CR06567-2017

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box:
   - ○ Preliminary Information Statement
   - ◉ Definitive Information Statement
2. Name of Registrant as specified in its charter
   Marcventures Holdings, Inc.
3. Province, country or other jurisdiction of incorporation or organization
   Manila, Philippines
4. SEC Identification Number
   12942
5. BIR Tax Identification Code
   000-104-320-000
6. Address of principal office
   4th Floor, Citibank Center, Paseo de Roxas, Makati City
   Postal Code
   1227
7. Registrant's telephone number, including area code
   (+632)831-4479 or (+632)831-4483
8. Date, time and place of the meeting of security holders
   October 23, 2017, 2PM , Big Function Room, Manila Golf Club Harvard Rd., Makati
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Oct 2, 2017
10. In case of Proxy Solicitations:

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	1,844,088,599

13. Are any or all of registrant's securities listed on a Stock Exchange?

(•) Yes ( ) No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Marcventures Holdings, Inc.
MARC

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

Date of Stockholders' Meeting	Oct 23, 2017
Type (Annual or Special)	Annual
Time	2PM
Venue	Big Function Room, Manila Golf Club Harvard Rd., Makati
Record Date	Aug 18, 2017

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
None.

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance Officer

COVER SHEET

1	2	9	4	2

SEC Registration Number

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

(Company's Full Name)

4th Floor Citibank Center
Paseo de Roxas Makati City

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

Raquel Frondoso
(Contract Person)

(02) 8314479
(Company Telephone Number)

12 31
Month *Day*
(Fiscal Year)

20-IS
(Form Type)

06 28
Month *Day*
(Annual Meeting)

DEFINITIVE INFORMATION STATEMENT
Secondary License Type, If Applicable)

Corporation Finance Department
Dept. Requiring this Doc.

N/A
Amended Articles Number/Section

2169
Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign
	N/A

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

MARCVENTURES
HOLDINGS INC.

NOTICE ANNUAL STOCKHOLDERS' MEETING

To All Stockholders:

Please be advised that the annual meeting of the stockholders of MARCVENTURES HOLDINGS, INC. will be held on **October 23, 2017 (Monday) at 2:00 p.m.** at the Big Function Room, Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City.

The Agenda for the meeting shall be as follows:

1. Call to Order
2. Proof of Notice and Certification of Quorum
3. Approval of the Minutes of the Previous Stockholders' Meeting
4. Approval of the Management Report and Audited Financial Statements
5. Approval of the Merger of Marcventures Holdings Inc. (MARC), Asia Pilot Mining Phils. Corporation (APMPC), Brightgreen Resources Holdings Inc. (BHI) with MARC as the surviving entity
   5a. Approval by the Majority of the Minority Stockholders of the related party transaction, which pertains to the merger of Brightgreen Resources Holdings Inc. and Marcventures Holdings, Inc. and waiver of the requirement to conduct rights or public offering
6. Approval of the Amendment of Articles of Incorporation of the Corporation to increase the authorized capital stock of the Corporation from Two Billion Pesos (Php 2,000,000,000.00) to Four Billion Pesos (Php 4,000,000,000.00)
7. Approval of the Increase of the Number of Directors from nine (9) to eleven (11)
8. Authority to Enter into a Management Agreement to manage Marcventures Mining and Development Corp. and other subsidiaries
9. Ratification of Management's Acts
10. Election of Directors
11. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor
12. Other Matters
13. Adjournment

For purposes of the meeting, stockholders of record as of 18 August 2017 are entitled to receive notice and to vote at the said meeting. Registration for the meeting begins at 1:00 p.m. For convenience in registering your attendance, present your valid identification, such as, a driver's license, voter's ID, TIN card, SSS card or passport.

4th Floor, Citibank Center, 8741 Paseo de Roxas
Makati City 1227
TRUNKLINES: (632) 831-4479 FAX NO.: (632)856-7976
(632) 831-4483
(632) 831-4484

If you will not be able to attend the meeting but would like to be represented thereat, you must submit a duly signed and accomplished proxy form to the Office of the Corporate Secretary at Marcventures Holdings Inc., 4th Floor Citi Center, 8741 Paseo de Roxas, Makati City on or before 6:00 p.m. of 13 October 2017. Beneficial owners whose shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary allowed by law, must likewise present a notarized certification from the owner of record (i.e. the broker, bank, or other fiduciary) that he is the beneficial owner, indicating thereon the number of shares. Corporate shareholders shall likewise be required to present a notarized Secretary's Certificate attesting to the authority of its representative to attend and vote at the stockholder's meeting.

Validation of proxies shall be made on October 18, 2017 at the principal office of Marcventures Holdings Inc.

Makati City, 25 September 2017.

DIANE MADELYN C. CHING
Asst. Corporate Secretary

*All proxies which has been previously submitted shall remain valid unless revoked

Attachments to this Notice:

1. The Rationale and Explanation for each Agenda item requiring shareholders' approval
2. The Definitive Information Statement, Management Report and 2016 Audited Financial Statements

AGENDA
Details and Rationale

1. Call to Order

The Chairman of the Board of Directors, Mr. Cesar C. Zalamea, will call the meeting to order.

2. Proof of notice and certification of quorum

The Corporate Secretary, Atty. Roberto V. San Jose, will certify that copies of this Notice have been sent to all stockholders of record as of August 18, 2017 and whether the attendees represented at the meeting hold a sufficient number of shares for quorum to exist for the valid transaction of business.

3. Approval of minutes of previous stockholders' meeting

Copies of the draft minutes will be distributed before the meeting and are available for examination at the Company website www.marcventuresholdings.com. The stockholders will be requested to approve the draft minutes.

The following is the proposed resolution:

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of Marcventures Holdings, Inc. held on May 27, 2016 be, as it is hereby, approved."

4. Management report and audited financial statements

The President, Mr. Isidro C. Alcantara, Jr., will present the Management Report, the Company's operational highlights and financial results and the Audited Financial Statements for the year ended December 31, 2016. The audited financial statements were prepared by the Company's external auditor, Reyes Tacandong & Co., approved by the Company's Audit and Governance Committee and the Board of Directors. In compliance with regulatory requirements, the audited financial statements have also been submitted to the Securities and Exchange Commission and Bureau of Internal Revenue.

5. **Approval of the Merger of the Marcventures Holdings Inc. (MARC), Asia Pilot Mining Phils. Corporation (APMPC), Brightgreen Resources Holdings Inc. (BHI) with MARC as the surviving entity**

   5a. Approval by the Majority of the Minority Stockholders of the related party transaction, which pertains to the merger of Brightgreen Resources Holdings Inc. and Marcventures Holdings, Inc. and waiver of the requirement to conduct rights or public offering

The Board of Directors of Marcventures Holdings, Inc. (the "Company") on 08 September approved the Plan of Merger between the Company, Asia Pilot Mining Philippines Corp. (AMPC) and Brightgreen Holdings Resources Corp. (BHI) with the Company as the surviving entity. As consideration for the merger, the Company shall issue 675,000,000 shares in favor of APMPC shareholders and 450,000,000 shares in favor of BHI shareholders or a total of 1,125,000,000 shares at a par value of PhP 1.00 per share.

Brightgreen Resources Holdings Inc. and Marcventures Holdings Inc. are related parties. Mr. Isidro C. Alcantara, Jr. holds interest in both MARC and BHI through Caulfield Heights Inc., where he, his wife and sons are directors and shareholders. He is the President of MARC, Vice Chairman of MMDC, Chairman of BHI and BRC. On the other hand, Mr. Anthony M. Te is a shareholder and director of MMDC, BHI and BRC. While Mr. Arsenio K. Sebial, Jr. is the President of MMDC and BHI and a director in BRC. Further, Mr. Reuben F. Alcantara is the President of BRC and VP Marketing of MMDC and MARC. In addition, Mr. Rolando Santos is the Treasurer of MARC, MMDC, BHI and BRC. Moreover, Atty. Diane Madelyn Ching is a director of BHI, Asst. Corporate Secretary of MHI and Corporate Secretary of BHI, MMDC and BRC. Considering the relationship, approval of the Majority of the Minority Stockholders of Marcventures Holdings, Inc. is being sought and waiver of the requirement to conduct rights or public offering is likewise requested.

6. **Approval of the Amendment of Articles of Incorporation of the Corporation to increase the authorized capital stock of the Corporation from Two Billion Pesos (Php 2,000,000,000.00) to Four Billion Pesos (Php 4,000,000,000.00)**

In view of item 5 above on the Company's merger plan, the Board approved the Amendment of the Company's Articles of Incorporation to Increase its Authorized Capital Stock from PhP 2.0B to PhP4.0B, subject to the approval of the shareholders and by the Securities and Exchange Commission.

7. **Approval of the Increase of the Number of Directors from nine (9) to eleven (11)**

The approval of the stockholders shall be sought to increase the number of members of the Board of Directors of the Corporation in order to enhance the Board's efficiency and effectiveness in conducting its business.

Following the proposed amendment to the Amended Articles of Incorporation to increase the number of members of the Board of Directors of the Corporation, two (2) additional directors shall be elected. This election shall be subject to and shall take effect only upon the approval by the Securities and Exchange Commission of the proposed amendment to the Articles of Incorporation and By-Laws of the Corporation on the increase in the number of members of the Board of Directors.

8. **Authority to Enter into a Management Agreement to manage Marcventures Mining and Development Corp. and other subsidiaries.**

The Board will submit for approval of the shareholders the authority to enter into a management agreement with Marcventures Mining and Development Corp. and other subsidiaries as a tax saving measure and improve the operations of the subsidiaries.

9. **Ratification of Management's Acts**

The acts, contracts, resolutions and deeds of the Board of Directors and management of the Company were significant towards achieving the Company's performance and results, and the stockholders will be requested to ratify the same. The following is the proposed resolution:

> *"RESOLVED, that all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company from the date of the last annual stockholders' meeting up to the present be, as they are hereby, approved, ratified and confirmed."*

10. **Election of Directors**

It is proposed to re-elect the same members of the Board of Directors. The biographical profiles of the Directors-Nominees are provided in the Information Statement that has been sent together with copies of this Notice to all stockholders of record. The Director-Nominees are the following:

For Regular Director:

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

Nominees for Independent Director
1. Carlos Alfonso T. Ocampo
2. Manuel M. Lazaro

11. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor

Upon the favorable recommendation of the Company's Audit and Governance Committee, the Company's external auditor, Reyes Tacandong & Co., is proposed to be reappointed for the current year 2017-2018. The audit partner-in-charge is currently Ms. Belinda B. Fernando.

"RESOLVED, that auditing firm Reyes Tacandong & Co. be, as it is hereby, reappointed as the Company's external auditor for the current year 2017-2018."

12. Other Matters

Stockholders may propose to discuss other issues and matters.

13. Adjournment

After all matters in the agenda have been taken up, the Chairman shall entertain a motion to adjourn the meeting.

MARCVENTURES
HOLDINGS INC.

ANNUAL STOCKHOLDERS' MEETING
October 23, 2017

PROXY FORM

This proxy is being solicited on behalf of the Board of Directors and Management of Marcventures Holdings Inc., (the "Company") for voting at the annual stockholders' meeting to be held on 23 October 2017 at 2:00 pm at the Big Function Room, Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City

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

Or

_______________________________,

as my attorney-in-fact and proxy, to represent me at the Annual Stockholders' Meeting of the Company to be held October 23, 2017 at 2:00 p.m. and any adjournment(s) thereof, as fully and to all intents and purposes as I might or could if present and voting in person, hereby ratifying and confirming any and all actions taken on matters which may properly come before such meeting or adjournment(s) thereof. In particular, I hereby direct my said proxy to vote on the agenda items set forth below as I have expressly indicated by marking the same with an "**X**".

AGENDA ITEMS	ACTION		
Item 1. Call to Order	No action necessary.		
Item 2. Proof of Notice and Certification of Quorum	No action necessary.		
	FOR	AGAINST	ABSTAIN
Item 3. Approval of the Minutes of the Previous Stockholders' Meeting			
Item 4. Approval of the Management Report and Audited Financial Statements			
Item 5. Approval of the Merger of Marcventures Holdings Inc. (MARC), Asia Pilot Mining Phils. Corporation (APMPC), and BrightGreen Resources Holdings Inc. (BHI) with Marcventures Holdings, Inc. as the surviving entity			
Item 5a. Approval by the Majority of the Minority Stockholders of the related party transaction, which pertains to the merger of Brightgreen Resources Holdings Inc. and Marcventures Holdings, Inc. and waiver of the requirement to conduct rights or public offering			
Item 6. Approval of the Amendment of Articles of Incorporation of the Corporation to increase the authorized capital stock of the Corporation from Two Billion Pesos (Php 2,000,000,000.00) to Four Billion Pesos (Php 4,000,000,000.00)			
Item 7. Approval of the Increase of the Number of Directors from nine (9) to eleven (11)			
Item 8. Authority to Enter into a Management Agreement to manage Marcventures Mining and Development Corp. and other subsidiaries			
Item 9. Ratification of Management's Acts			
Item 10. Election of Directors For Regular Director:			
1. Cesar C. Zalamea			
2. Isidro C. Alcantara, Jr.			
3. Macario U. Te			
4. Michael Escaler			
5. Marianne Dy			
6. Augusto C. Serafica, Jr.			
Nominees for Independent Director			
1. Carlos Alfonso T. Ocampo			

2. Manuel M. Lazaro			
Item 11. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor			
Item 12. Other Matters	According to Proxy's Discretion		
Item 13. Adjournment			

IN CASE A PROXY FORM IS SIGNED AND RETURNED IN BLANK

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

FOR the approval of the minutes of previous meeting of the stockholders;
FOR the approval of the Management Report and audited financial statements for year ended December 31, 2016;
FOR the approval of the Merger of Marcventures Holdings Inc., Asia Pilot Mining Phils. Corporation (APMPC), and Brightgreen Resources Holdings Inc. (BHI) with Marcventures Holdings, Inc. as the surviving entity
FOR the approval by the Majority of the Minority Stockholders of the related party transaction, which pertains to the merger of Brightgreen Resources Holdings Inc. and Marcventures Holdings, Inc. and waiver of the requirement to conduct rights or public offering
FOR the approval of the Amendment of Articles of Incorporation of the Corporation to increase the authorized capital stock of the Corporation from Two Billion Pesos (Php 2,000,000,000.00) to Four Billion Pesos (Php 4,000,000,000.00)
FOR the approval of the Increase of the Number of Directors from nine (9) to eleven (11)
FOR the approval of Authority to Enter into a Management Agreement to manage Marcventures Mining and Development Corp. and other subsidiaries
FOR the confirmation and ratification of all acts and resolutions of Management and the Board of Directors from the date of the last stockholders' meeting to date as reflected in the books and records of the Company;
FOR the election of the following directors:
For Regular Directors

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

For Independent Director

1. Carlos Alfonso T. Ocampo
2. Manuel M. Lazaro

FOR the approval of the appointment of Reyes Tacandong & Co. as the Company's external auditor; and to authorize the Proxy to vote according to discretion of the Company's President on any matter that may be discussed under "Other Matters".

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

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Marcventures Holdings Inc. ("MARC") and BrightGreen Resources Holdings Inc. ("BHI") are related parties. Mr. Isidro C. Alcantara, Jr. holds interest in both MARC and BHI through Caulfield Heights Inc., where he, his wife and sons are directors and shareholders. He is the President of MARC, Vice Chairman of MMDC, Chairman of BHI and BRC. On the other hand, Mr. Anthony M. Te is a shareholder and director of MMDC, BHI and BRC. While Mr. Arsenio K. Sebial, Jr. is the President of MMDC and BHI and a director in BRC. Further, Mr. Reuben F. Alcantara is the President of BRC and VP Marketing of MMDC and MARC. In addition, Mr. Rolando Santos is the Treasurer of MARC, MMDC, BHI and BRC. Moreover, Atty. Diane Madelyn Ching is a director of BHI, Asst. Corporate Secretary of MHI and Corporate Secretary of BHI, MMDC and BRC.

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

VALIDATION OF PROXIES

If you will not be able to attend the meeting but would like to be represented thereat, you must submit a duly signed and accomplished proxy form to the Office of the Corporate Secretary at Marcventures Holdings Inc., 4th Floor Citi Center, 8741 Paseo de Roxas, Makati City on or before 6:00 p.m. of 13 October 2017. Beneficial owners whose shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary allowed by law, must likewise present a notarized certification from the owner of record (i.e. the broker, bank, or other fiduciary) that he is the beneficial owner, indicating thereon the number of shares. Corporate shareholders shall likewise be required to present a notarized Secretary's Certificate attesting to the authority of its representative to attend and vote at the stockholder's meeting. Validation of proxies shall be made on October 18, 2017 at the principal office of Marcventures Holdings Inc.

REVOCATION OF PROXIES

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

Signed this ____________________ 2017 at ______________________________.
(DATE) (PLACE)

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

PLEASE DATE AND SIGN YOUR PROXY

PLEASE MARK, SIGN AND RETURN YOUR PROXY BY HAND OR MAIL (IN TIME FOR IT TO REACH THE COMPANY) **ON OR BEFORE 6:00 P.M. of October 13, 2017**

Sample Secretary's Certificate

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

SECRETARY CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

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

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

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

> "RESOLVED, as it is hereby resolved that ______________, be appointed by the Corporation to represent it at the meeting of the stockholders of MARCVENTURES HOLDINGS, INC. scheduled on October 23, 2017 and at any postponement thereof, and in connection therewith, to vote all shares registered in the name of the Corporation or to execute or give any proxies as she/he may deem proper."

IN WITNESS WHEREOF, I have hereunto set my hand on this _______day of____________ at ________________.

____
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of _______ 2017, affiants exhibiting to me his/her valid identification as follows:

Name	Valid Identification	Date/Place Issued

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2017.

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

<u>SECRETARY'S CERTIFICATE</u>

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

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

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

IN WITNESS WHEREOF, this Certificate was signed and issued this 13th day of September 2017 at Makati City, Philippines.

DIANE MADELYN C. CHING
Asst. Corporate Secretary

SUBSCRIBED AND SWORN to before me this 13th day of September 2017 at MAKATI CITY affiant exhibited to me her Driver's License No. N04-99-451455 valid until 06 December 2017

Doc. No. 2;
Page NO. 02;
Book No. 146
Series of 2017.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-88
UNTIL DEC. 31, 2018
ROLL OF ATTY. NO. 42348
MCLE COMPLIANCE NO. [illegible]
IBP O.R No. 706762, LIFETIME MEMBER JAN 29, 200[illegible]
PTR No. [illegible]
EXECUTIVE BLDG. CENTER
MAKATI AVE. COR. JUPITER ST. MAKATI CITY

COVER SHEET

12942

SEC Registration Number

MARCVENTURES HOLDINGS INC.
(formerly:
AJO.NET HOLDINGS, INC.)

(Company's Full Name)

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

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

Atty. Ana Maria A. Katigbak

Contact Person

817-6791

Company Telephone Number

Certification of Independent Director
(Carlos Alfonso T. Ocampo)

06 30

Month Day

Fiscal Year

FORM TYPE

11

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATE OF INDEPENDENT DIRECTORS

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

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

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

Company/Organization	Position/Relationship	Period of Service
Bright Kindle Resources & Investments, Inc	Independent Director	January 2014 to Present
Ocampo & Manalo Law Firm	Senior Partner	October 1997 to present
Panalpina Transport Phils., Inc.	Director	February 2002 to present
MAA General Assurance Phils., Inc.	Director	March 2003 to Present
South Forbes City College Corporation	Director	May 2009 to Present
Columbian Autocar Corporation	Director	October 2009 to April 2012
Asian Carmakers Corporation	Director	April 2008 to Present
Jam Transit, Inc.	Director	July 2009 to Present
Prestige Cars	Director	June 2006 to Present g
Timebound Trading Corporation	Director	April 2013 to Present
Monpierre Foods Corporation	Director	December 2011 to Present
Zest Airways, Inc.	Director/Corporate Secretary	May 2008 to Present
PSI Healthcare Development Services Corp.	Director/Corporate Secretary	June 2010 to Present
Adriansе Phils. Inc.	Director/Corporate Secretary	March 2012 to Present
Bluelion Motors Corp.	Director/Corporate Secretary	February 1999 to Present
First Charters & Tours Transport Corp.	Director/Corporate Secretary	July 2012 to Present
Bryçl Resorts International Inc.	Director/Corporate Secretary	July 2009 to Present
Asian Carmakers Corporation	Director/Corporate Secretary	July 2002 to Present
Autohaus Quezon City, Inc.	Director/Corporate Secretary	April 2008 to Present
AVK Philippines, Inc.	Director/Corporate Secretary	July 2000 to Present
Jam Liner, Inc.	Director/Corporate Secretary	July 2009 to Present
Manila Golf & Country Club	Director/Corporate Secretary	April 2008 to Present
Integrated Bar of the Philippines	Member	

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

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

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

Done, this__ day of ________, at ________ MAKATI CITY

CARLOS ALFONSO T. OCAMPO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 30 2016 ______ day of ______________ at ______ MAKATI CITY, affiant personally appeared before me and exhibited to me his/her Passport No. EB6479360[illegible] issued at DFA Manila on October 3, 2012.

Doc. No. 417;
Page No. 84;
Book No. 749;
Series of 2016.

ATTY. [illegible] R. BATAL[illegible]
NOTARY PUBLIC FOR [illegible] CITY
APPOINTMENT NO. [illegible]
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO. 42[illegible]
MCLE COMPLIANCE NO. [illegible]
IBP O.R. No. [illegible]
PTR No. [illegible] MAKATI CITY
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR. JUPITER

COVER SHEET

1 2 9 4 2

SEC Registration Number

M A R C V E N T U R E S   H O L D I N G S   I N C .
(f o r m e r l y :
A J O . N E T   H O L D I N G S ,   I N C .)

(Company's Full Name)

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

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

Atty. Ana Maria A. Katigbak

Contact Person

817-6791

Company Telephone Number

Certification of Independent Director
(Reynato S. Puno)

1 2 | 3 1
Month | Day
Fiscal Year

FORM TYPE

0 5 | 2 7
Month | Day
Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATE OF INDEPENDENT DIRECTOR

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

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

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

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

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

Done this MAY 3 1 2016, 2016 at Makati City.

REYNATO S. PUNO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 3 1 2016 at QUEZON CITY, affiant personally appeared before me and exhibited to me his Passport No. EB52069814 issued at DFA Manila on April 21, 2012.

Doc. No. [illegible];
Page No. 75;
Book No. 74;
Series of 2016.

[illegible] B. [illegible]DOLA
Notary Public
Commission [illegible] December 31, 2017
[illegible]

Annex "A"

REYNATO S. PUNO

Present Position:

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

Previous Position

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

CERTIFICATE OF INDEPENDENT DIRECTORS

I, MANUEL M. LAZARO, Filipino, of legal age with office address 1362 Caballero St., Dasmarinas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

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

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

Company/Organization	Position/Relationship	Period of Service
Bright Kindle Resources & Investments, inc.	Independent Director	May 2016 to Present
AG Finance, Inc.	Independent Director	June 2015 to Present
Philippine Airlines, Inc.	Director	2014 up to present
The Manila Hotel Corporation	Director	2006 up to present
Manila Golf & Country Club	Director	2007 up to present
Philippine Constitution Association (PHILCONSA)	Chairman and CEO	2011 up to present date
PHILCONSA	President and Governor	Four Terms – 1991-1992; 2004-2005; 2006-2004; 2010-2011
PHILJA Development Director Center, Inc.	Director	
Ateneo Law School	Member, Board of Advisors	Ateneo Law School
Aquila Legis Alumni Foundation, Inc.	Chairman	

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

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

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

MAKATI CITY

Done, this ___ day of ______________________, at ________________

MAY 3 0 2016

MANUEL M. LAZARO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 3 0 2016 day of ______________ at MAKATI CITY, affiant personally appeared before me and exhibited to me his/her PASSPORT # EC1345597?.

Doc. No. 418;
Page No. ______;
Book No. 749;
Series of 2016.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M32
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO. 48048
MCLE COMPLIANCE NO. IV-0011334-30-2013
PTR O.R. No. 5567353 - LIFETIME MEMBER JUL. 24, 2009
[illegible]
EXECUTIVE BLDG. CENTER
[illegible]

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

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

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

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

4. SEC Identification Number **12942**

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

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

7. **(02) 831-4479 or 856-7976**
   Registrant's telephone numbers, including area code

8. **October 23, 2017 at 2:00 pm, at the Big Function Room, Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders – **October 2, 2017**

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor:	**MARCVENTURES HOLDINGS INC.**
Address and Telephone No.:	**4th Floor Citi Center Bldg.** **Paseo de Roxas, Makati City** **Metro Manila, Philippines** **Tel. (632) 831-4479** **Attn: Ms. Raquel Frondoso**

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock	**1,844,088,599***

*** As of 31 August 2017**

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

YES [X] NO [ ]

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

Philippine Stock Exchange - Common Stock

INFORMATION STATEMENT
(SEC FORM 20-IS)

PART 1: GENERAL INFORMATION

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

Date of meeting :	October 23, 2017 (Friday)
Time of meeting :	2:00 pm
Place of meeting :	Big Function Room, Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City
Approximate mailing date of this statement including proxy form:	October 2, 2017
Complete mailing address of the principal office of the registrant :	4th Floor, Citi Center Condominium, 8741 Paseo de Roxas, Makati City.

Item 2. DISSENTERS' RIGHT OF APPRAISAL

Any stockholder of the Corporation may exercise his appraisal right against the proposed actions stated below, which qualifies as instances that give rise to the exercise of such right, pursuant to the provisions and procedures set forth under Title X of the Corporation Code. The application of such right is limited to the following instances:

a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);

b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);

c. In case of merger or consolidation (Section 81);

d. In case of investments in another corporation, business or purpose (Section 42).

Among the proposed actions to be taken up during the Annual Stockholders' Meeting are:

1. Propose merger of the Corporation, Asia Pilot Mining Phils. Corp. and BrightGreen Resources Holdings Inc. with the Corporation as the surviving entity ;
2. Amendment of the Articles of Incorporation to Increase of the Authorized Capital Stock of the Corporation from PhP 2 Billion to PhP 4 Billion,

The Corporation Code of the Philippines (Sec. 82) provides that the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: and Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

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

Marcventures Holdings Inc. ("MARC") and BrightGreen Resources Holdings Inc. ("BHI") are related parties having certain common shareholders, officers or directors. Mr. Isidro C. Alcantara, Jr. holds interest in both MARC and BHI through Caulfield Heights Inc., where he, his wife and sons are directors and shareholders. He is the President of MARC, Vice Chairman of MMDC, Chairman of BHI and BRC. On the other hand, Mr. Anthony M. Te is a shareholder and director of MMDC, BHI and BRC. Mr. Te is the son of Mr. Macario U. Te, a director in MHI. Moreover, Mr. Arsenio K. Sebial, Jr. is the President of MMDC and BHI and a director in BRC. Further, Mr. Reuben F. Alcantara is the President of BRC and VP Marketing of MMDC and MARC. In addition, Mr. Rolando Santos is the Treasurer of MARC, MMDC, BHI and BRC. Moreover, Atty. Diane Madelyn Ching is a director of BHI, Asst. Corporate Secretary of MHI and Corporate Secretary of BHI, MMDC and BRC.

Other than the interest of the persons mentioned above, no incumbent member of the Board of Directors, or nominee for election as Director, at any time since the beginning of the last fiscal year has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting other than election to office, except as disclosed above in view of the relationship between MARC and BHI.

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

B. CONTROL & COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

(1) The Registrant has 1,844,088,599 outstanding common shares as of August 31, 2017. Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting.

(2) The record date for determining stockholders entitled to notice and to vote during the annual stockholders meeting and also to this information statement is on August 18, 2017.

(3) The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Corporation Code. Section 24 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one

candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

(4) **Security Ownership of Certain Record and Beneficial Owners and Management of more than 5%**

Security ownership of certain record ("r") and beneficial ("b") owners of five percent (5%) or more of the outstanding capital stock of the Registrant as of August 31, 2017:

Title of Class	Name , address of record owner and relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation (registered owner in the books of the stock transfer agent)	Bright Kindle Resources & Investments Inc.	Filipino	600,000,000	32.94%
		Dy Chi Hing*	Filipino	218,500,000	12.00%
		Sonia T. Techico	Filipino	130,000,000	7.14%
		Arturo L. Tiu	Filipino	87,629,000	4.81%
		Except those enumerated above, the Company is not aware of other persons with lodged shares who are the beneficial owners of more than 5% of its outstanding capital stock. PCD authorizes its trading participants to vote the shares registered in their name.	Filipino	455,453,984	25.01%
			TOTAL	**1,491,582,984**	**81.89%**

*deceased

Mr. Isidro C. Alcantara, Jr. shall represent and vote the shares held by Bright Kindle Resources and Investments Inc. in the Annual Stockholders' Meeting.

As of August 31, 2017 the foreign ownership level of Marcventures Holdings, Inc. (MARC) is 31,684,095 common shares or equivalent to 1.18%.

Security Ownership of Management – Record "r" and Beneficial "b" (direct/indirect) owners as of August 31, 2017:

Title of Class	Name of Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b")	Citizenship	Percent of Class
Common	Cesar C. Zalamea Chairman	1,000 "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	Macario U. Te Director	1,000 "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	Isidro C. Alcantara, Jr. Director & President	22,732,000 – "r" (direct) 5,600,000 "b" (indirect)	Filipino	0.00% 0.31%
Common	Marianne Regina T. Dy Director	1– "r" (direct) 5,999,999- "b" (indirect)	Filipino	0.00% 0.33%
Common	Manuel M. Lazaro Independent Director	1,000– "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	Carlos T. Ocampo Independent Director	1,000– "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	Augusto C. Serafica, Jr. Director	10,000 – "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	Reynato S. Puno Independent Director	1,000 – "r" (direct)	Filipino	0.00%
Common	Michael L. Escaler Director	1 – "r" (direct)	Filipino	0.00%
Common	Rolando S. Santos Treasurer	-0- "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	Roberto V. San Jose Corporate Secretary	-0- "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	Ana Katigbak Asst. Corporate Secretary	-0- "r" (direct) 150,000 "b" (indirect)	Filipino	 0.01%
Common	Diane Madelyn C. Ching Asst. Corporate Secretary	-0- "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	Reuben F. Alcantara VP Marketing, Business Development and Strategic Planning and Investor Relations Officer	-0- "r" (direct) -0- "b" (indirect)	Filipino	0.00%
Common	Ramon N. Santos* VP Project Development	-0- "r" (direct) -0- "b" (indirect)		0.00%
Common	Rhodel S. Salvador Asst. VP for Finance	-0- "r" (direct) 12,000 "b" (indirect)		
		22,747,002 "r" **11,761,999 "b"**		0.64%

*resigned on August 31, 2016.

Voting trust holders of 5% or More

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

Changes in control

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

Item 5. <u>DIRECTORS AND EXECUTIVE OFFICERS</u>

Board of Directors and Executive Officers

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

Name	Age	Citizenship	Position
Cesar C. Zalamea	88	Filipino	Chairman
Isidro C. Alcantara, Jr.	63	Filipino	President/ Director
Manuel Lazaro	81	Filipino	Independent Director
Macario U. Te	87	Filipino	Director
Augusto C. Serafica	55	Filipino	Director
Carlos Alfonso T. Ocampo	52	Filipino	Independent Director
Marianne Regina T. Dy	40	Filipino	Director
Reynato S. Puno	76	Filipino	Independent Director
Michael L. Escaler	66	Filipino	Director
Rolando S. Santos	66	Filipino	Treasurer/ SVP Finance & Administration
Roberto V. San Jose	74	Filipino	Corporate Secretary
Ana Maria A. Katigbak	47	Filipino	Asst. Corporate Secretary and Corporate Information Officer,
Diane Madelyn C. Ching	34	Filipino	Asst. Corporate Secretary and Corporate Information Officer and Compliance Officer
Reuben F. Alcantara	34	Filipino	Vice President for Marketing, Business Development and Strategic Planning and Investor Relations Officer
Ramon N. Santos	57	Filipino	Vice President for Project Development (Resigned on August 31, 2016)
Rhodel B. Salvador	35	Filipino	Asst. Vice President Finance

Directors

Mr. Cesar C. Zalamea was elected Chairman of Marcventures Holdings, Inc. (MHI) in June 2013. He served as the Company's President from June 2013 to September 2014. He also serves as Chairman of Marcventures Mining and Development Corp. (MMDC) and Bright Kindle Resources Inc. (formerly Bankard Inc.). He is an independent director of Araneta Properties Inc., a company he joined as Director in December 2008. He is also a member of the Advisory Board of Campbell Lutyens & Co. Ltd., an investment advisory company based in the U.K. from July 2011 until June 2015. In 1945, Mr. Zalamea joined AIG where he started as an Investment Analyst at the Philippine American Life Insurance Company (Philamlife) and, later, its President in May 1969. While with Philamlife, he was called to serve the Program Implementation Agency (PIA) in 1964 as Deputy Director General. PIA was an economic group that reported directly to the President of the Philippines. He returned to Philamlife in 1965. In 1969, Mr. Zalamea was appointed Member of the Monetary Board of the Central Bank of the Philippines, representing the private sector. In 1981, he left Philamlife to become Chairman of the Development Bank of the Philippines, giving up his post in the Monetary Board. In 1986, he left the DBP to go back to AIG. He was then stationed in Hong Kong to be the first President of AIG Investment Corporation (Asia) Ltd. At this time, he was elected to serve as Director in many AIG affiliated companies in Asia, such as the AIA Insurance Co., Nan Shan Life Insurance Co., and Philamlife. He left AIG in 2005 to work directly with Mr. Maurice R. Greenberg at C.V. STARR Companies, where he was appointed President and CEO of Starr Investment Co. (Asia) Ltd. In 2008, he became its Chairman until he retired in 2010.

