	19,760,344
Retirement benefit expense	21	**13,599,920**	19,375,901	4,808,046
Environmental expenses		**11,415,097**	3,536,235	2,978,220
Communication, light and water		**6,833,794**	4,992,049	951,418
Outside services		**6,258,272**	4,043,996	2,366,704
Office supplies		**4,763,040**	4,558,078	3,296,626
Representation		**3,402,641**	6,865,219	18,111,649
Dues and subscriptions		**2,234,532**	2,646,254	–
Advertisement		**1,284,313**	6,573,943	153,020
Rental	23	**859,495**	2,483,664	2,790,767
Moisture penalty		**–**	–	8,608,233
Provision for probable losses		**–**	–	4,289,984
Others		**25,288,116**	7,930,198	10,572,547
		₱423,114,858	₱306,993,513	₱201,522,364

20. Other Income - Net

This account consists of:

	Note	2015	2014	2013
Foreign exchange gain		**₱29,526,583**	₱22,874,060	₱47,811
Loss on disposal of assets	10	**(685,172)**	–	–
Others		**230,770**	322,038	–
		₱29,072,181	₱23,196,098	₱47,811

21. Retirement Benefit Liability

The Company has an unfunded, noncontributory defined benefit plan covering all its regular full-time employees. An independent actuary conducted an actuarial valuation of the retirement benefit obligation using the projected unit credit method. The latest actuarial valuation was dated December 31, 2015.

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

	2015	2014	2013
Current service cost	**₱12,321,708**	₱17,917,358	₱4,583,595
Net interest cost	**1,278,212**	1,458,543	224,451
	₱13,599,920	₱19,375,901	₱4,808,046

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

	2015	2014
Balance at beginning of year	**₱27,304,938**	₱29,214,954
Current service cost	**12,321,708**	17,917,358
Net actuarial gain/losses	**(6,004,082)**	(21,285,917)
Net Interest cost	**1,278,212**	1,458,543
Balance at end of year	**₱34,900,776**	₱27,304,938

The principal actuarial assumptions used to determine retirement benefit for 2015 and 2014 are as follows:

	2015	2014
Discount rates	**4.95%**	4.68%
Salary increase rates	**5.00%**	5.00%

Sensitivity analysis on defined benefit obligation as at December 31, 2015 is as follows:

	Change in basis points	Effect on defined benefit obligation
Discount rate	-100	₱6,510,702
	+100	(5,165,778)
Salary increase rate	+100	6,074,249
	-100	(4,948,781)

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

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

The cumulative actuarial gains recognized in other comprehensive income as at December 31 follows:

	2015		
	Accumulated Actuarial Gain	**Deferred Tax Liability**	**Net Actuarial Gain**
Balance at beginning of year	**₱21,285,917**	**(₱6,385,775)**	**₱14,900,142**
Actuarial gain	**6,004,082**	**(1,801,225)**	**4,202,857**
Balance at end of year	**₱27,289,999**	**(₱8,187,000)**	**₱19,102,999**

	2014		
	Accumulated Actuarial Gain	Deferred Tax Liability	Net Actuarial Gain
Balance at beginning of year	₱–	₱–	₱–
Actuarial gain	21,285,917	(6,385,775)	14,900,142
Balance at end of year	₱21,285,917	(₱6,385,775)	₱14,900,142

The expected future benefit payments follow:

Financial Year	Amount
2016	₱5,196,540
2017	260,866
2018	560,036
2019	885,337
2020	979,495
2021	818,774
2022 and after	1,512,112,686

22. Related Party Transactions

Significant transactions with related parties include the following:

		Transaction Amounts		Outstanding Balances		
Related Parties	Relationship	**2015**	2014	**2015**	2014	Nature and Terms
Advances to related parties	Under common management	**₱16,559,934**	₱62,472,337	**₱72,511,953**	₱60,985,516	Working fund; unsecured; noninterest-bearing; settled on demand

As at December 31, 2015 and 2014, the Company has not provided any allowance for impairment losses for amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates.

Compensation of Key Management Personnel

Compensation of key management personnel consists of benefits amounting to ₱145.3 million, ₱108.1 million and ₱54.2 million in 2015, 2014 and 2013, respectively.

23. Lease Commitments

The Company leases an office space for its operations. The lease is for a period of five (5) years and renewable in 2015 for another two (2) years. Rental deposit amounted to ₱0.5 million and ₱1.1 million as at December 31, 2015 and 2014, respectively (see Note 12). The rental expense amounted to ₱0.9 million, ₱2.5 million and ₱2.8 million in 2015, 2014 and 2013, respectively (see Note 19).

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

	2015	2014
Within 1 year	**₱300,000**	₱276,000
More than 1 year but within 5 years	**100,000**	115,000
	₱400,000	₱391,000

24. Royalty Agreement

In July 2008, the Company entered into a memorandum of agreement with the Indigenous Cultural Communities/Indigenous People (ICC/IP) and National Commission on Indigenous People (NCIP) whereby royalties equivalent to a certain percentage of gross revenue shall be paid to the ICC/IP.

Royalty payable presented under "Excise tax and other statutory payables" amounted to ₱0.3 million and ₱3.7 million in 2015 and 2014, respectively. Royalty expense amounted to ₱23.1 million, ₱25.4 million and ₱26.8 million in 2015, 2014 and 2013, respectively (see Note 19).

25. Income Taxes

As discussed in Note 1, MMDC is registered with the BOI in accordance with the provisions of the Omnibus Investments Code of 1987, as amended, as a New Producer of Nickel Laterite Ore and enjoys ITH for a period of four years until June 2014. On September 18, 2014, the BOI approved the extension for one year of the ITH incentive for the period July 18, 2014 to July 18, 2015. The Company, however, did not avail of the ITH incentive for the period January 1 to July 18, 2015. ITH incentive availed in 2014 and 2013 amounted to ₱261.6 million and ₱300.4 million, respectively.

Components of provision for (benefit from) income tax are shown below:

	2015	2014	2013
Current	**₱20,900,421**	₱2,500,000	₱–
Deferred	**(8,868,156)**	(5,381,094)	(1,519,155)
	₱12,032,265	(₱2,881,094)	(₱1,519,155)

The reconciliation of income (loss) before tax computed at the statutory income tax rate to the provision for (benefit from) income tax are as follows:

	2015	2014	2013
Income (loss) at statutory rate	**(₱32,106,746)**	₱251,514,077	₱304,904,620
Changes in unrecognized deferred tax assets	**7,603,579**	7,356,515	(5,743,505)
Add (deduct) income tax effects of:			
Nondeductible expenses	**31,750,781**	125,364	174,051
Expired NOLCO	**2,969,106**	–	–
Unrealized foreign exchange gain in 2014 realized in 2015	**1,928,789**	–	–
Interest income subjected to final tax	**(113,244)**	(303,912)	(421,941)
Income covered by ITH	–	(261,573,138)	(300,432,380)
	₱12,032,265	(₱2,881,094)	(₱1,519,155)

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

	2015	2014
Deferred tax assets:		
Retirement benefit liability	**₱8,915,997**	₱7,448,806
Allowance for impairment losses on:		
Inventories	**10,694,165**	–
Trade and other receivables	**1,341,890**	1,341,890
Provision for mine rehabilitation	**573,479**	–
	21,525,531	8,790,696
Deferred tax liability on unrealized foreign exchange gain	**5,667,904**	–
	₱15,857,627	₱8,790,696

Management believes that it may not be probable that future taxable profit will be available in the near future against which the deferred tax assets can be utilized. Details of unrecognized deferred tax assets are as follows:

	2015	2014
NOLCO	**₱25,283,137**	₱20,192,118
MCIT	**4,201,000**	2,500,000
Retirement benefit liability	**1,554,235**	742,675
	₱31,038,372	₱23,434,793

Details of NOLCO of the Parent Company are as follows:

Year incurred	Expiry date	Amount	Applied	Expired	Balance
2015	2018	₱26,867,083	₱–	₱–	₱26,867,083
2013	2016	57,410,040	–	–	57,410,040
2012	2015	34,794,610	(24,897,589)	(9,897,021)	–
		₱119,071,733	(₱24,897,589)	(₱9,897,021)	₱84,277,123

Details of MCIT of the Parent Company are as follows:

Year incurred	Expiry date	Amount	Applied	Expired	Balance
2015	2018	₱1,701,000	₱–	₱–	₱1,701,000
2014	2017	2,500,000	–	–	2,500,000
		₱4,201,000	₱–	₱–	₱4,201,000

26. Earnings Per Share

Earnings per share are computed as follows:

