MARCVENTURES
HOLDINGS, INC.

Driving Growth & Innovation

2023 Annual Report

Our Vision

We strive to be a responsible steward of mineral resources – a gift from the Divine Providence – in pursuit of our corporate goals while ensuring the welfare of our host communities and protecting and conserving the environment.

Our Mission

We always employ the best mining practices through clean, sustainable, and responsible mining: The Marcventures Way, in pursuit of a healthy balance between our mission to maintain a habitable environment and become a catalyst for uplifting the quality of life of our host communities while we attain long term profitability and sustainability.

Our Core Values

These principles and values accelerate our progress:

Stewardship
Protect, maintain, and restore our mining areas—to the greatest extent possible to the state that God has given it to us.

Sustainability
Integrate our mining activities, plans, and programs that encourage the sustainable development of our host communities.

Accountability
Achieve profitability, guided by the principles of accountability based on transparency and best operating practices to achieve our overall efficiencies.

Equity
Fulfill our financial and corporate social responsibilities while providing a reasonable return to our shareholders.

Through it all, our faith in God and his infinite goodness shall be our inspiration.

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Corporate Profile

Marcventures Holdings (MHI) is a publicly listed company acquired in 2009 with four (4) wholly owned mining subsidiaries; two (2) nickel and two (2) bauxite (aluminum ore) properties. Transformed into an investment and holding company in 2013, on December 29, 2017, the Securities and Exchange Commission approved the merger of MHI with Asia Pilot Mining Philippines Corp. (APMPC) and BrightGreen Resources Holdings Inc. (BHI) with MHI as the surviving entity. This resulted in MHI's acquisition of APMPC subsidiaries, namely, Alumina Mining Philippines Inc. (AMPI) and Bauxite Resources Inc. (BARI) as well as BHI's subsidiary, BrightGreen Resources Corp. (BRC).

As of December 2023, MHI Capital Accounts show Authorized Capital Stock of 4,000,000 Common Shares at a Par Value of Php 1.00 per Share and Total Issued and Outstanding Shares of 3,014,820,305 Common Shares.

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

On December 7, 2023, the Parent company declared dividends of Php 0.10 per share or a total of Php 301.5 million to all stockholders on record as of January 12, 2024, with a payment date of January 26, 2024. Dividends payable amounted to Php 312.0 million as of December 31, 2023.

Subsidiaries

Marcventures Mining and Development Corporation (MMDC)

The nickel mine is within the municipalities of Cantilan, Carrascal, and Madrid in Surigao del Sur. It holds Mineral Production Sharing Agreement (MPSA) No. 016- 93- XIII covering 4,799 hectares and was approved on July 01, 1993. Commercial operations started in 2011 and on 2015, MMDC obtained an Amended Environmental Compliance Certificate to extract 5 million Wet Metric Tons (WMT) of Nickel laterite ore every year.

BrightGreen Resources Corp. (BRC)

The tenement is adjacent to MMDC and holds MPSA No. 015-93-XIII approved on July 01, 1993, and covering approximately 4,860 hectares within the municipalities of Carrascal and Cantilan in Surigao del Sur.

On February 7, 2019, the MGB approved the MPSA's six- year extension starting from the expiration of its 25-year term. On April 11, 2022, the MGB granted the extension of the 3rd exploration renewal period for another two years from July 2, 2022 - July 1, 2024, allowing the recovery of unused term due to force majeure.

BRC is currently in the process of obtaining the memorandum on the Free, Prior and Informed Consent and Certification Precondition (FPIC) from the National Commission Indigenous Peoples (NCIP), DMPF approval from the MGB, including the required work programs on Environmental Protection and Enhancement Program, Social Development and Management Program, Safety and Health Program, Three (3)-Year Development/Utilization Work Program, Care and Maintenance Program and Project Feasibility Study and the Environmental Compliance Certificate from the Environmental Management Bureau. The abovementioned permits, licenses, and approvals from the regulatory bodies are in line with its MPSA renewal for another 25 years.

Alumina Mining Philippines, Inc. (AMPI)

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

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

Bauxite Resources, Inc. (BARI)

Incorporated and registered with the SEC on August 31, 2001, to engage in the mining business, BARI was acquired from a merger with APMPC in 2017.

On December 5, 2002, the DENR approved MPSA No. 180-2002-VIIISBMR covering 5,519 hectares in the municipalities of Gandara, San Jose de Buan, Matuguinao, and San Jorge in Samar, Eastern Visayas (Region VIII). The MPSA is valid for 25 years and renewable for another 25 years.

On May 18, 2020, AMPI and BARI received the DENR approval, through MGB, granting the exploration period extension June 18, 2020 to June 18, 2022.

On February 9, 2022, AMPI and BARI wrote to MGB requesting for an additional two (2) year extension (until June 18, 2024) of the 3rd exploration period (CY2018-2020; Extension: CY2020-2022) due to force majeure, factors and events which prevented them from fully utilizing the contract area. The request was approved (subject to several conditions) by the MGB on March 28, 2022. AMPI and BARI plan to file for the DMPF and the early renewal of the MPSA for another 25 years.

We rise with perseverance
Message from MHI Management

We remain committed to our stakeholders.

Mining has opened various opportunities across sectors. In the past years, we saw the growth of the electric vehicle industry increasing the demand for lithium, cobalt, and more importantly, nickel. We see global companies utilizing digital transformation, adopting artificial intelligence and machine learning to improve efficiency and safety. The commitment to environmental care has also led to sustainable mining and eco-friendly and socially responsible practices that support waste management leading to a circular economy.

The Mines and Geosciences Bureau (MGB) remains optimistic about the sterling performance of the mining sector in the previous year. A landmark agreement was also forged between the Department of Environment and Natural Resources and the mining industry to pursue policy reforms to make the mining industry more sustainable, responsible, transparent, and attractive to investors.

Recently the global nickel market has experienced a downturn, marking a sharp decline in nickel prices. Mining companies are faced with mounting challenges that necessitate new strategies and fortified resilience amidst market uncertainty.

As key a player in the industry, Marcventures has remained resilient and committed to its stakeholders, with a consolidated income of Php 227.33 million, a 12% increase from the previous year. We completed 28 shipments generating an economic value of Php 300 million in 2023, despite the unstable weather conditions, weakening ore market, and rising in fuel costs.

We spent Php 48.33 million on programs that will support our host and neighboring communities. Marcventures supports the largest number of scholars in the Caraga region. We spent a total of Php 7.7 million in scholarships and other types of educational assistance. Over 200 students are covered by the programs including scholars from indigenous communities.

The Company continues to implement environmental projects, protect and rehabilitate mining areas. This year's initiatives amounted to to Php 64.5 million.

This year, we mark another significant achievement with our ISO certifications for Quality Management, Environmental Management, and Occupational Health and Safety. The Company passed the surveillance audit in 2023 and received the certification in January 2024.

Challenges in mining are inevitable, but we rise above them with perseverance, strategic planning, and hard work, never losing sight of our mission to observe clean, sustainable, and responsible mining.

We thank the Divine Source for the guidance and together we look forward to another productive year.

CESAR C. ZALAMEA
Chairman

ROLANDO S. SANTOS
Chief Operating Officer
Executive Vice President

Generating value
Financial Review

Results of Operations

MHI's consolidated income for 2023 increased by 12% from Php 202.58 million in 2022 to Php 227.33 million in 2023. A result of the low product cost of limonite and reduced company overhead, as cost-cutting measures were strictly implemented during the year.

MMDC's revenue decreased by 33% from Php 3.07 billion in 2022 to Php 2.05 billion in 2023. A total of 28 shipments were completed in 2023 with a year-to-date total of 410 shipments.

Operationally, MMDC had a positive year generating a direct economic value of Php 300.52 million in 2023, despite the unstable weather conditions, fluctuating ore market value and the rise in fuel cost.

The Company is gearing up for an impressive performance this year. Initiatives to upgrade its business models to adapt to changes and trends and continuously ensure high-quality products for its buyers are in place and reviewed religiously. Operating Costs and Expenses were at Php 1.62 billion in 2023. The decrease was primarily due to the shortfall of ore produced and sold. The Company also spent over Php 201.71 million on employee wages and benefits in 2023.

The expenditures for suppliers and other operating costs in 2023 amounted to Php 1.14 billion. Based on the results for the year in review, the Company paid interest to loan providers totaling Php 15.06 million. Profitability from enhanced business models in 2023 translated to over Php 533.55 million in government payments in the form of royalties and taxes. This includes excise and withholding taxes, quarterly income taxes as well as permits and licenses. The generated profit allowed optimal returns for shareholders, with enough resources for future investments.

The Company's expenditure on host and neighboring communities in 2023 totaled Php 48.33 million.

The Company's corporate social investments are closely monitored through a standardized reporting process aimed at maximizing the value that MMDC and its host and neighboring communities derive from these investments. MMDC continues to focus on its core strengths to stay competitive in the coming years.

Financial Position

MHI Consolidated Total Assets of Php 6.0 billion posted a 2% increase from Php 5.9 billion in 2022. The improvement is attributed to the minimal incremental net income reported during the year resulting in aggravated ore sales proceeds and higher ore inventory production towards the last quarter of the year.

Total Liabilities escalated by Php 184.2 million or 17% resulting from the declaration of the dividend made on the last month of the year and payable in the succeeding year.

Stockholders' Equity decreased by Php 75.0 million or 2% due to the net effect of the net income and dividend declaration for the year.

ISO Certification for Quality Management

MMDC successfully received 2023 certification for ISO 9002:2015 (Quality Management System). The standard signifies improved performance, the ability to address customer expectations, and commitment to quality. It calls for the establishment, implementation, maintenance, and continuous improvement of a quality management system (QMS). Surveillance audit was done in 2023 and certification was received in January 2024.

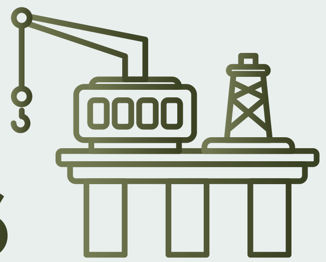
Expansion ventures
Exploration Report

Development drilling was conducted in 2023 to upgrade the mineral resource category from Indicated and Inferred mineral resources to Measured and Indicated, respectively. A total of 326 drill holes were completed within the Cabangahan and Sipangpang areas.

Mineral resources were classified according to drilling density and spacing. The saprolite resource was classified as measured with a drilling interval of 25 meters, indicated at 50 meters and inferred at 100 meters.

For limonite, the resource was classified as measured with drilling intervals at 25 and 50 meters and indicated with drilling intervals at 100 meters.

The cut-off grade used for the estimation of saprolite resource is 1.0% Ni. For limonite, the cut-off grades are set at 0.5% Ni and 45% Fe for high Iron Limonite and 0.7% Ni and 20% Fe for low Iron Limonite.



326

drill holes in Cabangahan & Sipangpang

MMDC

As of December 31, 2023, the MMDC mineral resource is estimated at 66.4 million WMT Measured and Indicated Saprolite and Limonite.

The total measured and indicated saprolite mineral resource is estimated at 8.7 million WMT at 1.32% Ni and 12.89% Fe while the measured and indicated limonite mineral resource is estimated at 57.8 million WMT at 0.89% Ni and 43.75% Fe.

An additional 3.8 million WMT of saprolite resource with an average grade of 1.20% Ni and 12.72% Fe were categorized under the inferred category.

Samar Bauxite Projects

Alumina Mining Philippines Inc. (AMPI) and Bauxite Resources Inc. (BARI) are the only two Bauxite Mines in the Philippines. These properties were acquired by Marcventures Holdings, Inc. (MHI) in 2017 covering a total area of 12,129 hectares located in the Province of Samar, Region VIII, Philippines.

According to the Mineral Resource Report signed by a Competent Person in March 2016 reviewed and certified by a Philippine Mineral Reporting Code (PMRC) Competent Person (CP) for Geology in June 2017, the Bauxite Properties' combined Measured and Indicated Mineral Resource is around 73.18 million Wet Metric Tonnes (WMT) with an average grade of 41.66% Al2O3.

BrightGreen Resources Corporation (BRC)

The mining tenement is adjacent to MMDC. Based on a mineral resource report signed by a Competent Person in March 2016, BRC's total Measured and Indicated Mineral Resource is 16.03 million Wet Metric Tons (WMT) with an average grade of 1.17% Ni and 34.98% Fe. This is further broken down to 3.06 million Wet Metric Tons (WMT) Saprolite with an average grade of 1.59% Ni and 14.85% Fe, and 12.97 million Wet Metric Tons (WMT) Limonite with an average grade of 1.07% Ni and 39.73% Fe. Mineral Resources has been validated by the Mines and Geosciences Bureau (MGB) and is deemed acceptable and compliant with PMRC 2007 guidelines and DENR DAO No. 2010-09.