Mr. Zalamea obtained his BS in Accounting and Banking in 1951 from Colegio de San Juan de Letran, where he graduated valedictorian. In 1953, Mr. Zalamea received his MBA from New York University.

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

Atty. Manuel M. Lazaro was elected Independent Director in May 2016. He currently sits as Director for Philippine Airlines, Inc., (PAL), The Manila Hotel Corporation and Manila Golf & Country Club and Independent director of AG Finance Inc. He is also the Chairman & CEO of Philippine Constitution Association (PHILCONSA) and served as its President and Governor for Four Terms from the year 1991 to 2011. He sat as Director for PHILIA Development Center, Inc. and is a member of the Board of Advisors of Ateneo Law School and Chairman of Aquila Legis Alumni Foundation, Inc.

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

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

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

Mr. Augusto Antonio C. Serafica Jr. was elected as Director in June 2013. Mr. Serafica is currently the President & CEO of Premiere Horizon Alliance Corporation and the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation. He is the 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 a Regular Director of Bright Kindle Resources, Inc., Concepts Unplugged Business Environment Solutions, Inc. and Premiere Horizon Alliance Corporation. He is also the Treasurer of Sinag Energy Philippines, Inc.

Mr. Serafica is also a 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. and Director of the Alumni Association of AIM – Philippines, Inc. He is also the National Treasurer of the Brotherhood of Christian Businessmen and Professionals (BCBP) .

Mr. Serafica obtained a Bachelor of Commerce in Accountancy degree from San Beda College and Masters in Business Management from the Asian Institute of Management. Mr. Serafica is a Certified Public Accountant.

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

Mr. Michael L. Escaler was elected Director on November 14, 2014, which took effect upon the Securities and Exchange Commission's approval of the Company's amendment of the Articles of Incorporation that increased the number of directors. He is the President and CEO of All Asian

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

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

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

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

Atty. Diane Madelyn C. Ching was elected as Co-Assistant Corporate Secretary in August 2013. She also serves as General Counsel and Corporate Secretary of MMDC. She also serves as Corporate Secretary of Bright Kindle Resources & Investments, Inc., AGF Finance Inc., Asian Appraisal Co. Inc., BrightGreen Resources Holdings Inc. and BrightGreen Resources Corp. She is a director and Corporate Secretary of Prime Media Holdings, Inc. She is a member of the Integrated Bar of the Philippines.

Mr. Reuben F. Alcantara is the Vice President for Marketing, Business Development, and Strategic Planning. He is also the Company's Investor Relations Officer. He joined the company in September 2013. He also serves as the Vice President of Marketing for Marcventures Mining and Development Corporation, Bright Kindle Resources and Investments, Inc. and AG Finance, Inc. He previously served as Relationship and Credit Officer for Security Bank and has had stints in Corporate Banking in Bank of Commerce and Maybank Philippines. Mr. Alcantara obtained his Executive Masters in Business Administration Degree from the Asian Institute of Management in the year 2016.

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

mostly in the Philippines and in Indonesia with limited work experiences in Australia, Malaysia, Japan and Papua New Guinea. Mr. Santos resigned on August 31, 2016.

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

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

The Nominations Committee has screened the following nominees for election or re-election on 23 October 2017. The Nominations Committee determined that the candidates possess all the qualifications and none the disqualifications as director or independent director.

Nominees for Regular Directors

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

Nominees for Independent Director

1. Carlos Alfonso T. Ocampo
2. Manuel M. Lazaro

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

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

Independent Director, Justice Reynato S. Puno will no longer stand for re-election due to health reasons.

Independent Directors

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

1. **Carlos Alfonso T. Ocampo**

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

2. **Manuel M. Lazaro**

   Atty. Lazaro possessed all the qualifications and none of the disqualifications as independent director since his election in the year 2016.

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

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

The Nomination Committee is composed of Cesar C. Zalamea,Jr. as Chairman and Messrs. Augusto Serafica, Jr., Carlos Alfonso T. Ocampo as members.

The Company undertakes to submit the updated Certifications of Qualification for the Independent Directors within 30 days from their election in compliance with SEC Memorandum Circular No.5 Series of 2017.

In accordance with SEC Memorandum Circular No.4 Series of 2017, both Independent Directors (ID) have not exceeded the maximum cumulative term of nine (9) years. Furthermore, the Company understands that after a term of (9) years, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director. At the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and Reckoning of the cumulative nine-year term is from 2012.

Period in Which Directors and Executive Officers Should Serve

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

Term of Office of a Director

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

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

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings

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

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two years prior to that time;

2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and

4. Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Certain Relationships and Related Transactions

In relation to the merger transaction, Marcventures Holdings Inc. ("MARC") and BrightGreen Resources Holdings Inc. ("BHI") are related parties having certain common shareholders, officers or directors. Mr. Isidro C. Alcantara, Jr. holds interest in both MARC and BHI through Caulfield Heights Inc., where he, his wife and sons are directors and shareholders. He is the President of MARC, Vice Chairman of MMDC, Chairman of BHI and BRC. On the other hand, Mr. Anthony M. Te is a shareholder and director of MMDC, BHI and BRC. Mr. Te is the son of Mr. Macario U. Te, a director in MHI. While Mr. Arsenio K. Sebial, Jr. is the President of MMDC and BHI and a director in BRC. Further, Mr. Reuben F. Alcantara is the President of BRC and VP Marketing of MMDC and MARC. In addition, Mr. Rolando Santos is the Treasurer of MARC, MMDC, BHI and BRC. Moreover, Atty. Diane Madelyn Ching is a director of BHI, Asst. Corporate Secretary of MHI and Corporate Secretary of BHI, MMDC and BRC

Item 6. <u>COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS</u>

Executive Compensation

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

Table Summary of Compensation

Names	Position	SALARY	BONUS	OTHER COMPENSATION
Cesar Zalamea Isidro C. Alcantara, Jr. Roberto San Jose Diane Madelyn Ching Ana Maria Katigbak	Chairman President Corporate Secretary Asst. Corporate Secretary Asst. Corporate Secretary			
All above named officers as	2015	14,400,000	27,252,650	26,903,823

a group	2016	20,400,000	23,698,400	44,098,400
	2017 Estimated	20,400,000	22,525,002	42,925,002
All other officers and directors as group unnamed	2015	-	13,529,412	3,975,000
	2016	3,600,000	1,665,000	5,265,000
	2017 estimated	₱3,600,000	₱2,190,000	₱5,790,000

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

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

Item 7. INDEPENDENT PUBLIC ACCOUNTANTS

Independent Public Accountants, Reyes Tacandong & Co. ("RTC") will stand for re-election as the Corporation's auditor for the year 2017 which shall be subject to shareholders' approval during the Annual Meeting.

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

The 2015-2016 audit of the Company by RTC is in compliance with SRC Rule 68, Paragraph 3(b)(iv) which provides that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed. At present, RTC's account partner handling the Corporation is Belinda B. Fernando and she has been the handling partner since December 2013. She is due for rotation in 2018. A two year cooling off period shall be observed in the re-engagement of the same signing partner or individual.

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

The following are members of the Audit Committee:

Chairman: Carlos Alfonso T. Ocampo (ID)
Members: Augusto C. Serafica, Jr
Justice Reynato S. Puno (ID)

Item 8. COMPENSATION PLANS

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

Increase in Authorized Capital Stock

Management is requesting the stockholders to approve the proposals to:

(i) increase the authorized capital stock of the Corporation from 2B to 4B; and
(ii) accept subscriptions of third parties in the form of cash and/or assets under such terms and conditions to be determined by the Board, subject to the requirements of the Securities and Exchange Commission and Philippine Stock Exchange.

The Board proposes to increase the authorized capital stock from Php 2 billion divided into Php 2,000,000,000 common shares at a par value of Php 1.00 per share to Php 4 billion divided into Php 4,000,000,000 common shares with a par value of Php 1.00 per share.

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

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

In relation to the Company's plan to merge with Asia Pilot Mining Philippines Corp. (APMPC) and BrightGreen Resources Holdings Inc. (BHI), with the Company as the surviving entity, the Company intends to issue 675,000,000 common shares in favor of APMPC shareholders and 450,000,000 common shares in favor of BHI shareholders or a total of 1,125,000,000 shares at a par value of PhP 1.00 per share to gain control of Alumina Mining Philippines Inc. (AMPI) and Bauxite Resources Inc. (BARI) and BrightGreen Resources Corp. ("BRC"). AMPI holds MPSA 179-2002 VIII (SBMR) with an area of 6,694 Hectares located in Motiong, San Jose De Buan and Wright, Province of Samar issued on December 5, 2002. On the other hand, BARI holds MPSA 180-2002 VIII (SBMR) with an area of 5,435 Hectares located in Gandara, San Jose de Buan and Wright, Province of Samar issued on December 5, 2002. BrightGreen Resources Corp. ("BRC") holds MPSA 015-93-XIII approved on 01 July 1993, covering approximately 4,860 hectares of Carrascal and Cantilan, Surigao del Sur.

AMPI and BARI are bauxite mines. Bauxite is the main raw material of aluminum. Bauxite has been observed to be more stable in prices as compared to other commodities even during the slump of metal prices. Thus, the merger will allow MHI to grow its business, diversify its products and expand its source of income.

BRC is a nickel mine whose mining tenement is contiguous to the mining tenement of MHI's wholly-owned subsidiary, Marcventures Mining and Development Corp. (MMDC). The merger with BRC will allow MHI to increase its nickel reserves which is necessary should it pursue the plan to venture into Nickel Processing.

Item 10. Modification or Exchange of Securities

The Board proposes to increase the authorized capital stock from Php 2 billion divided into Php 2,000,000,000 common shares at a par value of Php 1.00 per share to Php 4 billion divided into Php 4,000,000,000 common shares with a par value of Php 1.00 per share.

Item 11. Financial and Other Information

Copies of the Management Report, the Audited Financial Statements for the year ended 31 December 2016, 17Q or the Quarterly Financial Statement as of 30 June 2017 are hereto.

The Management's Discussion and Analysis of Financial Condition and Result of the Operations are discussed in the attached Management Report. The notes to the Consolidated Financial Statements are incorporated hereto by reference.

The Company has not made any changes in and has not had any disagreements with its external auditor on accounting and financial disclosures.

Representatives of the Company's external auditor, Reyes Tacandong & Co., are expected to be present at the shareholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

The Board will submit to the approval of the stockholders the merger between the Company, Asia Pilot Mining Phils. Corporation (APMPC) and Brightgreen Resources Holdings Inc. (BHI) with the Company as the surviving company and BHI and APMC as the dissolved companies in accordance with Sections 76 to 80, Chapter IX of the Corporation Code of the Philippines

(1) The name, address and telephone number of the principal executive office.

Name	Address	Telephone No
APMPC	G/F 31 Bingo St., Sta. Mesa Heights, Quezon City	02-831-4484
BHI	4^{th}F Citibank Center, Paseo, de Roxas Makati City	02-831-4479

(2) APMPC is a corporation duly organized and existing under the laws of the Philippines. It owns 100% interest in both Alumina Mining Philippines Inc. (AMPI) and Bauxite Resources Inc. (BARI). AMPI holds MPSA 179-2002 VIII (SBMR) with an area of 6,694 Hectares located in Motiong, San Jose De Buan and Wright, Province of Samar issued on December 5, 2002. On the other hand, BARI holds MPSA 180-2002 VIII (SBMR) with an area of 5,435 Hectares located in Gandara, San Jose de Buan and Wright, Province of Samar issued on December 5, 2002.

BHI is a corporation duly organized and existing under the laws of the Philippines. It owns 100% interest in BrightGreen Resources Corp. ("BRC") which holds MPSA 015-93-XIII approved on 01 July 1993, covering approximately 4,860 hectares of Carrascal and Cantilan, Surigao del Sur.

(3) (A) As consideration for the merger, the Company shall issue 675,000,000 common shares in favor of Asia Pilot Mining Phils. Corporation (APMPC) shareholders and 450,000,000 common shares in favor of Brightgreen Holdings Inc. (BHI) shareholders or a total of 1,125,000,000 shares at a par value of PhP 1.00 per share.

(B) The merger with APMPC will allow MHI to gain control of AMPI and BARI, whose mineral resource is Bauxite Ore-- the main raw material of aluminium. The merger will allow MHI to grow its business, diversify its products and expand its source of income. Bauxite has been observed to be more stable in prices as compared to other commodities even during the slump of metal prices.

The mining tenement is contiguous to the mining tenement of MHI's wholly-owned subsidiary, Marcventures Mining and Development Corp. (MMDC). MHI's objective in merging with BHI is to gain control of BRC in order to increase the nickel reserves of MHI's owned nickel mines pursuant to a possible venture into Nickel Processing.

(C) The merger shall result to the dilution of the existing shareholders of MARC by 38%. The shareholders of APMPC and BHI shall obtain 23% and 15%, respectively or a total of 38% share in MARC.

(D) The transaction will be recorded as investment in subsidiaries since MARC will gain of 100% of AMPI, BARI, and BRC as a result of the merger.

(4) There were no dividends in arrears or defaults in principal or interest in respect of any security of the registrants.

(5) Below is the comparative columnar form of the following information for the registrant and the other person for the last two fiscal years:

(A) net sales or operating revenues;

Registrant	2017	2016	2015
MHI Consolidated	₱908,585,853	₱1,919,188,114	₱2,330,484,178
APMPC**	₱–	₱–	₱–
BHI***	₱–	₱–	₱–

**Revenues of MHI only not including Marcventures Mining and Development Corporation*

MHI*	₱42,500,000	₱90,006,507	₱85,075,599

***Not yet started commercial operations*
*** *BHI was incorporated in January 2017*

(B) income (loss) from continuing operations; and

Registrant	2017	2016	2015
MHI Consolidated	₱24,143,705	₱5,141,782	(₱119,054,752)
APMPC	(₱50,000)	(₱400,500)	(₱500)
BHI**	(₱1,218,415)	NA	NA

**Revenues of MHI only not including Marcventures Mining and Development Corporation*

MHI*	₱3,096,589	₱16,930,246	(₱31,566,723)

***Not yet started commercial operations*
*** *BHI was incorporated in January 2017*

(C) long-term obligations and redeemable preferred stock

Registrant	Long-Term Obligations	Redeemable Preferred Stock
MHI Consolidated	₱–	₱–
APMPC**	₱–	₱–
BHI***	₱–	₱–

**Revenues of MHI only not including Marcventures Mining and Development Corporation*

MHI*	₱–	₱–

***Not yet started commercial operations*
*** *BHI was incorporated in January 2017*

The consideration for the merger transaction is based on the stand-alone Financial Statements of APMPC and BHI, being the absorbed entities.

(6) In comparative columnar form, historical and pro forma per share data of the registrant and historical and equivalent pro forma per share data of the other person for the following items for the last two fiscal years:

(A) book value per share

Registrant	2017***	2016	2015
MHI Consolidated	₱1.64	₱0.63	₱0.63
APMPC**	₱677.39	₱99.27	₱6.89
BHI***	₱18.31	NA	NA

**Revenues of MHI only not including Marcventures Mining and Development Corporation*

MHI*	₱1.57	₱1.57	₱1.56

***Not yet started commercial operations*
*** *BHI was incorporated in January 2017*

(B) cash dividends declared per share

Registrant	2017	2016	2015
MHI Consolidated	₱–	₱–	₱–
APMPC**	₱–	₱–	₱–
BHI***	₱–	₱–	₱–

**Revenues of MHI only not including Marcventures Mining and Development Corporation*

MHI*	₱–	₱–	₱–

***Not yet started commercial operations*
*** *BHI was incorporated in January 2017*

(7) The approval of the Securities and Exchange Commission is necessary to merge the Company, APMPC and BHI as the merger will result to dissolution of APMPC and BHI to be merged into the Company as the surviving entity. The approval of the Bureau of Internal Revenue is also necessary to complete the merger considering that the same will require issuance of a total of 1,125,000,000 shares at a par value of PhP 1.00 per share in favor of APMPC and BHI shareholders. The transaction is not covered by the notification requirement of the Philippine Competition Commission under Section 3(b) Rule 4 of the Rules and Regulations to Implement the Provisions of Republic Act No. 10667 pertaining to the Size of the Transaction. Notably, the requirements of PCC are as follows:

"Parties to a merger or acquisition are required to provide notification when:

(a) The aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceeds One Billion Pesos (PhP1,000,000,000.00) ["**Size of the Party**"]

and

(b) The value of the transaction exceeds One Billion Pesos (PhP1,000,000,000.00), as determined in subsections (1), (2), (3) or (4), as the case may be ["**Size of the Transaction**"].

(1) With respect to a proposed merger or acquisition of assets in the Philippines if either:

(i) the aggregate value of the assets in the Philippines being acquired in the proposed transaction exceeds One Billion Pesos (PhP1,000,000,000.00); or

(ii) the gross revenues generated in the Philippines by assets acquired in the Philippines

Applying the foregoing rule to the Transaction and treating the BHI Merger and APMC Merger as separate mergers in computing the transaction values, it has been determined that while the Size of the Party threshold was met considering the total assets of MHI which amounts to PhP2,874,117,016.00, the Size of the Transaction thresholds were not met for either the BHI Merger or the APMC Merger.

Notably, based on the audited financial statements of BHI for the period ended June 30, 2017, the total assets of BHI amounts to ₱458,460,526.00, while it did not earn any revenue. On the other hand, based on the Audited Financial Statements of APMC for the period ended June 30, 2017, the total assets of APMC amounts to ₱677,444,033.00, while it did not earn any revenue.

Given the foregoing figures, the BHI Merger and APMC Merger failed to meet the Size of the Transaction thresholds. Thus, the BHI Merger and the APMC Merger are not subject to the notification requirement of the PCC.

(8) The consideration for the merger transaction is based on the Audited Financial Statements of APMPC and BHI as of June 30, 2017, which are attached herewith.

(9) On January 31, 2017, BrightGreen Resources Holdings Inc. subscribed to 20,000,000 shares equivalent to 50% of BrightGreen Resources Corp. On June 16, 2017, it acquired the shares of RYM Business Management Corp., Caulfield Heights Inc. and Anthony M. Te to acquire 100% of BrightGreen Resources Corp.

(10) On December 16, 2016, the Company disclosed the plan to merge the Company, APMPC and BHI with the Company as the surviving entity subject to due diligence and shareholders' approval. The high and low prices of MARC shares on the date of disclosure ₱2.68 and ₱2.37, respectively.

(11) The Financial statements of APMPC and BHI for the periods ended June 30, 2017 were audited by Ocampo, Mendoza, Leong, Lim & Co. and Reyes Tacandong and Company, respectively.

(c) The Management Reports on the Company, APMPC and BHI are attached herewith.

Item 13. **Acquisition or Disposition of Property**

No action is to be taken with respect to the acquisition or disposition of any property.

D. OTHER MATTERS

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

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

1. Approval of Minutes of Previous Meeting
2. Approval of Management Report and Audited Financial Statements
3. Approval of the Merger of Marcventures Holdings Inc. (MARC), Asia Pilot Mining Phils. Corporation (APMPC) and Brightgreen Resources Holdings Inc. (BHI) with MARC as the surviving entity
4. Approval by the Majority of the Minority Stockholders of the related party transaction, which pertains to the merger of Brightgreen Resources Holdings Inc. and Marcventures Holdings, Inc. and waiver of the requirement to conduct rights or public offering
5. Approval of the Amendment of Articles of Incorporation of the Corporation to increase the authorized capital stock of the Corporation from Two Billion Pesos (Php 2,000,000,000.00) to Four Billion Pesos (Php 4,000,000,000.00)
6. Approval of the Increase of the Number of Directors from nine (9) to eleven (11)
7. Authority to Enter into a Management Agreement to manage Marcventures Mining and Development Corp. and other subsidiaries
8. Ratification of Management's Acts
9. Election of Directors
10. Appointment of External Auditor
11. Other Matters
12. Adjournment

Item 16. MATTERS NOT REQUIRED TO BE SUBMITTED

All corporate actions to be taken up at the annual stockholders' meeting this October 23, 2017 will be submitted to the stockholders of the Registrant for their approval in accordance with the requirements of the Corporation Code.

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

ITEM 17. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

Amendment of Articles of Incorporation to Increase Authorized Capital Stock

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

The Board proposes to increase the authorized capital stock from Php 2 billion divided into Php 2,000,000,000 common shares at a par value of Php 1.00 per share, to Php 4 billion divided into Php 4,000,000,000 common shares with a par value of Php 1.00 per share.

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

The proposed increase in authorized capital stock is necessary for issuance of shares pursuant to the Plan of Merger between the Company, APMPC and BHI and other future capital raising activities of the Company, whether through the purchase of shares from the stock market or through a private placement.

The Board of Directors is also submitting for the stockholders approval the proposal to increase the Number of Directors from nine (9) to eleven (11)

ITEM 18. OTHER PROPOSED ACTIONS

Action is to be taken on the ratification and approval of the acts of the Board of Directors and management for the year 2016 to 2017. The resolution to be adopted will be the ratification and approval of the acts of the Board of Directors and Management for the year 2016.

Meetings of the Board of Directors were held on the following dates:

a. April 6, 2016
b. May 27, 2016
c. September 27, 2016
d. December 15, 2016
e. March 31, 2017
f. July 19, 2017

At these meetings, operational and financial reports were discussed. In addition, the following matters were taken up:

1. April 6, 2016
    - Approval of the Minutes of the Meeting held on for the year ended 31 December 2016.
    - Approval of the Issuance of the Audited Financial Statements
    - Authority to the President together with the President of MMDC to seek, explore, evaluate potential investments
    - Amendment of the Articles of Incorporation to increase its authorized capital from 2B to 2.5B
    - Appointment of Reyes Tacandong & Co. as external auditor for the year 2016-2017.
    - Authority to call and set the agenda for the Annual Stockholders' Meeting
    -
2. May 27, 2016- Organizational Meeting
    - Election of Officers
    - Appointment of Board Members to Board Committees
    - Authority to Study the Possibility of Stock Rights Offer.

3. September 27, 2016
   - Approval of the Minutes of the Meeting held on April 6 and May 27, 2016.
   - Discussion of Legal Remedies and Contingency plans considering the Press Conference of Sec. Gina Lopez

4. December 15, 2016
   - Approval of the 2017 Budget
   - Approval of the Proposed Merger of the Company, Asia Pilot Mining Philippines Corp. and the holding company of Brightgreen Resources Corp. with the Company as the surviving entity subject to due diligence audit and shareholders' approval
   - Amendment of the Articles of Incorporation to (a) increase the authorize capital stock from 2B to 4B and (b) increase the number of directors from 9 to 11.
   - Approval to call a stockholders' meeting for the approval of the proposed merger, among others.

5. March 31, 2017
   - Approval of the issuance of the Audited Financial Statements for the year ended 31 December 2016.
   - Updates on the Merger Plans and Projects
   - Approval to call the Annual Stockholders' Meeting
   - Appointment of Reyes Tacandong & Co. as External Auditor for 2016-2017
   - Ratification of the Competent Person's Report
   - Approval of the Code of Corporate Governance

6. July 19, 2017
   - Approval of the Subscription of Mr. Isidro C. Alcantara, Jr. to subscribe to 22,730,000 shares in Marcventures Holdings Inc. at PhP 2.20 per share or a total of PhP 50,006,000.00.
   - Approval to subscribe to additional shares in Marcventures Mining and Development Corp.

Item 19. <u>VOTING PROCEDURES</u>

(a) the vote required for approval or election

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

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

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

(b) Method by which Votes will be counted

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

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

PART II: INFORMATION REQUIRED IN A PROXY FORM

PLEASE USE THE ATTACHED PROXY FORM

Item 1. Identification

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

Item 2. Instruction

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

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

FOR the approval of the minutes of previous meeting of the stockholders;
FOR the approval of the Management Report and audited financial statements for year ended December 31, 2016;
FOR the approval of the Merger of Marcventures Holdings Inc., Asia Pilot Mining Phils. Corporation (APMPC), and Brightgreen Resources Holdings Inc. (BHI) with Marcventures Holdings, Inc. as the surviving entity
FOR the approval by the Majority of the Minority Stockholders of the related party transaction, which pertains to the merger of Brightgreen Resources Holdings Inc. and Marcventures Holdings, Inc. and waiver of the requirement to conduct rights or public offering
FOR the approval of the Amendment of Articles of Incorporation of the Corporation to increase the authorized capital stock of the Corporation from Two Billion Pesos (Php 2,000,000,000.00) to Four Billion Pesos (Php 4,000,000,000.00)
FOR the approval of the Increase of the Number of Directors from nine (9) to eleven (11)
FOR the approval of Authority to Enter into a Management Agreement to manage Marcventures Mining and Development Corp. and other subsidiaries
FOR the confirmation and ratification of all acts and resolutions of Management and the Board of Directors from the date of the last stockholders' meeting to date as reflected in the books and records of the Company;
FOR the election of the following directors:
For Regular Directors

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

For Independent Director

1. Carlos Alfonso T. Ocampo
2. Manuel M. Lazaro

FOR the approval of the appointment of Reyes Tacandong & Co. as the Company's external auditor; and to authorize the Proxy to vote according to discretion of the Company's President or Chairman of the Meeting on any matter that may be discussed under "Other Matters".

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

c. The matters to be taken up in the meeting are enumerated opposite the boxes on the accompanying Proxy Form. The names of the nominee directors are likewise enumerated opposite an appropriate space.

d. If a stockholder will not be able to attend the meeting but would like to be represented thereat, he may submit his Proxy Form, duly signed and accomplished, to the Office of the Corporate Secretary at the head office of Marcventures Holdings Inc., 4th Floor Citi Center Bldg, Paseo de Roxas, Makati City, on or before October 13, 2017. Beneficial owners whose shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary allowed by law must, in addition to the required I.D., present a notarized certification from the owner of record (i.e. the broker, bank or other fiduciary) that he is the beneficial owner, indicating thereon the number of shares. Corporate shareholders shall likewise be required to present a notarized secretary's certificate attesting to the authority of its representative to attend and vote at the stockholders' meeting.

Validation of proxies will take place on October 18, 2017 at the office of the principal office of the Company.

Item 3. Revocability of Proxy

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

Item 4. Persons Making the Solicitation

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

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

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

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

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

In relation to the merger transaction, Marcventures Holdings Inc. ("MARC") and BrightGreen Resources Holdings Inc. ("BHI") are related parties having certain common shareholders, officers or directors. Mr. Isidro C. Alcantara, Jr. holds interest in both MARC and BHI through Caulfield Heights Inc., where he, his wife and sons are directors and shareholders. He is the President of MARC, Vice Chairman of MMDC, Chairman of BHI and BRC. On the other hand, Mr. Anthony M. Te is a shareholder and director of MMDC, BHI and BRC. Mr. Te is the son of Mr. Macario U. Te, a director in MHI. While Mr. Arsenio K. Sebial, Jr. is the President of MMDC and BHI and a director in BRC. Further, Mr. Reuben F. Alcantara is the President of BRC and VP Marketing of MMDC and MARC. In addition, Mr. Rolando Santos is the Treasurer of MARC, MMDC, BHI and BRC. Moreover, Atty. Diane Madelyn Ching is a director of BHI, Asst. Corporate Secretary of MHI and Corporate Secretary of BHI, MMDC and BRC.

PART III: SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on 28 September 2017.

MARCVENTURES HOLDINGS INC.

By:

Diane Madelyn Q. Ching
Asst. Corporate Secretary

THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON SOLICITED, UPON HIS WRITTEN REQUEST, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. AT THE DISCRETION OF MANAGEMENT, A REASONABLE FEE MAY BE CHARGED FOR THE EXPENSE INCURRED IN PROVIDING A COPY OF THE EXHIBITS. ALL REQUESTS MAY BE SENT TO THE COMPANY'S HEAD OFFICE AND ADDRESSED TO:

Attention: **RAQUEL S. FRONDOSO**
MARCVENTURES HOLDINGS INC.
4th Floor Citi Center, Paseo de Roxas, Makati City

MARCVENTURES HOLDINGS INC.

MANAGEMENT REPORT
Pursuant to SRC Rule 20

For the Annual Stockholders' Meeting
On October 23, 2017

I. Consolidated Audited Financial Statements

The Consolidated Audited Financial Statements of Marcventures Holdings, Inc. (the "Company") for the year ended as of December 31, 2016 and unaudited financial statements for the period ended June 30, 2017 are attached to this report.

The Company undertakes to timely file the Interim Financial Statements under SEC Form 17-Q for the period ended June 30, 2017 and furnish the same to any stockholder upon written request addressed to the Corporate Secretary.

II. Disagreements with Accountants on Accounting and Financial Disclosures

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

ITEM 1. BUSINESS

Background

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

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

In March 2010, the Company reduced the par value of its capital stock from ₱0.10 to ₱0.01, which resulted in a reduction in its issued and outstanding capital stock in the amount of ₱459 million and in a corresponding increase in its Additional Paid-in Capital account. Subsequently, the Company issued 5 billion new shares (par value of Php0.01) at a price of ₱0.02, which resulted in additional paid-in capital of ₱50 million. The Company also transferred the amount of ₱441 million from its Additional Paid-in Capital to reduce its Deficit account.

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

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

MMDC obtained its ISO 14001:2004 + Cor. 1:2009 Certification from TÜV Rheinland Cert GmbH, an International Certification Body performing system certification and training as well as providing third-party audit/certification based on various international standards. The certificate issued in favor of MMDC dated 16 May 2016 complies with DENR Administrative Order No. 2015-07. It confirms that MMDC's Environment Management Systems implemented for Mining and Shipping of Nickel Laterite Ore and Post-Mining Activities are compliant with International Standards.

The Company is not involved in any bankruptcy, receivership or similar proceedings.

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

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

Recent Developments

MMDC

The Company's 100% owned subsidiary, Marcventures Mining and Development Corporation ("MMDC") was subjected to the nationwide mining audit of the Department of Environment and Natural Resources ("DENR") pursuant to DMO 2016-01 issued in July 2016. On September 27, 2016, MMDC received a copy of the letter of the DENR enumerating only its major audit findings and to await the pertinent audit report. Subsequently, on October 28, 2016, MMDC received the full audit report of the DENR who directed MMDC to submit an explanation and comment within seven (7) days from receipt of the said letter. On November 4, 2016, MMDC submitted its explanation and comments to the audit report of the DENR.

On February 2, 2017, during a press conference, the DENR announced the closure of 21 mining operations due to alleged impairment of "functional" watersheds. MMDC was included in the list of mining companies for alleged closure according to newspaper articles. On the same day, Marcventures Holdings, Inc., (MHI) disclosed that MMDC has not received any closure order from the DENR and assured its stakeholders that MMDC is compliant to laws and regulations.

On February 14, 2017, MHI disclosed that MMDC received an Order dated February 8, 2017 from the Secretary of Environment and Natural Resources cancelling MMDC's Mineral Production Sharing Agreement No. 016-93-XIII. The Order stated that "the mining operation of MMDC in the MPSA contract area has impaired the functions of the watershed and that the company has not complied with the penalty of planting three million seedlings" and that MMDC had violated certain laws and regulations being implemented by the DENR.