	2015	2014	2013
Net income shown in the statements of comprehensive income (a)	**(₱119,054,752)**	₱841,261,352	₱1,017,867,889
Weighted average number of common shares (b)	**1,821,358,599**	1,821,358,599	1,750,894,584
Effect of dilution from conversion options and warrants	**–**	–	–
Weighted average number of common shares adjusted for the effect of dilution (c)	**1,821,358,599**	1,821,358,599	1,750,894,584
Basic earnings (loss) per share (a/b)	**(₱0.07)**	₱0.46	₱0.58
Diluted earnings (loss) per share (a/c)	**(₱0.07)**	₱0.46	₱0.58

27. Financial Risk Management Objectives and Policies

General

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

Financial Risk Management Objectives and Policies

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

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

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

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

	2015		2014	
	Philippine Peso	**US Dollar**	Philippine Peso	US Dollar
Current financial assets:				
Cash in banks	**₱6,696,826**	**$142,304**	₱192,887,556	$4,313,228
Trade receivables	**182,395,147**	**3,875,800**	–	–
	189,091,973	**4,018,104**	192,887,556	4,313,228
Current financial liabilities:				
Trade payables	**39,104,117**	**830,942**	–	–
Advances from customers	**–**	**–**	40,426,805	903,998
	39,104,117	**830,942**	40,426,805	903,998
Net financial assets	**₱149,987,856**	**$3,187,162**	₱152,460,751	$3,409,230

For purposes of restating the outstanding balances of the Company's foreign currency-denominated financial assets and liabilities as at December 31, 2015 and 2014, the exchange rate applied was ₱47.06 and ₱44.72 per US$1, respectively.

The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's income before tax for the years ended December 31, 2015 and 2014 (due to changes in the fair value of financial assets and liabilities). There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2015	**+0.94**	**₱2,995,932**
	-0.94	**(2,995,932)**
December 31, 2014	+0.57	1,943,261
	-0.57	(1,943,261)

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

The tables below show the credit quality per class of financial assets and an aging analysis of financial assets that are past due but not impaired as at December 31, 2015 and 2014.

Credit Quality per Class of Financial Assets

	December 31, 2015					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱190,055,973	₱–	₱–	₱–	₱–	₱190,055,973
Trade and other receivables*	–	189,790,577	–	–	8,759,059	198,549,636
Advances to related parties	–	72,511,953	–	–	–	72,511,953
RCF and MTF	5,500,067	–	–	–	–	5,500,067
Rental deposit	–	468,959	–	–	–	468,959
	₱195,556,040	₱262,771,489	₱–	₱–	₱8,759,059	₱467,086,588

**Excluding advances to officers and employees amounting to ₱18.8 million in 2015.*

	December 31, 2014					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱614,001,323	₱–	₱–	₱–	₱–	₱614,001,323
Trade and other receivables*	–	1,146,572	–	–	8,759,059	9,905,631
Advances to a related party	–	60,985,516	–	–	–	60,985,516
RCF and MTF	5,456,252	–	–	–	–	5,456,252
Rental deposit	–	1,146,204	–	–	–	1,146,204
	₱619,457,575	₱63,278,292	₱–	₱–	₱8,759,059	₱691,494,926

**Excluding advances to officers and employees amounting to ₱14.2 million in 2014.*

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

Cash in banks, RCF and MTF are classified as high grade since these are deposited in reputable banks having good credit rating and low probability of insolvency.

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

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

Short-term loan is exposed to changes in market interest rates since the loans are subject to variable interest rates.

The table below set forth the estimated change in the Company's income before tax to a reasonably possible change in the market prices of loans payable brought about by reasonably possible change in interest rates as at December 31, 2015.

	Increase/Decrease in Interest Rate	Effect on Income before Tax
December 31, 2015	**+2.32%**	**₱1,029,162**
	-2.32%	**(1,029,162)**
December 31, 2014	+0.09%	320,548
	-0.09%	(320,548)

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

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

	On Demand	Less than 3 months	3 to 6 Months	6 to 12 months	More than 1 year	Total
December 31, 2015						
Trade and other payables*	**₱40,222,123**	**₱50,119,125**	**₱7,160,082**	**₱25,249,012**	**₱7,463,749**	**₱130,214,091**
Dividends payable	**–**	**4,955,354**	**–**	**–**	**–**	**4,955,354**
Loans payable	**100,000,000**	**4,453,356**	**4,514,056**	**9,148,714**	**74,316,486**	**192,432,612**
	₱140,222,123	**₱59,527,835**	**₱11,674,138**	**₱34,397,726**	**₱81,780,235**	**₱327,602,057**
December 31, 2014						
Trade and other payables*	₱35,999,095	₱38,131,757	₱5,763,906	₱17,481,137	₱9,624,147	₱107,000,042
Dividends payable	–	255,809,371	–	–	–	255,809,371
Loans payable	100,000,000	124,950	124,950	249,900	166,600	100,666,400
	₱135,999,095	₱294,066,078	₱5,888,856	₱17,731,037	₱9,790,747	₱463,475,813

**Excluding statutory payables and advances from customers amounting to ₱35.3 million and ₱103.0 million in 2015 and 2014, respectively.*

Fair Value of Financial Assets and Financial Liabilities

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

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

	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash in banks	**₱190,055,973**	**₱190,055,973**	₱614,001,323	₱614,001,323
Trade and other receivables*	**198,549,636**	**198,549,636**	9,905,631	9,905,631
Advances to related parties	**72,511,953**	**72,511,953**	60,985,516	60,985,516
RCF and MTF	**5,500,067**	**5,500,067**	5,456,252	5,456,252
Rental deposits	**468,959**	**468,959**	1,146,204	1,146,204
	₱467,086,588	**₱467,086,588**	₱691,494,926	₱691,494,926

**Excluding advances to officers and employees amounting to ₱18.8 million and ₱14.2 million in 2015 and 2014, respectively.*

	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Trade and other payables*	₱130,214,091	₱130,214,091	₱107,000,042	₱107,000,042
Dividends payable	4,955,354	4,955,354	255,809,371	255,809,371
Loans payable	192,432,612	192,432,612	100,666,400	100,666,400
	₱327,602,057	₱327,602,057	₱463,475,813	₱463,475,813

*Excluding statutory payables and advances from customers amounting to ₱35.3 million and ₱103.0 million in 2015 and 2014, respectively.

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

RCF and MTF. Fair values of RCF and MTF approximate the amount of consideration at reporting period.

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

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

28. Capital Management Objectives, Policies and Procedures

Capital Management

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

The Company monitors its capital using the debt to equity ratio, which is the total debt divided by the total equity. The Company includes total liabilities within the total debt. Equity includes capital stock, additional paid-in capital, retained earnings, and other comprehensive income.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0207-FR-1 (Group A)
September 6, 2013, valid until September 5, 2016

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REPORT OF INDEPENDENT AUDITOR TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Marcventures Holdings Inc. and Subsidiary
4th Floor, Citibank Center
8741 Paseo de Roxas, Makati City

We have audited the accompanying consolidated financial statements of Marcventures Holdings, Inc. (the Company) and Subsidiary as at and for the year ended December 31, 2015, on which we have rendered our report dated April 6, 2016.

In compliance with Securities Regulations Code Rule 68, as amended, we are stating that the Company has 942 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
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Tax Identification No. 102-086-538-000
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Valid until October 2, 2016
BIR Accreditation No. 08-005144-4-2013
Valid until November 26, 2016
PTR No. 5321842
Issued January 5, 2016, Makati City

April 6, 2016
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITOR ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Marcventures Holdings, Inc. and Subsidiary
4th Floor, Citibank Center
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Marcventures Holdings, Inc. (the Company) and Subsidiary as at and for the years ended December 31, 2015, 2014 and 2013 included in this Form 17-A and have issued our report thereon dated April 6, 2016. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2015 are the responsibility of the Company's management. These supplementary schedules include the following:

- Adoption of Effective Accounting Standards and Interpretations
- Financial Ratios
- Schedule of Parent Company's Retained Earnings Available for Dividend Declaration
- Schedules required by Part II of SRC Rule 68, as Amended

These schedules are presented for purposes of complying with Securities Regulation Code Rule 68 Part II, as amended, and are not part of the consolidated financial statements. This information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1022-AR-1 Group A
Valid until October 2, 2016
BIR Accreditation No. 08-005144-4-2013
Valid until November 26, 2016
PTR No. 5321842
Issued January 5, 2016, Makati City

April 6, 2016
Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

DECEMBER 31, 2015

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary			✓

Philippine Financial Reporting Standards (PFRSs)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Operating Segments-Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments: Classification and Measurement of Financial Assets			✓
	Financial Instruments: Classification and Measurement of Financial Liabilities			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1 (Revised): Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1 (Revised): Presentation of Items of Other Comprehensive Income			✓
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Property Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19 (Revised): Defined Benefit Plans: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Related Party Disclosures - Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 27 (Amended): Investment Entities			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Continuation of Hedge Accounting			
PAS 40	Investment Property			✓
	Amendment to PAS 40: Investment Property – Clarifying the Interrelationship between PFRS 3, Business Combination and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		
IFRIC 21	Levies	✓		

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

FINANCIAL RATIOS

DECEMBER 31, 2015

Below is a schedule showing financial soundness indicators in the years 2015 and 2014.