Minimizing carbon footprints
Environment Protection

Mining activities are guided by the commitment to environmental stewardship. Land, water, and other aspects of operations are considered for the success and sustainability of the organization, the environment, and stakeholders.

Environmental footprints are minimized through effective monitoring and management. Initiatives are focused on the regeneration of resources. Water and energy are effectively managed, and carbon emissions are reduced and minimized to integrate towards the circular economy.

The Environmental Protection and Enhancement Program (EPEP) is a comprehensive management plan to achieve to fulfill environmental commitment which include protection and rehabilitation of the affected mining areas. This program is monitored by the Multipartite Monitoring Team, headed the Regional MGB, Local Government Units (LGU) representatives and other non-government organizations. The implemented projects under EPEP amounted to Php 64.5 million.

Temporary Revegetation

Revegetation rebuilds the soil's nutritional components disrupted by land activities. By growing plants in disturbed areas, erosion, and soil runoffs are prevented. DENR Administrative Order (DAO) No. 2018-19 states the "Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines". It focuses on the establishment and maintenance of temporary revegetation and provides policies that ensure sustainable environmental conditions and minimize environmental effects during the mining operation.

For 2023, the revegetation area measuring 38.02 hectares was planted with assorted grass, creeping vines, and crops such as upland rice, mung beans, and corn. The temporary revegetation area serves as a soil erosion control measure and supports the nitrogen fixation process of the topsoil. The latter is used for the engineered slopes for the mine rehabilitation in Cabangahan and Sipangpang.

Mining Forest Program

Reforestation is essential for mitigating the impact of climate change and improving biodiversity. Trees are vital to human existence and the tree planting program directly restores mined-out landscapes to functioning ecosystems.

Under the Mining Forest Program (MFP), the mined-out area measuring 36.79 hectares was covered with 39,955 seedlings of Agoho, Narra, Bani, Magkono, Auri, and Mangium.

Nursery Operations

As of December 2023, MMDC maintains a total of 201,609 seedlings of various species. This is the combined total number of seedlings propagated from the nurseries in Sipangpang and Banban.

Riparian Zone Stability

To stabilize river embankments and in line with erosion control, bamboo seedlings were planted along the Carac-an and Alamio rivers. For 2023, about 4.95 hectares were planted with bamboo while the existing 9.25 hectares planted area continues to be maintained through ring weeding and fertilizer application.

Silt Control

To protect natural waters, settling ponds are maintained to prevent water discoloration caused by water run-off from the mine site.

The sediments are collected at the silt and discharged accordingly. The process ensures that the effluence level is compliant with DENR standards.

To mitigate potential water discoloration brought by run-off waters coming from the mine site, settling ponds were constructed to allow the settling of sediments before discharge and ensure effluents are compliant with DENR standards.

For the year 2023, 13 new settling ponds were constructed, two (2) ponds in Cabangahan and 11 in Sipangpang. A total of 127,501 cu.m of silt materials were desilted as part of the maintenance and improvement of settling ponds.

ISO certification for environmental management

MMDC successfully earned the 2023 certification for ISO 14001:2015 also known as the Environmental Management System. The standard defines the organization's improved environmental performance through efficient use of resources and reduction of waste, gaining a competitive advantage and the trust of stakeholders. It also calls for the management of environmental aspects and ensures conformity to compliance obligations while addressing risks associated with threats and opportunities.

Sustaining livelihood growth
Community Development

PHP
48.33M

for host and neighboring communities

Mining activities are aligned with programs committed to the health, safety, and livelihood of the communities in Carrascal, Cantillan, and Madrid. The Company has several initiatives under its Social Development and Management Program (SDMP) that are geared towards the upliftment of host and neighboring communities. The objective is to create responsible, self-reliant, and resource-based communities that can independently implement livelihood activities for their sustained development. The implemented social development programs amounted to Php 26.8 million. The projects focus on health, education, livelihood, public utilities, and socio-cultural preservation.

For 2023, the Company's total expenditure for host and neighboring communities is Php 48.33 million. This covers both SDMP and Corporate Social Responsibility projects.

Health

Health and well-being is at the forefront of all operational activities.

In 2022, the World Health Organization (WHO) established that COVID-19 is an ongoing health issue and is no longer a public health emergency of international concern. The Company continues to strictly follow health and safety measures as it continues to implement health-related initiatives under its Social Development Management Program (SDMP).

For the year 2023, the Company provided health and emergency assistance to patients in Cabangahan, Bon-ot, Bacolod, and Cabas-an, supported the medical missions in Cabangahan, Bayugo, and Panikian, purchased health equipment for Panikian and Babuyan, and an ambulance for Gamutan and Parang. A total of Php 4 million was utilized for the health needs of the residents in various communities.

Livelihood

Inclusive economic growth promotes sustainable development and improved community livelihood. In 2023, the Company supported the rice trading enterprise of NAGMAKA (Nagkahlusang Maguuma Alang sa Klambuan), an association of 77 farmers in Panikian. The project cost was one hundred thousand pesos (Php 100,000). Aside from sustainable livelihood, the program instilled teamwork, unity, and community spirit.

Sustaining livelihood growth
Community Development

Infrastructure

Improved infrastructure can lead to better market access and overall economic development. In 2023, the Company supported the completion of the multi-purpose center in Cabangahan, farm to market road from Cabangahan to Langcuang, the public market and potable water system in Bayogo, Banban solar lighting system and walkway construction in Panikian, water pipes in Cabas-an, and the foot bridge and access road for farm products in Bacolod. MMDC spent Php 6 million on community infrastructure.

Education

Financial assistance was given to college students in Cabangahan, Babuyan, Bayugo, Gamutan, Bon-ot, Cabas-an, including students from the non-mining communities of Taganito, Calayag, and Doyos. A total of 198 students were given financial assistance throughout the school year.

Additional teachers were also hired for the growing number of public school students every year. MMDC subsidized the salaries of 20 teachers assigned to the schools in Cabangahan, Bon-ot, Babuyan, Bacolod, Cabas-an, and Parang.

Resources were also provided for the renovation of Cabangahan Integrated School and Day Care Center, Panikian High School classroom, Panikian Day Care Center, the school stage for Antonio Yu Carcel Primary School in Bon-ot, Banban- Panikian school bus, graduation assistance for the students of Babuyan, and school supplies for the child development centers in Maslog, Banban, and Malcan.

Under the Development of Technology and Geosciences program (DMTG), the Company continues to support the education of 18 college students all taking up mining technology and environment-related courses. Resources were also provided for the ongoing Development of Mining and Geological Approach, a research project on tree species within the mine-out concession, and another research project on road dust control. The DMTG program also includes the Social Impact Assessment Program, which evaluates how the various projects affect the community.

The Company continues to grant scholarship privileges to deserving students from IP communities under its Corporate Social Responsibility program. A total of 53 scholars from IP communities are currently supported by MMDC, while five (5) scholars are supported by BrightGreen Resources Inc. (BRC) another subsidiary of MHI.

Occupational Safety

Production efficiency is guided by safe and responsible operations. The Central Safety and Health Committee (CSHC) regularly discusses day-to-day safety concerns. The Central Safety Meeting is conducted every month by the Resident Mine Manager together with the Mine Safety and Health Manager. A vital component of regulatory compliance, it also encourages interaction between contractors and the Company's operations team. Issues and concerns are addressed during the meeting which contributes to the improvement of the Company's safety performance.

Under the Annual Safety and Health Program, the Company conducts annual training sessions on Occupational Safety and Health, First Aid and Basic Life Support, and Fire Safety. Earthquake drills are every quarter, while the annual Fire Brigade training focuses on mine rescue and firefighting.

Safe Man Hours

As of 2023, the Company achieved a total of 2,059,500.42 safe hours with zero lost time accidents. The Company remains unwavering in its commitment to achieving the vision of zero harm.

ISO Certification for Health and Safety

MMDC successfully received the certification for ISO 14001:2015 certification or the Occupational Health & Safety Management System. This is mandated to all mining contractors as per Department of Environment and Natural Resources (DENR) Administrative Order No. 2015-07 and is also known as Mandating Mining Contractors to Secure ISO 14001 Certification. MMDC was initially certified in 2017 and was subsequently recommended for recertification in 2020 and 2023.

Overseeing excellence
Board Committees

Executive Committee

Chairman: Anthony M. Te

Members: Carlos Alfonso T. Ocampo
Kwok Yam Ian Chan
Andrew Julian K. Romualdez

Utilizes authority relative to the management of the Corporation's business and affairs subject to the provisions of the Company's By-laws, and the limitations of the law and other applicable regulations. It serves as the governing body in all matters related to corporate governance, approval of all major policies and oversees all major risk-taking activities, financial reporting and approval of material credit transactions and exposures.

Audit Risk, Oversight & Related Parties Transactions Committee

Chairman: Carlos Alfonso T. Ocampo

Members: Augusto C. Serafica
Kwok Yam Ian Chan

Provides recommendations and advice to the Board of Directors with the goal of supporting decisions on internal control and risk management, system review of all material related party transactions of the Company and ensuring application and approval of financial reporting.

Nominations and Compensation Committee

Chairman: Cesar C. Zalamea

Members: Augusto C. Serafica
Michael L. Escaler

Processes, vets, and oversees the nomination and elections to the Board and appointment of senior management or corporate officers, including evaluating fairness and appropriateness of remunerations. Part of its mandate is to ensure that relevant knowledge, competencies, and expertise that complement the existing skills of the Board and management are adopted as standards and criteria for nomination and election. The committee handles the screening of qualified individuals to ensure that all nominations are fair and transparent and in accordance with applicable laws, regulations, listing rules, and the Company's policies.

Investment Committee

Chairman: Augusto C. Serafica

Members: Anthony M. Te
Carlos Alfonso T. Ocampo

Assists the Company's Board of Directors in overseeing investment management, transactions, policies, and guidelines. It formulates and establishes investment policies and guidelines and reviews and/or recommends short and long-term investment strategies, objectives, and policies. This mandate extends to reviewing and monitoring the performance of the Company's investment strategy, overall investment portfolio and the evaluation and/ or recommendation of major capital expenditures, investment opportunities or divestment.

Retirement Committee

Chairman: Augusto C. Serafica

Members: Carlos Alfonso T. Ocampo
Andrew Julian K. Romualdez

Formulates policies on retirement benefits designed to assist the Company in the recruitment and retention of employees and other workforce management goals. It performs the functions of an Investment Fiduciary responsible for the prudent management of the investment portfolios provided to assist employees in preparing for retirement and compensate individuals for their years in service.

Overseeing excellence
Board of Directors

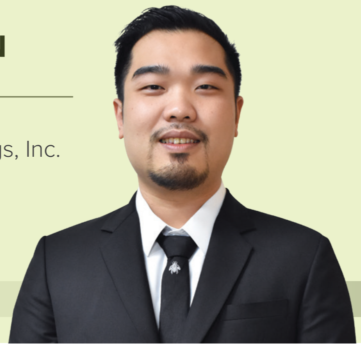
CESAR C. ZALAMEA
Chairman
Marcventures Holdings, Inc.
Marcventures Mining & Development Corporation

ANTHONY M. TE
Director
Marcventures Holdings, Inc.
Marcventures Mining & Development Corporation

MICHAEL L. ESCALER
Director
Marcventures Holdings, Inc.

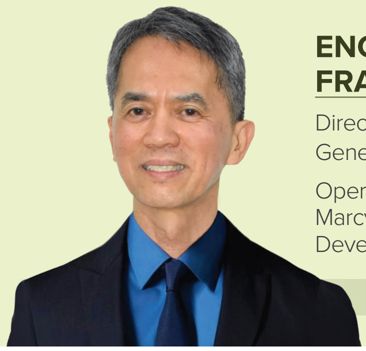
MARIANNE REGINA T. DY
Director
Marcventures Holdings, Inc.

KWOK YAM IAN CHAN
Director
Marcventures Holdings, Inc.



ROLANDO S. SANTOS
Director & Treasurer
Marcventures Mining and Development Corp.

Executive Vice President
Marcventures Holdings Inc.



ENGR. EDUARDO M. FRANCISCO
Director, President
General Mines

Operations Head
Marcventures Mining and Development Corp.

ANDREW JULIAN ROMUALDEZ
Director
Marcventures Holdings, Inc.
Marcventures Mining & Development Corporation

AUGUSTO C. SERAFICA JR.
Director
Marcventures Holdings, Inc.

RUBY K. SY
Director
Marcventures Holdings, Inc.

ATTY. CARLOS ALFONSO T. OCAMPO
Director
Marcventures Holdings, Inc.

ATTY. ARTURO L. TIU
Director
Marcventures Mining and Development Corp.

DANIEL OLIVER T. DY
Director
Marcventures Mining and Development Corp.