MHI and MMDC expressed their strong objection to the DENR's findings considering MMDC's clean and responsible manner of mining, its prior legal right to conduct operations in a declared watershed as recognized under Proclamation No. 1747 given that MMDC's MPSA was approved in 1993 prior to the issuance of the said Proclamation in 2009 and the fact that MMDC was prevented from implementing the planting of three million seedlings due to previous inaction of the DENR to the program submitted by MMDC in February 2015 which was resolved by Secretary Lopez only in a letter dated December 01, 2016. The Company continues to stress that MMDC is environmentally compliant. Until this matter is given due course and resolved based on the merits, MMDC expects to continue operation and conduct business as usual.

MERGERS

The Board of Directors of Marcventures Holdings, Inc. (the "Company") on 15 December 2016, approved the plan to merge Asia Pilot Mining Philippines Corp. (AMPC) and the holding company of Brightgreen Resources Corp. (BRC) with the Company as the surviving entity, subject to due diligence audit and approval of the shareholders.

Asia Pilot Mining Philippines Corp. (APMPC) is the owner of Alumina Mining Philippines Inc. (AMPI) and Bauxite Resources Inc. (BARI). AMPI holds MPSA 179-2002 VIII (SBMR) with an area of 6,694 Hectares located in Motiong, San Jose De Buan and Wright, Province of Samar issued on December 5, 2002. On the other hand, Bauxite Resources Inc. holds MPSA 180-2002 VIII (SBMR) with an area of 5,435 Hectares located in Gandara, San Jose De Buan and Wright, Province of Samar issued on December 5, 2002.

BrightGreen Resources Holdings Inc. is the owner of BrightGreen Resources Corp. ("BRC") which holds MPSA 015-93-XIII approved on 01 July 1993, covering approximately 4,860 hectares of Carrascal and Cantilan, Surigao del Sur. BRC's mining tenement is contiguous to the mining tenement of MHI's wholly-owned subsidiary, Marcventures Mining and Development Corp. (MMDC).

Considering the plans of the Company, the Board likewise approved the Amendment of the Company's Articles of Incorporation to Increase its Authorized Capital Stock from PhP 2.0B to PhP4.0B and to increase the number of directors from 9 to 11. Thereupon, the Board resolved to call a Special Shareholders Meeting to discuss the foregoing matters, among others. The Board delegated to the President the authority to determine the record date and date of the meeting for the Special Shareholders' Meeting.

On February 14, 2017, DENR Secretary Gina Lopez announced the cancellation of a total of 75 mineral production sharing agreements (MPSAs) in watersheds all over the country including that of

BrightGreen Resources Corp. (BRC), Alumina Mining Philippines Inc. (Alumina) and Bauxite Resources, Inc. ("Bauxite"). Upon verification with the Mines and Geosciences Bureau, Alumina and Bauxite are not located in a proclaimed watershed. As far as MHI is aware, Alumina and Bauxite are in fact located in a mineral reservation in which mining is encouraged. As to BRC, while it is located in a watershed, it has prior legal rights considering that its MPSA was approved in 1993 which is prior to the issuance of the watershed declaration in 2009. There were no previous audits conducted on Alumina, Bauxite and BRC and no prior written notice were likewise issued relating to the status of their respective MPSA.

Products/Sales/Competition

The Company's Subsidiary's main product is nickel ore. All of its nickel ore production were exported to China. The principal market for nickel ore production from the Philippines is currently China. After Indonesia implemented a ban on nickel ore exports, the Philippines has become the main source of Chinese nickel ore – Chinese imports of ores from the Philippines accounted for 97% of total imports in 2015 and 2016. Chinese companies prefer Philippine-sourced nickel ore due to savings in freight costs because of the proximity of the Philippines to China. Nickel ore is sold to Chinese customers based on FOB shipping point and customers handle the charter of vessels. China also relies heavily on imported nickel ore due to insufficient domestic supplies. While the Company does not rely heavily on a single customer, it is affected by the market price of nickel ore depending on domestic and foreign supply and demand.

Sources and availability of Raw Materials

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

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

Mining Claim

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

The MPSA was originally granted to Ventura Timber Corporation on June 19, 1992 and subsequently approved on July 1, 1993. In January 1995, a deed of assignment (Deed) was executed, wherein Ventura assigned to MMDC all its rights, title and interest in and to MPSA No. 016-93-XIII. The Deed was duly registered with the Mines and Geosciences Bureau (MGB) Regional Office (RO) No. XIII on February 9, 1995, and was subsequently approved on January 15, 2008, making the Subsidiary the official contractor of the mineral property.

To date the Company has done exploration work on 1,659 hectares and has performed mining operations on 197 hectares on the above MPSA covered area.

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 25-year term.

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

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

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

Costs and Effects of Compliance with Environmental Laws

The Company is strongly committed to its policy of protecting and enhancing the environment. It spent ₱45.58 Million and ₱50.26 on its environmental and enhancement program (EPEP) in 2016 and 2015, respectively. With the amount spent for EPEP, ₱34.24 million and ₱11.41 million were classified as operating expenses for the year 2016 and 2015, respectively.

Business Transactions with Related Parties

As of December 31, 2016, the total advances to affiliates has an outstanding balance of ₱268.17 million which represents a non-interest bearing unsecured loan to be settled on demand.

On the other hand, the total advances from affiliates as of December 31, 2016 has an outstanding balance of ₱5.00 million which represents a non-interest bearing unsecured loan to be settled on demand.

Please refer to Note 20 on page 29 of the 2016 Audited Financial Statements (AFS).

Employees

- Parent Company
  The Company currently has a total of 8 employees, consisting of 1 executive position, 1 in legal, 2 in accounting/clerical, 2 in administrative, 2 messenger personnel. For the ensuing 12 months, the Company anticipates it will have the same number of employees. There is no employees' union and neither is there a collective bargaining agreement with the employees. There has not been a strike by the employees in the Company's history. The Company believes relations with the employees are good.

- Marcventures Mining & Development Corporation (MMDC)
  As of December 31, 2016, MMDC currently has a total of 587 employees, of which 563 are regular, 15 are probationary, and 2 are project employees.

  For the year 2016, MMDC engaged a total of 1,337 workers. Out of the 1,337 workers, 755 are employed by manpower and security agencies engaged by MMDC.

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

Major Risks of the Business

Market Risk

Nickel Market Prices in 2017 appears to be on the upswing. Projected average for the 1st Quarter:

Limonite	:$13.00
Saprolite	:$37.23

Moving forward in 2017 we are projecting an average increase of $1-$3 per quarter for limonite, as we expect a slightly bullish market for the low grade nickel ore, while we are expecting a jump of $11.46 per quarter for the saprolite/mid grade nickel ore prices compared to the same periods in 2016.

This is mainly due to the fact that stockpiles of nickel ore in the Chinese ports are already depleted, and in spite of the fact that the Chinese government has said that they are closing several processing plants, the larger steel manufacturers are still open and the demand for carbon and stainless steel by these manufactures are up, thus the demand for ore from the Philippines.

Risks:
There are only two (2) major threats/market risks for 2017 nickel market:

First, is that the issuance of mine closure orders of the DENR to the mining companies.

Secondly, the proposed lifting of the export ban on raw, unprocessed ore in Indonesia, which might drive the prices down as the market will then be flooded with an over supply of mid grade nickel ore. As of this time though, the Indonesia government has yet to come out with the official rules and regulations for the lifting of their export bank on raw, unprocessed ore, to be followed by the miners. It is still a wait and see situation with Indonesia.

Foreign exchange risk

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

Other risks

Other risks affecting the Company were discussed in Note 26 on pages 33-36 of the 2016 AFS.

Item 2 : DESCRIPTION OF PROPERTIES

Mineral Properties

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

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

RESOURCE	
Volume	Measured & Indicated Saprolite: 8.458 million WMT at 1.5% Nickel, 12.85% Iron Limonite 57.887 million WMT at 0.86% Nickel and 45.27% Iron Inferred Saprolite: 7.467 million WMT at 1.26% Nickel and 20.53% Iron Limonite: NA

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

	RESOURCE
Volume	66.34 million WMT laterite ore
Ore Grade	Average 0.94% Ni grade, Fe 41.14%
Area	1,659 hectares

These estimates are based on the measured & indicated mineral resource computed which was readily convertible to prove and probable ore reserve. For other discussion of mining properties, please refer to Note 9, page 22 of the 2016 AFS.

Property, Plant and Equipment

<u>Office Space</u>

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

<u>MMDC Properties</u>

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

Land and Improvements owned

	Lot Area (sqm)	Amount
Haulage Roads	122,475	10,262,779
Stockyards	382,369	23,257,080
Causeway	38,856	4,000,000

Campsite	25,395	770,850
Butuan Lot	3,544	15,948,000
Others	98,224	3,694,705
Total land and improvements	670,863	57,933,414

Rented

	Lot Area (sqm)	Monthly Rental
Haulage Roads	345,584	424,636
Stockyards	65,123	69,948
Causeway	19,555	51,010
Others	25,695	34,695
Total land and Improvements	455,957	580,289

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

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

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

The Company's equipment mostly pertains to heavy and transportation equipment related to the mining operations. For details of the property and equipment, please refer to Note 8 on pages 20 of the 2016 AFS. The Company does not intend to acquire new heavy equipment within the next 12 months.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2016, the Company is not a party to any legal proceedings. Other than the DENR's Cancellation Order, it is not involved in any pending legal proceedings that may materially affect it or its subsidiaries.

Notably, Marcventures Mining & Development Corporation (MMDC) are involved in several legal proceedings arising from its business operations.

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

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

OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

Stock Prices – Common Shares

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

	Price per Share (In Pesos)**	
	High	Low
	2015	
January – March	6.82	4.65
April – June	5.00	2.97
July - September	3.40	1.94
October – December	3.30	1.88
	2016	
January – March	2.47	1.36
April – June	2.40	1.67
July - September	1.95	1.27
October – December	2.73	1.37
	2017	
January – March	2.72	1.60
April – June	1.65	2.21

Latest Market Price

On August 31, 2017 trading date, the closing market price of the Company's common stock was ₱1.97 per share.

Stockholders

The number of shareholders of record as of August 18, 2017 was 2,165. The outstanding shares as August 18, 2017 were 1,844,088,599 common shares, 95.70% of which are owned by Filipinos

MARCVENTURES HOLDINGS, INC.
TOP 20 STOCKHOLDERS
AS OF AUGUST 31, 2017

NAME	CITIZENSHIP	SHARES	RANK
PCD NOMINEE CORPORATION (FILIPINO)*	Filipino	1,435,511,287	77.84%
STINSON PROPERTIES INC.	Filipino	87,834,569	04.76%
SUREGUARD PROPERTIES INC.	Filipino	86,514,534	04.69%
MYOLNER PROPERTIES INC.	Filipino	86,514,533	4.75%
PCD NOMINEE CORP. (NON-FILIPINO)	Foreign	79,299,458	04.30%
GLORIOUS DECADE PROPERTIES, INC	Filipino	30,000,000	1.63%
ISIDRO C. ALCANTARA,JR.	Filipino	22,732,000	01.23%
GLORIOUS DECADE PROPERTIES, INC.	Filipino	13,013,000	0.71%
ATC SECURITIES, INC.	Filipino	808,023	0.04%
WILLY O. DIZON OR NENE C. DIZON	Filipino	667,000	0.04%
BENJAMIN S. GELI	Filipino	100,000	0.01%
JOHN C. JOVEN	Filipino	100,000	0.01%
ANSALDO GODINEZ & CO., INC.	Filipino	92,255	0.01%
PACIFICO B. TACUB	Filipino	50,000	0.00%
OTILIA D. MOLO OR ELAINE D. MOLO	Fi1ipino	48,419	00.00
ARNOLD JANSSEN T. BANTUGANOR CHRIS	Filipino	45,000	0.00%
TERESITA N. LIM	Filipino	40,000	0.00%
VICENTE GOQUIOLAY & CO., INC.	Filipino	39,599	0.00%
ALBERTO MENDOZA&/OR JEANIE MENDOZA	Filipino	30,000	0.00%
ENRIQUE B. PERALTA	Filipino	23,000	0.00%
TOTAL TOP 20 SHAREHOLDERS		**1,843,462,677**	**99.97%**

*Out of the total shares lodged under the PCD, Bright Kindle Resources and Investment Corp. owns 600,000,000 shares or 32.94% of MARC as of June 30, 2017.

In July 2017, Mr. Isidro C. Alcantara, Jr. subscribed to 22,730,000 shares in the Company at PhP 2.20 per share or a total of PhP 50,006,000. Thus, as of 31 August 2017, the total oustanding capital stock of the Corporation is 1,844,088,599.

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

Dividends

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

Cash Dividends

Earning s	Date			Amount	
	Declared	Record	Payable	Dividends Per Share	Total Declared (in millions)
2016	No dividends were declared for the year 2016				
2015	No dividends were declared for the year 2015				

2014	Nov. 14, 2014	Dec. 19, 2014	Jan. 16, 2015	₱0.15	₱273.2
2014	Sept. 19, 2014	Oct. 31, 2014	Oct. 22, 2014	0.15	273.2

Stock Dividends

There were no stock dividends declared for years 2014 to 2016.

Sales of Securities

As of December 31, 2016, there are no sales of unregistered or exempt Securities. In July 2017, Mr. Isidro C. Alcantara, Jr. subscribed to 22,730,000 shares in the Company at PhP 2.20 per share or a total of PhP 50,006,000.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION FOR MARCVENTURES HOLDINGS INC.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes as of December 31, 2016 and 2015 prepared in conformity with PFRS hereto attached in the Exhibits.

The financial information for the three years ended December 31, 2016, 2015 and 2014 and as at December 31, 2016, 2015, and 2014 are discussed below.

A. Discussion for 2016 and 2015 Financial Results
Results of operations

	Audited (in million Pesos)		Increase(Decrease)	
	2016	2015	Amount	%
Revenues	**₱1,919.19**	₱2,330.48	(₱411.29)	(17.65%)
Cost of Sales	**1,421.75**	2,065.76	(644.01)	(31.18%)
Operating Expenses	**452.61**	387.47	65.14	16.81%

Revenues

For the year ended December 31, 2016, the subsidiary sold an aggregate 2,597,101 wet metric tonnes (WMT) of nickel ore or equivalent to 48 shipments to China, as compared to 3,339,068 WMT or equivalent to 61 shipments for the year 2015. The 22.22% decline in volume was largely due to lesser workable days in 2016 because of unfavorable weather condition in the area.

Cost of Sales

The Company's Cost of Sales amounted to ₱1,421.75 million in 2016 as compared to ₱2,065.76 million in 2015, a decrease of ₱644.01 million or 31.18%, due to lower volume of nickel ore shipped in 2016.

Operating Expenses

- Increase in Environmental expenses by ₱22.82 million or 199.94% due to water truck and other equipment rentals to maintain haul roads, silt ponds and increase in inland reforestation expenses.
- Increase in Taxes and licenses by ₱19.50 million or equivalent to 103.56% mainly due to the business taxes paid to the municipalities of Cantilan and Carrascal, Surigao Del Sur.
- Increase in Outside services by ₱13.71 million or 219.09% pertains to additional outsourced manpower, security services and pilotage.
- Increase in Depreciation by ₱9.42 million or 22.03% was mainly due to depreciation of transportation and heavy equipment acquired in mid-2015.
- Increase in the cost for Social Development Program by ₱2.95 million or equivalent to 11.04% is consistent with the increase in operating cost wherein 1.5% was allocated to the development of host and neighboring communities.
- Increase in Rental by ₱3.48 million or 404.85% due to hangarage, extension of office in Butuan and purchase of transport equipment for minesite use.
- Increase in Retirement benefit expense by ₱1.86 million or equivalent to 13.67% due to additional employees.
- Increase in other expenses by ₱20.17 million or 140.21% pertains mainly on 3 years tax deficiency paid in 2016.

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

- Decrease in Professional fees by ₱11.94 million or equivalent to 24.40% due to the termination or end contract of technical personnel, and consultants.
- Decrease in Community relations by ₱11.26 million or equivalent to 63.03%.
- Decrease in Royalties by ₱3.98 million or 17.24% due to decrease in revenue from sale of nickel ore for the year 2016.
- Decrease in freight and shipping by ₱3.52 million or 17.55% due to decrease in volume of ore shipped in 2016.
- Decrease in Communication, light and water by ₱1.91 million or equivalent to 27.94% was largely due to the improvement in the communication lines between Surigao and Makati office thru a lease line.
- Decrease in Office supplies by ₱1.71 million or 35.90%.
- Decrease in Advertisement by ₱1.20 million or 93.02%

Financial Position

	Audited (in million Pesos)		Increase(Decrease)	
	2016	2015	Amount	%
Assets	**₱3,385.34**	₱3,426.87	(₱41.53)	(1.21%)
Liabilities	**412.97**	462.73	(49.76)	(10.75%)
Stockholders' Equity	**2,972.37**	2,964.14	8.23	0.28%

Assets

The consolidated total assets of the Company decreased to ₱41.53 million as of December 31, 2016 from ₱3,426.87 million as of December 31, 2015. The 1.21% decrease was mainly due to the net effect of the following:

- Cash decreased by ₱25.63 million or 13.48% is attributable to the payments of liabilities, acquisition of properties and equipment used for the mining operations.

- Trade receivables decreased by ₱140.43 million or 68.06% due to improvement in the collection of receivables for the 2016 shipments.
- Ore Inventory increased by ₱97.61 million or 273.29% from the 2015 level of ₱35.72 million to ₱133.33 million in 2016. The ore inventory increased by 66,540 wet metric tonnes (WMT) ore which is 101.00% higher than last year. The increase in inventory was due to the longer distance of loading and hauling as compared to last year.
- Advances to related parties increased by ₱52.88 million or 72.93% mainly due to advances of Bright Green Resources Corp. (formerly Carac-an Development Corp) which was used for its exploration and other related parties.
- Property and equipment decreased by ₱123.95 million or 24.05% was mainly due to depreciation.

Liabilities

As of December 31, 2016 the total liabilities of the Company decreased by ₱49.76 million or 10.75% from ₱462.73 million in December 2015 to ₱412.97 in 2016. The decrease was due to the following:

- Trade and other payable decreased by ₱62.48 million or 37.75%, primarily due to payment of company's payables and accrued expenses.
- Loans Payable decreased by ₱18.12 million or 9.41% due to partial settlement of loan.
- Income tax payable increased by ₱12.80 million or 66.66%.
- Retirement liability increased by ₱11.04 million or 31.63% due to recognition of higher retirement expense based on latest actuarial valuation

Stockholders' Equity

The stockholders' equity increased by ₱8.24 million from ₱2,964.14 million in 2015 to ₱2,972.37 million in 2016. The increase pertains to the Company's total comprehensive income for the year.

Consolidated Cash Flow

	Audited (in million Pesos)		Increase(Decrease)	
	2016	2015	Amount	%
Cash provided by operating activities	**₱215.30**	₱74.71	₱140.55	188.19
Cash used in investing activities	**212.65**	327.96	(115.31)	(35.16)
Cash used in financing activities	**28.24**	170.67	(142.43)	(83. 45)

The cash provided by operating activities increased from ₱74.71 million in 2015 to ₱215.30 million in 2016. The Company reported a net income before income tax of ₱48.55 million in 2016 as compared to 2015 that reported a net loss of ₱107.02 million.

In 2016, the company's net cash used in investing activities are primarily due to increase in mine and mining properties as these were utilized in various stockyards in the form of matting, a meter thick layer of nickel blanketing the ground to prevent dilution of the ore stockpile currently stored or beneficiated.

In 2016, the company's net cash used in financing activities are mainly due partial settlement of its interest bearing loan.

B. Discussion for 2015 and 2014 Financial Results

Results of operations

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

Revenues

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

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

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

Cost of Sales

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

Operating Expenses

- Increase in Salaries and Wages by ₱5.92 million or equivalent to 5.51% due to appraisal increase and hiring of additional employees.
- Increase in Taxes and licenses by ₱7.80 million or equivalent to 70.73% mainly due to increase in business taxes, since 2015 business permit is based on 2014 gross revenue, and regulatory fees paid to MGB.
- Increase in Depreciation Expense by ₱24.74 million or 137.32% mainly due to depreciation of newly acquired service vehicles, office equipment, furniture & fixtures.
- Increase in Professional and Consultancy Fees by ₱16.97 million or equivalent to 53.06% due to the hiring of additional management, technical personnel, and consultants.
- Increase in the cost for Social Development Mining Program by ₱6.92 million or equivalent to 34.87% it is consistent with the increase in operating cost wherein 1.5% was allocated to the development of host and neighboring communities.
- Increase in Communication, Light and Water by ₱1.84 million or equivalent to 36.89% due to conversion of internet connection from DSL to Metro E-line and I-gate a lease line between Surigao and Makati office. The lease line improved communication and will save travel expenses.
- Increase in Outside Services by ₱2.21million or 54.75% pertains to equipment maintenance and pilotage services.
- Inventory write-down of ₱35.65 million to reflect the net realizable value of the nickel ore.
- Increase in freight and shipping by ₱7.41 million or 58.76% due to increase in volume shipped in 2015.

- Increase in environmental expenses by ₱7.88 million or 222.80% due to water truck and equipment rentals to maintain haul roads and silt ponds.
- Increase in other expenses by ₱7.30 million or 102.09% due to pertains mainly on 2011 tax deficiency paid in 2015.

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

- Decrease in Representation by ₱3.46 million or equivalent to 50.44%
- Decrease in Rental expense by ₱1.62 million or 65.39% due to purchase of condominium unit
- Decrease in Advertising expense by ₱5.29 million or 80.46%
- Decrease in Royalties by ₱2.27 million or 8.97% due to decrease on revenue from sale of nickel ore for the year 2015.
- Decrease in Retirement expense by ₱5.78 million or equivalent to 29.82%.

Financial Position

	Audited		Increase(Decrease)	
(in Million Pesos)	**2015**	2014	Amount	%
Assets	**₱3,426.87**	₱3,716.58	(289.71)	(7.80)
Liabilities	**462.73**	637.60	(174.87)	(27.43)
Stockholders' Equity	**2,964.14**	3,078.98	(114.85)	(3.73)

Assets

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

- Cash decreased by ₱423.93 million 69.03% is attributable to the payments of liabilities, acquisition of properties and equipment, and used for the mining operations.
- Trade receivables increased by ₱193.26 million or 1,478.18% due to ore allocation fees and shipments made by the company during the latter part of 2015.
- Ore Inventory decreased by 79.04% from the 2014 level of ₱170.37 million to ₱35.72 million in 2015. The decrease was due to the increased shipments partially coming from previous inventory and the write-down of ₱35.65 million to reflect the net realizable value of the nickel ore.
- Other current assets increased by ₱26.40 million or 53.66% due to increase in prepaid expenses by 74.65% mostly from the 15% creditable withholding tax withheld by the Subsidiary in connection with management services fee rendered by the parent company and increase in mining and office supplies by 41.20%.
- Advances to related parties increased by ₱11.53 million or 18.90% mainly due to advances of Bright Green Resources Corp. (formerly Carac-an Development Corp) which was used for its exploration.
- Property and equipment increased by ₱184.77 million net of disposal of ₱10.62 million. The increase was due to the acquisition heavy equipment, service vehicles, office furnitures and equipments, as a result an increase in accumulated depreciation of ₱183.98 million due to additional acquisition of asset.

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

Liabilities

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

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

Stockholders' Equity

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

Consolidated Cash Flow

(in Million Pesos)	**Audited 2015**	**2014**	**Increase(Decrease) Amount**	**%**
Cash provided by operating activities	**₱74.71**	₱949.34	(874.63)	(92.13)
Cash used in investing activities	**327.96**	444.10	(116.14)	(26.15)
Cash used in financing activities	**170.67**	194.60	(23.93)	(12.30)

The cash provided by operating activities decreased from ₱949.34 million in 2014 to ₱74.71 million in 2015. The company incurred a net loss before income tax in 2015 of ₱107.02 million as compared to 2014 that reported a net income of ₱838.38 million.

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

In 2015, the Company paid dividends from 2014 dividend declaration to its stockholders in the amount of ₱250.84 million. The company secured a loan of ₱200.00 million to local Bank of which ₱100.00 million was paid on maturity date and the balance of ₱100.00 million is payable in 60 equal monthly installments.

C. Discussion for 2014 and 2013 Financial Results

Results of operations

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

Revenues

The Company's revenue from nickel ore amounted to ₱2,526.96 million for the year 2014, ₱10.36 million or 0.41% higher as compared to ₱2,516.60 million in 2013. The increase is attributable to the increase in the average price of saprolite and limonite combined of US$26.04 in 2014 versus $21.22 in 2013 or an average increase of $4.82 per wet metric tonnes (WMT). For the year 2014, MMDC made 39 shipments to China for a total volume of 2,103,239 wet metric tonnes (WMT) of nickel ore as compared to 50 shipments with a total volume of 2,775,755 WMT or 11 vessels short in 2013. This is equivalent to a volume decrease of 672,517 (WMT) or 24.22% from last year. The significant drop of volume was primarily due to the suspension of extraction activities pursuant to the Order issued by MGB in April 2014.

Cost of Sales

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

Operating Expenses

- Increase in salaries and wages by ₱58.05 million or equivalent to 117.76% due to hiring of additional office personnel for both managerial and executives positions the increase also include salary adjustments of officers and employees in line with company's thrust to strengthen the corporate structure.
- Increase in Retirement expense by ₱14.57 million or equivalent to 302.97%, due to increase in number of regular employees.
- Increase in Taxes and licenses by ₱5.02 million or equivalent to 83.47% mainly due to increase in documentary stamp in connection with the increase in capital, fees paid to MGB for the extension of exploration period and other business taxes.
- Increase in Depreciation expense by ₱9.30 million or 106.81% mainly due to depreciation of newly acquired service vehicles, office equipment, furniture & fixtures.
- Increase in Advertisement by ₱6.42 million or 4,196.13% mainly due to the infomercial produced by Asian Business Channel ("ABC") for the Company. ABC is an independent production company that specializes in producing program that focus on the economic development.
- Increase in Professional and Consultancy Fees by ₱24.06 million or equivalent to. 303.71% due to the hiring of additional management, technical personnel, consultants and legal services.
- Increase in Office supplies by ₱1.26 million or equivalent to 38.26% due to printing of various forms for warehouse for office use and increase in other office equipment.
- Increase in the cost for social development mining program by ₱12.52 million consistent with the increase in operating cost wherein 1.5% was allocated to the development of host and neighboring communities.
- Increase in Communication, light and water by ₱4.04 million or equivalent to 424.70% due to additional light and power utility charges incurred.
- Increase in outside services by ₱1.68 million or 70.87% primarily due to special assessment dues of ₱1.1 million and fees of ₱0.5 million in related to due diligence.

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

- Decrease in Representation by ₱11.25 million or equivalent to 62.10%
- Decrease in Donation by ₱2.025 million or equivalent to10.00%.
- Decrease in freight and shipping by ₱4.04 million or 24.23% due to decrease in shipment of nickel ore in 2014.

- Decrease in rent by ₱0.307 million or 11.00% due to purchase of condominium unit for Makati office space.
- Decrease in royalties by ₱1.43 million or 5.34% due to decrease on sale of nickel ore for the year 2014.
- Decrease in other expenses by ₱2.64 million or 30.00% primarily due to payment of ₱ 1.9 million to SEC in 2013 relating to the increase in authorized capital stock.

Financial Position

	Audited		Increase(Decrease)	
(in PhP Millions)	**2014**	**2013**	**Amount**	**%**
Assets	**₱3,716.58**	₱2,928.52	₱ 788.06	26.91
Liabilities	**637.60**	159.29	478.31	300.28
Stockholders' Equity	**3,078.99**	2,769.23	309.76	11.19

Assets

The consolidated total assets of the Company increased to ₱788.06 million as of December 31, 2014 from ₱2,928.52 million as of December 31, 2013. The 26.91% increase was mainly due to the net effect of the following:

- Cash increased by ₱310.65 million 102.36% from the proceeds of the bank loan amounting to ₱100 million and collection of its credit sales.
- Trade receivables increased by ₱4.81 million or 58.23 % due to improved collection policy.
- Advances to related parties recorded the highest increase of ₱60.32 million or 9034.49% mainly due to advances of Carac-an Development Corp which was used for its exploration.
- Inventories of ready to ship ore increased by 110.39% from the 2013 level of ₱80.98 million to ₱ 170.37 million in 2014. The company maximized its resources in anticipation of higher sales volume in 2015.
- Other current assets increased by ₱15.65 million or 38.40% due to 15% creditable withholding tax withheld by MMDC in connection with management services fee rendered by the parent company.
- Other noncurrent assets increased by ₱13.46 million or 5.46% mainly due to the increase in accumulated Input tax amounting to ₱18.23 million on the other hand mining supplies used in operation decreased by ₱8.26 million.
- Property and equipment increased by ₱158.49 million or 44.51%. The capex was due to the acquisition and renovation of Makati head office, purchase of heavy equipment, service vehicles, office furnitures and equipments.

Liabilities

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

- Loans Payable increased by ₱99.32 million or 7,369.95%, the company secured a ₱100 million short term loan which matured in January 16, 2015.
- Trade and other payable increased by ₱338.73 million or 266.51%, because of the company's dividend payable which amounted to P273.20 million and continued focus to catch up from the suspension. The company strengthened its loading and

hauling capacity by increasing contractors deployed upon resumption of its operation which caused an increase in trade payable. The other reason for the increase were due to increase in taxes and other statutory payable.

- Provision for mine site rehabilitation increased by ₱42.17 million or 2,590.30%, the increase is mainly due to the amendment in estimated outflow of resources including economic benefits to settle the obligation and to rehabilitate the negative environment impact.
- Retirement liability increased by ₱1.91 million or 6.54% due to recognition of higher retirement expense based on latest actuarial valuation

Stockholders' Equity

As of year-end 2014, the stockholders' equity amounting to ₱3,078.99 million is higher by ₱309.76 million or 11.19% from the year-end 2013 level of ₱2,769.23. The increase was on the account of :

a) Retained Earnings increased by ₱294.85 mainly due to the registered net comprehensive income of ₱841.26 million, partly offset by the declaration of cash dividends of ₱546.4 million which were paid in Oct 22, 2014 and January 6, 2015 respectively.

Consolidated Cash Flow

	Audited		**Increase(Decrease)**	
	2014	**2013**	**Amount**	**%**
		(in PhP Millions)		
Cash provided by operating activities	**949.34**	1,028.44	(79.10)	7.69
Cash used in investing activities	**444.10**	125.62	(145.67)	(53.70)
Cash used in financing activities	**194.60**	612.46	(417.86)	(68.23)

The cash provided by operating activities decreased from ₱1,028.44 million in 2013 to ₱949.34 million in 2014. This decrease is net of the ₱242.52 million cash required for working capital due to increase in the inventory level, increase in advances to related party and trade and other payables.

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

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

Financial Indicators

Key Performance Indicators (KPI's)

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2016 and December 31, 2015:

	2016	2015
Net Income	₱5,141,782	(₱119,054,752)
Current assets	579,236,747	580,377,409
Total assets	3,385,340,239	3,426,868,202
Current liabilities	264,106,910	307,805,437
Total liabilities	412,968,180	462,732,429
Stockholders' Equity	2,972,372,059	2,964,135,773

	2016	2015
No. of common shares outstanding	1,821,358,599	1,821,358,599

	2016	2015
Current ratio [1]	2.19	1.89
Book value per share [2]	1.63	1.63
Debt ratio [3]	0.14	0.16
Earnings per share [4]	0.0028	(0.07)
Return on assets [5]	0.0002	(0.03)

Note:

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

Other Information

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

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

ITEM 7. FINANCIAL STATEMENTS

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

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

	Year Ended December 31	
	2016	2015
Audit Fees	**₱610,000**	**₱550,000**
Audit-Related Fees	**61,000**	**55,000**
Total	**₱671,000**	**₱605,000**

Audit Fees. Represents professional fees of the external auditor for the audit services rendered on Company's Annual Financial Statements for the year 2016.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION FOR THE 2nd QUARTER

The unaudited Interim Consolidated Financial Statements as at June 30, 2017 (with comparative Audited Consolidated Statements of Financial Position as at December 31, 2016) and for three-month and six-month period ended June 30, 2017 and 2016 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016

	June 30, 2017 Unaudited	Dec.31, 2016 Audited	June 30, 2017 vs. Dec. 31, 2016	
			Amount Increase (decrease)	Percentage Increase (decrease)
Current assets	**₱850,579**	₱579,237	₱271,342	46.84%
Noncurrent assets	**2,716,818**	2,806,103	(89,285)	(3.18%)
Total Assets	**₱3,577,397**	₱3,385,340	₱182,057	5.38%
Current Liabilities	**₱422,020**	₱264,107	₱157,913	38.24%
Noncurrent liabilities	**148,861**	148,861	-	-
Total Stockholders' Equity	**2,996,516**	2,972,372	24,144	0.81%
Total Liabilities and Stockholders' Equit	**₱3,567,397**	₱3,385,340	₱182,057	5.38%

Summary of Consolidated Income Statements for the three months and six months period ended June 30, 2017 and 2016.