	2015	2014
Current/Liquidity Ratio	**1.89**	1.60
Current assets	**₱580,377,409**	₱907,772,795
Current liabilities	**307,805,437**	566,493,638
Solvency Ratio	**0.40**	1.59
Income before income tax, depreciation, depletion and amortization	**₱186,323,402**	₱1,014,398,679
Total liabilities	**462,732,429**	637,596,710
Debt-to-equity Ratio	**0.16**	0.21
Total liabilities	**₱462,732,429**	₱637,596,710
Total equity	**2,964,135,773**	3,078,987,668
Asset-to-equity Ratio	**1.21**	1.06
Total assets	**₱3,426,868,202**	₱3,716,584,378
Total equity	**2,964,135,773**	3,078,987,668
Interest rate coverage Ratio	**(8.79)**	956.93
Pretax income before interest	**(₱120,752,485)**	₱839,257,285
Interest expense	**13,729,998**	877,027
Profitability Ratio	**(0.04)**	0.28
Net income	**(₱114,851,895)**	₱856,161,494
Total equity	**2,964,135,773**	3,078,987,668

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2015

	Amount
Unappropriated retained earnings available for dividend declaration at the beginning of year	₱1,014,896,962
Net loss during the year closed to retained earnings	(119,054,752)
Add movements in the deferred tax assets*	(8,868,156)
Net income earned during the year	886,974,054
Less cash dividends	–
Total retained earnings available for dividend declaration at end of year	₱886,974,054

Reconciliation:

	Amount
Unappropriated retained earnings at beginning of year as shown in the financial statements	₱1,030,073,433
Less deferred tax assets at beginning of year*	15,176,471
Total unappropriated retained earnings available for dividend declaration at beginning of year	₱1,014,896,962

	Amount
Unappropriated retained earnings at end of year as shown in the financial statements	₱911,018,681
Less deferred tax assets at end of year*	24,044,627
Total unappropriated retained earnings available for dividend declaration at end of year	₱886,974,054

Excludes amount presented in other comprehensive income.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF SRC RULE 68 AS AMENDED
DECEMBER 31, 2015

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Schedule A. Financial Assets
December 31, 2015

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end reporting period	Income received and accrued
There are no Financial assets required to be disclosed that reach 5% or more of the total current assets.				

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name and designation of debtor	Balance of beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
Related Parties							
BrightGreen Resources Corporation	₱60,985,516	₱11,217,996	₱–	₱–	₱72,203,512	₱–	₱72,203,512
Benguet Management Corp.	–	308,441	–	–	308,441	–	308,441
	₱60,985,516	₱11,526,437	₱–	₱–	₱72,511,953	₱–	₱72,511,953

Schedule C. Amounts Receivable from Related Parties Eliminated during the Consolidation of Financial Statements
December 31, 2015

Name of debtor	Balance of beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
Marcventures Mining and Development Corporation.	₱284,404,793	₱217,973,328	₱303,762,720	₱–	₱198,615,401	₱–	₱198,615,401

Schedule D. Intangible Asset
December 31, 2015

Description	Beginning Balance	Additions at cost	Charge to cost and expenses	Charge to other accounts	Other charges additions (deduction)	Ending balance
Mining rights on explored resources	₱1,157,773,183	₱–	₱59,214,083	₱–	₱–	₱1,098,559,100

Schedule E. Long - term Debt
December 31, 2015

Title of issue and type of obligation	Amount shown under caption "Current portion of long-term debt"	Amount shown under caption "Long-Term portion of long-term debt"
Notes Payable		
Philippine Business Bank	₱100,000,000	₱–
United Coconut Planters Bank	166,600	-
Orix Metro Leasing and Finance Corp.	17,949,526	74,316,486
	₱118,116,126	₱74,316,486

Schedule F. Indebtedness to Related Parties
December 31, 2015

Name of related party	Beginning Balance	Ending balance
	-Not Applicable -	

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2015

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

-Not Applicable -

Schedule H. Capital Stock

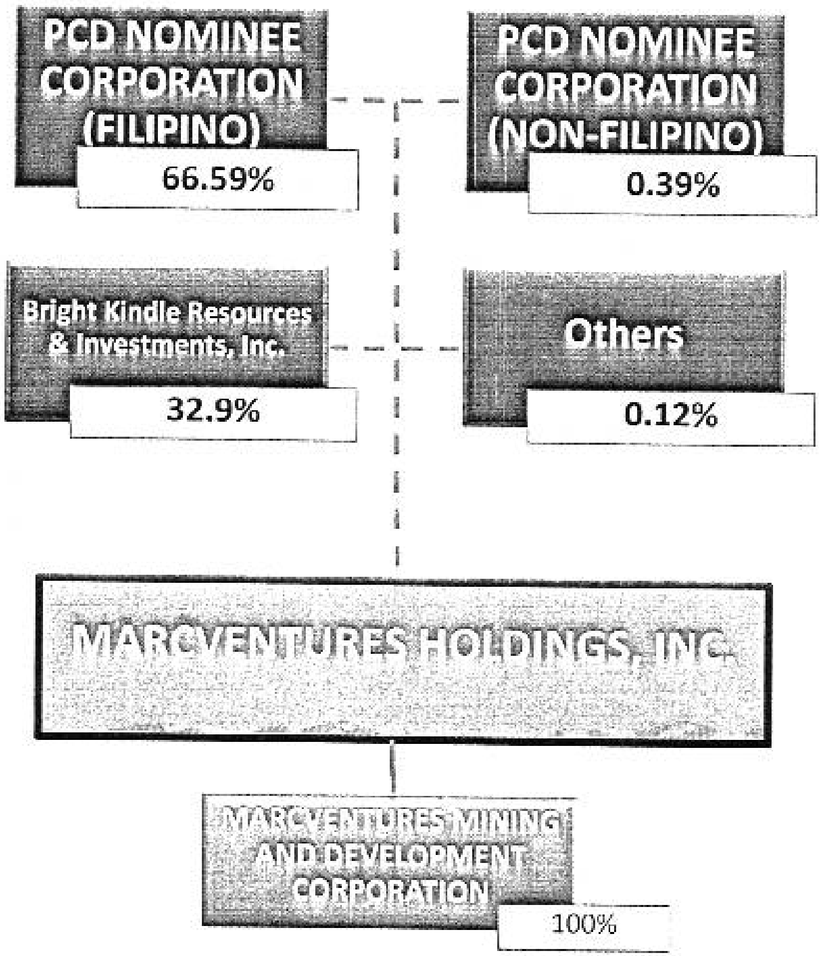
Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by related parties	Directors officers and employees	Others
Common Stock	2,000,000,000	1,821,358,599	–	–	11,496,502	1,809,862,097

CONGLOMERATE MAP

Stockholders

Parent Company

Subsidiary



1	2	9	4	2				

SEC Registration Number

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

(Company's Full Name)

U N I T   4 - 3   C I T I B A N K   C E N T E R   C O N D .
8 7 4 1   P A S E O   D E   R O X A S   M A K A T I   C I T Y

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

Ana Katigbak
(Contact Person)

02-8314479
(Company Telephone Number)

1	2		3	1

Month Day
(Calendar Year)

1	7	-	Q

(Form Type)

Month Day
(Annual Meeting)

N.A.
Secondary License Type, If Applicable)

Finance Department
Dept. Requiring this Doc.