ATTY. ROBERTO V. SAN JOSE
Corporate Secretary
Marcventures Holdings. Inc. (MHI)

ATTY. ANA MARIA A. KATIGBAK
Asst. Corporate Secretary/
Compliance Officer, MHI

Overseeing excellence
Board of Directors

CESAR C. ZALAMEA
Chairman
Marcventures Holdings, Inc.
Marcventures Mining & Development Corporation

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. and a Member of the Advisory Board of Campbell Lutyens & Co. Ltd. In 1945, he joined AIG as an Investment Analyst at the Philippine American Life Insurance Company (Philamlife) and became President in 1969. In the same year, he was appointed a Member of the Monetary Board of the Central Bank of the Philippines, representing the private sector. In 1981, he became Chairman and in 1986 he moved to Hong Kong to be the first President of AIG Investment Corporation (Asia) Ltd. and was elected to serve as Director in AIG-affiliated companies in Asia -AIA Insurance Co., Nan Shan Life Insurance Co., and Philamlife. In 2005, 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.

ANTHONY M. TE
Director – Marcventures Holdings, Inc. and Marcventures Mining & Development Corporation

Mr. Anthony M. Te was elected Director in October 2017 and has been a Director of Marcventures Mining & Development Corporation since August 2013. He was elected to the Board of Marcventures Holdings, Inc. in 2017.

Currently, he is also a Director at Manila Standard Today Management, Inc., EEI Corporation, Media Quest Holdings Inc., Philippine Veterans Bank, Media Serbisyo Production Corp., Armstrong Capital Holdings Corp., and Strong Built (Mining) Development Corporation.

He was elected to the PSE Board in 2022 and was appointed to the Capital Market Development Committee. He is the Nominee of Armstrong Securities Inc., and a Director of the Chamber of Mines of the Philippines.

Mr. Te is the Chairman of Amalgamated Project Management Services, Inc., AE Proteina Industries, Inc., Asian Asset Insurance with Brokerage Corp. (where he also serves as Soliciting Official) and Asian Appraisal Company Inc.

He is the Chairman and President of Cymac Holdings Corporation, Chairman and Chief Financial Officer of Mactel Corp since 1999 and Principal of MNM Capital OPC in 2021.

He was an Independent Director of Equitable PCI Bank (2004-06), Director and Treasurer of PAL Holdings, Inc. (2000-03) Director of Balabac Resources & Holdings Co., Inc., EBECOM Holdings, Inc., MRC Allied Industries, Inc., Oriental Petroleum & Minerals Corp., PGA Cars, Inc., and Phoenix Energy Corp.

Mr. Te obtained his Bachelor of Arts in Business Management at De La Salle University.

ANDREW JULIAN K. ROMUALDEZ
Director – Marcventures Holdings Inc. and Marcventures Mining and Development Corporation

Mr. Romualdez graduated from Cornell University with a Bachelor's Degree in International Agriculture and Rural Development. Aside from Marcventures Holdings Inc. He is currently a Director of Bright Kindle Resources Corporation (BKR), Benguet Corporation and its subsidiaries, Benguetcorp Resources Management Corporation, and Arrow Freight Corporation. He is also a Director of Alumina Mining Phils., Inc. Bauxite Resources, Inc., and BrightGreen Resources Corporation.

AUGUSTO ANTONIO C. SERAFICA JR.
Director – Marcventures Holdings Inc.

Elected Director in June 2013, Mr. Serafica is also the President and Director of Bright Kindle Resources, Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation, and Chairman of the Board for Goshen Land Capital, Inc., West Palawan Premiere Development Corporation, Redstone Construction and Development Construction and TLC Manna Consulting, Inc. He sits as Director of Concepts Unplugged Business Environment Solutions, Inc., Treasurer of Sinag Energy Philippines, Inc., Member of the Board of Trustees of the AIM Scientific Research Foundation, Inc., President of the AIM Alumni Leadership Foundation, Inc., Treasurer of the Federation of AIM Alumni Associations, Inc., Director of the Alumni Association of AIM – Philippines, Inc. and the National Treasurer of the Brotherhood of Christian Businessmen and Professionals (BCBP).

He obtained a Bachelor of Commerce in Accountancy degree from San Beda College and master's in business management from the Asian Institute of Management. Mr. Serafica is a Certified Public Accountant.

MICHAEL ESCALER
Director – Marcventures Holdings, Inc.

Mr. Michael Escaler was elected Director in 2014. He is the President and CEO of All Asian Countertrade Inc. He is also the Chairman and President of PASUDECO Development Corp. and All Asian Oils and Fats Corporation; Chairman and CEO of Sweet Crystals Integrated Mill Corporation and Okeelanta Corporation; Chairman of Balibago Waterworks System Inc., South Balibago Resources Inc., Megaworld Capital Town Inc., JSY Transport Services Inc., Aldrew and Gray Transport Inc., Silverdragon Transport Inc., and Metro Clark Waste Management Inc.; President of San Fernando Electric Light and Power Company Inc., and Stanwich Philippines Inc.

He serves as an Independent Director of Lorenzo Shipping Corporation, Director of Power Source Philippines Inc., Empire Insurance Company, Trinity Insurance Brokers Inc., Trinity Healthcare Services Inc., Omnigrains Trading Corporation, and Leyte Agri Corporation.

Mr. Escaler began his career at Nissho-Iwai of America for two years and left for ACLI International. He transferred to Philipp Brothers as Vice President, and Head of White Sugar Trading Operations, before starting his own trading company in the Philippines.

He is a Hall of Fame Sprinter for Ateneo de Manila University, where he graduated cum laude with a Bachelor of Arts in Economics. He obtained his Masters in Business Administration in International Marketing at New York University.

Mr. Escaler supports Habitat for Humanity, Coca-Cola Foundation, PGH Medical Foundation, Mano Amiga Academy, and Productive Internships in Dynamic Enterprise (PRIDE).

MARIANNE REGINA T. DY
Director – Marcventures Holdings, Inc.

Ms. Marianne Regina T. Dy was elected Director in September 2014. She is the 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.

RUBY SY
Director – Marcventures Holdings, Inc.

Ms. Ruby Sy was elected Director in April 2018. She previously served as President and Director of Asia Pilot Mining Philippines Corp. (APMPC), Director and Treasurer of Bauxite Resources, Inc. and Director and Treasurer of Alumina Mining Philippines Inc.

Overseeing excellence
Board of Directors

ATTY. CARLOS ALFONSO T. OCAMPO
Director – Marcventures Holdings, Inc.

Elected 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, (established in 1997) and he is a member member of the Board of Media Serbisyo Production Corp, 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., and AVK Philippines, Inc. He is the Corporate Secretary of PSI Healthcare Development Services Corp., PSI Prescription Solutions Corp., AdriansePhils. 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 and was admitted into the honor societies of Phi Kappa Phi and Pi Gamma Mu. He completed the Executive Management Program at the Asian Institute of Management and earned Certificates from The Harvard Kennedy School of Government for the IME program in 2017 and MN program in 2016. In 2013, he was named leading adviser and commercial law expert by Acquisition International and Global Law Experts, respectively.

KWOK YAM IAN CHAN
Independent Director – Marcventures Holdings, Inc.

Elected Independent Director in September 2020. He is also a Director in Benguet Corp., DK Ventures Inc., King Dragon Realty Corp., Megalifters Cargo Handling Corp., Isky Empire Realty Inc., Seaborne Shipping Inc., and Zenith System, and Heavy Equipment.

He was the Managing Director of Dunfeng Philippines International Inc. in 2010 and Company President in 2017. He also served as Director of Mannage Resource and Trading Corp. until 2017. He finished his Bachelor of Science in Business Administration – majoring in Export Management at De La Salle College of St. Benilde and obtained his Master's Degree in Economics majoring in Finance at California Polytechnic University.

ROLANDO S. SANTOS
Director & Treasurer - Marcventures Mining and Development Corp.
Executive Vice President - Marcventures Holdings Inc.

Mr. Rolando Santos also serves as Director of Bright Kindle Resources and Investments, Inc., Prime Media Holdings and Media Serbisyo Production Corp.

He was previously the Branch Head of Banco de Oro and Cluster Head of Branches (2001-2013). He occupied key positions in the Bank of Commerce from (1984 -2001), Producers Bank of the Philippines (1981-1984), and Far East Bank (1972 -1981). He obtained his degree in BS Business Administration from the University of the East.

ATTY. ARTURO L. TIU
Director – Marcventures Mining & Development Corp.

Elected Director in May 2016. He is currently a senior partner at Reyno, Tiu, Domingo, and Santos & Associates Law Firm and served as the former Secretary of the Commission on Appointments. He completed his law studies at the University of the Philippines Diliman, Quezon City, and was in the top 15 bar passers in 1969.

In 1983, he was admitted to the practice of law in New York, USA, and Federal Practice, USA jurisdiction. Atty. Tiu was the former General Manager and concurrent Vice Chairman of the Board of Directors of the Philippine Charity Sweepstakes in 1992 where he also served as its Corporate Secretary for two years.

He is a member of the Integrated Bar of the Philippines (IBP) and chair of the IBP Committee on Environment since July 1999. He was also a member of the Board of Governors, IBP from 1987-1989; Chairman, Committee on Inter-Professional and Business Relations, IBP (1987- 1989); and member, IBP Committee on Justice.

Atty. Tiu served as the IBP President for Agusan del Norte (1987-1989), and Chairman of the Committee on Legal Education and Bar Admission (1989-1991. He also served as Vice Chairman of the Committee on Professional Responsibility, Discipline and Disbarment (1991-1993) for the same IBP chapter.

DANIEL OLIVER T. DY
Director – Marcventures Mining & Development Corp.

Mr. Daniel Dy was elected Director in May 2015. He obtained his Bachelor of Science in Business Administration majoring in Computer Applications from De La Salle University – College of St. Benilde. He was President of the Rotary Club of Makati Poblacion from 2014-2015. He is a Paul Harris Fellow and a Major Donor of the Rotary Foundation. Currently, he is a Director of the Meat Importers and Traders Association and the Vice President and Chief Sales Officer of So-Nice International Corporation.

ENGR. EDUARDO M. FRANCISCO
Director, President, and General Mines Operations Head – Marcventures Mining and Development Corporation

A registered and licensed mining engineer in the Philippines and a professional engineer in Canada, he has over 30 years of experience in open pit mining operations, and mine engineering including grade control, production, cost budgeting, forecasting, analysis, and mining projects. His work experience includes working for Rio Tuba Nickel Mining Corporation, Agrium (Nutrien) phosphate mine, De Beers Canada diamond mine, Syncrude Canada oil sands mine, Barrick Gold, Imperial Oil (Exxon) oil sands Canadian Silica Industries Inc. mines in Peace River, Wisconsin & Michigan, and Suncor Energy oil sands mine. Engr. Francisco obtained his Bachelor of Science in Mining Engineering at Adamson University.

ATTY. ROBERTO V. SAN JOSE
Corporate Secretary – Marcventures Holdings. Inc. (MHI)

Corporate Secretary of the Company since 2010. Director, Corporate Secretary, and officer of various companies connected with Castillo Laman Tan Pantaleon & San Jose law firm where he is a Senior Consultant. He is also a member of the Integrated Bar of the Philippines.

ATTY. ANA MARIA A. KATIGBAK
Assistant Corporate Secretary – Marcventures Holdings. Inc. (MHI)

Assistant Corporate Secretary of the Company since 1997. A partner at Castillo Laman Tan and Pantaleon & San Jose law firm and a member of the Integrated Bar of the Philippines.

Overseeing excellence
Executive Officers

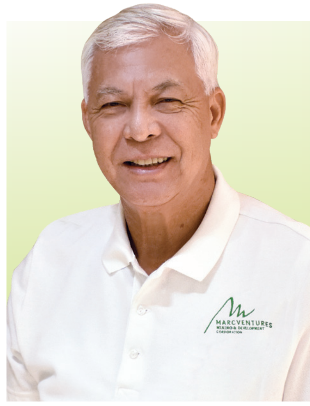
EDUARDO M. FRANCISCO
President & General Mine Operations Head, MMDC

DEBORRA C. ILAGAN
Vice President for Human Resources and Administration, MMDC

DALE A. TONGCO
Vice President for Controllership, MMDC

GEOL. JAYVHEL T. GUZMAN
AVP & Head of Geology, MMDC

ELMER O. PURISIMA
Assistant Vice President for Accounting, MMDC



ROLANDO S. SANTOS
Director/Treasurer, MMDC

MA. THERESA A. DEFENSOR
Vice President for Corporate Communications, MHI

BERNARD P. BALUDA
Assistant Vice President for Compliance Acquisitions & Tenement Management, MMDC

RIC F. MACABIDANG
Assistant Vice President for Marketing and Business Development, MMDC

EMERSON P. PAULINO
Assistant Vice President for Internal Audit, MMDC

Overseeing excellence
Executive Officers

DALE A. TONGCO
Vice President for Controllership – MMDC

Mr. Dale Tongco is a Certified Public Accountant with extensive experience in internal and external audit, controllership, risk and fraud management, corporate governance, process and control improvement, and ISO. His professional experience of over 30 years covers industries such as auditing, insurance, banking, and mining in roles dealing with Accounting, Tax Advisory, Finance and Treasury, Investigation, Business Development, and Cost and Budget Management. Before Marcventures, he worked with China Bank, RCBC, Deloitte, KPMG, SGV, Philam Life-AIA, Habitat for Humanity Philippines, CP de Guzman & Co.-CPAs, and with Benguet Corporation as Head of Audit and Risk Management.