	For three months ending June 30		For six months ending June 30	
	2017 (₱'000)	2016 (₱'000)	**2017 (₱'000)**	2016 (₱'000)
Sale of Ore	**₱857,423**	₱575,588	**₱908,586**	₱575,588
Cost of goods sold	**605,020**	534,923	**632,876**	534,923
Gross Income	**252,402**	40,665	**275,710**	40,665
Operating expense	**132,714**	158,667	**226,996**	232,063
Income from operation	**119,688**	(118,002)	**48,714**	(191,398)
Other Operating Income (expense)	**(1,191)**	227	**(2,393)**	(1,199)
Net loss before income tax	**118,498**	(117,775)	**46,321**	(192,597)
Benefit from income tax	**22,177**	–	**22,177**	–
Net Income (loss) for the period	**₱96,321**	(₱117,775)	**₱24,144**	(₱192,597)

Summary of Consolidated Statement of Cash Flows for three-month and six-month period ended June 30, 2017 and 2016.

	For three months ending June 30		For six months ending June 30	
	2017 (₱'000)	**2016 (₱'000)**	**2017 (₱'000)**	**2016 (₱'000)**
Cash provided by (used in) operating activities	**₱113,278**	₱38,892	**₱7,580**	(₱37,310)
Cash used investing activities	**(4,806)**	(30,335)	**(21,713)**	(38,948)
Cash used in financing activities	**(14,985)**	(4,607)	**(19,649)**	(9,277)
Net increase (decrease) in cash	**93,487**	3,950	**(33,782)**	(85,535)
Cash at beginning of period	**37,304**	100,722	**164,575**	190,207
Cash at end of period	**₱130,791**	₱104,672	**₱130,793**	₱104,672

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

The following discussion and analysis is based on the unaudited interim consolidated financial statements as at June 30, 2017 (with comparative Audited Consolidated Statements of Financial Position as at December 31, 2016) and for three-month and six-month period ended June 30, 2017 and 2016, prepared in conformity with Philippine Accounting Standards 34, Interim Financial Reporting and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Results of Operations

Six months ended June 30, 2017 compared with six months ended June 30, 2016

Revenues:

The subsidiary's total revenues were ₱908.6 million for the six months ended June 30, 2017 as compared to ₱575.6 million for the six months ended June 30, 2016, an increase of ₱333.0 million or 57.9%.

Sale of Ore:

For the six months ended June 30, 2017, the subsidiary shipped out 17 vessels of nickel ore of which 12.5 vessels of saprolite and 4.5 vessels of limonite. In the same period last year the subsidiary shipped out 19 vessels of nickel ore of which 18 vessels are limonite and only 1 vessel of saprolite. The increase in revenue was due to higher volume of saprolite nickel ore shipped during the period. Shipment details of volume and prices are as follows:

WMT

	2017	2016	Increase (decrease)
Limonite	243,659	989,465	(745,806)
Saprolite	664,541	55,410	609,131
	908,200	1,044,875	(136,675)

Price per wmt

	2017	2016	Increase (decrease)
Limonite	$10.83	$11.61	($0.78)
Saprolite	$23.34	$22.47	$0.87
Average price	$19.98	$12.18	$7.80

Cost and Expenses

Cost and expenses amounted to ₱859.9 million for the period ended June 2017 as compared to ₱767.0 million for the same period in 2016, an increase of ₱92.9 million or 12.11%.

Cost of Goods Sold

The cost of goods sold for first half of 2017 amounted to ₱632.9 million compared to ₱530.6 million for the same period in 2016, an increase of ₱102.1 million or 19.24%. Inspite of the lower volume shipped an increase in cost was due to longer hauling distance from mine pit to causeway, it is about 22.4 km as compared to 12.3 km last year.

Operating expenses

Operating expenses for the period ended June 30, 2017 amounted to ₱227.0 compared to ₱232.1 for the same period in 2016, a decrease of ₱5.1 or 2.2%. This is due to the various cost reduction and optimization measures implemented during the year, the decrease was mainly accounted for by the following:

- **Social development program ("SDP")** for the six- month period decreased by ₱11.8 million or equivalent to 75.80%. SDP is in compliance with implementing rules and regulation of 1995 Phil. Mining Act which requires that 1.5% of operating cost be allocated for the development of host and neighboring mining communities.

- **Professional fees for** the six months period decreased by ₱2.4 million or equivalent to 11.49% due decrease in consultancy arrangements.

- **Community relation** for the six months period decrease by ₱2.2 million or equivalent to 47.01% because the company focused its projects in SDP.

- **Supplies** for the six month period decreased by ₱1.2 million or equivalent to 37.35%, due to decrease mining, and office supplies consumption.

- **Loading fee** for the six months period decrease by ₱0.8 million or equivalent to 13.08% due to lesser volume shipped out.

- **Repairs and maintenance for** the six month period decreased by ₱0.7 million or equivalent to 76.17%.

The above cost decreases were partly offset by the following:

- **Taxes and licenses** for the six month period increased by ₱20.1 million or equivalent to 166.28% mainly due to business permit paid to Cantilan and Carrascal.

- **Outside services** for the six-month period increased by ₱10.6 million or equivalent to 100.97% mainly due to pilotage services and other outsourced services.

- **Representation for** the six-month period increased by ₱5.7 million or equivalent to 234.84% due to various domestic and international conferences and meetings with prospective clients.

- **Royalties** for the six month period increased by y ₱2.6 million or equivalent to 42.21% due to increase in gross revenue.

- **Rental for** the six month period increased by ₱0.6 million or equivalent to 41.91% mainly due to additional rental for office space at Butuan office and service equipment in minesite.

- **Communication, light and water** for the six-month period increased by ₱0.7 million or equivalent to 33.66%, this pertain to additional PLDT lease line.

- **Advertisement** for the six month period increased by ₱0.9 million or equivalent to 524.36% in order to increase public awareness on mining industry.

- **Other expenses** for the six month period increased by ₱26.0 million or equivalent to 43.01%

Three months ended June 30, 2017 compared with three months June 30, 2016

Revenues

For the three month period ended June 30, 2017, the subsidiary sold a total volume of 846,639 WMT of nickel ore, equivalent to 16 shipments, a decrease of 19.0% compared to 1,044,874 WMT, equivalent to 19 shipments for the same period last year. Inspite of the decreased in volume shipped out the company's revenue for the current period increased by 49.0% as compared to last year. The average realized nickel prices of ore sales for the period is ₱857.4 million as compared to ₱575.6 million last year, this was mainly due to higher volume of saprolite nickel ore shipped out during the period.

Administrative and Operating expenses

For the three months ended June 30, 2017, administrative and operating expenses amounted to ₱ 132.7 million. This reflects a decrease of ₱26.0 million or 16.38% from ₱158.7 million for the same period last year. The decrease was primarily due to the following:

- **The total expenses related to social development management program** for the three month period is ₱11.3 million in compliance with implementing rules and regulation of 1995 Phil. Mining Act, which requires that 1.5% of operating cost be allocated for the development of host and neighboring mining communities.

- **Decrease in Depreciation** by ₱1.2 million or 9.26% mainly due to some equipment are already fully depreciated.

- **Decrease in Supplies** by ₱0.9 million or equivalent to 44.93% due to decrease mining, and office supplies consumption.

- **Decrease in Community relation** by ₱1.5 million or equivalent to 72.68% due to more on Social development Program activities.

- **Decrease in Professional fees** by ₱3.4 million or equivalent to 27.79% due to lesser engagement fees.

- **Decrease in Loading fee by** ₱1.2 million or equivalent to 18.82% lesser volume of nickel shipped out.

- **Decrease in Repairs and Maintenance by** ₱0.5 million or equivalent to 80.15%.

- **Decrease in Other expenses by** ₱30.1 million or equivalent to 55.1%

The above cost decreases were partly offset by the following:

- **Increase in Taxes and licenses** by ₱8.5 million or equivalent to 143.33% due to business permit payment for the second quarter.

- **Increase in Royalties by** ₱2.1 million or equivalent to 33.61% due to higher sales for the for the quarter as compared to last year's quarter.
- **Increase in Rental** by ₱0.5 million or equivalent to 64.83% due to additional office space at Butuan and rental of service vehicles.

- **Increase in Communication light and water** by ₱0.3 million or equivalent to 27.65% this pertain to additional PLDT lease line

- **Increase in Representation by** ₱2.7 million or equivalent 454.30% due to various domestic and international conferences and meetings with prospective clients.

- **Increase in Outside services** by ₱8.5 million **or** equivalent to 137.38% mainly due to equipment maintenance and pilotage services.

Statement of Financial Position

June 30, 2017 vs. December 31, 2016

Assets

The consolidated total assets of the Company increased to ₱3,567.4 million as of June 30, 2017 from ₱3,385.3 million as of December 31, 2016 or an increase of ₱182.1 million or 5.38% mainly due to the following:

- **Increase in total current assets** by ₱271.3 million as of June 30, 2016 from ₱579.2 million as of December 31, 2016. The 46.84% increase was attributable to the following:

  - **Increase in trade and other receivables** from ₱65.9 million to ₱376.4 million or an increase of ₱310.5 million or 471.23%, due to sale of nickel ore.

  - **Increase in other current assets from** ₱90.0 million to ₱101.4 million or an additional ₱11.4 million or 12.65% due to increase in advances to contractors, prepaid expenses and increase in mining supplies.

  The above increases were partly offset by the following:

  - **Decrease in cash** from ₱164.6 million to ₱130.8 million or a decrease of ₱33.8 million or 20.53% attributable to operating expenses, settlement of payables, and additional mine development cost and mining property.

  - **Decrease in inventory from** ₱133.3 million to ₱101.1 million, a decrease of ₱32.3 million or 24.20% due to sale of nickel ore for the period.

- **Decrease in total noncurrent assets** from ₱2,806.1 million to ₱2,716.8 million or a decrease of ₱89.3 million, equivalent to 3.18% which resulted from the ₱48.3 million or 12.34% decrease due to depreciation of property and equipment and decrease in explored mineral resources and mine and mining properties of ₱48.9 due to depletion

Liabilities

The total consolidated liabilities of the Company increased by ₱157.9 million or 38.24% from ₱ 413.0 million as of December 31, 2016 to ₱570.9 million as of June 30, 2017. This is mainly due to the increase in trade and other payables of ₱187.4 million and partly offset by a decrease in income tax payable by ₱9.8 million due to payment of income tax and decrease in current portion of long term loan amounting to ₱19.4 million due partial settlement of loan.

Equity

The stockholders' equity of the Company increased by ₱24.1 million or 0.81% from ₱2,972.4 million as of December 31, 2016 to ₱2,996.5 million as of June 30, 2017. The increase pertains to the net income of ₱24.1 million from the sale of nickel ore by its subsidiary.

Statement of Cash Flows

The net provided by operating activities amounted to ₱7.6 million for the six months ended June 30, 2017 as compared to the net cash used in operating activities amounted to ₱37.3 million for same period in 2016. The increase in cash from operating activities is the net result of the following:

- Net income generated during the first semestral this year.
- Increase in trade and other receivables
- Increase in trade and other payables
- Payment of income tax
- Lower interest income received.

Net cash used in investing activities amounted to ₱21.7 million as compared to ₱38.9 million for the same period in 2016 mainly as a result of the acquisition of office improvement, office equipment and additional mine and mining properties.

Net cash used by financing activities amounted to ₱19.6 million for the current year as compared to ₱9.3 million last year due to partial settlement of loan.

The net effect of the foregoing operating, investing and financing activities is a decrease of ₱33.8 million and a balance of ₱130.79 million in cash as of June 30, 2017 as compared to a decrease of ₱ 85.5 million and a balance of ₱104.67 million as of June 30, 2016.

Horizontal and Vertical Analysis:

	Consolidated		Increase(decrease)	
	June 2017	**December 2016**	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash in bank	**₱130,792,538**	₱164,574,543	₱ (33,782,005)	(20.53%)
Receivable	**376,424,550**	65,897,770	310,526,780	471.23%
Inventories	**101,067,829**	133,329,632	(32,261,803)	(24.20%)
Receivable to related parties	**140,863,598**	125,391,740	15,471,858	12.34%
Other current assets	**101,430,664**	90,043,062	11,387,602	12.65%
Total Current Assets	**850,579,179**	579,236,747	271,342,432	46.84%
Non-current Assets				
Property and Equipment - net	**343,114,527**	391,403,309	(48,288,782)	(12.34%)
Mine and Mining Propreties	**938,609,654**	959,875,897	(21,266,243)	(2.22%)
Explored Mineral Resources	**1,016,604,806**	1,044,207,566	(27,602,760)	(2.64%)
Deferred tax assets	**12,925,211**	12,427,520	497,691	4.00%
Other non-current assets	**405,563,449**	398,189,200	7,374,249	1.85%
Total non-current assets	**2,716,817,647**	2,806,103,492	(89,285,845)	(3.18%)
TOTAL ASSETS	**₱ 3,567,396,826**	₱3,385,340,239	₱182,056,587	5.38%

LIABILITIES AND STOCKHOLDER'S EQUITY
Current Liabilities

Current Portion -long term loans	**₱99,700,780**	₱119,102,704	(₱ 19.401.924)	(16.29%)
Trade and other payable	**290,434,067**	103,050,469	187.383.598	181.84%
Income Tax payable	**22,177,056**	31,998,383	(9.821.327)	(30.69%)
Dividend payable	**4,707,885**	4,955,354	(247,469)	(4.99%)
Advances from a related party	**5,000,000**	5,000,000	-	00.00%
Total Current liabilities	**422,019,788**	264,106,910	157,912,878	59.79%
Noncurrent Liabilities				
Long-term loans - net of current portion	**55,213,782**	55,213,782	-	-
Pension liability	**47,707,979**	47,707,979	-	-
Provision for mine site rehabilitation	**45,939,509**	45,939,509	-	-
Total Noncurrent liabilities	**148,861,270**	148,861,270	-	-
	570,881,058	412,968,180	157,912,879	-
Stockholders' Equity				
Capital stock	**1,821,358,599**	1,821,358,599	-	-
Additional paid in capital	**212,655,494**	212,655,494	-	-
Retained Earnings (Deficit)	**940,304,172**	916,160,463	24,143,709	2.64%
Actuarial Gain	**22,197,503**	22,197,503	-	-
Total Equity	**2,996,515,768**	2,972,372,059	24,143,709	0.81%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**₱3,577,396,826**	₱3,385,340,239	₱192,056,587	5.67%

OTHER INFORMATION

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

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

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

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

   The board of directors of Marcventures Mining and Development Corp (MMDC), the subsidiary company approved the appropriation of retained earnings aggregating ₱99.8 million to fund the capital expenditures including, but mot limited to, acquisition or replacement of equipment, construction of additional facilities, which is expected to be completed in 2018.

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

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

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

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

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

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

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

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

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

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

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

Key Performance Indicators

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

Key Performance Indicators

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

	June 30, 2017	June 30, 2016
Net income Loss	₱24,143,705	(₱192,597,378)
Quick assets	507,217,088	238,430,250
Current assets	850,579,179	499,271,390
Total Assets	3,567,396,826	3,268,182,719
Current liabilities	422,019,788	341,717,332
Total liabilities	570,881,058	496,644,324
Stockholders' Equity	2,996,515,768	2,771,538,395
Number of common shares outstanding	1,821,358,599	1,821,358,599

Liquidity ratios:		
Current ratio (1)	2.02:1	1.46:1
Quick ratio (2)	1.20:1	0.70:1

Solvency Ratios:		
Debt ratio [3]	0.16:1	0.15:1
Debt to Equity ratio [4]	0.19:1	0.18:1
Profitability ratios:		
Return on equity [5]	0.008	(0.07)
Return on assets [6]	0.007	(0.06)
Earning (loss) per share [7]	0.013)	(0.11)

Note:

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

PART II - OTHER INFORMATION

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

NONE

PART III – FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

a. Current Ratio

Total Current Assets/ Total Current Liabilities 2.02:1

b. Quick Ratio

Quick asset / Total Current Liabilities = 1.20:1

Solvency Ratio

a. Debt Ratio

Total liabilities / Total assets = 0.16:1

b. Debt to Equity Ratio

Total liabilities / Shareholder's Equity = 0.19:1

Profitability Ratio

a. Return on Equity Ratio

Net Income / Average shareholder's equity = 0.008 :1

b. Return on Assets

Net Income / Average Total assets = 0.007:1

c. Fixed Assets Turnover Ratio :

Revenue/Property Plant and Equipment = 0.38:1

d. Asset to Equity Ratio:

Total Assets / Ave. Stockholders' Equity = 1.19:1

e. Asset Turnover

Revenue/Total Assets = 0.25:1

Interest Coverage Ratio

Income / Interest expense = 4.68:1

MANAGEMENT REPORT OF ASIA PILOT MINING PHILS. CORP.

I. Financial Statements

The Audited Financial Statements of Asia Pilot Mining Phils., Corporation (the "Company") for the year ended as of June 30, 2017 are attached to this report.

II. Information on Independent Accountants and other Related Matters

The Company's financial statements for the period ended 30 June 2017 was audited by Ocampo, Mendoza, Leong, Lim & Co. (OMLL) and for year ended December 31, 2016 was audited by Ms. Rayos Accounting and Associates ("Rayos"), independent auditor, as stated in their reports appearing herein.

There were no disagreements with OMLL and Rayos on any matter of accounting and financial disclosure.

The following table sets out the aggregate fees incurred for the period ended June 30, 2017 and for the year ended December 31, 2016:

	2017	2016
Audit and Audit-Related Services	**50,000**	–

III. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is based on the audited financial statements as at June 30, 2017 and for the period ended June 30, 2017, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Financial Statements and should be read in conjunction with the audited consolidated financial statements.

Summary Financial Information
The Financial Statements as at June 30, 2017 and December 31, 2016 and for the years ended December 31, 2016, 2015 and 2014 are hereto attached.

The following table sets forth the summary financial information for the period ended June 30, 2017 and as at June 30, 2017:

Summary of Income Statements

	2017	2016	2015
OPERATING EXPENSES			
Professional fees	₱50,000	₱–	₱–
Rental	–	400,000	–
Taxes and licenses	–	500	500
LOSS BEFORE TAX	50,000	400,500	500
PROVISION FOR INCOME TAX	–	–	–
NET LOSS	50,000	400,500	500

Summary of Balance Sheets

	2017	2016	2015
Current Assets	**₱39,520**	₱39,520	₱6,890,020
Noncurrent Assets	**677,404,513**	–	–
	₱677,444,033	₱99,269,520	6,890,020
Current Liability	**₱50,000**	₱–	–
Equity	**677,394,033**	99,269,520	6,890,020
	₱677,444,033	₱99,269,520	6,890,020

Summary of cash flows

	2017	2016	2015
Net cash flows from (used in):			
Operating activities	**₱–**	(₱400,500)	₱500
Investing activities	–	(99,230,000)	–
Financing activity	–	92,780,000	–
t decrease in cash	–	0	(500)
Cash at beginning of year	**39,520**	6,890,020	6,890,520
Cash at end of year	**₱39,520**	₱39,520	₱6,890,020

RESULTS OF OPERATIONS

Only accrual of audit fee was recognized during the period the period ended June 30, 2017 as compared to the year ended December 31, 2016 which the Company's total operating expenses of ₱400,500.

FINANCIAL POSITION

There were no material transactions during the period ended June 30, 2017 except for the recognition of revaluation surplus on the investment to subsidiaries amounting to ₱578,174,513.

CASH FLOWS

The net cash used in operating activities resulted to NIL for the period ended June 30, 2017 and a net loss of₱400,500 for the year ended December 31, 2016.

The net cash used for investment activities amounting to NIL for the period June 30, 2017 and ₱99.23 million for the year ended December 31, 2016, arises from subscription from investment in subsidiaries amounting to ₱36.25 million and advances to subsidiaries amounting to ₱62.98 million.

The net cash flow in financing activities amounting to NIL for the period ended June 30, 2017 and ₱92,780,000 arises from the issuance of shares for the year ended December 31, 2016.

As at June 30, 2017 and December 31, 2016 cash amounted to ₱39,520.

Consolidated Audited Financial Statements

The Audited Financial Statements of Asia Pilot Mining Phils., Corporation (the "Company") for the year ended as of June 30, 2017 are attached to this report.

ITEM 1. BUSINESS AND GENERAL INFORMATION

Corporate Information

The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 14, 2013.

APMPC is the owner of Alumina Mining Philippines Inc. (AMPI) and Bauxite Resources Inc. (BARI). AMPI holds MPSA 179-2002 VIII (SBMR) with an area of 6,694 Hectares located in Motiong, San Jose De Buan and Wright, Province of Samar issued on December 5, 2002. On the other hand, BARI holds MPSA 180-2002 VIII (SBMR) with an area of 5,435 Hectares located in Gandara, San Jose de Buan and Wright, Province of Samar issued on December 5, 2002. The merger with APMPC will allow MHI to gain control of AMPI and BARI, whose mineral resource is Bauxite Ore-- the main raw material of aluminium.

The Company's registered business address is at G/F 31 Bingo St., Sta. Mesa Heights, Quezon City.

Business Transactions with Related Parties

The Company as of June 30, 2017 and December 31, 2016 advances to its wholly-owned subsidiaries are as follows:

	2017	2016
Bauxite Resources, Inc.,	**₱27,314,900**	₱27,314,900
Alumina Mining Philippines, Inc.	**35,668,100**	35,668,100
Total	**₱62,983,000**	₱62,983,000

The advances were used by its subsidiaries for exploration and other operational activities.

Employees

As of June 30, 2017, the Company has no regular employees.

Major Risks of the Business

The Company's principal financial instruments comprise of cash, investment in subsidiaries, and advances to subsidiaries.

The main risks arising from the financial instruments of the Company are credit risk and liquidity risk. The BOD reviews and approves policies for managing the risks.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks and receivables (excluding advances to officers, employees and service providers).

Exposure to Credit Risk. The carrying amount of the financial assets represent the Company's maximum exposure to credit risk in relation to financial assets.

Credit Risk Concentration Profile. The credit risk of the Company is concentrated in its loans receivables.

The aging analyses of financial assets as at June 30, 2017 and December 31, 2016 are as follows:

	2017				
	Neither Past	**Past Due But Not Impaired**			
	Due Nor Impaired	**Less Than 30 Days**	**31-60 Days**	**Past Due and Impaired**	**Total**
Cash on hand	**₱39,520**	**₱–**	**₱–**	**₱–**	**₱39,520**
Investments to subsidiaries	**614,421,513**	**–**	**–**	**–**	**614,421,513**
Advances to subsidiaries	**62,983,000**	**–**	**–**	**–**	**62,983,000**
	₱677,444,033	**₱–**	**₱–**	**₱2017**	**₱677,444,033**

**Excluding advances to officers, employees and service providers.*

	2016				
	Neither Past	Past Due But Not Impaired			
	Due Nor Impaired	Less Than 30 Days	31-60 Days	Past Due and Impaired	Total
Cash on hand	₱39,520	₱–	₱–	₱–	₱39,520
Investments to subsidiaries	36,247,000	–	–	–	36,247,000
Advances to subsidiaries	62,983,000	–	–	–	62,983,000
	₱99,269,520	₱–	₱–	₱–	₱99,269,520

Credit Quality. The credit quality of the Company's financial assets that are neither past due nor impaired are considered to be of high grade and expected to be collectible without incurring any credit losses.

High grade financial assets are those financial assets from counterparties with good financial condition and with relatively low defaults.

ITEM 2 . DESCRIPTION OF PROPERTIES

Property and Equipment

The Company has no property and equipment as of June 30, 2017.

OPERATIONAL AND FINANCIAL INFORMATION

Plan of Operation

The Company has no significant operational activity.

Status of Operations

The Company has not yet started commercial operation.

Dividends

The Company has not yet started commercial operation.

Stockholders, Directors and Officers

APMPC has an authorized capital stock of One Hundred Million Pesos (PhP 100,000,000.00) divided into 1,000,000 shares with a par value of PhP 100.00 per share. It has 5 shareholders namely:

Name	Subscribed	Amount (Par value Php100.00)	Paid up
Karen C. Dela Cruz	100	10,000.00	10,000.00
Steven M. Herrera	100	10,000.00	10,000.00
Ruby Sy	249,800	24,980,000.00	24,980,000.00
Rodolfo P. Yu	637,500	63,750,000.00	63,750,000.00
Isagani P. Yu	112,500	11,250,000.00	11,250,000.00
Total	**1,000,000.00**	**100,000,000.00**	**100,000,000.00**

The foregoing shareholders are likewise the directors of the APMPC. The officers of APMPC are Ruby Sy- President; Isagani Yu- Treasurer and Rodolfo Yu- Corporate Secretary.

Karen C. Dela Cruz
31 years old/ Filipino

Karen C. Dela Cruz has been the director of APMPC since August 2013. She is the President and Chairman of Bauxite Resources Inc. and Alumina Mining Phils. Inc. She also serves as a director of Lukfook Capital Holdings Inc. She took up Marketing Operational Management in Lasalle Bacolod.

Steven M. Herrera
31 years old/ Filipino

Steven M. Herrera has been the director of APMPC since August 2013. He is a Director and the Corporate Secretary of Bauxite Resources Inc. and Alumina Mining Phils. He obtained his Bachelor of Science degree major in Business Management in Centro Escolar University.

Ruby K. Sy
64 years old/ Filipino

Ruby K. Sy has been the director of APMPC since June 2016. She is the President of APMPC. She serves a director and Treasurer of Bauxite Resources Inc. and Alumina Mining Phils. Also, she is stockholder of Dingseng Funds Ltd., China, Rongfang Funds Ltd., China and Rongfang Textile Co. Ltd.. She obtained her Bachelor of Fine Arts degree from the University of Sto. Tomas.

Rodolfo P. Yu
60 years old/ Filipino

Rodolfo P. Yu has been the director of APMPC since July 2016. He serves as the Corporate Secretary of APMPC. He is the managing partner of Maxi Transportation and a stockholder of Dingseng Funds Ltd., China, Rongfang Funds Ltd., China and Rongfang Textile Co. Ltd., China. He previously served as a director of Earnfull International Inc. He graduated from the University of the East.

Isagani P. Yu
58 years old/ Filipino

Rodolfo P. Yu has been the director of APMPC since July 2016. He serves as the Treasurer of APMPC. He is the managing partner of Abundant Meat Shop and a stockholder of Dingseng Funds Ltd., China, Rongfang Funds Ltd., China and Rongfang Textile Co. Ltd., China. He previously served as a General Manager of ACH Corporation. He graduated from the University of the East.

MANAGEMENT DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis should be read in conjunction with the financial statements and related notes as of June 30, 2017 prepared in conformity with PFRS hereto attached in the Exhibits.

Explanations for the material changes in the Company's accounts for the period ended June 30, 2017 are as follows:

The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 14, 2013.

ITEM 7. FINANCIAL STATEMENTS

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

	June 30, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash	**₱39,520**	₱39,520
Total Current Assets	**39,520**	39,520
Noncurrent Assets		
Investment in subsidiaries	**614,421,513**	36,247,000
Advances to subsidiaries	**62,983,000**	62,983,000
Total Noncurrent Assets	**677,404,513**	198,499,520
	₱677,444,033	₱99,269,520

LIABILITY AND EQUITY		
Current Liability		
Accrued expenses	**₱50,000**	₱–
Equity		
Capital stock	**100,000,000**	100,000,000
Retained earnings	**(780,480)**	(730,480)
Other comprehensive income	**578,174,513**	–
Total Equity	**677,394,033**	99,269,520
	₱677,444,033	₱99,269,520

	2016	2016	2015
OPERATING EXPENSES			
Professional fees	**₱50,000**	₱–	₱–
Rental	–	400,000	–
Taxes and licenses	–	500	500
LOSS BEFORE TAX	**50,000**	400,500	500
PROVISION FOR INCOME TAX	–	–	–
NET LOSS	**50,000**	400,500	500

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

For the period ended June 30, 2017 the Company accrued ₱50,000 as audit fees.

Changes in and disagreements with Accountants on Accounting and financial Disclosure

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

Management's discussion and analysis of financial condition and results of operation for six months ended June 30, 2017

Financial Condition

There were no material transactions during the period ended June 30, 2017 except for the recognition of revaluation surplus on the investment to subsidiaries amounting to ₱578,124,513.

Results of Operation

There were no transactions during the period the period ended June 30, 2017 as compared to the year ended December 31, 2016 which the Company's total operating expenses of ₱400,500.

STATEMENT OF CASH FLOWS

	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	**₱50,000**	(₱400,500)	₱500
Operating loss before working capital changes	–	(400,500)	500
Decrease (increase) in:			
Accrued expenses	50,000	–	–
Advances to subsidiaries	–	(62,983,000)	–
Net cash used in operating activities	–	(63,383,500)	500
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Shares of Stocks of Subsidiaries	–	(36,247,000)	–
Net cash used in investing activities	–	(36,247,000)	–
CASH FLOW FROM FINANCING ACTIVITY			
Issuance of share capital	–		–

		92,780,000	
NET INCREASE (DECREASE) IN CASH	–	0	(500)
CASH AT BEGINNING OF YEAR	**39,520**	6,890,0206,890,520	
CASH AT END OF YEAR	**₱39,520**	₱39,520	₱6,890,020

MANAGEMENT REPORT OF BRIGHTGREEN RESOURCES HOLDINGS INC.

I. Financial Statements

The Audited Financial Statements of Brightgreen Resources Holdings Inc. (BHI) for the period ended as of June 30, 2017 are attached to this report.

II. Information on Independent Accountants and other Related Matters

BHI's financial statements for the period ended 30 June 2017 have been audited by Reyes Tacandong &Co. ("RTC"), independent auditors, as stated in their reports appearing herein.

Ms. Belinda B. Fernando is BHI's current audit partner. We have not had any disagreements on accounting and financial disclosures with our current external auditors for the periods or any subsequent interim period.

There were no disagreements with RTC on any matter of accounting and financial disclosure.

The aggregate fees incurred for the period ended June 30, 2017 for professional services rendered by RTC amounted to ₱56,000.

III. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is based on the audited financial statements as at June 30, 2017 and for the period ended June 30, 2017, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Financial Statements and should be read in conjunction with the audited consolidated financial statements.

Summary Financial Information

The Financial Statements as at December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 are hereto attached.

The following table sets forth the summary financial information for the period ended June 30, 2017 and as at June 30, 2017:

Summary of Income Statement

Expenses	
Taxes and licenses	₱353,699
Penalties	61,742
Office supplies	2,500
Insurance	1,122
Others	800
Total	419,863
Share in net loss	798,981

Interest income	429
Loss before income tax	1,218,415
Provision for income tax	–
Net loss	1,218,415
Other comprehensive income	434,185,710
Total comprehensive income	₱432,967,295

Summary of Balance Sheet	
Current Asset	**₱73,806**
Noncurrent Asset	**458,386,720**
Total Assets	**₱458,460,526**
Current Liabilities	**₱493,231**
Equity	**457,967,295**
Total Liabilities and Equity	**₱458,460,526**

Summary of net cash flows	
Net cash flows from (used in):	
Operating activities	**₱73,797**
Investing activities	**(24,999,991)**
Financing activities	**25,000,000**
Net increase in cash	**73,806**
Cash, beginning	**–**
Cash, end	**₱73,806**

RESULTS OF OPERATIONS

Expenses

The expenses amounted to ₱419,863 for the period ended June 30, 2017.

Taxes and licenses pertains to the registration fees paid to Securities and Exchange Commission (SEC), Bureau of Internal Revenue (BIR) and business permit.

Other expenses including supplies and insurance amounting to ₱4,422.

FINANCIAL POSITION

As of June 30, 2017, the Company reported a total assets of ₱458,460,526 which composed of cash of ₱73,806 and investments in subsidiary of ₱458,386,720.

The Company recognized due to related parties amounting to ₱490,777.

During the six-month period, share capital of ₱25 million were issued and share in revaluation reserve were recognized amounting to ₱434,185,710.