March 31, 2016
Period Ending Date

Total Amount of Borrowings

2,171
Total No. of Stockholders

N/A
Domestic

N/A
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2016**

2. Commission identification number **12942**

3. BIR Tax Identification No. **470-000-104-320**

4. Exact name of registrant as specified in its charter: **MARCVENTURES HOLDINGS INC.**

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

6. Industry Classification Code: ☐ **(SEC Use Only)**

7. Address of registrant's principal office:

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

8. Registrant's telephone number, including area code: **(63 2) 831-4479**

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

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock (₱1.00 par value)	1,821,358,599 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Note: only 1,821,327,687 are listed with PSE
Yes. The common shares are listed on the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

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

Yes

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

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PART I - FINANCIAL INFORMATION

Item 1- Financial Statements

The unaudited Consolidated Financial Statement of Marcventures Holdings Inc. as of March 31, 2016 and for the three month period ended March 31, 20145 with comparative audited figure as of December 31, 2015 is in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Consolidated Balance Sheet as of March 31, 2016 and December 31, 2015

	March 31, 2016 Unaudited	Dec. 31, 2015 Audited	March 31, 2016 vs. Dec. 31, 2015	
			Amount Increase (decrease)	Percentage Increase (decrease)
	(₱'000)	(₱'000)	(₱'000)	
Current assets	₱465,851	₱580,377	(₱114,526)	(19.73%)
Noncurrent assets	2,810,397	2,846,491	(36,094)	(1.27%
Total Assets	₱3,276,248	₱3,426,868	(150,620)	(4.40%)
Current Liabilities	₱232,007	₱307,805	(75,798)	(24.63%)
Noncurrent liabilities	154,927	154,927	-	-
Total Stockholders' Equity	2,889,313	2,964,136	(74,822)	(2.52%)
Total Liabilities and Stockholders' Ec	₱3,276,248	₱3,426,868	(₱161,084)	(4.40%)

Summary of Consolidated Income Statement for the three months period ended March 31, 2016 and 2015.

	For three months ending March		March 31, 2016 vs. March 31, 2015	
	2016 (₱'000)	2015 (₱'000)	Amount Increase (decrease) (₱'000)	Percentage Increase (decrease)
Revenues	₱-	₱ 152,120	(₱152,120)	(100.00%)
Cost of Sales	-	146,390	(142,390)	(100.00%)
Gross Profit	-	5,730	(5,730)	(100.00%)
Operating expenses	73,396	67,643	5,753	8.51%
Income from operations	(73,396)	(61,913)	11,483	18.55%
Other Income (Expenses)	(1,426)	(630)	796	126.35%
Net income (loss) for the period	(₱74,822)	(₱62,543)	(₱12,279)	19.63%

Summary of Consolidated Statement of Cash Flows for the three months period ending March 31, 2016 and 2015.

	For Three Month Ending	
	2016 (₱'000)	2015 (₱'000)
Cash used in operating activities	**(₱76,201)**	(₱239,222)
Cash used in investing activities	**(8,613)**	(133,783)
Cash provided by (used in) financing activities	**(4,669)**	(150,979
Net decrease in cash and cash equivalent	**(89,484)**	(523,984)
Cash and cash equivalent- December 31, 2014	**190,207**	614,134
Cash and cash equivalent March 31, 2015	**₱100,723**	₱90,150

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

The following discussion is based on the unaudited interim consolidated financial statements for the first quarter period ending March 31, 2016, with comparative figures for the corresponding periods in 2015 and audited consolidated financial statements as of December 31, 2015, 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, 2016 compared with three months March 31, 2015

Results of Operation:

Revenues

For the three months period ended March 31, 2016 the company had an estimated mined inventory ore of 175,423 wet metric tonnes (WMT). No shipment was made during the first quarter of 2016 due to unfavorable weather condition and the nickel selling price was lower than the market price in Surigao because Western Philipine area is still shipping their ores. The company's scheduled the 2016 first shipment on April. During the same period last year the subsidiary sold a total volume of 223,320 WMT of nickel ore or equivalent to 4 shipments.

There was no recorded revenue for the quarter period ended March 31, 2016 as compared to the same period last year, revenue from the sale of nickel ore amounted to ₱152.12 million.

Operating expenses

Operating expenses increased by 8.51% or ₱5.76 million increased from ₱67.64 million for the 1st quarter period last year to ₱73.40 million this year. The increase was mainly accounted for by the following:

- **Increase in Representation by** ₱0.64 million or equivalent to 54.70% due to various meeting with prospective client.
- **Increase in Depreciation** by ₱8.16 million or 164.56% mainly due to depreciation of acquired service vehicles, office equipment, furniture & fixtures after the 2015 first quarter.
- **Increase in Professional fees** by ₱4.02 million or equivalent to 179.70% due to the hiring of additional management, technical personnel, and consultants.

- **Increase in Outside services** by ₱0.67 million or equivalent to 18.25% mainly due to equipment maintenance and pilotage services.
- **Increase in Rental by** ₱0.63 million or equivalent to 489.10% mainly due to lot rental at minesite.
- **Increase in Repairs and Maintenance** by ₱0.23 million or equivalent to 717.54% due to repair of service vehicles and office improvement.
- **Increase in Supplies** by ₱0.48 million or equivalent to 70.35% , due increase office supplies, food and pantry supplies.
- **Increase in Donation** by ₱1.18 million or equivalent to 84.13% due to financial assistance on leagues of municipalities, allowances of daycare workers and solicitation for graduation of various schools.
- **Environmental expenses** amounting ₱1.76 million consist of salaries of EPEP staff, materials and materials used in environmental protection.
- **Increase in Other expenses by** ₱1.16 million or equivalent to 40.41% mainly due to settlement of 2012 tax deficiency.

The above cost increases were partly offset by the following :

- **Decrease in Salaries and allowances** by ₱6.51 million or equivalent to 20.40%
- **Decrease in Taxes and licenses** by ₱1.03 million or equivalent to 14.20% .
- **Decrease in Director's Fee** by ₱1.97 million or equivalent to 42.48% .
- **Decrease in Social development program** by ₱0.66 million or equivalent to 24.71%.

Statement of Financial Position

March 31, 2016 vs. December 31, 2015

Assets

The consolidated total assets of the Company decreased by ₱150.62 million from ₱3,426.87 million as of December 31, 2015 to ₱3,276.25 million as of March 31, 2016 . The 4.40%% decrease was mainly due to the following:

- **Decrease in total current assets** from ₱580.38 million as of December 31, 2015 to ₱465.85 million as of March 31, 2016. The 19.73% decrease was attributable to the following:
  - **Decrease in cash** from ₱190.21 million to ₱100.72 million or reduction of ₱ 89.49 million or 47.05%, due to payment of loans, trade payables and operating expenses.
  - **Decrease in Trade and other receivables** from ₱206.33 million to ₱41.20 million. The decrease of ₱165.13 million or 80.03% was due to earlier collection of trade and other receivable recognized in 2015.
  - **Increase in Inventory** from ₱35.72 million to ₱161.93 million. The increase of ₱126.21 or 353.35% pertains to the inventory buildup in preparation for the shipment operations.
  - **Increase in other current assets** from ₱75.61 million to ₱87.98 million. The increase of ₱12.37 million or 16.4% was due to advances to suppliers and increase in mining supplies.
  - **Decrease in Property and equipment by** ₱42.67 million mainly due to depreciation.

Liabilities

The total consolidated liabilities of the Company decreased by ₱75.80 million or a 16.38% from ₱462.73 million as of December 31, 2015 to ₱386.93 million as of March 31, 2015. The decrease was primarily due to payment trade and other payables amounting to ₱71.13 million.

Equity

The stockholders' equity of the Company decreased by ₱74.82 million or 2.52% from ₱2,964.14 million as of December 31, 2015 to ₱2,889.31 million as of March 31, 2016. The decrease pertains to the net loss for the quarter.

Horizontal and Vertical Analysis:

	March 2016	December 2015	Mar. 31, 2016 vs. Dec 31, 2015 Increased (Decreased)	Percentage
A S S E T S				
Current Assets				
Cash and cash in bank	100,723,043	190,206,924	(89,483,881)	-47.05%
Receivable	41,200,665	206,331,617	(165,130,952)	-80.03%
Inventories	161,928,233	35,717,894	126,210,339	353.35%
Receivable from related parties	74,016,764	72,511,953	1,504,811	2.08%
Other current assets	87,982,253	75,609,021	12,373,232	16.36%
Total Current Assets	465,850,958	580,377,409	(114,526,451)	-19.73%
Non-current Assets				
Investments	-			
Advances to subsidiary	-			
Property and Equipment - net	472,684,715	515,351,252	(42,666,537)	-8.28%
Mine and Mining Propreties	836,052,030	831,818,187	4,233,843	0.51%
Explored Mineral Resources	1,098,559,100	1,098,559,100	-	0.00%
Deferred tax assets	15,857,627	15,857,627	-	0.00%
Other non current assets	387,243,886	384,904,627	2,339,259	0.61%
Total non-current assets	2,810,397,358	2,846,490,793	(36,093,435)	-1.27%
TOTAL ASSETS	3,276,248,316	3,426,868,202	(150,619,886)	-4.40%
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current Liabilities				
Current Portion -long term loans	113,446,786	118,116,126	(4,669,340)	-3.95%
Trade and other payable	94,406,325	165,534,536	(71,128,211)	-42.97%
Related party payable	-			
Income Tax payable	19,199,421	19,199,421		0.00%
Dividend payable	4,955,354	4,955,354		0.00%
Total Current liabilities	232,007,886	307,805,437	(75,797,551)	-24.63%
Non current Liabilities				
Interest bearing loans	74,316,486	74,316,486	-	0.00%
Deposit for future subscription	-			
Pension liability	34,900,776	34,900,776	-	0.00%
Provision for mine site rehabilitation	45,709,730	45,709,730	-	0.00%
Total Non current liabilities	154,926,992	154,926,992	-	0.00%
	386,934,878	462,732,429	(75,797,551)	-16.38%
Stockholders' Equity				
Capital stock	1,821,358,599	1,821,358,599	-	0.00%
Subscribed capital stock	-			
Additional paid in capital	212,655,494	212,655,494	-	0.00%
Deposit for future subscription	-			#DIV/0!
Retained Earnings (Deficit)	836,196,346	911,018,681	(74,822,335)	-8.21%
Actuarial Gain	19,102,999	19,102,999	-	0.00%
Total Equity	2,889,313,438	2,964,135,773	(74,822,335)	-2.52%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,276,248,316	3,426,868,202	(150,619,886)	-4.40%