MA. THERESA A. DEFENSOR
Vice President for Corporate Communications – MHI

Theresa Defensor is a Communications practitioner backed up with decades of experience in public relations, content creation, and media management. Prior to MMDC, she held key positions in Fleishman Hillard Manila, Fuentes Manila PR, St. Luke's Medical Center Global City, Euro- Agatep PR, Business World, and The Manila Chronicle. A certified Global Crisis Counselor, she also writes for The Manila Standard. Tet majored in Journalism at the University of the Philippines. She earned her Master's Degree in Literature (cum laude) and PhD in Literature units from the University of Santo Tomas and completed the management program at the Asian Institute of Management.

DEBORRA C. ILAGAN
Vice President for Human Resources and Administration – MMDC

Ms. Deborra C. Ilagan has been a Human Resources practitioner for over 20 years with a solid background in various HR roles and office administration functions, as well as Finance. Her longest stint (1991-2014) was with Metro Drug, Inc. and prior to joining MMDC she was Associate Director, Human Resources Operations at Pacific Cross Insurance, Inc., where she led overall HR operations. She obtained her Bachelor of Science in Commerce, major in Accounting from Canossa College and later got her Diploma in Human Resource Management, a flagship educational program of Personnel Management Association of the Philippines (PMAP).

ELMER O. PURISIMA
Assistant Vice President for Accounting – MMDC

Mr. Elmer Purisima has over a decade of combined professional experience in financial planning, forecasting, and budgeting, cost accounting, financial reporting, audit, and taxation across all industries. Prior to joining MMDC, he held key positions in Techiron Resources, Inc., Ludwig Pfeiffer Hoch-und Tiefbau GmbH & Co. KG - Philippine Branch, Alfa1 Technologies, Otis E&M Company Philippines, and SGV & Co. A Certified Public Accountant and a Certified Financial Consultant, he obtained his Bachelor's Degree in Accountancy from the Philippine School of Business Administration-Manila, and his Master's in Business Administration - Top Executive Program from the Pamantasan Lungsod ng Maynila.

GEOL. JAYVHEL T. GUZMAN
AVP & Head of Geology – MMDC

Ms. Jayvhel T. Guzman is a Licensed Geologist and Philippine Mineral Reporting Code (PMRC) Accredited Competent Person. She completed her Bachelor of Science in Geology from the University of the Philippines in 2006 and is currently taking up her Master of Business Administration at Philippine Christian University. Prior to joining Marcventures, she was a Consultant Geologist at Bundok Mineral Resources Corporation, Brass Technologies, Inc., Century Peak Corporation, and Tekton Geometrix, Inc. She also worked as Geologist at various companies such as Philippine National Oil Company - Energy Development Corporation, Philex Mining Corporation, Asian Arc Mining Resources, Inc., Century Peak Corporation, and JCP Geo- Ex Services, Inc.

EMERSON PAULINO
Assistant Vice President for Internal Audit – MMDC

Mr. Emerson Paulino is a Certified Public Accountant with over 15 years of internal audit experience. He performed functions of Audit for Philip Morris Fortune Tobacco Corp., Senior Accounting Analyst for Carrier International Corp., Senior Controls and IT Controls Analyst of PMFTC, Inc., Associate Manager for Compliance for Johnson & Johnson Philippines, Senior Accounts Payable Analyst for Standard Chartered Bank, Store Accountant of Bistro Group, Internal Audit Head and subsequently ERP Project Manager for SBS Philippines Corporation, and more recently its Chief Risk Officer. He completed his Bachelor of Science in Accountancy from the University of Perpetual Help Rizal, Las Piñas.

RIC MACABIDANG
Assistant Vice President for Budget and Cost Control – MMDC

Mr. Ric Macabidang is a Certified Public Accountant with over 20 years of extensive experience in Financial Analytics, Reporting, Accounting, Rates Review, Budget Development, and Management with Smart Communications, Inc. He started out as a Financial Analyst and worked his way up to Brand Financial Analytics Junior Manager from July 2011 to December 2013, Brand Financial Analytics and Carrier Business Management Manager from January 2014 to June 2017, and at the time of his early retirement, as Brand Financial Analytics, Carrier, Marketing & Sales Management Senior Manager from July 2017 to December 2019. He graduated (cum laude) from the University of San Carlos with a degree in BS Accountancy.

BERNARD P. BALUDA
Vice President for Compliance Acquisitions & Tenement Management – MMDC

Bernard P. Baluda is a licensed Mining Engineer. He started his career as Engineer II at the Mines and Geosciences Bureau of the Department of Environment and Natural Resources (DENR-MGB). Before Marcventures, he worked at St. Luke's Medical Center and Energy Development Corporation. He was also the Supply Chain Head, Technical Manager, and Project Engineer of Philex Mining Corporation. He graduated from the University of the Philippines with a degree in BS in Mining Engineering in 2002. He also took his master's in Business Administration at Ateneo Graduate School of Business and earned units in Master in Environmental Engineering at the University of Philippines.

Consolidated Financial Statements

Audit Committee Report

The Board of Directors

June 20, 2024

In compliance with applicable corporate governance laws and rules, we confirm for 2023 that:

- During the year, the Audit Committee is composed of three members, two of whom are independent directors.
- The committee had 2 meetings during the year.
- We have reviewed and approved all audit and non-audit services provided by Reyes Tacandong & Co. to the MHI Group and the related fees for such services, and concluded that the non-audit fees are not significant to impair their independence.
- In the performance of our oversight responsibilities, we have reviewed and discussed the results of the evaluation of the MHI Group's financial statements for 2023 which was done by Reyes Tacandong & Co. which focus on changes in accounting policies and practices, major judgmental areas, significant adjustments, compliance with accounting standards, tax, legal and stock exchange requirements.
- Based on the reviews and discussion referred to above, in reliance on MHI Group's management and Reyes Tacandong & Co., we hereby recommend that the Board of Directors approve the audited financial statements as of and for the year ended December 31, 2023 and its conclusion in the Annual Report to the Stockholders and to the Philippine Securities and Exchange Commission on Form 17-A; and
- Based on a review of Reyes Tacandong & Co.'s performance and qualifications, including consideration of management's recommendation, we approved the appointment of Reyes Tacandong & Co. as MHI Group's independent auditor.

Respectfully submitted,

ATTY. CARLOS T. OCAMPO
Chairman

MR. AUGUSTO C. SERAFICA JR.
Member

KWOK YAM IAN CHAN
Member

Statement of Management's Responsibility
for Financial Statements

The management of **Marcventures Holdings Inc. & Subsidiary (the Company)** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations or has not realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting.
The Board of Directors reviews and approves the financial statements including the statements attached therein and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

CESAR C. ZALAMEA
Chairman of the Board

ROLANDO S. SANTOS
SVP Finance

DALE A. TONGCO
VP Controllership

Independent Auditors' Report

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 23, 2024
SEC Accreditation No. PP201007008

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

The Stockholders and the Board of Directors
Marcventures Holdings, Inc. and Subsidiaries
4th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

Opinion

We have audited the consolidated financial statements of Marcventures Holdings, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recoverability of Mining Rights and Deferred Exploration Costs
The Group's mining rights and deferred exploration costs pertaining to mining areas that are still under exploration phase amounted to ₱1.6 billion and ₱0.2 billion as at December 31, 2023, respectively. The ability of the Group to recover its mining rights and deferred exploration costs would depend on the discovery of commercially viable quantities of mineral resources and of extracting the resulting ore reserves. This is a key audit matter because of the significance of the combined carrying amount of the mining rights and deferred exploration cost as it represents 30% of the total assets of the Group and the significant management judgment required in assessing whether there is any indication of impairment on these accounts.

We obtained management's assessment on whether there are any indications that the mining rights and deferred exploration costs may be impaired. We reviewed the Group's Mineral Production Sharing Agreement, including permits and licenses for each exploration project, to determine that the period to which the Group has rights to explore in the specific area has not expired and the Group has the right to renew the agreement and permits after expiration. We reviewed the Group's budget for exploration and development costs. We also assessed the adequacy of the disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 23, 2024
SEC Accreditation No. PP201007008

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Carolina P. Angeles.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 10072409
Issued January 2, 2024, Makati City

March 14, 2024
Makati City, Metro Manila

Consolidated Statements of Financial Position

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱603,877,818**	₱546,893,643
Trade and other receivables	5	**22,310,475**	101,197,320
Advances to related parties	14	**2,383,253**	26,280,675
Inventories	6	**169,124,694**	151,114,261
Other current assets	7	**100,487,705**	91,739,656
Total Current Assets		**898,183,945**	917,225,555
Noncurrent Assets			
Property and equipment	8	**140,927,905**	179,647,033
Investment property	9	**17,395,833**	–
Mining rights and other mining assets	10	**4,339,841,259**	4,327,257,856
Net deferred tax assets	21	**16,266,227**	31,990,307
Other noncurrent assets	11	**637,163,833**	484,484,557
Total Noncurrent Assets		**5,151,595,057**	5,023,379,753
		₱6,049,779,002	₱5,940,605,308
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**₱223,313,444**	₱281,209,564
Current portion of loans payable	13	**27,804,328**	80,345,623
Advances from related parties	14	**5,000,000**	4,936,715
Dividends payable	17	**311,966,875**	10,484,846
Income tax payable		**30,444,663**	18,246,030
Total Current Liabilities		**598,529,310**	395,222,778
Noncurrent Liabilities			
Loans payable - net of current portion	13	**104,800,529**	130,401,077
Provision for mine rehabilitation and decommissioning	15	**62,847,468**	60,122,100
Retirement benefit liability	16	**44,228,484**	40,475,462
Deferred tax liability	21	**441,999,621**	441,999,621
Total Noncurrent Liabilities		**653,876,102**	672,998,260
Total Liabilities		**1,252,405,412**	1,068,221,038
Equity			
Capital stock	17	**3,014,820,305**	3,014,820,305
Additional paid-in capital	17	**269,199,788**	269,199,788
Retained earnings		**1,478,425,453**	1,547,770,977
Cumulative remeasurement gains on retirement benefit liability - net of deferred tax	16	**34,928,044**	40,593,200
Total Equity		**4,797,373,590**	4,872,384,270
		₱6,049,779,002	₱5,940,605,308

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Note	Years Ended December 31 2023	2022	2021
NET SALES		**₱2,050,416,186**	₱3,067,485,008	₱3,891,592,774
COST OF SALES	18	**1,203,096,120**	2,043,607,876	2,166,660,973
GROSS INCOME		**847,320,066**	1,023,877,132	1,724,931,801
OPERATING EXPENSES	19	**507,165,400**	692,669,901	689,934,226
INTEREST EXPENSE	13	**(15,055,521)**	(26,859,047)	(50,525,191)
INTEREST INCOME	4	**10,303,511**	799,726	601,633
OTHER INCOME - Net	20	**3,056,154**	34,437,260	26,966,806
INCOME BEFORE INCOME TAX		**338,458,810**	339,585,170	1,012,040,823
INCOME TAX EXPENSE	21	**106,322,304**	137,004,390	255,597,967
NET INCOME		**₱232,136,506**	₱202,580,780	₱756,442,856
OTHER COMPREHENSIVE INCOME (LOSS)	16			
Not to be reclassified to profit or loss -				
Remeasurement gain (loss) on retirement benefit liability - net of deferred income tax		**(5,665,156)**	4,685,970	4,022,392
TOTAL COMPREHENSIVE INCOME		**₱226,471,350**	₱207,266,750	₱760,465,248
Basic and diluted earnings per share	23	**₱0.077**	₱0.067	₱0.251