CASH FLOWS

The net cash flows from operating activities amounted to ₱73,797 for the period ended June 30, 2017 due to the following

- Net loss of ₱1,218,415 which includes Share in net loss of a subsidiary amounting to ₱798,981
- Related party advances of ₱490,777

The net cash used for investment activities amounting to ₱24,999,991, arises from subscription from Brightgreen Resources Corporation (BRC) and acquisition of shares from the existing shareholders of BRC.

The net cash flow in financing activities amounting to ₱25,000,000 arises from the issuance of shares.

As at June 30, 2017, cash amounted to ₱73,806.

Key Performance Indicators

	June 30, 2017
Net Loss	₱ 1,218,415
Quick assets	73,806
Current assets	73,806
Total Assets	458,460,526
Current liabilities	493,231
Total liabilities	493,231
Stockholders' Equity	457,967,295
Number of common shares outstanding	25,000,000
Liquidity ratios:	
Current ratio	0.14:1
Quick ratio	0.14:1
Solvency Ratios:	
Debt ratio	0.001:1
Debt to Equity ratio	0.001:1
Profitability ratios:	
Book value per share	18.31

KEY VARIABLES AND OTHER QUANTITATIVE OR QUALITATIVE FACTORS

i. Liquidity

The Company is not aware of any new trends, events or uncertainties that will have a material effect on its future liquidity.

ii. Events that will trigger direct or contingent financial obligation - off-balance sheet arrangements

We have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

iii. Material commitments for capital expenditures

There are commitments for capital expenditures

iv. Known trends, events or uncertainties

The Company is not aware of any known trends, events or uncertainties that will have a material effect on the Company.

v. Significant elements of income or loss

The Company is not aware of any significant elements of income or loss that did not arise from the Company's continuing operations

vi. Causes for any material changes from period to period of financial statements

The Company is not aware of any causes for any material changes from period to period of financial statements.

vii. Seasonal aspects that may have material effect on the financial statements

The Company is not aware of any seasonal aspects that has a material effect on the Financial Statements.

IV. Brief Description of the General Nature and Scope of the Business

The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 11, 2017.

The Company is a subsidiary of RYM Business Management Corp. (the Parent Company), a holding company registered and domiciled in the Philippines.

BrightGreen Resources Corporation is a wholly-owned by Brightgreen Resources Holdings Inc.

V. Business Transactions with Related Parties

The Company as of June 30, 2017 advances from its wholly-owned subsidiary and affiliate are as follows:

	2017
BrightGreen Resources Corporation	₱202,510
Marcventures Mining and Development Corporation	288,267
Total	₱490,777

VI. Employees

As of June 30, 2017, the Company has no regular employees.

VII. Plan of Operation

On January 30, 2017, the Board of Directors (BOD) approved the plan to merger, Marcventures Holdings Inc., Asia Pilot Mining Phils. Inc. and BHI with MHI as the surviving entity and the Company as absorbed entity. The merger is expected to increase the combined mineral resource of Marcventures Mining and Development Corporation, the subsidiary of MHI. The proposed plan of merger is subject to approval by the stockholders.

VIII. Status of Operations

The Company has no significant operational activity.

IX. Dividends

The Company has not yet started commercial operation.

X. Shareholders, Directors and Officers

Name	Subscribed	Paid Up
RYM Business Management Corporation	20,999,997	20,999,997
Arsenio K. Sebial, Jr.	1	1
Isidro C. Alcantara, Jr.	1	1
Anthony M. Te	1,500,000	1,500,000
Caulfield Heights Inc.	2,499,999	2,499,999
Diane Madelyn C. Ching	1	1
Hermogene H. Real	1	1
Total	25,000,000	25,000,000

RYM Business Management Corporation is a corporation duly organized and existing under the laws of the Philippines.

The Directors and Officers of BHI are as follows:

Name	Board	Position	Age	Nationality
Isidro C.	Chairman	-	63	Filipino

Alcantara, Jr.				
Arsenio K. Sebial, Jr.	Member	President/CEO	61	Filipino
Hermogene H. Real	Member	-	63	Filipino
Diane Madelyn C. Ching	Member	Corporate Secretary	33	Filipino
Anthony M. Te	Member	-		Filipino
Rolando S. Santos	-	Treasurer	67	Filipino

The profiles of Mr. Isidro C. Alcantara, Jr., Atty. Diane Madelyn C. Ching and Mr. Rolando S. Santos are provided above.

ARSENIO K. SEBIAL, JR.

Mr. Arsenio K. Sebial Jr. is the President and CEO of Marcventures Mining and Development Corporation (MMDC), the fully-owned subsidiary of Marcventures Holdings, Inc. (MHI). He graduated from Mapua Institute of Technology with a degree in Mining Engineering, and was the previous president of the Philippine Society of Mining Engineers. He holds 37 years experience in mining, the longest of which was with Benguet Corporation where he rose to Division Manager for Mining and Engineering and worked in the highly successful Benguet Dizon Copper-Gold Mines and Antamok Gold Operations. He was also involved in the cement industry during his stint as Vice President of Republic Aggregates Corporation, Inc. Mr. Sebial currently serves as President of Bright Green Resources Corp. and AG Finance, Inc. He is the Officer-In-Charge for Benguet Corporation and sits as Director of Benguet Corporation Nickel Mining, Inc., Benguet Management Corp. and Benguet Corporation Laboratory, Inc.

ANTHONY M. TE

Mr. Anthony M. Te is currently the Chairman of the Board of Asian Appraisal Company, Inc., Amalgamated Project Management Services, Inc., Asian Asset Insurance Brokerage Corp. and Professional Funding Services Inc. He serves as Chairman and Chief Finance Officer of Mactel Corp., as Vice Chairman of AG Finance, Inc. and as Director and Treasurer for Manila Standard Today Management, Inc. Mr. Te is a licensed soliciting official for Non-Life Insurance with the Philippine Insurance Commission. He previously sat as director in the following companies: Balabac Resources & Holdings Co., Inc., Commonwealth Savings & Loans bank, EBECOM Holdings Inc., Equitable PCI Bank, MRC Allied Industries, Inc., Oriental Petroleum & Minerals Corp., PAL Holdings, Inc., PGA Cars, Inc., and Phoenix Energy Corp. He obtained his Bachelor of Arts in Business Management from De La Salle University.

HERMOGENE H. REAL

Atty. Hermogene H. Real is the Assistant Corporate Secretary of the Bright Kindle Resources and Investments Inc. She serves as Director of Philippine Collective Media Corporation (2008 to present), as Corporate Secretary of Benguet Corporation (2000 to present) and Universal Re C ondominium Corporation (1997 to 2009, 2010 to present), as Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present), Benguet Corp Nickel Mines, Inc. (2009 to present). She is a lawyer in D.S. Tantuico and Associates (1998 to present). She previously held the following positions: Chairman of the Board and President of Philippine Collective Media Corporation (2008 to 2010); Corporate Secretary of Trans Middle East Phils. Equities, Inc. (1996 to 2006); and Assistant Corporate Secretary of Equitable PCI Bank, Inc. (2005-2006)

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 3 1 6 0 2 5

Company Name

ASIA PILOT MINING PHILS.
CORPORATION

Principal Office (No./Street/Barangay/City/Town/Province)

UNIT 706A TWO ECOM CENTER PALM
COAST STREET MOA COMPLEX
PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5		06/30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number

Contact Person's Address

UNIT 706-A TWO E-COM CENTER, PALM COAST ST., MOA COMPLEX, PASAY CITY

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Asia Pilot Mining Phils. Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for six months ended June 30, 2017 and year ended December 31, 2016, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is 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 Asia Pilot Mining Phils. Corporation'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 to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the shareholders.

Ocampo, Mendoza, Leong, Lim & Co. and Rayos Accounting and Associates, the independent auditors appointed by the shareholders, have audited the financial statements of **Asia Pilot Mining Phils. Corporation** in accordance with Philippine Standards on Auditing and, in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

RUBY SY
Chairman of the Board

RUBY SY
President

ISAGANI P. YU
Treasurer

Subscribed and sworn to before me this ______AUG 2 3 2017______, affiants exhibiting to me their Competent Evidence of Identity as follow:

Name	Tax Identification Number (TIN)
Ruby Sy	111-115-536
Isagani P. Yu	109-104-214

Notary Public

FRANCISCO [illegible] MALATE JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2017
PTR NO. 0866134
1-3-17 PARAÑAQUE CITY
IBP NO. [illegible]
1-4-16-17 PASAY CITY
ROLL NO. 17084
MCLE NO. 00202[illegible]

Doc. No. 64;
Page No. 13;
Book No. XXV;
Series of 2017.

OMLL

OCAMPO, MENDOZA, LEONG, LIM & CO.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

The Shareholders and the Board of Directors
Asia Pilot Mining Phils. Corporation
Unit 706-A Tower A, Two Ecom Center
Palm Coast St., MOA Complex, Pasay City
Metro Manila

Opinion

We have audited the financial statements of **Asia Pilot Mining Phils. Corporation** which comprise the statement of financial position as of June 30, 2017 and the statements of comprehensive income/loss, changes in shareholders' equity and cash flows for six months ended June 30, 2017 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Asia Pilot Mining Phils. Corporation as of June 30, 2017 and its financial performance and its cash flows for six months ended June 30, 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Opinion

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

Emphasis of Matter

We draw attention on the Company's ability to continue as a going concern and the management assessed that there is uncertainty as to its ability to continue as a going concern when the Company entered into a merger agreement on December 15, 2016 (Please refer to Note 1 for further discussion).

4759 Road 3, V. Mapa Street, Sta. Mesa, Manila T +63 2 714.7056 F +63 2 716.8205 E mtlim2005@yahoo.com
Offices in Quezon City and Makati

Other Matter

The financial statements of **Asia Pilot Mining Phils. Corporation** for the year ended December 31, 2016 were audited by Rayos Accounting and Associates whose report dated May 22, 2017 disclosed an unqualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

As of June 30, 2017, we have determined that there are no key audit matters to communicate in our report.

Other Information

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

As of June 30, 2017, no other information was included in the report.

Responsibilities of Management and Those Charged with Governance for Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is 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 Asia Pilot Mining Phils. Corporation'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 to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's 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. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 internal control.

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

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause to cease to continue as a going concern.

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

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 audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Taxes in Notes 17 and 18 of the Notes to the Financial Statements in compliance with RR 15-2010 and RR 19-2011 of the Bureau of Internal Revenue and the tabular schedule of standards and interpretation of the Securities and Exchange Commission are not a required part of the basic financial statements. Such information have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

OCAMPO, MENDOZA, LEONG, LIM & CO.

By:

MARCOS T. LIM
Partner
CPA Registration No. 50121
TIN No. 122-822-032-000
PTR No. 5998525, Issued on January 3, 2017, at Manila
SEC Accreditation No. 0166-FR-2 (Group B) for the Firm, Expires on 04/30/2018
PRC/BOA Reg. Practitioner No. 0737 for the Firm, Expires on 12/31/2018
BIR Accreditation No. 07-000568-2-2015 for the Firm, Expires on 09/04/2018
BIR Accreditation No. 07-000596-2-2015 for the Signing Partner, Expires on 09/04/2018
CDA Accreditation No. CEA-008-AF for the Firm, Expires on 06/18/2020

July 26, 2017
Metro Manila

ASIA PILOT MINING PHILS. CORPORATION

STATEMENT OF FINANCIAL POSITION
June 30, 2017
(With Comparative Figures in 2016)
(In Philippine Pesos)

	Note(s)		Six Months 6/30/2017		Year 12/31/16
ASSETS					
Current Asset					
Cash	4	₱	39,520	₱	39,520
Non-Current Assets					
Advances to affiliates	5		62,983,000		62,983,000
Investment in subsidiaries	6		614,421,513		36,247,000
Total Non-Current Assets			677,404,513		99,230,000
TOTAL ASSETS		₱	677,444,033	₱	99,269,520
LIABILITY AND SHAREHOLDERS' EQUITY					
Current Liability					
Accrued expense	8	₱	50,000	₱	-
Shareholders' Equity					
Capital shares	11		100,000,000		100,000,000
Other comprehensive income	13		578,174,513		-
Deficit			(780,480)		(730,480)
Total Shareholders' Equity			677,394,033		99,269,520
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY		₱	677,444,033	₱	99,269,520

ASIA PILOT MINING PHILS. CORPORATION

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For Six Months Ended June 30, 2017
(With Comparative Figures in 2016)
(In Philippine Pesos)

	Note(s)		Six Months 6/30/2017		Year 12/31/2016
Capital Shares					
Authorized - 1,000,000 shares at Php100 par value per share					
Subscribed and paid-up - 1,000,000 shares	11	₱	100,000,000	₱	100,000,000
Other comprehensive income	13	₱	578,174,513	₱	-
Deficit					
Beginning		₱	(730,480)	₱	(329,980)
Net loss			(50,000)		(400,500)
End			(780,480)		(730,480)
TOTAL SHAREHOLDERS' EQUITY		₱	677,394,033	₱	99,269,520

ASIA PILOT MINING PHILS. CORPORATION

STATEMENT OF COMPREHENSIVE INCOME/(LOSS)
For Six Months Ended June 30, 2017
(With Comparative Figures in 2016)
(In Philippine Pesos)

	Note(s)	Six Months 6/30/2017	Year 12/31/2016
SALES	-	₱ -	₱ -
DIRECT EXPENSES	-	-	-
GROSS PROFIT		-	-
ADMINISTRATIVE EXPENSES	12	50,000	400,500
LOSS BEFORE TAX EXPENSE		50,000	400,500
INCOME TAX EXPENSE			
Current	-	-	-
NET LOSS		50,000	400,500
OTHER COMPREHENSIVE INCOME			
Revaluation surplus	13	578,174,513	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		₱ 578,124,513	₱ (400,500)

ASIA PILOT MINING PHILS. CORPORATION

STATEMENT OF CASH FLOWS
For Six Months Ended June 30, 2017
(With Comparative Figures in 2016)
(In Philippine Pesos)

	Note(s)	Six Months 6/30/2017	Year 12/31/2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax expense	-	₱ (50,000)	₱ (400,500)
Change in current liability			
Accrued expense	8	50,000	-
Net Cash Used in Operating Activities		-	(400,500)
CASH FLOW FROM INVESTING ACTIVITIES			
Change in advances to affiliates	5	-	(36,247,000)
Change in investment in subsidiaries	6	-	(62,983,000)
Net Cash Used in Investing Activities		-	(99,230,000)
CASH FLOWS FROM A FINANCING ACTIVITY			
Proceeds from issuance of capital shares	11	-	92,780,000
Net Change in Cash		-	(6,850,500)
Cash, Beginning		39,520	6,890,020
CASH, END		₱ 39,520	₱ 39,520

ASIA PILOT MINING PHILS. CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
As Of and For Six Months Ended June 30, 2017
(With Comparative Figures in 2016)
(All Amounts in Philippine Pesos)

Note 1 – General Information and Status of Operation

General Information

Asia Pilot Mining Phils. Corporation (the "Company") is a stock corporation incorporated and registered with the Securities and Exchange Commission (SEC) with registration number CS201316025 on August 14, 2013. The Company's registered principal and business address Unit 706-A Two E-Com Center, Palm Coast St., MOA Complex, Pasay City.

The Company is primarily established to engage in operating coal mines and of prospecting, exploring and of mining, milling, concentrating, converting, smelting, treating, refining, preparing for market manufacturing, buying, selling, exchanging and otherwise producing and dealing in all other kinds of ores, metal and minerals, hydrocarbons, acids, and chemicals, and in the products and by-products of every kind and description and by whatever process, the same can be or may hereafter be produced. To purchase, lease, option, locate, or otherwise acquire, own, exchange, sell, or otherwise dispose of, pledge, mortgage, deed in trust, hypothecate, and deal in mines, mining claims, mineral lands, coal lands, timberlands, water and water rights, and other property both real and personal.

The Company did not generate income on its primary objectives as of June 30, 2017 and December 31, 2016.

The Company holds 99.9980% of equity interest in Alumina Mining Philippines, Inc. and 99.9900% in Bauxite Resources, Inc. Alumina Mining Philippines, Inc. and Bauxite Resources, Inc. are both domestic corporations engage in mining business.

Status of Operation

On December 15, 2016, the Company's Board of Directors approved the plan to merge with Marcventures Holdings, Inc. as the surviving entity subject to due diligence audit and approval of the shareholders. The financial statements were prepared for the purpose of the application for merger with SEC.

The Company did not commence operation from the time it was incorporated.

There is a change of accounting policy from cost method to equity method in accounting for investment in subsidiaries of the Company.

The accompanying financial statements of The Company as of and for the six months ended June 30, 2017 and year ended December 31, 2016 were authorized for issue by the Board of Directors on July 26, 2017. The Board of Directors is empowered to make revisions even after the date of issue.

Note 2 – Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Company have been prepared under the historical cost and other measurement basis provided for under the Standards. The financial statements are presented in Philippine Peso, the Company's functional and presentation currency.

Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

Presentation of Financial Statements

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the statement of comprehensive income/loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in Note 3.

Adoption of New and Revised Accounting Standards

The accounting policies adopted are consistent with those of the previous financial years except for the adoption of the following new and amended standards and Philippine Interpretations. Adoption of these new and amended standards and interpretation did not have any effect on the financial performance or position of the Company. They did, however, give rise to additional disclosures.

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to PFRS 7, *Disclosure Initiative*, changes in liabilities arising from financing activities:

  a) An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

  b) An entity shall disclose the following changes in liabilities arising from financing activities: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.

  c) Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement in paragraph 44A of the PAS 7 also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

  d) One way to fulfil the disclosure requirement in paragraph 44A of the PAS 7 is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including the changes identified in paragraph 44B of the PAS 7. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.

  e) If an entity provides the disclosure required by paragraph 44A in combination with disclosures of changes in other assets and liabilities, it shall disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities

- Amendments on PFRS 12, *Income Taxes*, recognition of Deferred Tax assets for Unrealised Losses clarify the following changes:

  a) Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

  b) The carrying amount of an asset does not limit the estimation of probable future taxable profits.

c) Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

d) An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Amendments on PFRS 12 are specifically the following:

a) *Paragraph 27A* - When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. If tax law imposes no such restrictions, an entity assesses a deductible temporary difference in combination with all of its other deductible temporary differences. However, if tax law restricts the utilisation of losses to deduction against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

b) *Paragraph 29* - Compares the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

c) *Paragraph 29A* - The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this. For example, when an asset is measured at fair value, the entity shall consider whether there is sufficient evidence to conclude that it is probable that the entity will recover the asset for more than its carrying amount. This may be the case, for example, when an entity expects to hold a fixed-rate debt instrument and collect the contractual cash flows.

d) *Paragraph 98G* - Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), issued in January 2016, amended paragraph 29 and added paragraphs 27A, 29A and the example following paragraph 26. An entity shall apply those amendments for annual periods beginning on or after January 1, 2017. If an entity applies those amendments for an earlier period, it shall disclose that fact. An entity shall apply those amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations from International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on its financial statements.

The Company will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

To be Adopted on January 1, 2018

- PFRS 9, *Financial Instruments: Classification and Measurements* reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or before January 1, 2018. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

To be Adopted on January 1, 2019

- PFRS 16, Leases sets out the principles for the recognition, measurement, presentation and disclosure of lease for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). PFRS 16 is effective from January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies PFRS 15 Revenue from Contracts with Customers. PFRS 16 replaces the previous leases Standards, PAS 17 Leases, and the related Interpretations. Recognition comprises the following:

  a) Lessees – all leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and if, lease payments are made over time, also obtaining financing. Accordingly, PFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by PAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

  b) Lessors - PFRS 16 substantially carries forward the lessor accounting requirements in PAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

Summary of Significant Accounting Policies

Financial Instruments

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date – the date on which The Company commits to purchase or sell the asset.

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. Financial assets under PAS 39 are classified as either financial assets at FVPL, loans and receivables, held to maturity investments and AFS investments. The financial assets of the Company are of the nature of loans and receivables. Also under PAS 39, financial liabilities are classified as FVPL or other financial liabilities. The Company's financial liabilities are of the nature of other financial liabilities.

Financial Assets and Liabilities

Financial assets include cash and financial instruments. The Company classifies its financial assets, other than hedging instruments, into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Determination of Fair Value

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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; and

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

The Company recognizes transfers into and transfers out of fair value hierarchy levels by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) as at the date of the event or change in circumstances that caused the transfer.

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

Cash
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of placement and that are subject to an insignificant risk of change in value.

Other Financial Liabilities
Issued financial instruments or their components, which are not designated at FVPL, are classified as other financial liabilities when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole, the amount separately determined as the fair value of the liability component on the date of issue. After initial measurement, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. Any effects of restatement of foreign currency denominated liabilities are recognized in the statement of comprehensive income/loss. This accounting policy applies primarily on the Company's borrowings, accounts payable and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

All loans and borrowings are initially recognized at the fair value of the consideration received plus directly attributable transaction costs. The fair value of the interest bearing long term debt is based on the discounted value of future cash flows using the applicable rates for similar types of loans. For floating rate long term debt which is priced monthly, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For floating rate long term debt, which is repriced semi-annually, the fair value is determined by discounting the principal amount plus the next interest payment using the prevailing market rate for the period up to the next repricing date.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statement of comprehensive income/loss when the liabilities are derecognized as well as through the amortization process.

For the current year, the Company has no outstanding loans and borrowings bearing interest.

Receivables, payables and other basic financial instruments
Initial measurement. Financial assets and financial liabilities are initially measured at the transaction price including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss unless the arrangement constitutes a financing transaction. If the arrangement constitutes a financing transaction, the

financial instruments are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Measurement subsequent to initial recognition. Debt instruments are measured at amortized costs using the effective interest method. Debt instruments classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be received or paid unless the arrangement constitutes a financing transaction. If the arrangement constitutes a financing transaction, the Company shall measure the debt instrument at the present value of the future payments discounted at the market rate of interest for a similar debt instrument.

For investments in non-convertible preference shares and non-puttable ordinary or preference shares like publicly traded shares or shares whose fair value can be measured reliably, the instruments are measured at fair value with changes in fair value recognized in profit or loss while all other investments are measured at cost less impairment.

Impairment of Financial Assets

Assets Carried at Amortized Cost

The Company assesses at each reporting date whether a financial or group of financial assets is impaired. If there is objective evidence that an impairment loss on financial assets carried at amortized cost (e.g., receivables) has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through use of allowance account. The amount of the loss shall be recognized in the statement of comprehensive income/loss.

The Company first assesses whether its objective evidence of impairment, such as aging of assets and/or status of debtors, exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial asset with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If, in a subsequent period, the amount of the impairment loss decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income/loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

With respect to receivables, the Company maintains a provision for impairment of receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this provision is evaluated by management on the basis of factors that affect the collectibility of the accounts. A review of the age and status of receivables, designed to identify accounts to be provided with allowance, is performed regularly.

Reversal of impairment. If in a subsequent period, the amount of an impairment loss decreased and it can be related objectively to an event occurring after the impairment was recognized, the Company reverses the previously recognized impairment loss either directly or by adjusting an allowance account.

However, the reversal shall not result in a carrying amount of the financial asset net of any allowance account that exceeds what the carrying amount would have been had the impairment not previously been recognized. The Company recognizes the amount of the reversal in profit or loss immediately.

Fair value measurement. The Company uses the following hierarchy to estimate the fair value of the financial assets in the form of shares: 1. quoted price for an identical asset in an active market or current bid price; 2. price of a recent transaction for an identical asset; 3. valuation technique; 4. current fair value of another substantially the same asset; 5. discounted cash flow analysis; and 6. option pricing models.

If a reliable measure of fair value is no longer available for an asset measured at fair value, its carrying amount at the last date the asset was reliably measurable becomes its new cost. The Company measures the asset at this cost amount less impairment until a reliable measure of fair value becomes available.

Derecognition of Financial Instruments

Financial Asset
A financial asset (or, where applicable, a part of a financial asset or part of a Company of financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;

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

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

Where the Company has transferred its right to receive cash flows from an asset or has entered into pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

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

Offsetting
Financial assets and liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Investment in Subsidiary
Prior to January 1, 2017, the Company accounts for its investment in a subsidiary using the cost method in its separate financial statements. However following changes in PFRS 27, Equity Method in separate financial statements was now adopted by the management.

The management believes that the change to equity method gives fairer presentation to the financial statements of the Company as it allows to reflect the right amount of the Investment in Subsidiary of a company. Prospective application was applied instead of that retrospective due to that immaterial amounts will affect the retained earnings that it will be more efficient to apply the equity method prospectively.

The amount adjusted for the Investment in Subsidiary account using equity method is as follows

	6/30/2017	12/31/2016
Balance at beginning of year		
Alumina Mining Philippines, Inc. (AMPI)	**11,249,500**	11,249,500
Bauxite Resources, Inc. (BRI)	**24,997,500**	24,997,500
Additions		
Revaluation of Mine and Mining Properties of AMPI	**278,961,863**	-
Revaluation of Mine and Mining Properties of BRI	**299,212,650**	-
	614,421,513	36,247,000

Under the equity method, an investment in subsidiary is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss of the subsidiary after the acquisition date. Distributions received from a subsidiary reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the company's proportionate interest in the subsidiary arising from changes in the subsidiary's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences.

When the Company's share of losses of an subsidiary exceeds the Company's interest in that subsidiary, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal and constructive obligations or made payments on behalf of the subsidiary. If the subsidiary subsequently reports profits, the company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The requirements of PAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in subsidiary. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with PAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized in accordance with PAS 36 to the extent that the recoverable amount of that the recoverable amount of the investment subsequently increases.

Subsidiary is an entity controlled by the Company. Control is defined as the exposure or rights to variable returns from its involvement with the subsidiary and the ability to affect those returns through its power over the subsidiary. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangement; and
- The Company's voting rights and potential voting rights.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

An assessment of the carrying amount of the investment in a subsidiary is performed when there is an indication that these investments have been impaired.

Revaluation of Asset

Under revaluation, asset is carried at revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably.

If a revaluation results in an increase in value, it should be credited to other comprehensive operation and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it should be recognized in profit or loss.

A decrease arising as a result of a revaluation should be recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through profit or loss.

The Company recognized revaluation surplus from its share in its subsidiaries due to the application of equity method of accounting for investment in subsidiaries.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying of amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposals while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income/loss.

Recovery and impairment losses recognized in prior years are recorded when there is indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the statement of comprehensive loss. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined (net of depletion, depreciation and amortization) had no impairment loss been recognized for the asset in prior years.

Income Taxes

Current Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Income Tax
Deferred income tax liability is provided, using the statement of financial position liability method, 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 income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) and 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 tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred income 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 income tax asset to be utilized. Unrecognized deferred income 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 income tax asset to be recovered.

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

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Cost and expenses are recognized in the income statement upon consumption of the goods and /or utilization of the service or at the date they are incurred. Expenditure for warranties if any is recognized and charged against the associated provision when the related revenue is recognized.

Administrative Expenses
These expenses constitute costs of administering the company's day-to-day operation and are recognized when incurred and includes rental and taxes and licenses.

Related Party Transactions and Relationships
Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its

shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

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

Foreign Currency Transactions

Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in Philippine Pesos which is the Company's functional and presentation currency.

Functional currency is the currency of the primary economic environment in which the entity operates or in which it primarily generates and expends cash, while presentation currency is the currency in which the financial statements are presented.

Transactions and Balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at reporting date. Foreign exchange gains or losses resulting from the settlement of such transactions or realized gain or loss and from the translation of monetary assets and liabilities denominated in foreign currency or unrealized gain or loss is recognized in the statement of comprehensive income/loss.

Capital Shares

Common shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of share over par value of share are credited to share premium.

If payment is deferred and the time value of the money is material, the initial measurement is on a present value system.

Where the Company purchases its own shares (treasury shares), the consideration paid including any directly attributable incremental costs is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

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

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

Note 3 – Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of The Company's financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

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

Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the functional currency of the Company has been determined to be the Philippine Pesos. The Philippine Pesos is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenues and expenses of the Company. Since the Company's financial reports are stated in Philippine Pesos, fluctuations in exchange rates of this currency will not materially affect the stated balances in the statement of financial position.

Classification of Financial Instruments
The Company exercises judgements in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

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

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

Going Concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and assessed that there is uncertainty about the Company's ability to continue as a going concern since it entered into a merger agreement as stated in the Note 1 of the Notes to Financial Statements. However, the merger is still for pending approval of the shareholders. Therefore, the financial statements were prepared on a going concern basis.

Estimates and Assumptions
The financial statements prepared in compliance with PFRS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Determination of Fair Value of Financial Assets and Liabilities
Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgement includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 14.

Impairment of Investment in a Subsidiaries. The Company assesses impairment on its investment in a subsidiaries whenever events or changes in circumstances indicate that the carrying amount of an asset may be recoverable.

Among others, the factors that the Company considers important which could trigger an impairment review on its investment in a subsidiary include the following:

- Deteriorating or poor financial condition
- Recurring net losses; and
- Significant changes (i.e. technological, market, economic, or legal environment in which the subsidiary operates) with an adverse effect on the subsidiary have taken place during the period, or will take place in the near future.

The Company's investment in subsidiaries amounted to ₱614,421,513 and ₱36,247,000 as of June 30, 2017 and December 31, 2016.

Estimation of Realizable Amount of Deferred Tax Assets
The Company carries in its books the amount of deferred tax assets based on tax rates applicable. However, based on experience, the Company doesn't generate enough taxable profit on which to apply the taxes. In the event that in the succeeding years the Company will not generate income, then the whole amount of deferred tax assets will be charged to profit and loss.

Deferred tax asset arising from NOLCO have not been recognized as June 30, 2017 and December 31, 2016 because the management believes that it is not probable that future taxable income will be available against which the Company can utilize the benefits therefrom.

Note 4 – Cash

This account pertains to cash on hand amounted to ₱39,520 as of June 30, 2017 and December 31, 2016.

Note 5 – Advances to Affiliates

This account refers to advances to affiliates amounted to ₱62,983,000 as of June 30, 2017 and December 31, 2016. These are non-interest bearing, non-collateral cash advance. The parties have agreed that the ensuing balance will be carried at face in both companies' records and shall be payable in 2-3 years.

Note 6 – Investment in Subsidiaries

The details of the Company's investment in subsidiaries is as follows:

	6/30/2017	12/31/16
Balance at beginning of year		
Alumina Mining Philippines, Inc. (AMPI)	**11,249,500**	11,249,500
Bauxite Resources, Inc. (BRI)	**24,997,500**	24,997,500
Additions		
Revaluation of Mine and Mining Properties of AMPI	**278,961,863**	-
Revaluation of Mine and Mining Properties of BRI	**299,212,650**	-
	614,421,513	36,247,000

The ownership of the Company is summarized as follows:

	6/30/2017 Direct	12/31/2016 Direct
Alumina Mining Philippines, Inc.	**99.9980%**	99.9980%
Bauxite Resources, Inc.	**99.9900%**	99.9900%

The summarized financial information of the subsidiaries is as follows:

	6/30/2017	12/31/2016
Alumina Mining Philippines, Inc.		
Current asset	**27,013**	27,013
Non-current asset	**444,943,017**	46,418,099
Current liability	**50,000**	-
Non-current liabilities	**155,225,575**	35,668,100
Net loss	**50,000**	360,500
Revaluation surplus	**278,967,443**	-
Bauxite Resources, Inc.		
Current asset	**45,192**	45,192
Non-current asset	**479,254,292**	51,764,900
Current liability	**50,000**	-
Non-current liabilities	**155,561,718**	27,314,900
Net loss	**50,000**	360,500
Revaluation surplus	**299,242,574**	-

The investments are accounted for at cost for purposes of preparing the financial statements. Management believes that, based on impairment assessment performed, these investments are not impaired.

Based on the assessment of impairment performed, management believes that provision for impairment is not necessary.

Note 7 – Related Party Disclosures

In the normal course of business, the Company has the following significant transactions with its related parties:

		6/30/2017		12/31/2016		
	Nature of Transactions	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	Terms and Conditions
Alumina Mining Philippines, Inc.	Loans and borrowings	-	**35,668,100**	35,668,100	35,668,100	non-interest bearing, unsecured, settled in cash, payable in 2-3 years, no impairment
Bauxite Resources, Inc.	Loans and borrowings	-	**27,314,900**	27,314,900	27,314,900	non-interest bearing, unsecured, settled in cash, payable in 2-3 years, no impairment
		-	**62,983,000**	62,983,000	62,983,000	

The Company has not contracted any employees, hence, it has no compensation paid to its key management personnel in 2017 and 2016.

Note 8 – Accrued Expense

This account pertains to the accrued professional fee amounting to ₱50,000 as of June 30, 2017.