STATEMENT OF CASH FLOWS

The net cash used in operating activities amounted to ₱76.20 million for the three months ended March 31, 2016 as compared to the same period last year amounted to ₱239.22 million. The decrease in cash from operating activities is the net result of the following:

- Net loss generated during the first quarter this year.
- Higher interest paid due to payment of interest bearing loans
- Decrease in current liabilities

Net cash used in investing activities amounted to ₱8.62 million as compared to ₱133.78 million for the same period in 2015 .

Net cash used in financing activities amounted to ₱4.67 million for the current year due to payment of loan as compared to net cash used of ₱150.98 million last year mainly due to availment of an interest bearing loan of ₱100.00 million and payment of dividends amounting to ₱250.85 in 2015.

The net effect of the foregoing operating, investing and financing activities is a decrease of ₱89.48 million and a balance of ₱100.72 million in cash as of March 31, 2016 as compared to a decrease of ₱523.98 million and a balance of ₱90.15 million as of March 31, 2015.

OTHER INFORMATION

a. There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

d. There are no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

e. Aside from the volatile prices of ore in the market and USD exchange rate, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations

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

g. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

h. There are no seasonal aspects that had a material effect on the financial condition or results of operations.

i. There are no items affecting assets, liabilities, equity, net income, or cash flows that are
unusual because of their nature, size, or incidents.

j. There are no new Issuances, repurchases, and repayments of debt and equity securities.

k. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

l. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

m. There are no contingent liabilities or contingent assets since the last annual balance sheet date.

n. There are no material contingencies and other material events or transactions during the interim period.

o. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Key Performance Indicators

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

	March 31, 2016	March 31, 2015
Net Loss	(₱74,822,335)	(₱62,543,114)
Quick assets	141,923,708	255,203,873
Current assets	465,850,958	572,557,959
Total Assets	3,276,248,316	3,455,779,911
Current liabilities	232,007,885	368,232,290
Total liabilities	386,934,877	439,335,362
Stockholders' Equity	2,889,313,438	3,016,444,549
Number of common shares outstanding	1,821,358,599	1,821,358,599

Liquidity ratios:		
Current ratio (1)	2.00:1	1.55:1
Quick ratio (2)	0.61:1	0.69:1
Solvency Ratios:		
Debt ratio (3)	0.12:1	0.13:1
Debt to Equity ratio (4)	0.13:1	0.15:1
Profitability ratios:		
Earning (loss) per share (5)	(0.04)	(0.03)

Note:
1. Current assets / Current liabilities
2. Quick assets / Current liabilities
3. Total liabilities / Total assets
4. Total Liabilities / Shareholders' equity
5. Net income (loss) / common shares outstanding

PART II - OTHER INFORMATION

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

NONE

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

a. Current Ratio
   Total Current Assets/ Total Current Liabilities = 2.00:1
b. Quick Ratio
   Quick asset / Total Current Laibilities = 0.61:1

Solvency Ratio

a. Debt Ratio
   Total liabilities / Total assets = 0.12:1
b. Debt to Equity Ratio
   Total liabilities / Shareholder's Equity = 0.13:1

Profitabilty Ratio

a. Return on Equity Ratio
   Net income (loss) / Average shareholder's equity = (0.03):1
b. Return on Assets
   Net income (loss)/ Average Total assets = (0.02):1
c. Fixed Assets Turnover Ratio :
   Revenue/Property Plant and Equipment = 0.00:1
d. Asset to Equity Ratio:
   Total Assets / Stockholders' Equity = 1.13:1
e. Asset Turnover
   Revenue/Total Assets = 0.00:1

Interest Coverage Ratio
Net Income (loss) / Interest expense = (30.64):1

SIGNATURES

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

Issuer: **MARCVENTURES HOLDINGS INC.**

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

Date: April 22, 2016

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

Date: April 22, 2016

Marcventures Holdings, Inc. and Subsidiary

Consolidated Financial Statements
March 31, 2016

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2016	December 31, 2015
ASSETS			
Current Assets			
Cash	6	**₱100,723,043**	₱190,206,924
Trade and other receivables	7	**41,200,665**	206,331,617
Inventories		**161,928,232**	35,717,894
Advances to related parties	19	**74,016,764**	72,511,953
Other current assets	8	**87,982,253**	75,609,021
Total Current Assets		**465,850,958**	580,377,409
Noncurrent Assets			
Property and equipment	9	**472,684,715**	515,351,252
Mining rights on explored resources	10	**1,098,559,100**	1,098,559,100
Mine and mining properties	10	**836,052,030**	831,818,187
Deferred tax assets	21	**15,857,627**	15,857,627
Other noncurrent assets	11	**387,243,886**	384,904,627
Total Noncurrent Assets		**2,810,397,358**	2,846,490,793
		₱3,276,248,316	₱3,426,868,202
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of long-term loans	13	**₱113,446,786**	₱118,116,126
Trade and other payables	12	**94,406,325**	165,534,536
Income Tax payable		**19,199,421**	19,199,421
Dividend payable		**4,955,354**	4,955,354
Total Current Liabilities		**232,007,886**	307,805,437
Noncurrent Liabilities			
Interest bearing loans		**74,316,486**	74,316,486
Retirement liability	18	**34,900,776**	34,900,776
Provision for mine site rehabilitation		**45,709,730**	45,709,730
Total Noncurrent Liabilities		**154,926,992**	154,926,992
Equity			
Capital stock	14	**1,821,358,600**	1,821,358,600
Additional paid-in capital		**212,655,493**	212,655,493
Retained earnings		**836,196,346**	911,018,681
Actuarial gain		**19,102,999**	19,102,999
Total Equity		**2,889,313,438**	2,964,135,773
		₱3,276,248,316	₱3,426,868,202

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the quarter ended March 31 2016	2015
SALE OF ORE		**₱–**	₱152,120,237
COST OF GOODS SOLD	15	–	146,390,286
GROSS INCOME		–	5,729,951
OPERATING EXPENSES	16	**73,396,192**	67,642,710
INCOME(LOSS) FROM OPERATIONS		**(73,396,192)**	(61,912,759)
INTEREST EXPENSE	13	**(2,441,863)**	(2,055,803)
INTEREST INCOME	6	**20,116**	15,877
OTHER INCOME (CHARGES)	17	995,604	1,409,572
INCOME(LOSS) BEFORE INCOME TAX		(74,822,335)	(62,543,114)
BENEFIT FROM INCOME TAX	21	-	-
NET INCOME(LOSS)		(74,822,335)	(62,543,114)
OTHER COMPREHENSIVE LOSS		-	-
TOTAL COMPREHENSIVE INCOME(LOSS)		(₱74,822,335)	(P62,543,114)
Basic earnings (loss) per share	22	(P0.04)	(₱0.03)
Diluted earnings (loss) per share	22	(₱0.04)	(P0.03)

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2016 AND YEAR ENDED 2015

	Note	2016	2015
CAPITAL STOCK			
Balance at beginning of year	14	₱1,821,358,600	₱1,821,358,600
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year		212,655,493	212,655,493
RETAINED EARNINGS			
Balance at beginning of year		911,018,681	1,030,073,433
Net income (loss)		(74,822,335)	(62,543,114)
Balance at end of year		836,196,346	967,530,319
OTHER COMPREHENSIVE INCOME			
Balance at beginning of year		19,102,999	14,900,142
Actuarial Gain		-	-
Balance at end of year		19,102,999	14,900,142
		₱2,888,313,438	₱3,016,444,554