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of
Changes in Equity

	Note	2023	2022	2021
		Years Ended December 31		
CAPITAL STOCK - ₱1 par value	17			
Authorized - 4,000,000,000 shares				
Issued and outstanding		**₱3,014,820,305**	₱3,014,820,305	₱3,014,820,305
ADDITIONAL PAID-IN CAPITAL	17	**269,199,788**	269,199,788	269,199,788
RETAINED EARNINGS				
Balance at beginning of year		**1,547,770,977**	1,345,190,197	980,673,981
Dividends	17	**(301,482,030)**	–	(391,926,640)
Net income		**232,136,506**	202,580,780	756,442,856
Balance at end of year		**1,478,425,453**	1,547,770,977	1,345,190,197
CUMULATIVE REMEASUREMENT GAINS ON RETIREMENT BENEFIT LIABILITY - NET OF DEFERRED TAX	16			
Balance at beginning of year		**40,593,200**	35,907,230	31,884,838
Remeasurement gain (loss)		**(5,665,156)**	4,685,970	4,022,392
Balance at end of year		**34,928,044**	40,593,200	35,907,230
		₱4,797,373,590	₱4,872,384,270	₱4,665,117,520

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of
Cash Flows

	Note	2023	2022	2021
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱338,458,810**	₱339,585,170	₱1,012,040,823
Adjustments for:				
Depletion	10	**45,522,156**	273,600,030	197,202,195
Depreciation and amortization	8	**25,548,962**	26,704,408	47,225,847
Interest expense	13	**15,055,521**	26,859,047	50,525,191
Interest income	4	**(10,303,511)**	(799,726)	(601,633)
Retirement expense	16	**8,214,000**	8,474,663	8,322,247
Provision for mining supplies obsolescence	7	**532,856**	–	15,558,092
Unrealized foreign exchange loss (gain)	20	**84,244**	(10,355,208)	(2,852,800)
Provision for expected credit loss	5	**–**	75,516,127	159,402,782
Operating income before working capital changes		**423,113,038**	739,584,511	1,486,822,744
Decrease (increase) in:				
Trade and other receivables		**78,886,845**	185,990,572	32,510,155
Inventories		**(18,010,433)**	46,194,875	(70,091,352)
Other current assets		**(9,280,905)**	32,089,480	(6,575,154)
Increase (decrease) in trade and other payables		**(57,896,120)**	(169,622,743)	26,023,135
Net cash generated from operations		**416,812,425**	834,236,695	1,468,689,528
Income tax paid		**(76,525,726)**	(119,243,889)	(410,145,997)
Retirement benefits paid	16	**(12,000,000)**	(907,210)	–
Interest received		**10,303,511**	799,726	601,633
Net cash provided by operating activities		**338,590,210**	714,885,322	1,059,145,164
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Mining rights and other mining assets	10	**(58,105,559)**	(208,220,899)	(154,749,413)
Property and equipment	8	**(4,225,667)**	(29,588,863)	(14,619,094)
Decrease (increase) in:				
Other noncurrent assets		**(152,679,276)**	(80,986,815)	(4,676,612)
Advances to related parties		**23,897,422**	(15,513,634)	28,412,516
Net cash used in investing activities		**(₱191,113,080)**	(₱334,310,211)	(₱145,632,603)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Loans	13	**(79,682,643)**	(239,281,882)	(362,778,837)
Interest	26	**(12,330,153)**	(26,543,903)	(43,982,710)
Dividends		**–**	(371,460,509)	–
Proceeds from availment of loans	13	**1,540,800**	9,660,396	179,728,730
Increase (decrease) in advances from related parties		**63,285**	(6,381,887)	(128,954,072)
Net cash used in financing activities		**(90,408,711)**	(634,007,785)	(355,986,889)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**57,068,419**	(253,432,674)	557,525,672
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(84,244)**	(725,527)	1,575,098
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**546,893,643**	801,051,844	241,951,074
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱603,877,818**	₱546,893,643	₱801,051,844
NONCASH FINANCIAL INFORMATION				
Dividend declaration	17	**₱301,482,030**	₱–	₱391,926,640

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated
Financial Statements
As at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021

1. CORPORATE INFORMATION

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

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

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

Approval of Financial Statements
The consolidated financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issue by the Board of Directors (BOD) on March 14, 2024, as reviewed and recommended for approval by the Audit Committee on the same date.

Information about the Subsidiaries
All of the subsidiaries of the Parent Company are wholly-owned and are domiciled in the Philippines.

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

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

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

On June 24, 2016, the DENR issued an Order approving the extension of MPSA for a period of 9 years starting from the expiration of the first 25-year term or from July 1, 2018 to June 30, 2027.

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

MMDC has been receiving annual certifications from MGB that it is compliant with the terms and conditions of the MPSA and pertinent provisions of the R.A. no. 7942 or the Philippine Mining Act of 1995 and its implementing Rules and Regulations. MMDC has continued mining operations in areas covered in the MPSA.

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

On July 1, 1993, the DENR approved BGRC's application for MPSA No. 015-93-XI (SMR) covering an area of approximately 4,860 hectares located in the municipalities of Carrascal and Cantilan, Surigao del Sur. On February 7, 2019, the MGB approved the extension of the MPSA for a period of six years starting from the expiration of its 25-year term until June 30, 2024.

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

On July 13, 2023, BGRC have received from the MGB office a reply letter for intention to renew its MPSA agreement for another 25 years.

The Group is now in the process and anticipative of obtaining the following permits, licenses, and approvals from the regulatory bodies:

- Free, Prior and Informed Consent and Certification Precondition from the National Commission on indigenous Peoples;
- Approval of the Declaration of Mining Project Feasibility from the MGB, including the required work programs: Environmental Protection and Enhancement Program, Social Development and Management Program, Safety and Health Program, Three (3)-Year Development/Utilization Work Program, Care and Maintenance Program and Project Feasibility Study; and
- Environmental Compliance Certificate from the Environmental Management Bureau.

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

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

On July 04, 2023, AMPI requested for temporary suspension of the second extension of the third renewal of the Exploration Period due to the peace and order problem in the area. This request was granted by the MGB on September 27, 2023, effective July 4, 2023, until the situation becomes safe and favorable.

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

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

On July 4, 2023, BARI requested for temporary suspension of the second extension of the third renewal of the Exploration Period due to the peace and order problem in the area. This request was granted by the MGB on September 27, 2023, effective July 4, 2023, until the situation becomes safe and favorable.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

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

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

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

Adoption of Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

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

The adoption of the amended PFRS did not materially affect the consolidated financial statements of the Group, except for the Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies.* Additional disclosures were included in the consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective or Adopted
Relevant amended PFRS, which are not yet effective as at December 31, 2023 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

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

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiaries as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021.

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

A subsidiary is deconsolidated from the date on which control ceases.

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

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

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

Financial Assets and Liabilities

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

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability).

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

As at December 31, 2023 and 2022, the Group's cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), advances to related parties, and final mine rehabilitation fund (FMRF), rehabilitation cash fund (RCF), rental deposit and monitoring trust fund (MTF) (included under "Other noncurrent assets") accounts are classified under this category (see Notes 4, 5, 11 and 14). Cash and cash equivalents in the consolidated statements of financial position comprise cash on hand and in banks and cash equivalents, excluding any restricted cash. Restricted cash, which includes FMRF, RCF and MTF, is not available for use by the Group and therefore is not considered highly liquid.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL), if any. Financial assets are derecognized when the right to receive cash flows from the asset has expired.

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

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

As at December 31, 2023 and 2022, the Group's trade and other payables (excluding advances from customers and excise tax and other statutory payables), loans payable, advances from related parties and dividends payable are classified under this category (see Notes 12, 13, 14 and 17).

Inventories

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

Other Current Assets

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

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

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

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

Property and Equipment

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

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

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

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

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

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

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

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

Mining Rights and Other Mining Assets

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

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

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

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

Exploration and evaluation activities include:

- Gathering exploration data through geological studies;
- Exploratory drilling and sampling; and
- Evaluating the technical feasibility and commercial viability of extracting the mineral resource.

Once the reserves are established and development is sanctioned, deferred exploration costs are tested for impairment and reclassified to mine development costs.

Mine and Mining Properties. Upon start of commercial operations, mine development costs are reclassified as part of mine and mining properties. These costs are subject to depletion, which is computed using the units-of-production method based on proven and probable reserves, which is reviewed periodically to ensure that the estimated depletion is consistent with the expected pattern of economic benefits from the mine and mining properties.

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

Investment Properties
Investment properties are stated at cost less accumulated depreciation and amortization and any impairment in value Depreciation is calculated on a straight-line basis over 20 years as the estimated useful lives of the investment properties.

Transfers are made to investment properties when there are changes in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when there are changes in use, evidenced by commencement of owner-occupation, ending of operating lease or commencement of development with a view to sale.

Transfers between investment property, owner-occupied property and inventories do not change the carrying value of the property transferred and they do not change the cost of that property for measurement or disclosure purposes on the date of reclassification.

Other Noncurrent Assets
Other noncurrent assets include input value-added tax (VAT), deferred input VAT and other financial assets (FMRF, RCF, rental deposit and MTF).

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 input VAT recoverable from the taxation authority is presented as “Input VAT”. Input VAT claimed for refund are presented separately as “Input VAT for refund”.

Deferred Input VAT. Represents amount of input VAT on trade payables arising from purchase of services.

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

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

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

Employee Benefits

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

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

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

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

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

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

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

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

Equity

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

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

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

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

Revenue Recognition

Sale of Ore. Sale of ore is recognized at a point in time upon delivery of goods to and acceptance by the customers, net of any sales adjustments based on the contracts with the customers.

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

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

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

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Group through an increase in asset or reduction in liability that can be measured reliably.

Cost and Expense Recognition

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

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

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

Leases

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

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

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

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

Group as Lessee

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

Group as Lessor

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

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

Foreign Currency-Denominated Transactions

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

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

Income Taxes

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

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

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

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

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

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

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

Related Party Transactions and Related Parties

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

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

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT JUDGMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

Defining Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when contractual payments are 90 days past due. The Group also considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Classification of a Property. The Group determines whether a property is classified as investment property or property and equipment as follows:

- Property and equipment comprise properties that are held for use in the ordinary course of business.
- Investment property is property not occupied and not used in the operations, nor for sale in the ordinary course of business, but are held primarily for earning rental income.

The carrying amounts of property, plant and equipment and investment property are disclosed in Notes 8 and 9 to the financial statements.

Accounting for Operating Lease - Group as Lessee. The Group's lease agreement for its office space qualifies as a short-term lease with a lease term of less than 12 months. The Group has elected to apply the recognition exemption on its short term leases.
Rental expense recognized by the Group is disclosed in Note 22.

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

Rental income is disclosed in Note 22.

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

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

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

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

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

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

For cash in banks, cash equivalents and advances to related parties, the Group assessed that these financial assets have low credit risk because the counterparties are reputable banks and related parties which possess good credit standings. Thus the ECL on these financial assets in 2023, 2022 and 2021 are not significant and not recognized.

The carrying amounts of the Group's other financial assets at amortized cost subjected to impairment testing are disclosed in Note 24.

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

No provision for inventory obsolescence was recognized in 2023, 2022 and 2021. The carrying amount of inventories, which is measured at the lower of cost and NRV, are disclosed in Note 6.

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

No provision for impairment loss was recognized in 2023, 2022 and 2021. The carrying amount of noncurrent input VAT is disclosed in Note 11 to the consolidated financial statements.

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

There were no changes in estimated useful lives of property and equipment in 2023, 2022, and 2021. The carrying amount of property and equipment are disclosed in Note 8.

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

The carrying amounts of mining rights and other mining assets are disclosed in Note 10.

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

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

Mine rehabilitation asset, recognized under the mine and mining properties are disclosed in Note 10.

Provision for mine site rehabilitation and decommissioning are disclosed in Note 15.

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

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

Based on management assessment, there are no impairment indicators on the Group's mining rights and deferred exploration costs. Management has determined that (a) the Group's rights to explore in the mining area are not expired and the Group was granted extension of its exploration permits until 2024, (b) the Group continuous to conduct exploration and evaluation activities based on its approved Exploration Work Programs and Environmental Work Programs, and (c) based on the Mineral Resource Validation Report by the MGB, the Group has measured and indicated resource of nickel laterite and alumina bauxite resources. Accordingly, no impairment loss was recognized in 2023, 2022 and 2021.

The carrying amounts of mining rights and deferred exploration costs are disclosed in Note 10.

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

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

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

Recoverable amount of an asset is the higher of is its fair value less costs to sell or value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the Group's expected mining operations. The estimated cash flows are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Based on management assessment, there are no impairment indicators on the Group's nonfinancial assets. Accordingly, no impairment loss was recognized in 2023, 2022 and 2021.

The carrying amounts of the Group's advances to officers and employees, other current assets, property and equipment, investment property, mine and mining properties, other noncurrent assets (excluding financial assets) are disclosed in Notes 5, 7, 8, 9, 10 and 11.

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

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

Retirement benefit liability is disclosed in Note 16.