Note 9 – Income Taxes

Computation of income tax is as follows:

	6 months 6/30/2017	Year 12/31/2016
Income Tax Based on Regular Rate		
Loss before tax expense	**50,000**	400,500
Tax rate	**30%**	30%
Tax asset	**15,000**	120,150

The Company has no taxable income for the six months ended June 30, 2017 and year ended December 31, 2016. The management believes that it is not probable that sufficient taxable profit will be available for the utilization of the deferred tax asset within the prescription period of three years.

As of June 30, 2017, the NOLCO that the Company can claim as deduction from future taxable income are as follow:

Year Incurred	Amount	Expired	Balance	Carry forward Benefits Up To
6/30/2017	50,000		50,000	December 31, 2022
12/31/2016	400,500	-	400,500	December 31, 2021
12/31/2015	500	-	500	December 31, 2020
	P451,000	-	P451,000	

The Company has NOLCO amounting to PHP 451,000 as of June 30, 2017 for which no deferred tax assets have been recognized amounting to PHP 135,300 as of June 30, 2017. This can be used for offset against future taxable income for the next five years immediately following the year of such loss. As per BIR RR No. 14-2001 Section 6 provided, however, that for mines other than oil and gas wells, a net operating loss without the benefit of incentives provided for under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, as amended, incurred in any of the first ten (10) years of operation maybe carried over as deduction from taxable income for the next five (5) years, immediately following the year of such loss. Provided, further, that the entire amount of the loss shall be carried over to the first of the five (5) taxable years following the loss, and any portion of such loss which exceeds the taxable income of such first year shall be deducted in like manner from the taxable income of the next remaining four (4) years.

Note 10 – Reclassification

In conformance with PAS 1, Presentation of Financial Statements, the Company made a reclassification to conform to the current year's presentations. Management believes that the current year's presentation provides reliable and more relevant information on the financial position of the Company.

Note 11 – Capital Shares

The Company has an authorized capital of 1,000,000 shares at ₱100 par value a share for a total authorized capital of ₱100,000,000:

	6/30/2017		12/31/2016	
Subscribed and paid-up	No. of Shares	Amount	No. of Shares	Amount
Ordinary	1,000,000	100,000,000	1,000,000	100,000,000

The Company has five (5) shareholders as of June 30, 2017 and December 31, 2016, respectively.

Note 12 – Administrative Expenses

This account consists of:

	6/30/2017	12/31/16
Rental	-	400,000
Professional fees	50,000	-
Taxes and licenses	-	500
	50,000	400,500

Professional fees refers to cost paid to professionals and the like for services rendered to the company.

Taxes and licenses pertains to amount incurred and paid to local government authorities for compliance purposes.

Note 13 – Supplemental Disclosures on Significant Non-Cash Transactions

The Company recognized its share in revaluation surplus which is a significant non-cash investing activity amounting to ₱578,174,513 net of tax from its subsidiaries for the six month ending June 30, 2017.

Note 14 – Financial Assets and Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. There are no material unrecognized financial assets and liabilities as of June 30, 2017 and December 31, 2016:

	6/30/2017		12/31/2016	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial Assets				
Cash	39,520	39,520	39,520	39,520
Advances to affiliates	62,983,000	62,983,000	62,983,000	62,983,000
	63,022,520	63,022,520	63,022,520	63,022,520
Financial Liability				
Accrued expense	50,000	50,000	-	-

Current Asset and Current Liability

The carrying values of cash and accrued expense were assessed to approximate their fair values due to the short-term nature of these accounts.

Non-Current Assets
Advances to affiliates approximate their fair values due to either the demand clause of the instrument or the nature of this liability.

Note 15 – Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash, advances to affiliates.

The main risks arising from the Company's financial instruments are:

- Credit risk
- Liquidity risk
- Interest rate risk

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Company. The Company's BOD and management review and agree on the policies for managing each of these risks as summarized below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge and perform obligation and cause the other party to incur a financial loss.

The Company's credit risks are primarily attributable to and other financial assets of the Company. To manage credit risks, the Company maintains defined credit policies and monitors its exposure to credit risks on a continuous basis. The Company adheres to fixed limits and guidelines in its dealings with counterparty banks. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Company closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits. The exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Company's maximum exposures to credit risks arising from financial instruments are shown in the following table:

		Gross Maximum Exposure	
	Note(s)	**June 30, 2017**	December 31, 2016
Cash	4	**39,520**	39,520
Advances to affiliates	5	**62,983,000**	62,983,000
		63,022,520	63,022,520

The following tables provide the credit quality of the Company's financial assets that are neither past due nor impaired and past due or impaired.

	June 30, 2017		
	Neither Past Due nor Impaired		
	High Grade	Standard	Total
Cash	39,520		39,520
Advances to affiliates		62,983,000	62,983,000
	39,520	62,983,000	63,022,520

	December 31, 2016		
	Neither Past Due nor Impaired		
	High Grade	Standard	Total
Cash	39,520		39,520
Advances to affiliates		62,983,000	62,983,000
	39,520	62,983,000	63,022,520

The credit quality of the financial assets was determined as follows:

- Cash is classified as "High Grade" since cash is placed in high profile banking institutions with good credit rating and bank standing.

- The Company rates credit quality of advances to affiliates as standard because the counterparties have an average credit risk rating.

For assets to be classified as 'past due and impaired', contractual payments in arrears are more than one (1) year. The Company operates mainly on a 'neither past due nor impaired basis' and when evidence is available an impairment assessment will also be performed, if applicable.

Overall, the Company considers cash as high grade and standard grade accounts of good quality.

The maximum amount that best represents credit risk on financial assets pertain to their carrying amounts of ₱63,022,520 as of June 30, 2017 and December 31, 2016, respectively. The financial effect to The Company pertaining to its exposure to credit risk is not significant given its strategy to mitigate risks.

Liquidity risk

Liquidity risk arises when there is a shortage of funds and the Company, as a consequence, could not meet its maturing obligations. The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical experiences and forecasts from its collection and disbursement. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Also, the Company only places funds in the money market which are exceeding the Company's requirements. Placements are strictly made based on cash planning assumptions and covers only a short period of time.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from related parties. The Company considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Company's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debt.

The Company maintains active credit facilities with creditors and banks to increase availability of funds. Furthermore, the Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

The table below summarizes the maturity profile of the Company's financial liabilities as of June 30, 2017 based on contractual undiscounted payments.

6/30/2017	Within 12 months	More than 1 year	Total
Accrued expense	50,000	-	50,000

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to cash in bank and its debt obligation with fixed interest rate. The Company, through its competencies in managing debt obligations, transacts with creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates.

Note 16 – Capital Management Objectives, Policies and Procedures

The Company's objectives when managing capital are to increase the value of shareholders' investment by applying selective investments that would further the Company's growth. The Company sets strategies with the objective of establishing a sound financial management and capital structure.

The Company monitors capital via carrying amount of equity stated in the statement of financial position. The Company's capital for the six months ended June 30, 2017 and year ended December 31, 2016 is as follows:

	6 months 6/30/2017	Year 12/31/2016
Total assets	**677,444,033**	99,269,520
Total liability	**50,000**	-
Total equity	**677,394,033**	99,269,520
Debt to equity ratio	**0.0001**	-

There are no changes made in the objectives, policies or procedures during the six months ended June 30, 2017 and year ended December 31, 2016.

Note 17 – Taxes

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

I. Output value-added tax (VAT)

The Company has no taxable business transactions during the six months ended June 30, 2017.

II. Input VAT

The Company has no transactions subjected to input taxes during the six months ended June 30, 2017.

III. Importation

The Company does not deal with importation and does not have any transactions requiring importation entries, landed cost, duties and tariffs.

IV. Excise tax

The Company is not subject to excise tax payments.

V. Taxes and Licenses

The Company has no transactions pertaining to this account during the six months ended June 30, 2017.

VI. Documentary stamp tax (DST)

The Company has no transactions pertaining to this account during the six months ended June 30, 2017.

I. Withholding taxes

The Company has no transaction subjected to withholding tax at source and no transactions subjected to withholding tax on compensation, fringe benefit tax and final withholding tax for the six months ended June 30, 2017.

II. Tax assessment

The Company has no pending case with any judicial or quasi-judicial body.

Note 18 – Supplementary Information Required by RR 19 - 2011

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR.

The Company's schedules for the six months ended June 30, 2017 are shown below:

a) Revenues

There were no sales transactions during the six months ended June 30, 2017.

b) Direct Expenses

The Company did not incur any direct operating expenses during the six months ended June 30, 2017.

c) Non-operating and taxable other income

The Company did not have any non-operating taxable other income during the six months ended June 30, 2017.

d) Itemized Deductions

The Company's itemized deduction consists only of professional fee amounting to PhP50,000 during the six months ended June 30, 2017.

REPORT OF INDEPENDENT AUDITORS

The Shareholders and the Board of Directors
Asia Pilot Mining Phils. Corporation
Unit 706-A Tower A, Two Ecom Center
Palm Coast St., MOA Complex, Pasay City
Metro Manila

We have audited the financial statements of **Asia Pilot Mining Phils. Corporation** for six months ended June 30, 2017 on which we have rendered the attached report dated July 26, 2017.

In compliance with SRC Rule 68 and based on certification from the Company's Corporate Secretary, **Asia Pilot Mining Phils. Corporation** has five (5) shareholders owning one hundred (100) or more shares.

OCAMPO, MENDOZA, LEONG, LIM & CO.

By:

Marcos T. Lim
Partner
CPA Registration No. 50121
TIN 122-822-032-000
PTR No. 5998525
Issued on January 3, 2017, at Manila

REPORT OF INDEPENDENT AUDITORS

The Shareholders and the Board of Directors
Asia Pilot Mining Phils. Corporation
Unit 706-A Tower A, Two Ecom Center
Palm Coast St., MOA Complex, Pasay City
Metro Manila

We have audited the financial statements of **Asia Pilot Mining Phils. Corporation** for six months ended June 30, 2017 on which we have rendered the attached report dated July 26, 2017.

The information shown in Annex A (List of Effective Standards and Interpretation) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

In our opinion, the information on said Annex is in accordance with SRC Rule 68, as revised.

OCAMPO, MENDOZA, LEONG, LIM & CO.

By:

Marcos T. Lim
Partner
CPA Registration No. 50121
TIN 122-822-032-000
PTR No. 5998525
Issued on January 3, 2017, at Manila

REPORT OF INDEPENDENT AUDITORS

The Shareholders and the Board of Directors
Asia Pilot Mining Phils. Corporation
Unit 706-A Tower A, Two Ecom Center
Palm Coast St., MOA Complex, Pasay City
Metro Manila

We have audited the financial statements of **Asia Pilot Mining Phils. Corporation** for six months ended June 30, 2017 on which we have rendered the attached report dated July 26, 2017.

The information shown in Annex A (List of Effective Standards and Interpretation) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

In our opinion, the information on said Annex is in accordance with SRC Rule 68, as revised.

OCAMPO, MENDOZA, LEONG, LIM & CO.

By:

Marcos T. Lim
Partner
CPA Registration No. 50121
TIN 122-822-032-000
PTR No. 5998525
Issued on January 3, 2017, at Manila

ANNEX A

ASIA PILOT MINING PHILS. CORPORATION

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
June 30, 2017

As required by SRC Rule 68 as amended

Philippine Financial Reporting Standards (PFRSs)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
PFRS 8	Operating Segments			✓
PFRS 9	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories			✓
PAS 7	Cash Flow Statements	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits			✓
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting of Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28	Investments in Associates			✓
PAS (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓

PHILIPPINE INTERPRETATIONS – IFRIC

No.	Title	Adopted	Not Adopted	Not Applicable
IFRIC–1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC–2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC–4	Determining whether an Arrangement contains a Lease			✓
IFRIC–5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC–6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC–7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC – 8	Scope of PFRS 2			✓
IFRIC–9	Reassessment of Embedded Derivatives			✓

No.	Title	Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC–10	Interim Financial Reporting and Impairment	✓		
IFRIC–12	Service Concession Arrangements			✓
IFRIC–13	Customer Loyalty Programmes			✓
IFRIC–14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendment to Philippine Interpretation IFRIC–14, Prepayments of a Minimum Funding Requirement			✓
IFRIC–16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC–17	Distributions of Non-cash Assets to Owners			✓
IFRIC–18	Transfers of Assets from Customers			✓
IFRIC–19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC – 20	Stripping Costs in the Production Phase of Surface Mine			✓
SIC – 7	Introduction of the Euro			✓
SIC – 10	Government Assistance – No Specific Relation to Operating Activities			✓
SIC – 12	Consolidation – Special Purpose Entries			✓
	Amendment to SIC – 12: Scope of SIC 12			✓
SIC – 13	Jointly Controlled Entries – Non-Monetary Contributions by Ventures			✓
SIC – 15	Operating Leases – Incentives			✓
SIC – 25	Income Taxes – Changes in the Tax Status or an Entity or its Shareholders			✓
SIC – 27	Evaluating the Substance or Transactions Involving the Legal Form of a Lease			✓
SIC – 29	Service Concession Arrangements Disclosures			✓
SIC – 31	Revenue – Barter Transactions Involving Advertising Services			✓
SIC – 32	Intangible Assets – Web Site Costs			✓

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 7 0 1 0 0 0

COMPANY NAME

BRIGHTGREEN RESOURCES HOLDINGS INC. (A Subsidiary of RYM Business Management Corp.)

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

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

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
–	831-4479	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
7	Last Friday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Diane Madelyn Ching	atty.dcc@gmail.com	831-4479	–

CONTACT PERSON'S ADDRESS

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

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

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

BRIGHTGREEN RESOURCES HOLDINGS INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Brightgreen Resources Holdings Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the period ended **June 30, 2017**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is 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 to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

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 or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

ISIDRO C. ALCANTARA, JR.
Chairman

ARSENIO K. SEBIAL, JR.
President

ROLANDO S. SANTOS
Treasurer

Signed this 28th day of July 2017

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of BrightGreen Resources Holdings Inc. (a subsidiary of RYM Business Management Corp.) (the Company), which comprise the statement of financial position as at June 30, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period January 11 to June 30, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2017, and its financial performance and its cash flows for the period January 11 to June 30, 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 the audit of the 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is 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 to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 Company's internal control.

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

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

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 audit.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1022-AR-2 Group A
Valid until March 15, 2020
BIR Accreditation No. 08-005144-4-2017
Valid until January 13, 2020
PTR No. 5908526
Issued January 3, 2017, Makati City

July 28, 2017
Makati City, Metro Manila

BRIGHTGREEN RESOURCES HOLDINGS INC.

(A Subsidiary of RYM Business Management Corp.)

STATEMENT OF FINANCIAL POSITION

June 30, 2017

	Note	
ASSETS		
Current Asset		
Cash in bank		₱73,806
Noncurrent Asset		
Investment in a subsidiary	4	458,386,720
		₱458,460,526
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued and other liabilities		₱2,454
Due to related parties	5	490,777
		493,231
Equity		
Capital stock		25,000,000
Deficit		(1,218,415)
Other comprehensive income	4	434,185,710
Total Equity		457,967,295
		₱458,460,526

See accompanying Notes to Financial Statements.

BRIGHTGREEN RESOURCES HOLDINGS INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 11 TO JUNE 30, 2017*

	Note	
EXPENSES		
Taxes and licenses		(₱353,699)
Penalties		(61,742)
Office supplies		(2,500)
Insurance		(1,122)
Others		(800)
		(419,863)
SHARE IN NET LOSS OF A SUBSIDIARY	4	(798,981)
INTEREST INCOME		429
LOSS BEFORE INCOME TAX		(1,218,415)
PROVISION FOR INCOME TAX	6	–
NET LOSS		(1,218,415)
OTHER COMPREHENSIVE INCOME	4	434,185,710
TOTAL COMPREHENSIVE INCOME		₱432,967,295

See accompanying Notes to Financial Statements.

*The Company was incorporated on January 11, 2017.

BRIGHTGREEN RESOURCES HOLDINGS INC.

(A Subsidiary of RYM Business Management Corp.)

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD JANUARY 11 TO JUNE 30, 2017*

	Note	
CAPITAL STOCK - ₱1 par value		
Authorized - 100,000,000 shares		
Issued and outstanding - 25,000,000 shares		₱25,000,000
DEFICIT		
Balance at beginning of period		–
Net loss		1,218,415
Balance at end of period		1,218,415
OTHER COMPREHENSIVE INCOME		
Balance at beginning of period		–
Share in other comprehensive income of a subsidiary	4	434,185,710
Balance at end of period		434,185,710
		₱457,967,295

See accompanying Notes to Financial Statements.

*The Company was incorporated on January 11, 2017.

BRIGHTGREEN RESOURCES HOLDINGS INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 11 TO JUNE 30, 2017*

	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax		(₱1,218,415)
Adjustment for:		
Share in net loss of a subsidiary	4	798,981
Interest income		(429)
Operating loss before working capital changes		(419,863)
Increase in:		
Accrued and other liabilities		2,454
Due to related parties		490,777
Net cash generated from operations		73,368
Interest received		429
Net cash provided by operating activities		73,797
CASH FLOW FROM AN INVESTING ACTIVITY		
Payment for investment in a subsidiary	4	(24,999,991)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription to capital stock		25,000,000
NET INCREASE IN CASH		73,806
CASH AT BEGINNING OF PERIOD		–
CASH AT END OF PERIOD		₱73,806

See accompanying Notes to Financial Statements.

*The Company was incorporated on January 11, 2017.

BRIGHTGREEN RESOURCES HOLDINGS INC.
(A Subsidiary of RYM Business Management Corp.)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

BrightGreen Resources Holdings Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 11, 2017 to deal with any and all properties of every kind and description to the extent permitted by law provided it shall not engage in the business of an investment company as defined in the Republic Act 2629, *Investment Company Act*, or act as a securities broker or dealer.

The Company is a subsidiary of RYM Business Management Corp. (the Parent Company), a holding company registered and domiciled in the Philippines.

The Company owns 100% interest in BrightGreen Resources Corp. (BGRC), a company incorporated in the Philippines and engaged in mining business. On July 1, 1993, the Philippine Department of Environment and Natural Resources approved BGRC's application for MPSA No. 015-93-XI (SMR) covering an area of approximately 4,860 hectares located in Carrascal and Cantilan, Surigao del Sur. BGRC is undertaking its continuous exploratory drilling program to block mineral resources at indicated and measured category.

The registered office address of the Company is at 4th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City.

On January 30, 2017, the Board of Directors (BOD) approved the proposed plan of merger between the Company and Marcventures Holdings, Inc. (MHI) by virtue of which, MHI will be the surviving entity and the Company as the absorbed entity. The merger is expected to increase the combined mineral resource of Marcventures Mining and Development Corporation, the subsidiary of MHI. The proposed plan of merger is subject to approval by the stockholders.

The financial statements were prepared in connection with the application for proposed merger with the SEC.

The financial statements of the Company as at and for the period January 11 to June 30, 2017 were approved and authorized for issue by the BOD on July 28, 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

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

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

The Company uses market observable data to the 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.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in Note 7, Financial Risk Management Objectives and Policies.

Adoption of New and Amended PFRS

The Company adopted the following new and amended PFRS which became effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.
- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

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

New and Amended PFRS Not Yet Adopted
Relevant new and amended PFRS which are not yet effective for the period ended June 30, 2017 and have not been applied in preparing the financial statements are summarized below.

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

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

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

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

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

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

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

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

Financial Assets and Liabilities

a. Recognition

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

   "Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in

the profit or loss unless it qualifies for recognition as some other types of assets. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

b. Classification

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

As at June 30, 2017, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

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

This category includes cash in bank.

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

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

This category includes accrued and other liabilities and due to related parties.

c. Derecognition

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

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

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

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

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

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

d. Offsetting

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

e. Impairment of Financial Assets

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

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

Investment in a Subsidiary
The Company's investment in a subsidiary is accounted for under the equity method of accounting. Under the equity method, the investment in a subsidiary is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the Company's share in net income or loss of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

A subsidiary is an entity in which the Company has control. Specifically, the Company controls an investee if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Equity

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

Deficit. Deficit represents accumulated net loss of the Company.

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 share in other comprehensive income of a subsidiary.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest Income. Revenue is recognized as interest accrues using the effective interest method.

Expense Recognition
Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability, other than those relating to distributions to equity participants, has arisen that can be measured reliably. Expenses are recognized as incurred.

Income Tax

Current Tax. Current tax is the expected tax payable on the taxable income or loss for the year, using tax rate and tax laws enacted or substantively enacted as of the reporting date, and any adjustment to tax payable in the previous years.

Deferred tax. Deferred tax is recognized using the liability method on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of 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 tax losses can be utilized. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

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

Current tax and deferred tax are recognized in the profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity.

Deferred tax assets and deferred tax 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 Balances
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Provisions
Provisions, if any, are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

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

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

3. Significant Judgment, Accounting Estimate and Assumption

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

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

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

Accounting Estimate and Assumption
The key assumption concerning the future and other key source of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is described below.

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

The Company's unrecognized deferred tax assets amounted to ₱0.1 million as at June 30, 2017 (see Note 6). Management assessed that it is not probable that the Company will have sufficient future taxable profits against which the NOLCO can be utilized before its expiration.

4. Investment in a Subsidiary

On May 22, 2017, the Company subscribed to 20,000,000 shares of BGRC at ₱1 per share and paid ₱6.2 million with unpaid subscription of ₱13.8 million.

On June 16, 2017, the Company acquired 20,000,000 shares from other stockholders for a total consideration of ₱18.7 million. On the same date, BGRC became a wholly-owned subsidiary of the Company.

Movements in this account are as follows:

	June 30, 2017
Acquisition cost	₱24,999,991
Accumulated share in net earnings of a subsidiary:	
Balance at beginning of the period	–
Share in net loss	(798,981)
Share in other comprehensive income	434,185,710
	433,386,729
Balance at end of year	₱458,386,720

Share in other comprehensive income pertains to the share in revaluation surplus on deferred exploration costs of BGRC.

The summarized financial information of BGRC is as follows:

	June 30, 2017
Total assets	₱694,888,462
Total liabilities	294,758,747
Net loss	(4,793,887)
Other comprehensive income	434,185,710

5. Related Party Transaction

In the normal course of business, the Company has the following related party transactions:

Related Parties	Nature of Transaction	June 30, 2017 Transaction Amount	June 30, 2017 Outstanding Balance
Under common management			
Marcventures Mining and Development Corporation (MMDC)	Advances for working capital	₱288,267	₱288,267
Subsidiary			
BGRC	Advances for working capital	202,510	202,510
			₱490,777

Outstanding balances at year end are unsecured, noninterest-bearing and payable on demand.

Compensation of Key Management Personnel

There is no key management compensation during the period. The Company's administrative and accounting functions are being handled by MMDC at no cost to the Company.

6. Income Taxes

There is no provision for income tax since the Company is in a tax loss position.

The Company will be subject to minimum corporate income tax after the fourth taxable year following the commencement of its operations.

The reconciliation of provision for income tax computed at the applicable statutory tax rate to provision for income tax shown in the statement of comprehensive income is as follows:

Loss computed at statutory tax rate	(₱365,524)
Unrecognized deferred tax asset	107,436
Add (deduct) tax effects of:	
Share in net loss of a subsidiary	239,694
Nondeductible expenses	18,523
Interest income subjected to final tax	(129)
	₱–

Deferred tax asset on NOLCO amounting to ₱0.1 million has not been recognized because the management assessed that it is not probable that the Company will have sufficient future taxable profits against which the NOLCO can be utilized before its expiration.

As at June 30, 2017, NOLCO amounting to ₱0.4 million can be claimed as deduction from future taxable income until 2020.

7. Financial Risk Management Objectives and Policies

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of normal business processes such as strategic planning and business planning.

Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash in bank and due to related parties. The primary purpose of these financial instruments is to finance the Company's operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk. Credit risk arising from the inability of counterparty to meet the terms of the Company's financial instrument is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligation of the Company. With respect to credit risk arising from the financial assets of the Company, which comprise cash in bank, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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

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

Fair Value of Financial Assets and Financial Liability

Due to the short-term nature of transactions, the carrying amounts of the financial asset and liability approximate fair values at reporting period. The fair values have been categorized as Level 3 (significant unobservable inputs).

Capital Management

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

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

Citibank Tower
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Makati City 1226 Philippines
Phone : +632 982 9100
Fax : +632 982 9111
Website : www.reyestacandong.com

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

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

We have audited the accompanying financial statements of BrightGreen Resources Holdings Inc. (a subsidiary of RYM Business Management Corp.) (the Company) as at and for the period January 11 to June 30, 2017, on which we have rendered our report dated July 28, 2017.

In compliance with Securities Regulations Code Rule No. 68, as amended, we are stating that the Company has three (3) stockholders owning one hundred (100) or more shares.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1022-AR-2 Group A
Valid until March 15, 2020
BIR Accreditation No. 08-005144-4-2017
Valid until January 13, 2020
PTR No. 5908526
Issued January 3, 2017, Makati City

July 28, 2017
Makati City, Metro Manila

Marcventures Holdings, Inc. and Subsidiary

Consolidated Financial Statements
December 31, 2016, 2015 and 2014

With independent auditor's report provided by

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

C O V E R S H E E T

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	2	9	4	2

C O M P A N Y N A M E

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

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

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

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

C O M P A N Y I N F O R M A T I O N

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,170	May 27	December 31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON'S ADDRESS

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

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

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

MARCVENTURES

March 31, 2017

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Marcventures Holdings, Inc.** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended **December 31, 2016 and 2015**, in accordance with the prescribed financial reporting framework indicated therein, 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 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 to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended **December 31, 2016 and 2015**, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

CESAR C. ZALAMEA
Chairman of the Board

ISIDRO C. ALCANTARA JR.
President

ROLANDO S. SANTOS
SVP-Finance

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

RIAN CEASAR P. SOLIMAN
• CERTIFIED PUBLIC ACCOUNTANT •

Practitioner's Compilation Report

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

I have compiled the accompanying consolidated financial statements of Marcventures Holdings, Inc. and Subsidiary (or the Group) based on information you have provided. These consolidated financial statements comprise the consolidated statements of financial position of the Group as at December 31, 2016, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS). I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These consolidated financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to us to compile these consolidated financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these consolidated financial statements are prepared in accordance with PFRS.

Rian Soliman

RIAN CEASAR P. SOLIMAN
CPA Certificate No. 0141071
BOA A.N.: 5925
Valid Until December 31, 2017
BIR Accreditation No.: 06-006384-001-2016
Valid Until March 7, 2019
TIN No. 309-973-133-000
PTR No. 6016643 issued January 10, 2017
City of Manila

March 31, 2017

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Marcventures Holdings, Inc. and Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, 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, 2016, 2015 and 2014, and notes to financial statements, including summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2016, 2015 and 2014 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 *Auditor's 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 audits 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.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which discusses that on February 13 2017, Marcventures Mining and Development Corporation, the Subsidiary, received an order dated February 8, 2017 from the Department of Environment and Natural Resources cancelling the Subsidiary's Mineral Production Sharing Agreement No. 016-93-X (SMR). The management and its legal counsel believe that the order has no basis and the outcome of legal actions taken will not have a material adverse effect on the subsidiary's operations. Further disclosures are discussed in Note 25 to the financial statements.

Key Audit Matter

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.

Assessment of Mining Rights on Explored Resources and Mine and Mining Properties for Impairment

The Group carries significant amounts of mining rights on explored resources and mine and mining properties as at December 31, 2016 and 2015. Under PFRS, the Group is required to assess the carrying values of these assets if there is any indicator of impairment. The assessment is significant to our audit because the assessment process requires significant judgments, assumptions and estimates .

We performed procedures by verifying the historical accuracy of management's estimates along with the latest estimate of recoverable reserves and evaluated whether a reasonably possible change in assumptions could cause the carrying amount to exceed the estimated recoverable amounts. Based on procedures performed, we considered management's key assumptions to be within a reasonable range.

Further disclosures are included in Note 3, *Significant Judgments, Accounting Estimates and Assumptions - Estimating Depletion Rate and Recoverable Reserves* and Note 9, *Mining Rights on Explored Resources and Mine and Mining Properties.*

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, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's 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.

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.

Auditor's 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 auditor's 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, they 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.

- 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 auditor's 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 auditor's 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 audit.

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.

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 auditor's 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 auditor's report is Belinda B. Fernando.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1022-AR-1 Group A
Valid until March 15, 2020
BIR Accreditation No. 08-005144-4-2017
Valid until January 13, 2020
PTR No. 5908526
Issued January 3, 2017, Makati City

March 31, 2017
Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2016	2015
ASSETS			
Current Assets			
Cash	4	₱164,574,543	₱190,206,924
Trade and other receivables	5	65,897,770	206,331,617
Inventories	6	133,329,632	35,717,894
Advances to related parties	20	125,391,740	72,511,953
Other current assets	7	90,043,062	75,609,021
Total Current Assets		579,236,747	580,377,409
Noncurrent Assets			
Property and equipment	8	391,403,309	515,351,252
Mining rights on explored resources	9	1,044,207,566	1,098,559,100
Mine and mining properties	9	959,875,897	831,818,187
Net deferred tax assets	23	12,427,520	15,857,627
Other noncurrent assets	10	398,189,200	384,904,627
Total Noncurrent Assets		2,806,103,492	2,846,490,793
		₱3,385,340,239	₱3,426,868,202
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	₱103,050,469	₱165,534,536
Current portion of loans payable	13	119,102,704	118,116,126
Income tax payable		31,998,383	19,199,421
Dividends payable	14	4,955,354	4,955,354
Advances from a related party	20	5,000,000	–
Total Current Liabilities		264,106,910	307,805,437
Noncurrent Liabilities			
Loans payable - net of current portion	13	55,213,782	74,316,486
Provision for mine rehabilitation and decommissioning	12	47,707,979	45,709,730
Retirement benefit liability	19	45,939,509	34,900,776
Total Noncurrent Liabilities		148,861,270	154,926,992
Equity			
Capital stock		1,821,358,599	1,821,358,599
Additional paid-in capital (APIC)		212,655,494	212,655,494
Retained earnings		916,160,463	911,018,681
Remeasurement gain on retirement benefit liability	19	22,197,503	19,102,999
Total Equity		2,972,372,059	2,964,135,773
		₱3,385,340,239	₱3,426,868,202

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2016**	2015	2014
REVENUE	15	**₱1,919,188,114**	₱2,330,484,178	₱2,526,963,186
COST OF SALES	16	**1,421,749,117**	2,065,758,686	1,404,921,526
GROSS INCOME		**497,438,997**	264,725,492	1,122,041,660
OPERATING EXPENSES	17	**452,607,187**	387,467,640	306,993,513
INCOME (LOSS) FROM OPERATIONS		**44,831,810**	(122,742,148)	815,048,147
INTEREST EXPENSE	13	**(12,121,343)**	(13,729,998)	(877,027)
INTEREST INCOME	4	**280,563**	377,478	1,013,040
OTHER INCOME - Net	18	**15,555,463**	29,072,181	23,196,098
INCOME (LOSS) BEFORE INCOME TAX		**48,546,493**	(107,022,487)	838,380,258
PROVISION FOR (BENEFIT FROM) INCOME TAX	23	**43,404,711**	12,032,265	(2,881,094)
NET INCOME (LOSS)		**5,141,782**	(119,054,752)	841,261,352
OTHER COMPREHENSIVE INCOME				
Not to be reclassified to profit or loss				
Remeasurement gain on retirement benefit liability - net of deferred income tax	19	**3,094,504**	4,202,857	14,900,142
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱8,236,286**	(₱114,851,895)	₱856,161,494
Basic and diluted earnings (loss) per share	24	**₱0.00**	(₱0.07)	₱0.46

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2016**	2015	2014
CAPITAL STOCK - ₱1 par value				
Authorized - 2,000,000,000 shares				
Issued and outstanding - 1,821,358,599		**₱1,821,358,599**	₱1,821,358,599	₱1,821,358,599
ADDITIONAL PAID-IN CAPITAL		**212,655,494**	212,655,494	212,655,494
RETAINED EARNINGS				
Balance at beginning of year		**911,018,681**	1,030,073,433	735,219,661
Net income (loss)		**5,141,782**	(119,054,752)	841,261,352
Dividends declared	14	**–**	–	(546,407,580)
Balance at end of year		**916,160,463**	911,018,681	1,030,073,433
OTHER COMPREHENSIVE INCOME				
Balance at beginning of year		**19,102,999**	14,900,142	–
Remeasurement gain on retirement benefit liability - net of deferred income tax	19	**3,094,504**	4,202,857	14,900,142
Balance at end of year		**22,197,503**	19,102,999	14,900,142
		₱2,972,372,059	₱2,964,135,773	₱3,078,987,668

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the Years Ended December 31		
	Note	**2016**	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**₱48,546,493**	(₱107,022,487)	₱838,380,258
Adjustments for:				
Depreciation	8	**144,442,593**	189,295,483	131,877,483
Depletion	9	**104,313,561**	104,050,406	44,140,938
Interest expense	13	**12,121,343**	13,729,998	877,027
Interest income	4	**(280,563)**	(377,478)	(1,013,040)
Loss on disposal of assets	8	**853,793**	685,172	–
Operating income before working capital changes		**309,997,220**	200,361,094	1,014,262,666
Decrease (increase) in:				
Trade and other receivables		**140,433,847**	(192,770,808)	(4,811,436)
Inventories	16	**(97,611,738)**	134,656,725	(89,393,499)
Advances to related parties		**(52,879,787)**	(11,526,437)	(60,317,876)
Other current assets		**(16,234,041)**	(23,572,623)	(13,650,963)
Increase (decrease) in:				
Trade and other payables		**(62,438,753)**	(44,715,235)	85,365,115
Advances from a related party		**5,000,000**	–	–
Retirement benefit liability		**15,459,453**	13,599,920	19,375,901
Net cash generated from operations		**241,726,201**	76,032,636	950,829,908
Income tax paid		**(26,701,858)**	(1,701,000)	(2,500,000)
Interest received		**280,563**	377,478	1,013,040
Net cash provided by operating activities		**215,304,906**	74,709,114	949,342,948
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Mine and mining properties	9	**(168,304,994)**	(346,729)	(132,797,750)
Property and equipment	8	**(31,063,186)**	(203,916,606)	(297,839,996)
Other noncurrent assets		**(13,284,573)**	(125,001,676)	(13,457,734)
Proceeds from disposal of assets		**–**	1,302,778	–
Net cash used in investing activities		**(212,652,753)**	(327,962,233)	(444,095,480)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		**–**	(250,854,017)	(293,042,070)
Availment of loans		**–**	200,000,000	99,958,754
Payments of:				
Loans		**(18,116,126)**	(108,233,788)	(639,993)
Interest		**(10,168,408)**	(11,586,498)	(877,027)
Net cash used in financing activities		**(28,284,534)**	(170,674,303)	(194,600,336)
NET INCREASE (DECREASE) IN CASH		**(25,632,381)**	(423,927,422)	310,647,132
CASH AT BEGINNING OF YEAR		**190,206,924**	614,134,346	303,487,214
CASH AT END OF YEAR		**₱164,574,543**	₱190,206,924	₱614,134,346
NONCASH FINANCIAL INFORMATION				
Reclassification from construction-in-progress to mine and mining properties	8	**₱–**	₱8,521,769	₱7,468,240

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

General Information

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

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

The Parent Company's shares of stock were initially listed in the Philippine Stock Exchange, Inc. (PSE) on January 10, 1958. As at December 31, 2016 and 2015, 1,821,358,599 shares of the Parent Company's shares of stock are listed in the PSE.