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the quarter ended March 31 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income(loss) before income tax		**(₱74,822,335)**	(₱62,543,119)
Adjustments for:			
Depletion	10	-	-
Depreciation	9	**44,706,236**	59,373,276
Interest expense	13	**2,441,863**	2,055,803
Interest income	6	**(20,116)**	(15,877)
Operating income(loss) before working capital changes		**(27,694,352)**	(1,129,916)
Working capital changes in:			
Decrease (increase) in:			
Trade and other receivables		**165,130,952**	(151,979,751)
Inventory		**(126,210,339)**	(2,983,076)
Other current assets		**(12,373,232)**	(32,763,974)
Advances to related parties		**(1,504,811)**	(1,042,578)
Increase (decrease) in:			
Trade and other payables		**(71,128,212)**	(47,282,381)
Net cash generated from (used in) operations		**(73,779,994)**	(237,181,676)
Interest paid		**(2,441,863)**	(2,055,803)
Interest received		**20,116**	15,877
Net cash provided by/(used in) operating activities		**(76,201,741)**	(239,221,602)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Other noncurrent assets		**(2,339,259)**	(112,396,063)
Property and equipment	9	**(2,039,699)**	(19,801,978)
Mine and mining properties		**(4,233,843)**	(1,585,604)
Cash used in investing activities		**(133,783,645)**	(133,783,645)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment (payment) of loans		**(4,669,339)**	99,875,050
Dividends paid		-	(250,854,017)
Net cash provided by (used in) financing activities		**(4,669,339**	(150,978,967)
NET DECREASE IN CASH		**(89,483,881)**	(523,984,215)
CASH AT BEGINNING OF YEAR		**190,206,9246**	614,134,346
CASH AT END OF YEAR		**₱100,723,043**	₱90,150,132

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

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

Marcventures Holdings, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 7, 1957 primarily purpose to acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own and use for investment or otherwise, and to transfer any and all properties of every kind and description and wherever situated to the extent permitted by law provided it shall not engage in the business of an open-end or close-end investment company as defined in the Investment Company Act (Republic Act 2629), or act as a securities broker or dealer.

The Parent's shares of stock were initially listed in the Philippine Stock Exchange (PSE) on January 10, 1958. As at March 31, 2015 and December 31, 2013 1,821,358,599 of the Parent's shares of stock are listed in the PSE.

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

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

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

On October 29, 2009, MMDC's Declaration of Mining Feasibility was partially approved by the MGB because of certain limitations concerning the Environmental and Compliance Certificate (ECC), allowing MMDC to commence development and operation only within a 300-hectare area covered in the MPSA. On April 23, 2013, the ECC was amended. MMDC was granted authorization to develop and operate the whole 4,799-hectare area covered in the MPSA.

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

The Parent Company's registered office is located at 16th floor Citibank Tower, 8741 Paseo de Roxas, Makati City.

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

Basis of Preparation and Presentation

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

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary, MMDC, as at March 31,2016 and 2015.

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

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

3. Summary of Changes in PFRS

Adoption of New and Revised PFRS

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

- PAS 1, *Financial Statement Presentation* - The amendment changed the presentation of other comprehensive income, wherein items that will be reclassified to profit or loss at a future point in time are presented separately from items that cannot be reclassified.

- PAS 19, *Employee Benefits* (Amendment) - The amendment introduced numerous changes such as, among others, the removal of the corridor approach in the recognition of actuarial gains or losses and the concept of expected returns on plan assets and the disclosure of sensitivity analyses on the significant actuarial assumptions and the disaggregation of plan assets by nature and risk.

- PFRS 10, *Consolidated Financial Statements* - The standard replaces the portion of PAS 27, *Consolidated and Separate Financial Statements,* that addresses the accounting for consolidated financial statements and SIC-12, *Consolidation - Special Purpose Entities.* It establishes a single control model that applies to all entities including special purpose entities. Management has to exercise significant judgment to determine which entities are controlled, and are required to be consolidated by a parent company.

- PFRS 12, *Disclosure of Interests in Other Entities* - The standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosure requirements that were previously included in PAS 31, *Interests in Joint Ventures* and PAS 28, *Investments in Associates and Joint Ventures.* These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PAS 27, *Separate Financial Statements* (as revised in 2011) - As a consequence of the new PFRS 10 and PFRS 12, PAS 27 is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- PFRS 7, *Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments) - The amendment requires entities to disclose information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The new disclosure is required for all recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

- Amendments to PFRS 10, PFRS 11 and PFRS 12: *Transition Guidance* - The amendments provide additional transition relief in PFRS 10, PFRS 11 and PFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before PFRS 12 is first applied.

- PFRS 13, *Fair Value Measurement* - The standard establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

- IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* - This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs") and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset.

- Improvements to PFRS

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

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

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

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

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

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

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

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

4. Summary of Significant Accounting and Reporting Policies

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

Fair Value Measurement

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

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

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

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

Financial Assets and Liabilities

a. Recognition

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

b. Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and

(d) Available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

As at March 31, 2016 and December 31, 2015, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

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

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

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

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

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

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

c. Derecognition

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

- the right to receive cash flows from the asset has expired; or

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risk and rewards of the assets, but has transferred control over the asset.

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

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

d. Offsetting

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

e. Impairment of Financial Assets

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

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

Inventories

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

Prepayments

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

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

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

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

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

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

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

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

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

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

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

Mining Rights on Explored Resources

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

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

Impairment of Nonfinancial Assets

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

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

Retirement Benefits

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

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

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

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

Income Taxes

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

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

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

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

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

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

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

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

Related Parties

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

Provisions and Contingencies

General Provisions. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

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

Earnings Per Share

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

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

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

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

5. Significant Accounting Judgments and Estimates

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

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

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

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

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

Estimates

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

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

Trade and other receivables, net of allowance, amounted to ₱41.20 million and ₱206.33 million as at March 31, 2016 and December 31, 2015, respectively. Allowance for receivable impairment amounted ₱11.04 million as at March 31, 2016 and December 31, 2015 (see Note 7).

Estimating Net Realizable Value of Inventories. The Company recognizes loss on inventories whenever net realizable values become lower than costs due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Net realizable value is reviewed on a monthly basis to reflect the accurate valuation in the financial records. The carrying value of inventories, which is measured at cost, amounted to ₱161.93 million and ₱35.72 million as at March 31, 2016 and December 31, 2015, respectively.

Estimating the Realizability of Input VAT. The Company assesses the realizability of input VAT based on its ability to utilize the asset. The assessment is made on a continuing basis year on year. The carrying value of input VAT, which is included as part of "Other noncurrent assets" in the consolidated statements of financial position, amounted to ₱269.44 million and ₱266.59 million as at March 31, 2016 and December 31, 2015, respectively (see Note 11).

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

Property and equipment, net of accumulated depreciation, amounted to ₱472.68 million and ₱514.56 million as at March 31, 2016 and December 31, 2015, respectively (see Note 9).

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

Mine and mining properties, net of accumulated depletion, amounted to ₱836.06 million and ₱831.82 million as at March 31, 2016 and December 31, 2015, respectively (see Note 10).

Mining rights on explored resources, net of accumulated depletion, amounted to ₱1,098.56 million as at March 31, 2016 and December 31, 2015 (see Note 10).

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

- significant underperformance relative to expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the strategy for overall business; or

- significant negative industry or economic trends.

No impairment loss was recognized in 2016 and 2015.

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

Provision for mine rehabilitation amounted to ₱45.71 million as at March 31, 2016 and December 31, 2015. (see Note 12).

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

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

Retirement liability amounted to ₱34.90 million as at March 31, 2016 and December 31, 2015, respectively (see Note 18).

6. Cash

This account consists of:

	March 31, 2016	December 31, 2015
Cash in banks	₱100,506,784	₱190,055,973
Cash on hand	216,259	150,951
	₱100,723,043	₱190,206,924

Cash in banks earn interest at the respective bank deposit rates. Interest income from cash in banks amounted to ₱100,506,784 in March 31,2016 and ₱190,055,973 as of December 31, 2015.