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

The Group's recognized and unrecognized deferred tax assets are disclosed in Note 21.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	2023	2022
Cash equivalents	**₱332,665,301**	₱202,410,015
Cash in banks	**271,074,483**	344,274,235
Cash on hand	**138,034**	209,393
	₱603,877,818	₱546,893,643

Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits with terms of varying periods of up to three (3) months depending on the immediate cash requirements of the Group. Cash equivalents earn interest at the prevailing special savings and time deposit rates.

Interest income pertains to the following sources:

	Note	2023	2022	2021
Cash in banks and cash equivalents		**₱10,098,015**	₱777,012	₱541,901
Other noncurrent assets	11	**205,496**	22,714	59,732
		₱10,303,511	₱799,726	₱601,633

5. TRADE AND OTHER RECEIVABLES

This account consists of:

	2023	2022
Trade receivables	**₱–**	₱113,024,369
Advances to officers and employees	**18,673,150**	58,409,425
Others	**3,637,325**	5,279,653
	22,310,475	176,713,447
Allowance for ECL	**–**	(75,516,127)
	₱22,310,475	₱101,197,320

Trade receivables pertain to MMDC's receivables arising from shipments of nickel and iron concentrates to its customers which are covered by yearly sales agreements, these are initially paid based on 90% of their provisional value after shipment date. The 10% final balance does not bear any interest until final settlement based on ore grade upon receipt of the customer which usually take three (3) months from shipment date.

Advances to officers and employees are unsecured and noninterest-bearing cash advances for business-related expenditures subject to liquidation within the following year.

Movements in allowance for ECL are as follows:

	Note	2023	2022
Balance at beginning of year		**₱75,516,127**	₱152,226,571
Provision	19	**–**	75,516,127
Write-off		**(75,516,127)**	(152,226,571)
Balance at end of year		**₱–**	₱75,516,127

6. INVENTORIES

This account consists of beneficiated nickel ore amounting to ₱169.1 million and ₱151.1 million as at December 31, 2023 and 2022, respectively, which is stated at cost. The cost of inventories is lower than its NRV.

Cost of inventories charged to "Cost of sales" account in the consolidated statements of comprehensive income amounted to ₱1,203.1 million, ₱2,043.6 million and ₱2,166.7 million in 2023, 2022 and 2021, respectively (see Note 18).

7. OTHER CURRENT ASSETS

This account consists of:

	2023	2022
Prepaid income tax	**₱49,529,033**	₱49,489,733
Advances to contractors and suppliers	**33,048,108**	18,574,393
Mining and office supplies - net of allowance for obsolescence	**6,505,007**	11,659,227
Prepaid expenses	**3,071,476**	3,296,771
Others	**8,334,081**	8,719,532
	₱100,487,705	₱91,739,656

Prepaid income tax represents creditable withholding tax and other tax credits.

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

Mining and office supplies include mechanical, electrical and other materials that will be used in the Group's mining operations. The movements of the allowance for obsolescence follows:

	2023	2022
Balance at beginning of year	**₱15,558,092**	₱15,558,092
Provision	**532,856**	–
Balance at end of year	**₱16,090,948**	₱15,558,092

The provision for obsolescence is presented as part of "Others" in the "Operating expenses" account in the consolidated statements of comprehensive income (see Note 19).

Prepaid expenses pertain to insurance, excise tax and rent. Others include advances made to NCIP.

8. PROPERTY AND EQUIPMENT

The balances and movements of this account are as follows:

	Note	2023				
		Land	**Building and Improvements**	**Office Furniture, Fixtures and Equipment**	**Heavy and Transportation Equipment**	**Total**
Cost						
Balances at beginning of year		**₱58,597,484**	**₱174,313,770**	**₱137,672,753**	**₱392,794,543**	**₱763,378,550**
Additions		**–**	**–**	**2,704,457**	**1,521,210**	**4,225,667**
Reclassification	9	**–**	**(25,000,000)**	**–**	**–**	**(25,000,000)**
Balances at end of year		**58,597,484**	**149,313,770**	**140,377,210**	**394,315,753**	**742,604,217**
Accumulated Depreciation and Amortization						
Balances at beginning of year		**–**	**98,265,189**	**113,851,585**	**371,614,743**	**583,731,517**
Depreciation and amortization		**–**	**5,749,862**	**10,821,595**	**7,727,505**	**24,298,962**
Reclassification	9	**–**	**(6,354,167)**	**–**	**–**	**(6,354,167)**
Balances at end of year		**–**	**97,660,884**	**124,673,180**	**379,342,248**	**601,676,312**
Carrying Amount		**₱58,597,484**	**₱51,652,886**	**₱15,704,030**	**₱14,973,505**	**₱140,927,905**

	2022				
	Land	Building and Improvements	Office Furniture, Fixtures and Equipment	Heavy and Transportation Equipment	Total
Cost					
Balances at beginning of year	₱58,597,484	₱174,240,051	₱120,661,852	₱395,860,956	₱749,360,343
Additions	–	73,719	17,010,901	12,504,243	29,588,863
Disposal	–	–	–	(15,570,656)	(15,570,656)
Balances at end of year	58,597,484	174,313,770	137,672,753	392,794,543	763,378,550
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	91,112,661	106,814,687	374,670,417	572,597,765
Depreciation and amortization	–	7,152,528	7,036,898	12,514,982	26,704,408
Disposal	–	–	–	(15,570,656)	(15,570,656)
Balances at end of year	–	98,265,189	113,851,585	371,614,743	583,731,517
Carrying Amount	₱58,597,484	₱76,048,581	₱23,821,168	₱21,179,800	₱179,647,033

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

	Note	2023	2022	2021
Charged to:				
Cost of sales	18	**₱17,047,551**	₱12,285,185	₱6,208,768
Operating expenses	19	**8,501,411**	14,419,223	41,017,079
		₱25,548,962	₱26,704,408	₱47,225,847

Depreciation and amortization of property and equipment is as follows:

	Note	2023	2022	2021
Property and equipment		**₱24,298,962**	₱26,704,408	₱47,225,847
Investment property	9	**1,250,000**	–	–
		₱25,548,962	₱26,704,408	₱47,225,847

The portion of the Group's property and equipment with carrying amounts of ₱36.5 million and ₱40.0 million as at December 31, 2023 and 2022, respectively, is pledged as security under a real estate mortgage on its loans payable (see Note 13).

Fully depreciated property and equipment with cost of ₱523.0 million and ₱522.0 million as at December 31, 2023 and 2022, respectively, are still being used by the Group.

9. INVESTMENT PROPERTY

The Group's investment property pertains to the portion of its office space which is under lease with a third party. The movements in the account follows:

	Note	2023
Cost		
Balance at beginning of year		**₱–**
Reclassification	8	**25,000,000**
Balances at end of year		**25,000,000**
Accumulated Depreciation		
Balances at beginning of year		**–**
Reclassification	8	**6,354,167**
Depreciation		**1,250,000**
Balances at end of year		**7,604,167**
Net Carrying Amount		**₱17,395,833**

The Group's investment property is pledged as security under a real estate mortgage on its loans payable (see Note 13). Rental income earned from investment property amounted to ₱1.4 million and ₱0.3 million in 2023 and 2022, respectively (see Note 20).

The Group assessed that the fair value of its investment property approximates its original cost. The estimate is based on level 3 in the fair value hierarchy.

10. MINING RIGHTS AND OTHER MINING ASSETS

The balances and movements of this account are as follows:

		2023					
				Mine and Mining Properties			
	Note	Mining Rights	Deferred Exploration Costs	Mine Development Costs	Mine Rehabilitation Asset	Total Mine and Mining Properties	Total
Cost							
Balances at beginning of year		**₱2,935,579,522**	**₱174,541,506**	**₱2,510,070,307**	**₱44,167,841**	**₱2,554,238,148**	**₱5,664,359,176**
Additions		**–**	**1,687,023**	**56,418,536**	**–**	**56,418,536**	**58,105,559**
Balances at end of year		**2,935,579,522**	**176,228,529**	**2,566,488,843**	**44,167,841**	**2,610,656,684**	**5,722,464,735**
Accumulated Depletion							
Balances at beginning of year		**551,787,446**	**–**	**767,811,340**	**17,502,534**	**785,313,874**	**1,337,101,320**
Depletion	18	**13,168,909**	**–**	**31,966,692**	**386,555**	**32,353,247**	**45,522,156**
Balances at end of year		**564,956,355**	**–**	**799,778,032**	**17,889,089**	**817,667,121**	**1,382,623,476**
Net Carrying Amount		**₱2,370,623,167**	**₱176,228,529**	**₱1,766,710,811**	**₱26,278,752**	**₱1,792,989,563**	**₱4,339,841,259**

		2022					
				Mine and Mining Properties			
	Note	Mining Rights	Deferred Exploration Costs	Mine Development Costs	Mine Rehabilitation Asset	Total Mine and Mining Properties	Total
Cost							
Balances at beginning of year		₱2,935,579,522	₱169,416,318	₱2,306,974,596	₱44,167,841	₱2,351,142,437	₱5,456,138,277
Additions		–	5,125,188	203,095,711	–	203,095,711	208,220,899
Balances at end of year		2,935,579,522	174,541,506	2,510,070,307	44,167,841	2,554,238,148	5,664,359,176
Accumulated Depletion							
Balances at beginning of year		470,860,671	–	579,694,372	12,946,247	592,640,619	1,063,501,290
Depletion	18	80,926,775	–	188,116,968	4,556,287	192,673,255	273,600,030
Balances at end of year		551,787,446	–	767,811,340	17,502,534	785,313,874	1,337,101,320
Net Carrying Amount		₱2,383,792,076	₱174,541,506	₱1,742,258,967	₱26,665,307	₱1,768,924,274	₱4,327,257,856

Mining Rights
Mining rights of the Group consist of:

	2023	2022
Mining rights on explored resources of MMDC	**₱729,809,802**	₱742,978,711
Mining rights of BGRC, AMPI and BARI	**1,640,813,365**	1,640,813,365
	₱2,370,623,167	₱2,383,792,076

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

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

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

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

Mine Rehabilitation Asset. Mine rehabilitation asset is the estimated rehabilitation cost of MMDC's mine site upon termination of its ore extraction activities, as required in its MPSA (see Note 15).

11. OTHER NONCURRENT ASSETS

This account consists of:

	Note	2023	2022
Input VAT		**₱374,373,978**	₱336,157,326
Input VAT for refund		**163,015,056**	35,037,687
Final mine rehabilitation fund (FMRF)		**87,262,429**	87,029,694
Rehabilitation cash fund (RCF)	22	**5,632,371**	5,590,616
Deferred input VAT		**5,579,514**	19,540,694
Rental deposit	22	**1,133,050**	961,850
Monitoring trust fund (MTF)		**167,435**	166,690
		₱637,163,833	₱484,484,557

Input VAT for refund pertains to input VAT incurred on the purchase of goods or services and subsequently reported to the Bureau of Internal Revenue (BIR) for refund. This will be collected through cash or tax credit, with the final amount to be determined upon review and inspection of the BIR.

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

RCF is reserved as part of the Group's compliance with the approved rehabilitation activities and schedules for specific mining project phase, including research programs as defined in the Environmental Protection and Enhancement Program (see Note 22).

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

Interest income earned from FMRF, RCF and MTF is disclosed in Note 4.

12. TRADE AND OTHER PAYABLES

This account consists of:

	Note	2023	2022
Trade payables		**₱139,250,478**	₱140,497,177
Advances from customers		**–**	68,780,592
Accrued expenses:			
Compliance		**17,348,898**	16,321,086
Interest	13	**972,009**	972,009
Salaries and rent		**561,609**	28,896,117
Excise tax and other statutory payables		**56,264,353**	16,780,128
Others		**8,916,097**	8,962,455
		₱223,313,444	₱281,209,564

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

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

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

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

13. LOANS PAYABLE

This account consists of:

	2023	2022
Long-term loans	**₱132,604,857**	₱210,746,700
Less: Current portion	**27,804,328**	80,345,623
Noncurrent portion	**₱104,800,529**	₱130,401,077

In 2021, the Group entered into a six (6)-year ₱208.0 million term loan facility agreement with a local bank secured partly by a real estate mortgage on items of its property and equipment with carrying amounts of ₱36.5 million and ₱40.0 million as at December 31, 2023 and 2022, respectively (see Note 8), and its investment property with carrying amounts of ₱17.4 million and ₱18.6 million as at December 31, 2023 and 2022, respectively (see Note 9). The loan is subject to an interest floor rate of 6% or prevailing interest rate at loan drawdown, whichever is higher.