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

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

The consolidated financial statements as at December 31, 2016 and 2015, and for the years ended December 31, 2016, 2015 and 2014 were approved and authorized for issue by the Board of Directors on March 31, 2017.

Mining Operations

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

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

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

On September 17, 2015, MMDC was granted by the DENR an increase to its allowable Annual Nickel Ore Production from 3.0 million wet metric tons (WMT) to 5.0 million WMT.

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.

On February 13, 2017, MMDC received an order dated February 8, 2017 from the DENR cancelling its MPSA. The management and its legal counsel believe that the order has no basis and the outcome of legal actions taken will not have a material adverse effect on the Company's operations (see Note 25). Accordingly, the management has assessed that the Company will continue as a going concern.

Registration with Board of Investment (BOI)

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

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

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

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

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 transaction date.

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

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

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

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

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

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

Further disclosures are included in Note 26, Financial Risk Management Objectives and Policies.

Adoption of New and Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2016:

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

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

- Amendment to PAS 19, *Employee Benefits - Discount Rate: Regional Market Issue* – The amendment clarifies that in determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. Thus, the assessment of whether there is a deep market in high quality corporate bonds is based on corporate bonds in that currency (not corporate bonds in a particular country), and in the absence of a deep market in high quality corporate bonds in that currency, government bond in the relevant currency should be used.

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

New and Amended PFRS Not Yet Adopted
Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2016 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2017

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

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

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

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

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

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

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

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

Effective for annual periods beginning on or after January 1, 2019

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

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

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiary, MMDC, as at December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014.

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

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

Financial Assets and Liabilities

a. Recognition

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

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

b. Classification

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

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

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

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

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

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

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

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

c. Derecognition

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

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

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

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

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

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

d. Offsetting

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

e. Impairment of Financial Assets

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

Inventories

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

Other Current Assets

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

Prepayments. Prepayments 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. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise these are classified as noncurrent assets.

Mining and office supplies. 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.

Advances to contractors and suppliers. Advances to contractors and suppliers represent advance payments on goods or services to be purchased in connection with the mining operation. These are reclassfied to proper asset account in the consolidated statements of financial position or charged as an expense in the consolidated statements of comprehensive income 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.

Property and Equipment

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

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

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

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

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

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

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

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 on Explored Resources

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

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

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

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

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

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

Employee Benefits

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

Retirement Benefits. The Company has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits 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 Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest cost in profit or loss. Net interest cost is calculated by applying the discount rate to the retirement benefit liability.

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

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

The retirement benefit liability is the aggregate of the present value of the 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.

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

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

Equity

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

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

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

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 remasurement gain or loss on retirement benefit liability.

Revenue Recognition
Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is recognized as follows:

Sale of Ore. Sale of ore is recognized upon delivery of goods to and acceptance by customers.

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

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

Other Income. Income from other sources is recognized when earned.

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

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

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

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

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

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

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

d. there is a substantial change to the asset.

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Provisions for Mine Rehabilitation and Decommissioning. The Company recognizes provisions when there is partial fulfillment of obligation to restore operating locations at the end of the reporting period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste site and restoration, reclamation and 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 Company 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 attributable to the ordinary stockholders of the Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares.

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

Events After the Reporting Date

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

Segment Reporting

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

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3. Significant Judgments, Accounting Estimates and Assumptions

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

Judgments

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

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

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

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

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

Determination of Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance. The Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

Management has assessed that the Company has only one operating segment.

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

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

Provision for mine site rehabilitation and decommissioning amounted ₱47.7 million and ₱45.7 million as at December 31, 2016 and 2015, respectively (see Note 12).

<u>Accounting Estimates and Assumptions</u>

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

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

Allowance for receivable impairment amounted to ₱11.0 million as at December 31, 2016 and 2015 (see Note 5).

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

	Note	**2016**	2015
Trade and other receivables	5	**₱65,897,770**	₱206,331,617
Advances to related parties	20	**125,391,740**	72,511,953

Estimating Net Realizable Value (NRV) of Inventories. The Company 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.

The carrying amount of inventories, which is measured at lower of cost and NRV, amounted to ₱133.3 million and ₱35.7 million as at December 31, 2016 and 2015, respectively (see Note 6).

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

The carrying amount of input VAT, which is included as part of "Other noncurrent assets" account in the consolidated statements of financial position, amounted to ₱283.5 million and ₱266.6 million as at December 31, 2016 and 2015, respectively (see Note 10).

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

There were no changes in estimated useful lives of property and equipment in 2016 and 2015. Property and equipment, net of accumulated depreciation, amounted to ₱391.4 million and ₱515.4 million as at December 31, 2016 and 2015, respectively (see Note 8).

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

	Note	**2016**	2015
Mining rights on explored resources	9	**₱1,044,207,566**	₱1,098,559,100
Mine and mining properties	9	**959,875,897**	831,818,187

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

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

No impairment loss was recognized in 2016, 2015 and 2014.

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

	Note	**2016**	2015
Property and equipment	8	**₱391,403,309**	₱515,351,252
Mining rights on explored resources	9	**1,044,207,566**	1,098,559,100
Mine and mining properties	9	**959,875,897**	831,818,187
Other noncurrent assets (excluding financial assets and input VAT)	10	**108,736,546**	112,342,955

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

Provision for mine site rehabilitation and decommissioning amounted ₱47.7 million and ₱45.7 million as at December 31, 2016 and 2015, respectively (see Note 12).

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

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

Mine rehabilitation asset, recognized under the mine and mining properties, amounted to ₱38.0 million and ₱40.0 million as at December 31, 2016 and 2015, respectively (see Note 9).

Provision for mine rehabilitation and decommissioning amounted ₱47.7 million and ₱45.7 million as at December 31, 2016 and 2015, respectively (see Note 12).

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

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

Retirement benefit liability amounted to ₱45.9 million and ₱34.9 million as at December 31, 2016 and 2015, respectively (see Note 19).

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

The Company's recognized deferred tax assets amounted to ₱14.0 million and ₱21.5 million as at December 31, 2016 and 2015, respectively (see Note 23).

Deferred tax assets were not recognized on NOLCO, MCIT and retirement benefit liability as at December 31, 2016 and 2015 because the management believes that there will be no sufficient future taxable profits against which the deferred tax asset can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱16.4 million and ₱31.0 million as at December 31, 2016 and 2015, respectively (see Note 23).

4. **Cash**

This account consists of:

	2016	2015
Cash on hand	**₱259,726**	₱150,951
Cash in banks	**164,314,817**	190,055,973
	₱164,574,543	₱190,206,924

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

	Note	**2016**	2015	2014
Cash in banks		**₱236,242**	₱333,664	₱976,460
Other noncurrent assets	10	**44,321**	43,814	36,580
		₱280,563	₱377,478	₱1,013,040

5. **Trade and Other Receivables**

This account consists of:

	2016	2015
Trade receivables	**₱39,773,558**	₱184,280,933
Advances to officers and employees	**24,377,320**	18,818,508
Others	**12,783,419**	14,268,703
	76,934,297	217,368,144
Allowance for impairment	**(11,036,527)**	(11,036,527)
	₱65,897,770	₱206,331,617

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

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

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

No provision for impairment loss was recognized in 2016, 2015 and 2014.

6. **Inventories**

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

	2016	2015
Cost	**₱133,329,632**	₱71,365,112
NRV	**199,791,825**	35,717,894
Lower of cost or NRV	**₱133,329,632**	₱35,717,894

In 2016, the Company recognized the reversal of inventory write-down incurred in 2015 amounting to ₱35.6 million which are presented as part of “Net movement in inventories” account under “Cost of sales” in the statements of comprehensive income (see Note 16).

7. Other Current Assets

This account consists of:

	2016	2015
Prepaid income tax	**₱38,349,000**	₱27,299,000
Mining and office supplies	**32,438,783**	34,452,989
Prepaid expenses	**8,714,578**	4,269,301
Advances to contractors and suppliers	**4,999,993**	7,884,524
Others	**5,540,708**	1,703,207
	₱90,043,062	₱75,609,021

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

Prepaid expenses pertain to insurance and rent.

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 future billings.

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

8. Property and Equipment

Movements in this account are as follows:

	2016					
	Land	Building and Improvements	Office Equipment and Furniture and Fixtures	Heavy and Transportation Equipment	Construction-in-progress	Total
Cost						
Balance at beginning of year	₱57,217,484	₱132,049,286	₱64,037,464	₱829,301,223	₱6,636,103	₱1,089,241,560
Additions	715,930	1,068,200	18,110,796	3,672,872	7,495,388	31,063,186
Disposal	–	–	–	(4,129,464)	–	(4,129,464)
Reclassification	–	2,383,824	–	–	(2,383,824)	–
Balance at end of year	57,933,414	135,501,310	82,148,260	828,844,631	11,747,667	1,116,175,282
Accumulated Depreciation						
Balance at beginning of year	–	27,586,965	39,939,991	506,363,352	–	573,890,308
Depreciation	–	12,493,033	14,226,007	127,438,296	–	154,157,336
Disposal	–	–	–	(3,275,671)	–	(3,275,671)
Balance at end of year	–	40,079,998	54,165,998	630,525,977	–	724,771,973
Net Carrying Amount	₱57,933,414	₱95,421,312	₱27,982,262	₱198,318,654	₱11,747,667	₱391,403,309

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

Construction-in-progress pertains to on-going mine developments which is expected to be completed in 2017 for an additional cost of ₱3.0 million. Reclassifications to mine and mining properties in 2015 mainly pertain to mine development costs in Cabangahan and Pili area (see Note 9).

Heavy and transportation equipment with carrying value of ₱92.4 million and ₱121.0 million as at December 31, 2016 and 2015, respectively, are held as collaterals for loans payable (see Note 13).

In 2016 and 2015, the Company disposed transportation equipment with a carrying value of ₱0.9 million and ₱5.3 million resulting to loss of ₱0.9 million and ₱0.7 million (see Note 18).

Depreciation is allocated to profit or loss as follows:

	Note	**2016**	2015	2014
Charged to:				
Cost of sales	16	**₱92,267,699**	₱146,539,445	₱113,861,206
Operating expenses	17	**52,174,894**	42,756,038	18,016,277
		144,442,593	189,295,483	131,877,483
Capitalized to mine development costs	9	**9,714,743**	–	–
		₱154,157,336	₱189,295,483	₱131,877,483

Fully depreciated property and equipment with cost of ₱32.7 million and ₱26.4 million as at December 31, 2016 and 2015, respectively, are still being used by the Company and retained in the accounts.

9. **Mining Rights on Explored Resources and Mine and Mining Properties**

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

	2016				
		Mine and Mining Properties			
	Mining Rights on Explored Resources	**Mine Development Costs**	**Mine Rehabilitation Asset**	**Total**	**Total**
Cost					
Balance at beginning of year	**₱1,294,766,157**	**₱932,174,993**	**₱42,170,134**	**₱974,345,127**	**₱2,269,111,284**
Additions	**–**	**178,019,737**	**–**	**178,019,737**	**178,019,737**
Balance at end of year	**1,294,766,157**	**1,110,194,730**	**42,170,134**	**1,152,364,864**	**2,447,131,021**
Accumulated Depletion					
Balance at beginning of year	**196,207,057**	**140,370,156**	**2,156,784**	**142,526,940**	**338,733,997**
Depletion	**54,351,534**	**47,982,355**	**1,979,672**	**49,962,027**	**104,313,561**
Balance at end of year	**250,558,591**	**188,352,511**	**4,136,456**	**192,488,967**	**443,047,558**
Net Carrying Amount	**₱1,044,207,566**	**₱921,842,219**	**₱38,033,678**	**₱959,875,897**	**₱2,004,083,463**

	2015				
		Mine and Mining Properties			
	Mining Rights on Explored Resources	Mine Development Costs	Mine Rehabilitation Asset	Total	Total
Cost					
Balance at beginning of year	₱1,294,766,157	₱923,306,495	₱42,170,134	₱965,476,629	₱2,260,242,786
Additions	–	346,729	–	346,729	346,729
Reclassifications	–	8,521,769	–	8,521,769	8,521,769
Balance at end of year	1,294,766,157	932,174,993	42,170,134	974,345,127	2,269,111,284
Accumulated Depletion					
Balance at beginning of year	136,992,974	97,690,617	–	97,690,617	234,683,591
Depletion	59,214,083	42,679,539	2,156,784	44,836,323	104,050,406
Balance at end of year	196,207,057	140,370,156	2,156,784	142,526,940	338,733,997
Net Carrying Amount	₱1,098,559,100	₱791,804,837	₱40,013,350	₱831,818,187	₱1,930,377,287

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

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

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

In 2016, additions include depreciation of matting equipment amounting to ₱9.7 million (see Note 8).

10. Other Noncurrent Assets

This account consists of:

	Note	2016	2015
Input VAT		**₱283,517,108**	₱266,592,646
Advances to contractor		**107,238,890**	111,925,000
RCF		**5,381,089**	5,337,605
MTF		**163,299**	162,462
Rental deposit	21	**391,158**	468,959
Others		**1,497,656**	417,955
		₱398,189,200	₱384,904,627

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

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

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

Interest income from RCF and MTF amounted to ₱44,321, ₱43,814 and ₱36,580 in 2016, 2015 and 2014 respectively (see Note 4).

11. Trade and Other Payables

This account consists of:

	Note	2016	2015
Trade payables		**₱64,157,349**	₱121,099,163
Accrued expenses:			
Excise tax and other statutory payables		**35,056,523**	35,320,445
Interest payable	13	**186,590**	231,904
Salaries and wages		**4,493**	44,467
Other accrued expenses		**2,854,168**	8,757,636
Others		**791,346**	80,921
		₱103,050,469	₱165,534,536

Trade payables primarily consist of liabilities arising from transactions with contractors and suppliers related to the normal course of business. These are noninterest and interest-bearing at 12% interest rate and are generally on a 90-day credit term.

Interest expense related to trade payable amounted to nil, ₱0.2 million and ₱0.6 million in 2016, 2015 and 2014, respectively (see Note 13).

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

Others pertain to advances from a former related party.

12. Provision for Mine Rehabilitation and Decommissioning

The movements in this account are as follows:

	Note	2016	2015
Balance at beginning of year		**₱45,709,730**	₱43,798,134
Accretion of interest	13	**1,998,249**	1,911,596
		₱47,707,979	₱45,709,730

A provision is recognized for the estimated rehabilitation costs of the Company's mine site upon termination of the Company's ore extraction activities, which is about 13 years. The provision is calculated by the Company's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 4.53% as the effective interest rate in 2016 and 2015.

13. Loans Payable

This account consists of:

	2016	2015
Short-term loan	**₱100,000,000**	₱100,000,000
Long-term loans	**74,316,486**	92,432,612
	174,316,486	192,432,612
Less current portion	**119,102,704**	118,116,126
	₱55,213,782	₱74,316,486

Short-term Loan
MMDC obtained a short-term loan from a local bank to finance working capital requirements. The short-term loan bears interest rates ranging from 5.00% to 5.50% to be repriced every month in 2016 and 2015 and has maturity of not more than one year.

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

Long-term Loans
On July 15, 2015, the Company obtained a five (5) year promissory note of ₱100.0 million from a financing company. The note which is covered by a chattel mortgage on transportation equipment, bear an annual interest rate at 6% and is maturing on July 15, 2020. The proceeds were used for working capital purposes.

The carrying amount of transportation equipment held as collateral amounted to ₱92.4 million and ₱121.0 million as at December 31, 2016 and 2015, respectively (see Note 8).

In 2013, the Company obtained a three (3) year loan from a local bank amounting to ₱1.5 million to meet working capital requirements. The loan which bears an annual interest rate at 11.81% is secured by heavy and transportation equipment. The loan was fully settled in 2016.

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

	Note	**2016**	2015	2014
Loans payable		**₱10,123,094**	₱11,660,627	₱320,255
Provision for mine rehabilitation	12	**1,998,249**	1,911,596	–
Trade payable	11	**–**	157,775	556,772
		₱12,121,343	₱13,729,998	₱877,027

Interest payable amounted to ₱0.2 million as at December 31, 2016 and 2015.

14. **Retained Earnings**

Cash dividends declared by the Company are as follows:

Date Approved	Per Share	Total Amount	Stockholders of Record Date	Payment Date
November 14, 2014	₱0.15	₱273,203,790	December 19, 2014	On or after January 16, 2015
September 19, 2014	0.15	273,203,790	October 1, 2014	October 22, 2014

Dividends payable amounted to ₱5.0 million as at December 31, 2016 and 2015.

15. **Revenue**

This account consists of:

	2016	2015	2014
Sale of ore	**₱1,819,748,114**	₱2,198,716,173	₱2,415,263,186
Reservation fee for ore allocation	**99,440,000**	131,768,005	111,700,000
	₱1,919,188,114	₱2,330,484,178	₱2,526,963,186

16. **Cost of Sales**

This account consists of:

	Note	**2016**	2015	2014
Contractual services		**₱868,374,361**	₱1,194,755,300	₱837,267,603
Production overhead		**182,434,748**	185,108,158	213,707,059
Personnel costs		**137,924,319**	₱209,212,344	₱170,985,668
Depletion	9	**104,313,561**	104,050,406	44,140,938
Demurrage costs		**94,385,355**	52,682,180	66,047,287
Depreciation	8	**92,267,699**	146,539,445	113,861,206
Excise tax		**39,660,812**	38,754,128	48,305,264
		1,519,360,855	1,931,101,961	1,494,315,025
Net movement in inventories		**(97,611,738)**	134,656,725	(89,393,499)
		₱1,421,749,117	₱2,065,758,686	₱1,404,921,526

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

Under Section 80 of the Republic Act No. 7942, *The Mining Act of 1995*, government share in an MPSA shall be an excise tax of 2.0% on gross output on mineral products.

17. **Operating Expenses**

This account consists of:

	Note	**2016**	2015	2014
Salaries and allowances		**₱111,752,671**	₱113,260,555	₱107,342,308
Depreciation	8	**52,174,894**	42,756,038	18,016,277
Taxes and licenses		**38,322,335**	18,826,285	11,033,998
Professional fees		**37,009,784**	48,952,781	31,982,689
Environmental expenses		**34,238,744**	11,415,097	3,536,235
Social development program		**29,700,421**	26,746,937	19,831,654
Outside services		**19,969,239**	6,258,272	4,043,996
Royalties	22	**19,107,355**	23,086,520	25,360,264
Freight and shipping		**15,582,608**	20,034,408	12,619,434
Retirement benefit expense	19	**15,459,453**	13,599,920	19,375,901
Transportation and travel		**14,787,932**	7,635,571	291,162
Community relations		**21,603,210**	17,864,896	17,801,352
Communication, light and water		**4,924,130**	6,833,794	4,992,049
Rental	21	**4,339,188**	859,495	2,483,664
Repairs and maintenance		**4,041,641**	3,265,362	519,926
Representation		**3,366,159**	3,402,641	6,865,219
Office supplies		**3,053,021**	4,763,040	4,558,078
Dues and subscriptions		**2,589,491**	2,234,532	2,646,254
Advertisement		**89,605**	1,284,313	6,573,943
Others		**20,495,306**	14,387,183	7,119,110
		₱452,607,187	₱387,467,640	₱306,993,513

18. **Other Income** - Net

This account consists of:

	Note	**2016**	2015	2014
Foreign exchange gain		**₱11,687,034**	₱29,526,583	₱22,874,060
Service income	20	**5,000,000**	–	–
Loss on disposal of assets	8	**(853,793)**	(685,172)	–
Others		**(277,778)**	230,770	322,038
		₱15,555,463	₱29,072,181	₱23,196,098

19. **Retirement Benefit Liability**

The Company has an unfunded, noncontributory defined benefit plan covering all its regular full-time employees. An independent actuary conducted a valuation of the retirement benefit obligation using the projected unit credit method. The latest actuarial valuation was dated January 27, 2017.

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

	2016	2015	2014
Current service cost	**₱13,732,263**	₱12,321,708	₱17,917,358
Net interest cost	**1,727,190**	1,278,212	1,458,543
	₱15,459,453	₱13,599,920	₱19,375,901

The retirement benefit liability recognized in the consolidated statements of financial position as at December 31, 2016 and 2015 and changes in the present value of defined benefit obligation are as follows:

	2016	2015
Balance at beginning of year	**₱34,900,776**	₱27,304,938
Current service cost	**13,732,263**	12,321,708
Net actuarial gain/losses	**(4,420,720)**	(6,004,082)
Net interest cost	**1,727,190**	1,278,212
Balance at end of year	**₱45,939,509**	₱34,900,776

The principal actuarial assumptions used to determine retirement benefit for 2016 and 2015 are as follows:

	2016	2015
Discount rates	**5.36%**	4.95%
Salary increase rates	**5.00%**	5.00%

Sensitivity analysis on defined benefit obligation as at December 31, 2016 is as follows:

	Change in basis points	Effect on defined benefit obligation
Discount rate	+100	(₱6,186,703)
	-100	7,740,140
Salary increase rate	+100	7,255,140
	-100	(5,951,228)

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

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

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

	2016		
	Accumulated Actuarial Gain	**Deferred Tax Liability**	**Net Actuarial Gain**
Balance at beginning of year	**₱27,289,999**	**(₱8,187,000)**	**₱19,102,999**
Actuarial gain	**4,420,720**	**(1,326,216)**	**3,094,504**
Balance at end of year	**₱31,710,719**	**(₱9,513,216)**	**₱22,197,503**

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

The expected future benefit payments follow:

Financial Year	Amount
2017	₱10,302,967
2018	490,082
2019	882,558
2020	1,228,190
2021	743,465
2022 and after	1,686,848,044

20. Related Party Transactions

Significant transactions with related parties include the following:

Related Parties under Common Management

Related Parties	Transaction Amounts 2016	2015	Outstanding Balances 2016	2015	Nature and Terms
Advances to related parties	**₱52,879,787**	₱16,559,934	**₱125,391,740**	₱72,511,953	Working fund; unsecured; noninterest-bearing; payable on demand
Advances from a related party	**₱5,000,000**	–	**₱5,000,000**	–	Working fund; unsecured; noninterest-bearing; payable on demand

As at December 31, 2016 and 2015, the Company has not provided any allowance for impairment losses for amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

Compensation of Key Management Personnel

Compensation of key management personnel consists of benefits amounting to ₱104.1 million, ₱109.0 million, and ₱108.1 million in 2016, 2015 and 2014, respectively.

21. Lease Commitments

The Company leases an office space for its operations. The lease is for a period of five (5) years and renewable in 2015 for another two (2) years. Rental deposit amounted to ₱0.4 million and ₱0.5 million as at December 31, 2016 and 2015 (see Note 10).

Rental expense charged to operations amounted to ₱4.3 million, ₱0.9 million and ₱2.5 million in 2016, 2015 and 2014 (see Note 17).

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

	2016	2015
Within 1 year	**₱100,000**	₱300,000
More than 1 year but within 5 years	**–**	100,000
	₱100,000	₱400,000

22. Royalty Agreement

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

Royalty payable presented under "Excise tax and other statutory payables" amounted to ₱1.0 million and ₱0.3 million in 2016 and 2015, respectively. Royalty expense amounted to ₱19.1 million, ₱23.1 million and ₱25.4 million in 2016, 2015 and 2014, respectively (see Note 17).

23. **Income Taxes**

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

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

	2016	2015	2014
Current	**₱41,300,820**	₱20,900,421	₱2,500,000
Deferred	**2,103,891**	(8,868,156)	(5,381,094)
	₱43,404,711	₱12,032,265	(₱2,881,094)

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

	2016	2015	2014
Income (loss) at statutory rate	**₱14,563,948**	(₱32,106,746)	₱251,514,077
Changes in unrecognized deferred tax assets	**(14,645,172)**	7,603,579	7,356,515
Add (deduct) income tax effects of:			
Nondeductible expenses	**32,742,053**	33,679,570	125,364
Expired NOLCO	**10,828,051**	2,969,106	–
Interest income subjected to final tax	**(84,169)**	(113,244)	(303,912)
Income covered by ITH	**–**	–	(261,573,138)
	₱43,404,711	₱12,032,265	(₱2,881,094)

The Company’s net deferred tax assets arising from temporary differences as at December 31, 2016 and 2015 are summarized as follows:

	2016	2015
Deferred tax assets:		
Retirement benefit liability	**₱11,449,777**	₱8,915,997
Allowance for impairment losses on:		
Inventories	**–**	10,694,165
Trade and other receivables	**1,341,890**	1,341,890
Provision for mine rehabilitation	**1,172,954**	573,479
	13,964,621	21,525,531
Deferred tax liability on unrealized foreign exchange gain	**1,537,101**	5,667,904
	₱12,427,520	₱15,857,627

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

	2016	2015
NOLCO	**₱8,060,125**	₱25,283,137
MCIT	**6,001,000**	4,201,000
Retirement benefit liability	**2,332,075**	1,554,235
	₱16,393,200	₱31,038,372

Details of NOLCO of the Parent Company are as follows:

Year incurred	Expiry date	Amount	Applied	Expired	Balance
2016	2019	₱–	₱–	₱–	₱–
2015	2018	26,867,083	–	–	26,867,083
2013	2016	57,410,040	(21,316,538)	(36,093,502)	–
		₱84,277,123	(₱21,316,538)	(₱36,093,502)	₱26,867,083

Details of MCIT of the Parent Company are as follows:

Year incurred	Expiry date	Amount	Applied	Expired	Balance
2016	2019	₱1,800,000	₱–	₱–	₱1,800,000
2015	2018	1,701,000	–	–	1,701,000
2014	2017	2,500,000	–	–	2,500,000
		₱6,001,000	₱–	₱–	₱6,001,000

24. Earnings Per Share

Earnings per share are computed as follows:

	2016	2015	2014
Net income shown in the consolidated statements of comprehensive income (a)	**₱5,141,782**	(₱119,054,752)	₱841,261,352
Weighted average number of common shares adjusted for the effect of dilution (b)	**1,821,358,599**	1,821,358,599	1,821,358,599
Basic earnings (loss) per share (a/b)	**₱0.00**	(₱0.07)	₱0.46

25. Contingencies

On February 13, 2017, MMDC received an Order from the DENR cancelling its MPSA due to alleged impairment of the functions of the watershed caused by MMDC's operation, failure to comply with the penalty of planting three million seedlings and violation of environment-related laws and regulations.

The management and its legal counsel have assessed that the Order is without basis in fact and in law. Foremost, MMDC is engaged in clean and responsible mining. It has implemented all the necessary measures to ensure that it is environmentally compliant. While its operation is within a proclaimed watershed, Presidential Proclamation No. 1747 recognizes its prior legal right to mine in the area considering that its MPSA was approved in 1993 prior to the issuance of the said proclamation in 2009.

As to the alleged non-compliance to the planting of three million seedlings, MMDC was prevented from implementing the same due to previous inaction of the DENR. The Company submitted the program for the tree planting of three million seedlings as early as February 24, 2015. There were several communications between MMDC and the DENR/MGB regarding this matter. In a letter dated April 22, 2016, MMDC informed MGB that there is a strong objection from the Local Government Units (LGU) in the host communities of MMDC since they will not benefit from the Program as MGB directed MMDC to plant in different regions. Thereupon, MMDC suggested DENR/MGB to implement the program through its National Greening Project to be funded by MMDC. After several follow-ups, on December 21, 2016, MMDC received a letter from Secretary Lopez dated December 1, 2016 finally directing MMDC to plant the three million seedlings in its host communities. MMDC immediately coordinated with the Regional Director of DENR. Hence, an inventory of seedlings available in the area was then made. Based on the report of DENR Region XIII, a total of 1,513,928 seedlings are available in the area. To ensure immediate and proper implementation of the tree planting activity, MMDC entered into a Memorandum of Agreement with the mayors of the municipalities in its host communities on February 9, 2017. This action demonstrates MMDC's readiness and willingness to implement program. Thus, no fault can be attributed to MMDC with regard to the implementation of the three million seedlings.

With regard to alleged violations of environmental laws and regulations, the DENR failed to specify the facts and the provisions of law which MMDC allegedly violated.

It bears to note that the Technical Committee Report on MMDC shows only a recommendation for fine and suspension. Thus, the management strongly believes that the cancellation of MMDC's MPSA is unwarranted and should be overturned.

Thus, on February 17, 2017, MMDC filed a Notice of Appeal to the Office of the President. Subsequently, on March 17, 2017, MMDC filed its Appeal Memorandum.

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26. Financial Risk Management Objectives and Policies

General

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

Financial Risk Management Objectives and Policies

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

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

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

The following table shows the Company's US dollar-denominated monetary financial assets and liabilities and their Philippine Peso equivalent as at December 31, 2016 and 2015:

	2016		2015	
	Philippine Peso	**US Dollar**	Philippine Peso	US Dollar
Current financial assets:				
Cash in banks	**₱101,059,394**	**$2,032,570**	₱6,696,826	$142,304
Trade receivables	**39,773,558**	**799,951**	182,395,147	3,875,800
	140,832,952	**2,832,521**	189,091,973	4,018,104
Current financial liabilities:				
Trade payables	**–**	**–**	39,104,117	830,942
Net financial assets	**₱140,832,952**	**$2,832,521**	₱149,987,856	$3,187,162

For purposes of restating the outstanding balances of the Company's foreign currency-denominated financial assets and liabilities as at December 31, 2016 and 2015, the exchange rate applied was ₱49.72 and ₱47.06 per US$1, respectively.