7. Trade and Other Receivables

This account consists of:

	March 31, 2016	December 31, 2015
Trade receivables	₱9,059,383	₱184,280,933
Advances to employees	10,928,456	18,818,508
Others	32,249,343	14,268,703
	52,237,191	217,368,144
Allowance for impairment	(11,036,527)	(11,036,527)
	₱41,200,665	₱206,331,617

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

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

Aging of Trade receivables

Current	*1 to 30 days past due*	*31 to 60 days past due*	*61 to 90*	*120+ past due*	*Total*
₱'000	*₱'000*	*₱'000*	*₱'000*	*₱'000*	*₱'000*
₱–	*₱–*	*₱1,614*	*₱5,559*	*₱1,886*	*₱9,059*

Movements of allowance for impairment in March 31, 2014 and December 31,2013 are as follows:

	Trade receivables	Advances to employees	Others	Total
Balance at January 1, 2016	₱1,885,785	₱2,277,468	₱6,873,274	₱11,036,527
Impairment	–	–	–	–
Balance March31, 2016	₱1,885,785	₱2,277,468	₱6,873,274	₱11,036,527

8. Other Current Assets

This account consists of:

	March 31, 2016	December 31, 2015
Mining and office supplies	**₱40,899,580**	₱34,452,989
Advances to contractors and suppliers	**11,285,907**	7,884,524
Prepaid expenses	**4,049,560**	4,269,301
Others	**31,747,206**	29,002,207
	₱87,982,253	₱75,609,021

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

9. Property and Equipment

This account consists of the following:

	March 31, 2016					
	Land	Building	Office equipment furniture and fixture	Heavy and transportation equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	₱57,217,484	₱132,049,286	₱64,037,464	₱829,301,223	₱6,636,103	**₱1,089,241,560**
Additions	155,280	2,233,824	1,164,784	155,008	177,159	**3,886,055**
Reclassification					1,846,356	**1,846,356**
Balance at end of year	57,372,764	134,283,110	65,202,248	829,456,231	4,966,906	**1,091,281,259**
Accumulated Depreciation						
Balance at beginning of year	-	27,586,966	39,939,991	506,363,352	-	**573,890,308**
Additions	-	3,051,317	2,695,670	38,959,248	-	**44,706,235**
Balance at end of year	-	30,638,283	42,635,661	545,322,599	-	**618,596,543**
Net carrying amount, December 31, 2016	₱57,372,764	₱103,644,827	₱22,566,587	₱284,133,632	₱19,802,489	**₱472,684,716**

	December 31, 2015					
	Land	Building	Office equipment furniture and fixture	Heavy and transportation equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	₱47,078,744	₱ 113,158,652	₱ 48,108,631	₱677,103,094	₱19,020,120	₱904,469,241
Additions	10,138,740	1,711,194	14,694,879	158,902,304	18,469,489	203,916,606
Disposal	-	-	-	(10,622,518)	-	(10,622,518)
Reclassification	-	17,179,440	1,233,954	3,918,343	(30,853,506)	(8,521,769)
Balance at end of year	57,217,484	132,049,286	64,037,464	829,301,223	6,636,103	1,089,241,560
Accumulated Depreciation						
Balance at beginning of year	-	17,281,047	30,069,300	342,560,153	-	389,910,500
Additions	-	10,305,918	9,870,691	169,118,874	-	189,295,483
Disposal				(5,315,675)		(5,315,675)
Balance at end of year	-	27,586,965	39,939,991	506,363,352	-	573,890,308
Net carrying amount, December 31, 2014	₱57,217,484	₱104,462,321	₱ 24,097,473	₱ 322,937,871	₱ 6,636,103	₱515,351,252

Reclassification from construction in progress to mine and mining properties mainly pertain to mine development costs in Cabangahan and Pili area (see Note 10)

Heavy and transportation equipment, aggregating to ₱121.0 million million as at March 31, 2016 and December 31, 2015, are held as collaterals for loan payable (see Note 13).

In 2015, the Company disposed heavy and transportation equipment with carrying amount of ₱5.3 million for ₱4.6 million resulting to a loss of ₱0.7 million.

10. Mine and Mining Properties and Mining Rights

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

	March 31, 2016			
	Mining rights on explored resources	Mine and miningproperties	Mine Rehabilitation Asset	Total
Cost				
Balance at beginning of year	₱1,098,559,100	₱932,174,993	₱42,170,134	**₱2,072,904,227**
Additions	-	4,233,843	-	**4,233,843**
Balance at end of year	1,098,559,100	936,408,836	42,170,134	**2,077,138,070**
Accumulated depletion				
Balance at beginning of year		140,370,156	2,156,784	**142,526,940**
Additions	-	-	-	-
Balance at end of year		140,370,156	2,156,784	**142,526,940**
Net carrying amount, 03.31.16	₱1,098,559,100	₱796,038,679	₱40,013,350	**₱1,934,611,130**

	December 31, 2015			
	Mining rights on explored resources	Mine and mining properties	Mine Rehabilitation Asset	Total
Cost				
Balance at beginning of year	₱1,294,766,157	₱923,306,495	₱42,170,134	₱2,260,242,786
Additions	-	346,729		346,729
Reclassifications		8,521,769		8,521,769
Balance at end of year	1,294,766,157	923,174,993	42,170,134	2,269,111,284
Accumulated Depletion				
Balance at beginning of year	136,992,9740	97,690,617	-	234,683,591
Additions	59,214,083	42,679,539	2,156,784	104,050,406
Balance at end of year	196,207,057	140,370,156	2,156,784	338,733,997
Net carrying amount, 12.31.15	₱1,098,559,100	₱791,804,837	₱40,013,350	₱1,930,377,287

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

Additions to mine and mining properties represent reclassifications from construction-in-progress under property and equipment.

11. Other Noncurrent Assets

This account consists of:

	March 31, 2016	December 31, 2015
Input VAT	**₱269,439,539**	₱266,592,646
Rehabilitation cash fund (RCF)	**5,337,605**	5,337,605
Rental deposit	**468,959**	468,959
Monitoring trust fund (MTF)	**162,462**	162,462
Others	**111,835,321**	112,342,955
	₱387,243,886	₱384,904,627

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

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

12. Trade and Other Payables

This account consists of:

	March 31, 2016	December 31, 2015
Trade payables	₱44,018,418	₱121,099,163
Advance from customers	-	-
Accrued expenses		
Excise tax and other statutory payable	8,942,029	35,320,445
Salaries and wages	-	44,467
Others	32,907,453	219,210
Interest Payable		231,904
Dividend payable	-	-
Others	8,538,425	8,619,347
	₱94,406,325	165,534,536

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

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

13. Interest-Bearing Loans

This account consists of:

	March 31, 2016	December 31, 2015
Long term loans	₱87,763,272	₱92,432,612
Short term loan	100,000,000	100,000,000
	187,763,271	192,432,612
Less: Current portion	113,446,786	118,116,126
	₱74,316,486	₱74,316,486

Short-term Loan

MMDC obtained short-term loan from a local bank to finance working capital requirements. The short-term loan bears interest rates ranging from 5.00% to 5.50% to be repriced every month in 2016 and 2015 and has maturity of not more than one year.

Long-term Loans

On July 15, 2015, the Company obtained a five (5) year promissory note with chattel mortgage on transportation equipment from a financing company amounting to ₱100.0 million with an annual interest rate of 6% maturing on July 15, 2020. Proceeds were used for working capital purposes. The carrying amount of transportation equipment covered by the chattel mortgage amounted to ₱120.1 million in 2015 (see Note 10).

In 2013, the Company obtained a three (3) year loan from a local bank amounting to ₱1.5 million which was used to meet working capital requirements and for the purchase of transportation equipment

14. Equity

Capital Stock

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

	Note	March 31, 2016	December 31, 2015
Authorized number of shares - ₱1.00 par value		2,000,000,000	2,000,000,000
Issued:			
Balance at beginning of year		₱1,821,358,599	₱1,821,358,599
		₱1,821,358,599	₱1,821,358,599

15. Cost of Goods Sold

This account consists of:

	Note	March 31, 2016	March 31, 2015
Production overhead		₱-	₱25,796,993
Contractual services		-	33,279,921
Personnel costs		-	35,883,798
Depletion	10	-	-
Depreciation	9	-	54,412,651
Excise tax		-	-
Net movement in inventory		-	(2,983,077)
		₱-	₱146,390,286

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

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

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

16. **Operating expenses**

This account consists of:

	Note	March 31, 2016	March 31, 2015
Salaries and allowances		**₱25,394,084**	₱31,901,497
Depreciation	9	**13,123,938**	4,960,625
Professional fees		**6,259,005**	2,237,725
Taxes and licenses		**6,234,965**	7,266,867
Outside services		**4,337,331**	3,667,966
Directors fee		**2,670,000**	4,641,471
Donations		**2,589,626**	1,406,424
Social development program		**2,016,497**	2,678,393
Representation		**1,823,643**	1,178,841
Supplies		**1,163,204**	682,834
Environmental expenses		**1,759,573**	–
Communication, light and water		**980,647**	1,006,623
Rental	20	**759,534**	128,930
Repairs and Maintenance		**260,721**	31,891
Freight and shipping		**–**	1,339,920
Royalties		**–**	1,597,262
Others		**4,023,421**	2,915,441
		₱73,396,192	₱67,642,710