Movements in the loans payable follows:

	2023	2022
Balance at beginning of year	**₱210,746,700**	₱440,368,186
Payments	**(79,682,643)**	(239,281,882)
Availments	**1,540,800**	9,660,396
Balance at end of year	**₱132,604,857**	₱210,746,700

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

	Note	2023	2022	2021
Loans payable		**₱12,330,153**	₱24,251,864	₱47,772,840
Provision for mine rehabilitation and decommissioning	15	**2,725,368**	2,607,183	1,839,625
Debt issue cost		**–**	–	912,726
		₱15,055,521	₱26,859,047	₱50,525,191

Accrued interest payable amounted to ₱1.0 million as at December 31, 2023 and 2022 (see Note 12).

The maturity of the long-term loans are as follows:

	2023	2022
Not later than one (1) year	**₱27,804,328**	₱80,345,623
Later than one year but not more than five (5) years	**104,800,529**	130,401,077
	₱132,604,857	₱210,746,700

14. RELATED PARTY TRANSACTIONS

Significant transactions with related parties include the following:

Related Parties under Common Management

	Transaction Amounts		Outstanding Balances		
	2023	2022	**2023**	2022	Nature and Terms
Advances to related parties	**₱–**	₱15,513,634	**₱2,383,253**	₱26,280,675	Working fund; unsecured; noninterest-bearing; Collectible on demand
Advances from related parties	**₱–**	₱–	**₱5,000,000**	₱4,936,715	Working fund; unsecured; noninterest-bearing; payable on demand

As at December 31, 2023 and 2022, the Group has not provided any allowance for ECL for amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

Compensation of Key Management Personnel

Compensation of key management personnel, which consists of salaries and other benefits, amounted to ₱48.6 million, ₱46 million and ₱48.7 million in 2023, 2022 and 2021, respectively. Retirement benefit expense of key management personnel amounted to ₱2.9 million, ₱1.5 million and ₱2.6 million in 2023, 2022, and 2021, respectively.

15. PROVISION FOR MINE REHABILITATION AND DECOMMISSIONING

Movements in this account are as follows:

	Note	2023	2022
Balance at beginning of year		₱60,122,100	₱57,514,917
Accretion of interest	13	2,725,368	2,607,183
Balance at end of year		₱62,847,468	₱60,122,100

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

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

16. RETIREMENT BENEFIT LIABILITY

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

An independent actuary conducted a valuation of the retirement benefit obligation using the projected unit credit method. The latest actuarial valuation is for the year ended December 31, 2023.

The principal actuarial assumptions used to determine retirement benefit liability for 2023 and 2022 are as follows:

	2023	2022
Discount rates	6.25% - 6.26%	7.61% - 7.66%
Salary increase rates	4.00% - 5.00%	4.00%

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

The components of retirement benefit expense presented under "Operating expenses" account in profit or loss are as follows (see Note 19):

	2023	2022	2021
Current service cost	₱5,591,927	₱6,518,619	₱7,116,859
Net interest cost	2,622,073	1,956,044	1,205,388
	₱8,214,000	₱8,474,663	₱8,322,247

The components of net retirement benefit liability presented in the statements of financial position is as follows:

	2023	2022
Retirement benefit liability	₱51,901,439	₱40,475,462
Fair value of plan asset	7,672,955	–
	₱44,228,484	₱40,475,462

The retirement benefit liability recognized in the consolidated statements of financial position as at December 31, 2023 and 2022 and changes in the present value of defined benefit obligation are as follows:

	2023	2022
Balance at beginning of year	₱40,475,462	₱39,155,969
Retirement benefits expense recognized in profit or loss:		
Current service cost	5,591,927	6,518,619
Interest cost	3,099,568	1,956,044
Remeasurement losses (gains) recognized in OCI:		
Changes in financial assumptions	9,200,973	(10,780,686)
Deviations of experience from assumptions	(1,661,951)	4,532,726
Benefits paid	(4,804,540)	(907,210)
Balance at end of year	₱51,901,439	₱40,475,462

Movements in the fair value of plan assets are as follows:

	2023
Balance at beginning of year	₱–
Employer contribution	12,000,000
Benefits paid	(4,804,540)
Gain on plan assets	477,495
Balance at end of year	₱7,672,955

Sensitivity analysis on defined benefit obligation as at December 31, 2023 is as follows:

	Change in basis points	Effect on defined benefit obligation 2023	2022
Discount rate	+1%	(₱3,130,815)	(₱3,043,419)
	-1%	3,689,476	3,530,735
Salary increase rate	+1%	₱3,842,586	₱3,687,247
	-1%	(3,377,812)	(3,275,698)

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

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

The cumulative remeasurement gains recognized in OCI are as follows:

	2023		
	Cumulative Remeasurement Gains	**Deferred Tax Liability (see Note 21)**	**Net Remeasurement Gain**
Balance at beginning of year	**₱54,124,267**	**(₱13,531,067)**	**₱40,593,200**
Actuarial loss	**(7,539,022)**	**1,873,866**	**(5,665,156)**
Balance at end of year	**₱46,585,245**	**₱(11,657,201)**	**₱34,928,044**

	2022		
	Cumulative Remeasurement Gains	Deferred Tax Liability (see Note 21)	Net Remeasurement Gain
Balance at beginning of year	₱47,876,307	(₱11,969,077)	₱35,907,230
Actuarial gain	6,247,960	(1,561,990)	4,685,970
Balance at end of year	₱54,124,267	(₱13,531,067)	₱40,593,200

The average duration of the expected benefit payments at the end of the reporting period is 15 years.

17. EQUITY

Details of the Group's capital stock with 1 par value as at and for the years ended December 31, 2023, 2022 and 2021 follows:

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

Cash Dividends

Date of Declaration	Date of Record	Date of Payment	Dividend per Share	Total Cash Dividends
December 7, 2023	January 12, 2024	January 26, 2024	₱0.10	₱301,482,030
November 19, 2021	December 7, 2021	January 4, 2022	₱0.13	₱391,926,640

Dividends payable amounted to ₱312.0 million and ₱10.5 million as at December 31, 2023 and 2022.

18. COST OF SALES

This account consists of:

	Note	2023	2022	2021
Contractual services		**₱683,239,017**	₱1,073,358,838	₱1,363,580,313
Production overhead		**252,582,330**	344,035,909	349,036,990
Salaries and allowances		**142,405,268**	173,838,071	165,120,325
Excise tax		**80,310,231**	120,294,968	155,603,734
Depletion	10	**45,522,156**	273,600,030	197,202,195
Depreciation	8	**17,047,551**	12,285,185	6,208,768
		1,221,106,553	1,997,413,001	2,236,752,325
Net movements in inventories		**(18,010,433)**	46,194,875	(70,091,352)
		₱1,203,096,120	₱2,043,607,876	₱2,166,660,973

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

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

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

19. OPERATING EXPENSES

This account consists of:

	Note	2023	2022	2021
Salaries and allowances		**₱76,214,379**	₱83,358,913	₱79,609,228
Taxes and licenses		**71,320,235**	90,717,164	80,105,584
Environmental expenses	22	**64,549,954**	113,317,128	94,305,139
Professional fees		**57,686,868**	62,428,090	51,456,531
Repairs and maintenance		**41,179,908**	8,503,444	–
Social development programs	22	**26,831,606**	34,919,120	24,144,382
Representation		**22,890,225**	62,475,322	9,807,890
Royalties	22	**21,054,988**	31,577,429	40,845,980
Outside services		**20,837,443**	21,026,776	13,804,099
Community relations		**16,466,498**	19,602,502	19,192,957
Fines and penalties		**14,819,074**	28,864,772	26,636,780
Depreciation and amortization	8	**8,501,411**	14,419,223	41,017,079
Retirement benefit expense	16	**8,214,000**	8,474,663	8,322,247
Rent expense	22	**7,048,675**	4,728,914	2,142,641
Communication, light and water		**3,840,888**	3,528,353	4,104,100
Transportation and travel		**1,669,864**	1,875,284	1,234,043
Provision for ECL	5	**–**	75,516,127	159,402,782
Others		**44,039,384**	27,336,677	33,802,764
		₱507,165,400	₱692,669,901	₱689,934,226

Others include dues and subscriptions, regulatory fees, and office supplies expense.

The Group's salaries and employee benefits consists of:

	Note	2023	2022	2021
Included in "Cost of sales" -				
Salaries and allowances	18	**₱142,405,268**	₱173,838,071	₱165,120,325
Included in "Operating expenses":				
Salaries and allowances		**76,214,379**	83,358,913	79,609,228
Retirement expense	16	**8,345,680**	8,474,663	8,322,247
		₱226,965,327	₱265,671,647	₱253,051,800

20. OTHER INCOME

This account consists of:

	Note	2023	2022	2021
Rent income	22	**₱1,380,000**	₱300,000	₱–
Unrealized foreign exchange gain		**1,117,682**	10,355,208	2,852,800
Others		**558,472**	23,782,052	24,114,006
		₱3,056,154	₱34,437,260	₱26,966,806

Other income includes penalties charged to contractors for certain delays and suppliers' discount.

21. INCOME TAXES

The components of income tax expense (benefit) are shown below:

	2023	2022	2021
Current	**₱88,724,359**	₱118,401,340	₱314,908,863
Deferred	**17,597,945**	18,603,050	(14,266,280)
Effect of change in tax rate	**–**	–	(45,044,616)
	₱106,322,304	₱137,004,390	₱255,597,967

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

	2023	2022
Deferred tax assets:		
Retirement benefit liability	**₱9,401,467**	₱9,370,452
Provision for mine rehabilitation	**4,762,334**	4,080,992
Allowance for obsolescence on mining supplies	**4,022,737**	3,889,523
Allowance for ECL on receivables	**–**	17,238,142
	18,186,538	34,579,109
Deferred tax liability -		
Unrealized foreign exchange gain	**(1,920,311)**	(2,588,802)
	₱16,266,227	₱31,990,307

The presentation of net deferred tax assets are as follows:

	Note	2023	2022
Through profit or loss		**₱27,923,428**	₱45,521,374
Through other comprehensive income	16	**(11,657,201)**	(13,531,067)
		₱16,266,227	₱31,990,307

The Group's deferred tax liability amounting to ₱442.0 million as at December 31, 2023 and 2022, is attributable to the mining rights of BGRC, AMPI and BARI, as a result of business combination.

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

	2023	2022
NOLCO	**₱69,012,562**	₱55,762,149
Retirement benefit liability	**2,302,684**	748,413
Excess MCIT over RCIT	**26,171**	5,471
	₱71,341,417	₱56,516,033

Details of NOLCO of the Group are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2023	2026	₱53,001,652	₱–	₱–	₱53,001,652
2022	2025	64,605,091	–	–	64,605,091
2021	2026	69,189,004	–	–	69,189,004
2020	2025	89,254,499	–	–	89,254,499
		₱276,050,246	₱–	₱–	₱276,050,246

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

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

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2023	2026	₱20,700	₱–	₱–	₱20,700
2022	2025	3,000	–	–	3,000
2021	2024	2,471	–	–	2,471
		₱26,171	₱–	₱–	₱26,171

The reconciliation of income before tax computed at the statutory income tax rate to the income tax expense are as follows:

	2023	2022	2021
Income tax at statutory rate	**₱84,614,702**	₱84,896,293	₱253,010,206
Changes in unrecognized deferred tax assets	**14,825,384**	(8,497,143)	(21,978,012)
Effect of change in tax rate	**–**	–	(22,241,822)
Add (deduct) income tax effects of:			
Nondeductible expenses	**9,491,016**	36,060,259	22,062,655
Interest income subjected to final tax	**(2,608,798)**	(199,931)	(150,372)
Expired NOLCO	**–**	24,730,112	24,877,552
Expired MCIT	**–**	14,800	17,760
	₱106,322,304	₱137,004,390	₱255,597,967

22. COMMITMENTS AND CONTINGENCIES

Social and Environmental Responsibilities

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

The Group's implemented social development programs to host communities amounted to ₱26.8 million, ₱34.9 million and ₱24.1 million in 2023, 2022 and 2021, respectively (see Note 19).

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

The Group is required to set up a fund to ensure compliance with the program. The balance of the fund, presented as RCF under "Other noncurrent assets" account, amounted to ₱5.6 million for December 31, 2023 and 2022 (see Note 11).

The Group implemented projects amounting to ₱64.5 million, ₱113.3 million and ₱94.3 million in 2023, 2022 and 2021, respectively (see Note 19).

Royalty Agreement
In July 2008, the Group entered into a memorandum of agreement with Indigenous Cultural Communities/Indigenous People (ICC/IP) and NCIP pursuant to the requirements of its MPSA.

The Group pays royalties equivalent to a certain percentage of gross revenue to the ICC/IP.

Royalty expense amounted to ₱21.1 million, ₱31.6 million, ₱40.8 million in 2023, 2022 and 2021, respectively (see Note 19).