17. **Other Income (Charges)**

This account consists of:

	March 31, 2016	March 31, 2015
Foreign currency gain (loss)	**₱995,604**	₱1,409,572
Others	**–**	–
	₱995,604	₱1,409,572

18. **Retirement Benefits**

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

The retirement liability recognized in the consolidated statement of financial position as at March 31, 2016 and December 31, 2015 and changes in the present value of defined benefit obligation are as follows:

	March 31, 2016	December 31, 2015
Balance at beginning of year	**₱34,900,776**	₱27,304,938
Current service cost	-	12,321,708
Interest cost	-	1,278,212
Net actuarial losses	-	(6,004,082)

Retirement benefits paid	-	-
Balance at end of year	₱34,900,776	₱34,900,776

The principal actuarial assumptions used to determine retirement benefit for 2015 are as follows:

	2015
Discount rates	4.95%
Salary increase rates	5%

Sensitivity analysis on defined benefit obligation as at December 31, 2015 is as follows:

	Change in Assumption	Effect on defined benefit liability
Discount rate	-100	(₱6,510,702)
	+100	(5,165,778)
Salary increase rate	+100	6,074,249
	-100	(4,948,781)

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

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

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

19. Related Party Transactions

Significant transactions with related parties include the following:

	Transaction Amounts		Outstanding Balances			
Advances to Related parties	**2016 (Quarter)**	**2015 (1 year)**	**March 31, 2016**	December 31,2015	Nature and Terms	Conditions
Receivables from:						
Under common management)	**(₱5,058,749)**	**₱1,042,578**	**₱67,453,204**	₱72,511,953	Working fund; unsecured; non-interest bearing; settled on demand	None

CDC is a company under common management.

20. Lease Commitments

The Company leases an office space for its operations. The lease is for a period of five (5) years. The minimum lease payments under operating lease amounted to ₱0.4 million in 2016 and 2015.

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

	2016	2015
Within 1 year	₱300,000	₱300,000
More than 1 year but within 5 years	100,000	100,000
	₱400,000	₱400,000

21. Income Taxes

The Company's net deferred tax assets arising from temporary differences as at March 31, 2016 and December 31, 2015 are summarized as follows:

	2016	2015
Deferred tax assets:		
Retirement benefit liability	₱8,915,997	₱8,915,997
Allowance for impairment losses on:		
Inventories	10,694,165	10,694,165
Trade and other receivables	1,341,890	1,341,890
Provision for mine rehabilitation	573,479	573,479
	21,525,531	21,525,531
Deferred tax liability on unrealized foreign exchange gain	5,667,904	5,667,904
	₱15,857,627	₱15,857,627

Details of unrecognized deferred tax assets are as follows:

	2016	2015
NOLCO	₱–	₱25,283,137
MCIT	–	4,201,000
Retirement benefit liability	–	1,554,235
	₱–	₱31,038,372

Details of NOLCO of the Parent Company are as follows:

Year incurred	Expiry date	Amount	Applied	Expired	Balance
2015	2018	₱26,867,083	₱–	₱–	₱26,867,083
2013	2016	57,410,040	–	–	57,410,040
2012	2015	34,794,610	(24,897,589)	(9,897,021)	–
		₱119,071,733	(₱24,897,589)	(₱9,897,021)	₱84,277,123

Details of MCIT of the Parent Company are as follows:

Year incurred	Expiry date	Amount	Applied	Expired	Balance
2015	2018	₱1,701,000	₱–	₱–	₱1,701,000
2014	2017	2,500,000	–	–	2,500,000
		₱4,201,000	₱–	₱–	₱4,201,000

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

23. Basic/Diluted Earnings Per Share

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

Estimation of earnings per share as of March 31, 2015 and 2016 are as follows:

	March 2016	March 2015
Net income (loss) shown in the statement of comprehensive income (a)	**(₱74,822,335)**	(₱62,543,114)
Weighted average number of common shares (b)	**1,821,358,599**	1,821,358,599
Effect of dilution from conversion options and warrants	-	-
Weighted average number of common shares adjusted for the effect of dilution (c)	**1,821,358,599**	1,821,358,599
Basic earnings per share (a/b)	**(₱0.04)**	(₱0.03)
Diluted earnings per share (a/c)	**(₱0.04)**	(₱0.03)

24. Financial Risk Management Objectives and Policies

General

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

Financial Risk Management Objectives and Policies

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

The tables below show the credit quality per class of financial assets and an aging analysis of financial assets that are past due but not impaired as at March 31, 206 and December 31, 2015.

Credit Quality per Class of Financial Assets

	March 31, 2016					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 100,723,043	₱–	₱–	₱–	₱–	₱ 100,723,043
Trade and other receivables	19,987,837	21,212,829	–	–	11,036,527	52,237,191
Advances to a related party	–	74,016,764	–	–	–	74,016,764
	₱120,710,880	₱95,229,593	₱–	₱–	₱11,036,527	₱226,976,998

	December 31, 2015					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱190,055,973	₱–	₱–	₱–	₱–	₱190,055,973
Trade and other receivables	–	189,790,577	–	–	8,759,059	198,549,636
Advances to a related party	–	72,511,953	–	–	–	72,511,953
RCF and MTF	5,5600,067					5,500,067
Rental deposit		468,959				468,959
	₱195,556,040	₱262,771,489	₱–	₱–	₱8,759,059	₱467,086,588

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

Cash in banks, RCF and MTF are classified as high grade since these are deposited in reputable banks having good credit rating and low probability of insolvency.

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

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

(₱'000)

	On Demand	Less than 3 months	3 to 6 Months	More than 6 months	Total
March 31, 2016					
Trade and other payables*	₱46,083	₱11,630	₱1,883	₱45,083	₱104,679
Dividend payable			4,955		4,955
Interest-bearing loans	113,447			74,317	187,764
	₱159,530	₱11,630	₱6,838	₱119,400	₱297,398

(₱'000)

	On Demand	Less than 3 months	3 to 6 Months	More than 6 months	Total
December 31, 2015					
Trade and other payables*	₱40,222	₱50,119	₱7,160	₱32,713	₱130,214
Dividend Payable		4,955	-		4,955
Interest-bearing loans	100,000	4,453	4,514	83,465	192,433
	₱140,222	₱59,528	₱11,674	₱116,178	₱327,602

Trade and other payables exclude statutory liabilities

Fair Value of Financial Assets and Financial Liabilities

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

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

(₱'000

	Mar. 31, 2016		Dec. 31,2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash in banks	₱100,507	₱100,507	₱190,056	₱190,056
Trade and other receivables*	41,201	41,201	198,549	198,549
Advances to related parties	74,017	74,017	72,512	72,512
RCF and MTF	216	216	5,500	5,500
Rental deposits	469	469	469	469
	₱216,409	₱216,409	₱467,087	₱467,087

	Mar. 31, 2016		Dec. 31,2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Trade and other payables*	₱104,679	₱104,679	₱130,214	₱130,214
Dividends payable	4,955	4,955	4,955	4,955
Interest-bearing loans	187,764	187,764	192,433	192,433
	₱297,398	₱297,398	₱327,602	₱327,602

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

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

RCF and MTF. Fair values of RCF and MTF approximate the amount of consideration at reporting period.

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

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

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

(₱'000)

	On Demand	Less than 3 months	3 to 6 Months	More than 6 months	Total
March 31, 2016					
Trade and other payables*	₱46,083	₱11,630	₱1,883	₱45,083	₱104,679
Dividend payable			4,955		4,955
Interest-bearing loans	113,447			74,317	187,764
	₱159,530	₱11,630	₱6,838	₱119,400	₱297,398

(₱'000)

	On Demand	Less than 3 months	3 to 6 Months	More than 6 months	Total
December 31, 2015					
Trade and other payables*	₱40,222	₱50,119	₱7,160	₱32,713	₱130,214
Dividend Payable		4,955	-		4,955
Interest-bearing loans	100,000	4,453	4,514	83,465	192,433
	₱140,222	₱59,528	₱11,674	₱116,178	₱327,602

**Trade and other payables exclude statutory liabilities*

25. Capital Management Objectives, Policies and Procedures

Capital Management

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

The Company monitors its capital using the debt to equity ratio, which is the total debt divided by the total equity. The Company includes total liabilities within the total debt. Equity includes capital stock, additional paid-in capital, retained earnings, and other comprehensive income.