Operating Lease Agreements – Group as a Lessee
The Group leases an office space for its operations. Rental deposit amounted to ₱1.1 million and ₱1 million as at December 31, 2023 and 2022 (see Note 11).

Rental expense arising from short-term leases amounted to ₱7.0 million, ₱4.7 million and ₱2.1 million in 2023, 2022 and 2021, respectively (see Note 19).

Operating Lease Agreements – Group as a Lessor
In 2022, the Group has entered into operating lease agreements with a third party for the lease of its office space. Considering that there will be no transfer of ownership of the leased property to the lessee, the Group has determined that it retains all the significant risks and benefits of ownership of these properties. Accordingly, the leases are accounted for as operating leases.

Rental income amounted to ₱1.4 million and ₱0.3 million in 2023 and 2022, respectively (see Note 20).

Other Claims
The Group is either a defendant or plaintiff in other claims and disputes which are normal to its business. The management believes that the ultimate liability, if any, with respect to such claims, and disputes will not materially affect the financial position of the Group.

23. EARNINGS PER SHARE

Earnings per share are computed as follows:

	2023	2022	2021
Net income shown in the consolidated statements of comprehensive income (a)	₱232,136,506	₱202,580,780	₱756,442,856
Weighted average number of common shares (b)	3,014,820,305	3,014,820,305	3,014,820,305
Basic earnings per share (a/b)	₱0.077	₱0.067	₱0.251

The Group does not have potentially dilutive common shares.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FAIR VALUE MEASUREMENT

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

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

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

The following table shows the Group's US dollar-denominated financial assets and their Philippine Peso equivalent as at December 31, 2023 and 2022:

	2023		2022	
	Philippine Peso	US Dollar	Philippine Peso	US Dollar
Cash in banks	₱24,899,961	$448,107	₱50,250,716	$901,196
Trade receivables	–	–	113,044,392	2,027,338
	₱24,899,961	$448,107	₱163,295,108	$2,928,534

For purposes of restating the outstanding balances of the Group's US dollar-denominated financial assets as at December 31, 2023 and 2022, the exchange rates applied were ₱55.57 per US$1 and ₱55.76 per US$1, respectively.

The table below demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's income before tax for the years ended December 31, 2023, 2022 and 2021 (due to changes in the fair value of financial assets). There is no other impact on the Group's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2023	**+1.23%**	**₱307,391**
	-1.23%	**(307,391)**
December 31, 2022	2.61	₱4,262,002
	-2.61	(4,262,002)
December 31, 2021	+2.15	₱5,676,378
	-2.15	(5,676,378)

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

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

	2023						
			Past Due but not Impaired				
	High Grade	**Standard Grade**	**1 – 30 Days**	**31 – 90 Days**	**More than 90 Days**	**Impaired**	**Total**
Lifetime ECL -							
Trade and other receivables*	**₱–**	**₱–**	**₱–**	**₱3,637,325**	**₱–**	**₱–**	**₱3,637,325**
12-month ECL:							
Cash in banks and cash equivalents	**603,739,784**	**–**	**–**	**–**	**–**	**–**	**603,739,784**
Advances to related parties	**–**	**2,383,253**	**–**	**–**	**–**	**–**	**2,383,253**
RCF and MTF	**5,799,806**	**–**	**–**	**–**	**–**	**–**	**5,799,806**
Rental deposit	**–**	**1,133,050**	**–**	**–**	**–**	**–**	**1,133,050**
	609,539,590	**3,516,303**	**–**	**–**	**–**	**–**	**613,055,893**
	₱609,539,590	**₱3,516,303**	**₱–**	**₱3,637,325**	**₱–**	**₱–**	**₱616,693,218**

Excluding advances to officers and employees amounting to ₱18.7 million as at December 31, 2023

	2022						
			Past Due but not Impaired				
	High Grade	Standard Grade	1 – 30 Days	31 – 90 Days	More than 90 Days	Impaired	Total
Lifetime ECL -							
Trade and other receivables*	₱–	₱–	₱–	₱5,556,449	₱37,231,446	₱75,516,127	₱118,304,022
12-month ECL:							
Cash in banks and cash equivalents	546,684,250	–	–	–	–	–	546,684,250
Advances to related parties	–	26,280,675	–	–	–	–	26,280,675
RCF and MTF	5,757,306	–	–	–	–	–	5,757,306
Rental deposit	–	961,850	–	–	–	–	961,850
	552,441,556	27,242,525	–	–	–	–	579,684,081
	₱552,441,556	₱27,242,525	₱–	₱5,556,449	₱37,231,446	₱75,516,127	₱697,988,103

Excluding advances to officers and employees amounting to ₱58.4 million as at December 31, 2022

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

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

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

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

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

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

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022, based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.

	2023					
	On Demand	**Less than three months**	**Three to six months**	**More than six months to one year**	**More than one year**	**Total**
Trade and other payables*	**₱26,826,604**	**₱972,009**	**₱139,250,478**	**₱–**	**₱–**	**₱167,049,091**
Dividends payable	**311,966,875**	**–**	**–**	**–**	**–**	**311,966,875**
Loans payable**	**–**	**8,829,932**	**8,699,350**	**16,789,554**	**116,841,340**	**151,160,176**
Advances from related parties	**5,000,000**	**–**	**–**	**–**	**–**	**5,000,000**
	₱343,793,479	**₱9,801,941**	**₱147,949,828**	**₱16,789,554**	**₱116,841,340**	**₱635,176,142**

Excluding excise tax and other statutory payables and advances from customers aggregating to ₱56.3 million as at December 31, 2023.
***Including interest payable up to maturity amounting to ₱18.6 million as at December 31, 2023.*

	2022					
	On Demand	Less than three months	Three to six months	More than six months to one year	More than one year	Total
Trade and other payables*	₱54,179,658	₱972,009	₱140,497,177	₱–	₱–	₱195,648,844
Dividends payable	10,484,846	–	–	–	–	10,484,846
Loans payable**	–	56,039,809	19,416,843	17,524,238	149,490,179	242,471,069
Advances from related parties	4,936,715	–	–	–	–	4,936,715
	₱69,601,219	₱57,011,818	₱159,914,020	₱17,524,238	₱149,490,179	₱453,541,474

Excluding excise tax and other statutory payables and advances from customers aggregating to ₱85.6 million as at December 31, 2022.
***Including interest payable up to maturity amounting to ₱31.7 million as at December 31, 2022.*

Fair Value of Financial Assets and Financial Liabilities

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

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash	₱603,877,818	₱603,877,818	₱546,893,643	₱546,893,643
RCF and MTF	5,799,806	5,799,806	5,757,306	5,757,306
Trade and other receivables*	3,637,325	3,637,325	42,787,895	42,787,895
Advances to related parties	2,383,253	2,383,253	26,280,675	26,280,675
Rental deposit	1,133,050	1,133,050	961,850	961,850
	₱616,831,252	₱616,831,252	₱622,681,369	₱622,681,369
Financial Liabilities				
Dividends payable	₱311,966,875	₱311,966,875	₱10,484,846	₱10,484,846
Trade and other payables**	167,049,091	167,049,091	195,648,844	195,648,844
Loans payable	132,604,857	132,262,442	210,746,700	213,102,230
Advances from related parties	5,000,000	5,000,000	4,936,715	4,936,715
	₱616,620,823	₱616,278,408	₱421,817,105	₱424,172,635

*Excluding advances to officers and employees amounting to ₱18.7 million and ₱58.4 million as at December 31, 2023 and 2022, respectively.
**Excluding excise tax and other statutory payables and advances from customers amounting to ₱56.3 million and ₱85.6 million as at December 31, 2023 and 2022, respectively.

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

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

Loans Payable. Estimated fair values have been calculated on the instruments' expected cash flows using the prevailing PDST-R2 rates ranging from 1.79% to 4.37% that are specific to the tenor of the instruments' cash flows at reporting dates (Level 2).

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

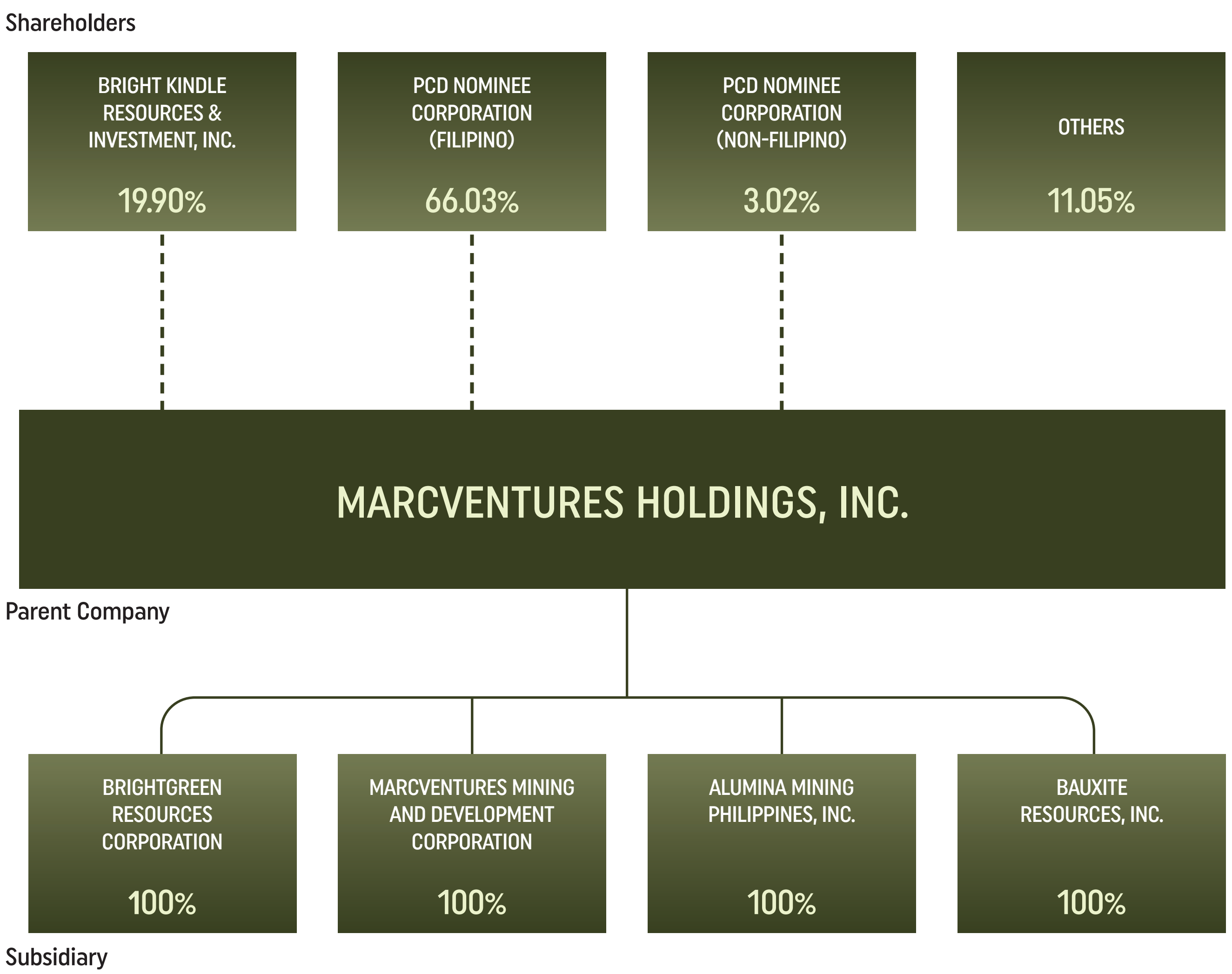
26. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below details changes in the liabilities and equity of the Group arising from financing activities, including both cash and non-cash changes.

	2023		
	Loans Payable (see Note 13)	Accrued (Prepaid) Interest (see Note 12)	Total
Balance at beginning of year	₱210,746,700	₱972,009	₱211,718,709
Cash flows from financing activities:			
Availments	1,540,800	–	1,540,800
Payments of:			
Loans payable	(79,682,643)	–	(79,682,643)
Interest	–	(12,330,153)	(12,330,153)
Noncash changes:			
Interest expense	–	12,330,153	12,330,153
Balance at end of year	₱132,604,857	₱972,009	₱133,576,866

	2022		
	Loans Payable (see Note 13)	Accrued (Prepaid) Interest (see Note 12)	Total
Balance at beginning of year	₱440,368,186	₱3,264,048	₱443,632,234
Cash flows from financing activities:			
Availments	9,660,396	–	9,660,396
Payments of:			
Loans payable	(239,281,882)	–	(239,281,882)
Interest	–	(26,543,903)	(26,543,903)
Noncash changes:			
Interest expense	–	24,251,864	24,251,864
Balance at end of year	₱210,746,700	₱972,009	₱211,718,709

Conglomerate Map



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