The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's income before tax for the years ended December 31, 2016 and 2015 (due to changes in the fair value of financial assets and liabilities). There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2016	**+2.66**	**₱7,534,506**
	-2.66	**(7,534,506)**
December 31, 2015	+0.94	2,995,932
	-0.94	(2,995,932)

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

The tables below show the credit quality per class of financial assets and an aging analysis of financial assets that are past due but not impaired as at December 31, 2016 and 2015.

Credit Quality per Class of Financial Assets

	December 31, 2016					
	Neither Past Due nor Impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in banks	**₱164,314,817**	**₱–**	**₱–**	**₱–**	**₱–**	**₱164,314,817**
Trade and other receivables*	**–**	**39,773,558**	**1,746,892**	**–**	**11,036,527**	**52,556,977**
Advances to related parties	**–**	**125,391,740**	**–**	**–**	**–**	**125,391,740**
RCF and MTF	**5,544,388**	**–**	**–**	**–**	**–**	**5,544,388**
Rental deposit	**–**	**391,158**	**–**	**–**	**–**	**391,158**
	₱169,859,205	**₱165,556,456**	**₱1,746,892**	**₱–**	**₱11,036,527**	**₱348,199,080**

**Excluding advances to officers and employees amounting to ₱24.4 million in 2016.*

	December 31, 2015					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱190,055,973	₱–	₱–	₱–	₱–	₱190,055,973
Trade and other receivables*	–	187,041,097	472,011	–	11,036,527	198,549,635
Advances to related parties	–	72,511,953	–	–	–	72,511,953
RCF and MTF	5,500,067	–	–	–	–	5,500,067
Rental deposit	–	468,959	–	–	–	468,959
	₱195,556,040	₱260,022,009	₱472,011	₱–	₱11,036,527	₱467,086,587

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

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

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

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

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

The Company's short-term loan is exposed to changes in market interest rates since the loans are subject to variable interest rates.

The table below set forth the estimated change in the Company's income before tax to a reasonably possible change in the market prices of loans payable brought about by reasonably possible change in interest rates as at December 31, 2016.

	Increase/Decrease in Interest Rate	Effect on Income before Tax
December 31, 2016	**+4.15%**	**₱184,947**
	-4.15%	**(184,947)**
December 31, 2015	+0.09%	1,029,162
	-0.09%	(1,029,162)

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

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2016 and 2015, based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.

	On Demand	Less than three months	Three to six months	Six to 12 months	More than one year	Total
December 31, 2016						
Trade and other payables*	**₱56,991,260**	**₱832,928**	**₱–**	**₱9,983,168**	**₱–**	**₱67,807,356**
Dividends payable	**–**	**–**	**–**	**4,955,354**	**–**	**4,955,354**
Loans payable**	**100,000,000**	**6,342,560**	**6,367,568**	**6,367,568**	**63,725,409**	**182,803,105**
Advances from a related party	**5,000,000**	**–**	**–**	**–**	**–**	**5,000,000**
	₱161,991,260	**₱7,175,488**	**₱6,367,568**	**₱21,306,090**	**₱63,725,409**	**₱260,565,815**
December 31, 2015						
Trade and other payables*	₱39,990,219	₱50,119,125	₱7,160,082	₱25,249,012	₱7,463,749	₱129,982,187
Dividends payable	–	4,955,354	–	–	–	4,955,354
Loans payable**	100,000,000	4,453,356	4,514,056	9,148,714	87,875,700	205,991,826
	₱139,990,219	₱59,527,835	₱11,674,138	₱34,397,726	₱95,339,449	₱340,929,367

**Excluding statutory payables and interest payable aggregating ₱35.2 million and ₱35.6 million in 2016 and 2015, respectively.*
***Including interest payable to maturity amounting to ₱8.5 million and ₱13.6 million as at December 31, 2016 and 2015 .*

<u>Fair Value of Financial Assets and Financial Liabilities</u>

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

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

	2016		2015	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Cash in banks	**₱164,314,817**	**₱164,314,817**	₱190,055,973	₱190,055,973
Trade and other receivables*	**41,520,450**	**41,520,450**	187,513,108	187,513,108
Advances to related parties	**125,391,740**	**125,391,740**	72,511,953	72,511,953
RCF and MTF	**5,544,388**	**5,544,388**	5,500,067	5,500,067
Rental deposit	**391,158**	**391,158**	468,959	468,959
	₱337,162,553	**₱337,162,553**	₱456,050,060	₱456,050,060

**Excluding advances to officers and employees amounting to ₱24.4 million and ₱18.8 million in 2016 and 2015, respectively.*

	2016		2015	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Trade and other payables*	**₱67,807,356**	**₱67,807,356**	₱129,982,187	₱129,982,187
Dividends payable	**4,955,354**	**4,955,354**	4,955,354	4,955,354
Loans payable	**174,316,486**	**178,259,168**	192,432,612	198,225,208
Advances from a related party	**5,000,000**	**5,000,000**	–	–
	₱252,079,196	**₱256,021,878**	₱327,370,153	₱333,162,749

**Excluding statutory payables amounting to ₱35.1 million and ₱35.3 million in 2016 and 2015, respectively.*

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

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

Rental 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 would not be significant.

Loans Payable. The estimated fair value of the loans was calculated using the quoted (unadjusted) market prices in active market (Level 1).

27. Capital Management Objectives, Policies and Procedures

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

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

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

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

REPORT OF INDEPENDENT AUDITOR ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Marcventures Holdings, Inc. and Subsidiary (the Group) as at December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 included in this Form 17-A and have issued our report thereon dated March 31, 2017. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2016 are the responsibility of the Group's management. These supplementary schedules include the following:

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

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

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1022-AR-1 Group A
Valid until March 15, 2020
BIR Accreditation No. 08-005144-4-2017
Valid until January 13, 2020
PTR No. 5908526
Issued January 3, 2017, Makati City

March 31, 2017
Makati City, Metro Manila

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
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September 27, 2016, valid until September 27, 2019

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

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

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

We have audited the accompanying consolidated financial statements of Marcventures Holdings, Inc. (the Company) and Subsidiary as at and for the year ended December 31, 2016, on which we have rendered our report dated March 31, 2017.

In compliance with Securities Regulations Code Rule 68, as amended, we are stating that the Company has 939 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1022-AR-1 Group A
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Valid until January 13, 2020
PTR No. 5908526
Issued January 3, 2017, Makati City

March 31, 2017
Makati City, Metro Manila

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

DECEMBER 31, 2016

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

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments			✓
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓

Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		
IFRIC 21	Levies			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

FINANCIAL RATIOS

DECEMBER 31, 2016

Below is a schedule showing financial soundness indicators in the years 2016 and 2015.

	2016	2015
Current/Liquidity Ratio	**2.19**	1.89
Current assets	**₱579,236,747**	₱580,377,409
Current liabilities	**264,106,910**	307,805,437
Solvency Ratio	**0.72**	0.40
Income before income tax, depreciation, depletion and amortization	**₱297,302,647**	₱186,323,402
Total liabilities	**412,968,180**	462,732,429
Debt-to-equity Ratio	**0.14**	0.16
Total liabilities	**₱412,968,180**	₱462,732,429
Total equity	**2,972,372,059**	2,964,135,773
Asset-to-equity Ratio	**1.14**	1.16
Total assets	**₱3,385,340,239**	₱3,426,868,202
Total equity	**2,972,372,059**	2,964,135,773
Interest rate coverage Ratio	**5.01**	(6.79)
Pretax income before interest	**₱60,667,836**	(₱93,292,489)
Interest expense	**12,121,343**	13,729,998
Profitability Ratio	**0.00**	(0.04)
Net income	**₱5,141,782**	(₱119,054,752)
Total equity	**2,972,372,059**	2,964,135,773

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

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

DECEMBER 31, 2016

	Amount
Unappropriated retained earnings available for dividend declaration at the beginning of year	₱886,974,054
Net income during the year closed to retained earnings	5,141,782
Add movements in the deferred tax assets*	2,103,891
Net income earned during the year	894,219,727
Less cash dividends	–
Total retained earnings available for dividend declaration at end of year	₱894,219,727

Reconciliation:

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

	Amount
Unappropriated retained earnings at end of year as shown in the financial statements	₱916,160,463
Less deferred tax assets at end of year*	(21,940,736)
Total unappropriated retained earnings available for dividend declaration at end of year	₱894,219,727

**Excludes amount presented in other comprehensive income.*

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF SRC RULE 68 AS AMENDED
DECEMBER 31, 2016

Table of Contents

Schedule A. Financial Assets
December 31, 2016

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end reporting period	Income received and accrued
Cash in banks	N/A	₱164,314,817	₱164,314,817	₱–
Trade and other receivables*	N/A	41,520,450	41,520,450	–
Advances to related parties	N/A	125,391,740	125,391,740	–
RCF and MTF	N/A	5,544,388	5,544,388	–
Rental deposit	N/A	391,158	391,158	–
		₱337,162,553	₱337,162,553	₱–

**Excluding advances to officers and employees amounting to ₱24.4 million.*

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2016

Name and designation of debtor	Balance of beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
Related Parties							
BrightGreen Resources Corporation	₱72,203,512	₱31,443,787	₱–	₱–	₱103,647,299	₱–	₱103,647,299
RYM Business Managemet Corp.	–	20,000,000	–	–	20,000,000	–	20,000,000
Benguet Management Corp.	308,441	–	–	–	308,441	–	308,441
BenguetCorp Nickel Mines, Inc.	–	1,436,000	–	–	1,436,000	–	1,436,000
	₱72,511,953	₱52,879,787	₱–	₱–	₱125,391,740	₱–	₱125,391,740

Schedule C. Amounts Receivable from Related Parties Eliminated during the Consolidation of Financial Statements
December 31, 2016

Name of debtor	Balance of beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
Marcventures Mining and Development Corporation.	₱198,615,401	₱64,055,952	₱–	₱–	₱–	₱262,671,353	₱262,671,353

Schedule D. Intangible Asset
December 31, 2016

Description	Beginning Balance	Additions at cost	Charge to cost and expenses	Charge to other accounts	Other charges additions (deduction)	Ending balance
Mining rights on explored resources	₱1,098,559,100	₱–	(54,351,534)	₱–	₱–	₱1,044,207,566

Schedule E. Long - term Debt
December 31, 2016

Title of issue and type of obligation	Amount shown under caption "Current portion of long-term debt"	Amount shown under caption "Long-Term portion of long-term debt"
Notes Payable		
Philippine Business Bank	100,000,000	–
Orix Metro Leasing and Finance Corp.	19,102,704	55,213,782
	119,102,704	55,213,782

Schedule F. Indebtedness to Related Parties
December 31, 2016

Name of related party	Beginning Balance	Ending balance
Bright Kindle Resources & Investments, Inc.	₱–	₱5,000,000

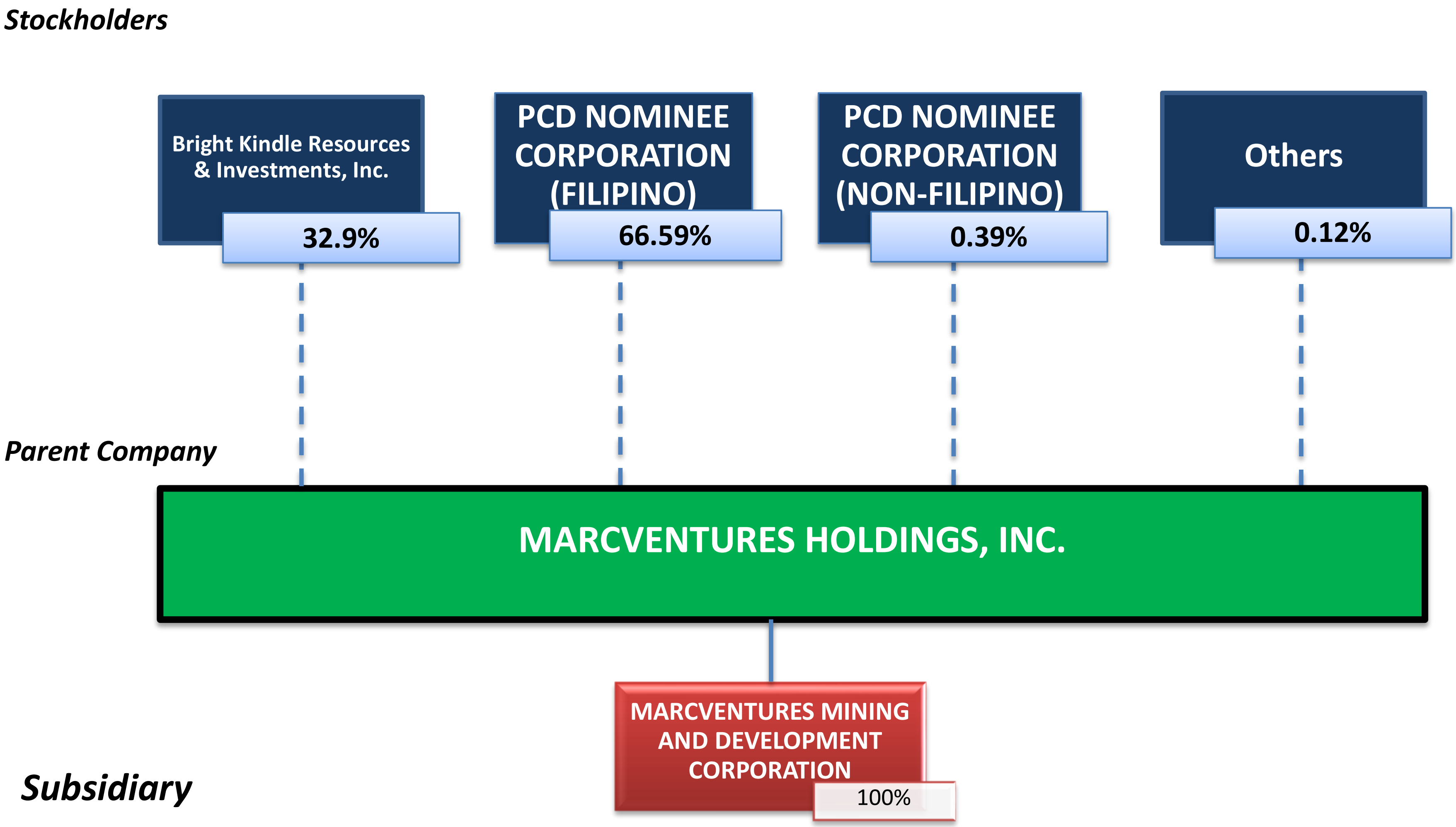
Schedule G. Guarantees of Securities of Other Issuers
December 31, 2016

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		-Not Applicable -		

Schedule H. Capital Stock

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

SCHEDULE I. CONGLOMERATE MAP



SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2017**

2. Commission identification number **12942**

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

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

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

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

7. Address of registrant's principal office:

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

8. Registrant's telephone number, including area code: **(63 2) 831-44-79**

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

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

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

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

12. Indicate by check mark whether the registrant:

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

    Yes

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

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1- Financial Statements

The unaudited Interim Consolidated Financial Statements as at June 30, 2017 (with comparative Audited Consolidated Statements of Financial Position as at December 31, 2016) and for three-month and six-month period ended June 30, 2017 and 2016 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016

	June 30, 2017 Unaudited	Dec.31, 2016 Audited	June 30, 2017 vs. Dec. 31, 2016	
			Amount Increase (decrease)	Percentage Increase (decrease)
Current assets	**₱850,579**	₱579,237	₱271,342	46.84%
Noncurrent assets	**2,716,818**	2,806,103	(89,285)	(3.18%)
Total Assets	**₱3,577,397**	₱3,385,340	₱182,057	5.38%
Current Liabilities	**₱422,020**	₱264,107	₱157,913	38.24%
Noncurrent liabilities	**148,861**	148,861	–	-
Total Stockholders' Equity	**2,996,516**	2,972,372	24,144	0.81%
Total Liabilities and Stockholders' Equ	**₱3,567,397**	₱3,385,340	₱182,057	5.38%

Summary of Consolidated Income Statements for the three months and six months period ended June 30, 2017 and 2016.

	For three months ending June 30		**For six months ending June 30**	
	2017	2016	**2017**	2016
Sale of Ore	**₱857,423**	₱575,588	**₱908,586**	₱575,588
Cost of goods sold	**605,020**	534,923	**632,876**	534,923
Gross Income	**252,402**	40,665	**275,710**	40,665
Operating expense	**132,714**	158,667	**226,996**	232,063
Income from operation	**119,688**	(118,002)	**48,714**	(191,398)
Other Operating Income (expense)	**(1,191)**	227	**(2,393)**	(1,199)
Net loss before income tax	**118,498**	(117,775)	**46,321**	(192,597)
Benefit from income tax	**22,177**	–	**22,177**	–
Net Income (loss) for the period	**₱96,321**	(₱117,775)	**₱24,144**	(**₱**192,597)

Summary of Consolidated Statement of Cash Flows for three-month and six-month period endend June 30, 2017 and 2016.

	For three months ending June 30		For six months ending June 30	
	2017	2016	2017	2016
	(₱'000)	(₱'000)	(₱'000)	(₱'000)
Cash provided by (used in) operating activities	**₱113,278**	₱38,892	**₱7,580**	(₱37,310)
Cash used investing activities	**(4,806)**	(30,335)	**(21,713)**	(38,948)
Cash used in financing activities	**(14,985)**	(4,607)	**(19,649)**	(9,277)
Net increase (decrease) in cash	**93,487**	3,950	**(33,782)**	(85,535)
Cash at begining of period	**37,304**	100,722	**164,575**	190,207
Cash at end of period	**₱130,791**	₱104,672	**₱130,793**	₱104,672

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

The following discussion and analysis is based on the unaudited interim consolidated financial statements as at June 30, 2017 (with comparative Audited Consolidated Statements of Financial Position as at December 31, 2016) and for three-month and six-month period ended June 30, 2017 and 2016, prepared in conformity with Philippine Accounting Standards 34, Interim Financial Reporting and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Results of Operations

Six months ended June 30, 2017 compared with six months ended June 30, 2016

Revenues:

The subsidiary's total revenues were ₱908.6 million for the six months ended June 30, 2017 as compared to ₱575.6 million for the six months ended June 30, 2016, an increase of ₱333.0 million or 57.9%.

Sale of Ore:

For the six months ended June 30, 2017, the subsidiary shipped out 17 vessels of nickel ore of which 12.5 vessels of saprolite and 4.5 vessels of limonite. In the same period last year the subsidiary shipped out 19 vessels of nickel ore of which 18 vessels are limonite and only 1 vessel of saprolite. The increase in revenue was due to higher volume of saprolite nickel ore shipped during the period. Shipment details of volume and prices are as follows:

WMT

	2017	2016	Increase (decrease)
Limonite	243,659	989,465	(745,806)
Saprolite	664,541	55,410	609,131
	908,200	1,044,875	(136,675)

Price per wmt

	2017	2016	Increase (decrease)
Limonite	10.83	11.61	(0.78)
Saprolite	23.34	22.47	0.87
Average price	19.98	12.18	7.80

Cost and Expenses

Cost and expenses amounted to ₱859.9 million for the period ended June 2017 as compared to ₱767.0 million for the same period in 2016, an increase of ₱92.9 million or 12.11%.

Cost of Goods Sold

The cost of goods sold for first half of 2017 amounted to ₱632.9 million compared to ₱530.6 million for the same period in 2016, an increase of ₱102.1 million or 19.24%. Inspite of the lower volume shipped an increase in cost was due to longer hauling distance from mine pit to causeway, it is about 22.4 km as compared to 12.3 km last year.

Operating expenses

Operating expenses for the period ended June 30, 2017 amounted to ₱227.0 compared to ₱232.1 for the same period in 2016, a decrease of ₱5.1 or 2.2%. This is due to the various cost reduction and optimization measures implemented during the year, the decrease was mainly accounted for by the following:

- **Social development program ("SDP")** for the six- month period decreased by ₱11.8 million or equivalent to 75.80%. SDP is in compliance with implementimg rules and regulation of 1995 Phil. Mining Act which requires that 1.5% of operating cost be allocated for the development of host and neighboring mining communities.

- **Professional fees** for the six months period decreased by ₱2.4 million or equivalent to 11.49% due decrease in consultancy arrangements.

- **Community relation** for the six months period decrease by ₱2.2 million or equivalent to 47.01% because the company focused its projects in SDP.

- **Supplies** for the six month period decreased by ₱1.2 million or equivalent to 37.35%, due to decrease mining, and office supplies consumption.

- **Loading fee** for the six monthsperiod decrease by ₱0.8 million or equivalent to 13.08% due to lesser volume shipped out.

- **Repairs and maintenance** for the six month period decreased by ₱0.7 million or equivalent to 76.17%.

The above cost decreases were partly offset by the following :

- **Taxes and licenses** for the six month period increased by ₱20.1 million or equivalent to 166.28% mainly due to business permit paid to Cantilan and Carrascal.

- **Outside services** for the six-month period increased by ₱10.6 million or equivalent to 100.97% mainly due to pilotage services and other outsourced services.

- **Representation** for the six-month period increased by ₱5.7 million or equivalent to 234.84% due to various domestic and international conferences and meetings with prospective clients.

- **Royalties** for the six month period increased by y ₱2.6 million or equivalent to 42.21% due to increased in gross revenue.

- **Rental** for the six month period increased by ₱0.6 million or equivalent to 41.91% mainly due to addtional rental for office space at Butuan office and service equipment in minesite.

- **Communication, light and water** for the six-month period increased by ₱0.7 million or equivalent to 33.66%, this pertain to additional PLDT lease line.

- **Advertisement** for the six month period increased by ₱0.9 million or equivalent to 524.36% in order to increase public awareness on mining industry.

- **Other expenses** for the six month period increased by ₱26.0 million or equivalent to 43.01%

Three months ended June 30, 2017 compared with three months June 30, 2016

Revenues

For the three month period ended June 30, 2017, the subsidiary sold a total volume of 846,639 WMT of nickel ore, equivalent to 16 shipments, a decrease of 19.0% compared to 1,044,874 WMT, equivalent to 19 shipments for the same period last year. Inspite of the decreased in volume shipped out the company's revenue for the current period increased by 49.0% as compared to last year. The average realized nickel prices of ore sales for the period is ₱857.4 million as compared to ₱575.6 million last year, this was mailny due to higher volume of saprolite nickel ore shipped out during the period.

Administrative and Operating expenses

For the three months ended June 30, 2017, administrative and operating expenses amounted to ₱132.7 million. This reflects a decrease of ₱26.0 million or 16.38% from ₱158.7 million for the same period last year. The decrease was primarily due to the following:

- **The total expenses related to social development management program** for the three months period is ₱11.3 million in compliance with implementimg rules and regulation of 1995 Phil. Mining Act, which requires that 1.5% of operating cost be allocated for the development of host and neighboring mining communities.

- **Decrease in Depreciation** by ₱1.2 million or 9.26% mainly due to some equipments are already fully depreciated.

- **Decrease in Supplies** by ₱0.9 million or equivalent to 44.93% due to decrease mining, and office supplies consumption.

- **Decrease in Community relation** by ₱1.5 million or equivalent to 72.68% due to more on Social development Program activities.

- **Decrease in Professional fees** by ₱3.4 million or equivalent to 27.79% due to lesser engagement fees.

- **Decrease in Loading fee by** ₱1.2 million or equivalent to 18.82% lesser volume of nickel shipped out.

- **Decrease in Repairs and Maintenance** by ₱0.5 million or equivalent to 80.15%.

- **Decrease in Other expenses by** ₱30.1 million or equivalent to 55.1%

  The above cost decreases were partly offset by the following :

- **Increase in Taxes and licenses** by ₱8.5 million or equivalent to 143.33% due to business permit payment for the second quarter.

- **Increase in Royalties by** ₱2.1 million or equivalent to 33.61% due to higher sales for the for the quarter as compared to last year's quarter.
- **Increase in Rental** by ₱0.5 million or equivalent to 64.83% due to additional office space at Butuan and rental of service vehicles.

- **Increase in Communication light and water** by ₱0.3 million or equivalent to 27.65% this pertain to additional PLDT lease line

- **Increase in Representation by** ₱2.7 million or equivalent 454.30%. due to various domestic and international conferences and meetings with prospective clients.

- **Increase in Outside services** by ₱8.5 million or equivalent to 137.38% mainly due to equipment maintenance and pilotage services.

Statement of Financial Position

June 30, 2017 vs. December 31, 2016

Assets

The consolidated total assets of the Company increased to ₱3,567.4 million as of June 30, 2017 from ₱3,385.3 million as of December 31, 2016 or a increase of ₱182.1 million or 5.38% mainly due to the following:

- **Increase in total current assets** by ₱271.3 million as of June 30, 2016 from ₱579.2 million as of December 31, 2016. The 46.84% increase was attributable to the following:

  - **Increase in trade and other receivables** from ₱65.9 million to ₱376.4 million or an increase of ₱310.5 million or 471.23%, due to sale of nickel ore .

  - **Increase in other current assets** from ₱90.0 million to ₱101.4 million or an additional ₱11.4 million or 12.65% due to increase in advances to contractors, prepaid expenses and increase in mining supplies.

  The above increases were partly offset by the following :

  - **Decrease in cash** from ₱164.6 million to ₱130.8 million or a decrease of ₱33.8 million or 20.53% attributable to operating expenses, settlement of payables, and additional mine development cost and mining property.

- **Decrease in inventory from** ₱133.3 million to ₱101.1 million, a decrease of ₱32.3 million or 24.20% due to sale of nickel ore for the period.

- **Decrease in total noncurrent assets** from ₱2,806.1 million to ₱2,716.8 million or a decrease of ₱89.3 million, equivalent to 3.18% which resulted from the ₱48.3 million or 12.34% decrease due to depreciation of property and equipment and decrease in explored mineral resources and mine and mining properties of ₱48.9 due to depletion

Liabilities

The total consolidated liabilities of the Company increased by ₱157.9 million or 38.24% from ₱ 413.0 million as of December 31, 2016 to ₱570.9 million as of June 30, 2017. This is mainly due to the increase in trade and other payables of ₱187.4 million and partly offset by a decrease in income tax payable by ₱9.8 million due to payment of income tax and decrease in current portion of long term loan amounting to ₱19.4 million due partial settlement of loan.

Equity

The stockholders' equity of the Company increased by ₱24.1 million or 0.81% from ₱2,972.4 million as of December 31, 2016 to ₱2,996.5 million as of June 30, 2017. The increase pertains to the net income of ₱24.1 million from the sale of nickel ore by its subsidiary.

<u>Statement of Cash Flows</u>

The net provided by operating activities amounted to ₱7.6 million for the six months ended June 30, 2017 as compared to the net cash used in operating activities amounted to ₱37.3 million for same period in 2016. The increase in cash from operating activities is the net result of the following:

- Net income generated during the first semestral this year.
- Increase in trade and other receivables
- Increase in trade and other payables
- Payment of income tax
- Lower interest income received.

Net cash used in investing activities amounted to ₱21.7 million as compared to ₱38.9 million for the same period in 2016 mainly as a result of the acquisition of office improvement, office equipment and additional mine and mining properties.

Net cash used by financing activities amounted to ₱19.6 million for the current year as compared to ₱ 9.3 million last year due to partial settlement of loan.

The net effect of the foregoing operating, investing and financing activities is a decrease of ₱33.8 million and a balance of ₱130.79 million in cash as of June 30, 2017 as compared to a decrease of ₱ 85.5 million and a balance of ₱104.67 million as of June 30, 2016.

Horizontal and Vertical Analysis:

	Consolidated		Increase(decrease)	
	June 2017	**December 2016**	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash in bank	**₱130,792,538**	₱164,574,543	₱ (33,782,005)	(20.53%)
Receivable	**376,424,550**	65,897,770	310,526,780	471.23%
Inventories	**101,067,829**	133,329,632	(32,261,803)	(24.20%)
Receivable to related parties	**140,863,598**	125,391,740	15,471,858	12.34%
Other current assets	**101,430,664**	90,043,062	11,387,602	12.65%
Total Current Assets	**850,579,179**	579,236,747	271,342,432	46.84%
Non-current Assets				
Property and Equipment - net	**343,114,527**	391,403,309	(48,288,782)	(12.34%)
Mine and Mining Propreties	**938,609,654**	959,875,897	(21,266,243)	(2.22%)
Explored Mineral Resources	**1,016,604,806**	1,044,207,566	(27,602,760)	(2.64%)
Deferred tax assets	**12,925,211**	12,427,520	497,691	4.00%
Other non current assets	**405,563,449**	398,189,200	7,374,249	1.85%
Total non-current assets	**2,716,817,647**	2,806,103,492	(89,285,845)	(3.18%)
TOTAL ASSETS	**₱3,567,396,826**	₱3,385,340,239	₱182,056,587	5.38%
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current Liabilities				
Current Portion -long term loans	**₱99,700,780**	₱119,102,704	(₱19.401.924)	(16.29%)
Trade and other payable	**290,434,067**	103,050,469	187.383.598	181.84%
Income Tax payable	**22,177,056**	31,998,383	(9.821.327)	(30.69%)
Dividend payable	**4,707,885**	4,955,354	(247,469)	(4.99%)
Advances from a related party	**5,000,000**	5,000,000	-	00.00%
Total Current liabilities	**422,019,788**	264,106,910	157,912,878	59.79%
Non current Liabilities				
Long-term loans - net of current portion	**55,213,782**	55,213,782	-	-
Pension liability	**47,707,979**	47,707,979	-	-
Provision for mine site rehabilitation	**45,939,509**	45,939,509	-	-
Total Non current liabilities	**148,861,270**	148,861,270	-	-
	570,881,058	412,968,180	157,912,879	-
Stockholders' Equity				
Capital stock	**1,821,358,599**	1,821,358,599	-	-
Additional paid in capital	**212,655,494**	212,655,494	-	-
Retained Earnings (Deficit)	**940,304,172**	916,160,463	24,143,709	2.64%
Actuarial Gain	**22,197,503**	22,197,503	-	-
Total Equity	**2,996,515,768**	2,972,372,059	24,143,709	0.81%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**₱3,577,396,826**	₱3,385,340,239	₱192,056,587	5.67%

Other Information

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

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

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

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

e. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations

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

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

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

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

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

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

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

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

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

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

Key Performance Indicators

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

	June 30, 2017	June 30, 2016
Net income Loss	₱24,143,705	(₱192,597,378)
Quick assets	507,217,088	238,430,250
Current assets	850,579,179	499,271,390
Total Assets	3,567,396,826	3,268,182,719
Current liabilities	422,019,788	341,717,332
Total liabilities	570,881,058	496,644,324
Stockholders' Equity	2,996,515,768	2,771,538,395
Number of common shares outstanding	1,821,358,599	1,821,358,599

Liquidity ratios:		
Current ratio (1)	2.02:1	1.46:1
Quick ratio (2)	1.20:1	0.70:1
Solvency Ratios:		
Debt ratio (3)	0.16:1	0.15:1
Debt to Equity ratio (4)	0.19:1	0.18:1
Profitability ratios:		
Return on equity (5)	0.008	(0.07)
Return on assets (6)	0.007	(0.06)
Earning (loss) per share (7)	0.013)	(0.11)

Note:

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

PART II - OTHER INFORMATION

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

NONE

PART III – FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

a. Current Ratio
   Total Current Assets/ Total Current Liabilities 2.02:1
b. Quick Ratio
   Quick asset / Total Current Laibilities = 1.20:1

Solvency Ratio

a. Debt Ratio
   Total liabilities / Total assets = 0.16:1
b. Debt to Equity Ratio
   Total liabilities / Shareholder's Equity = 0.19:1

Profitability Ratio

a. Return on Equity Ratio
   Net Income / Average shareholder's equity = 0.008 :1
b. Return on Assets
   Net Income / Average Total assets = 0.007:1
c. Fixed Assets Turnover Ratio :
   Revenue/Property Plant and Equipment = 0.38:1
d. Asset to Equity Ratio:
   Total Assets / Ave. Stockholders' Equity = 1.19:1
e. Asset Turnover
   Revenue/Total Assets = 0.25:1

Interest Coverage Ratio

Income / Interest expense = 4.68:1

SIGNATURES

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

Issuer: **MARCVENTURES HOLDINGS INC.**

Signature and Title: **ROLANDO S. SANTOS**
Treasurer

Date: August 2, 2017

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

Date: August 2, 2017

Marcventures Holdings, Inc. and Subsidiary

Consolidated Financial Statements
June 30, 2017

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2017	December 31, 2016
ASSETS			
Current Assets			
Cash	4	**₱130,792,538**	₱164,574,543
Trade and other receivables	5	**376,424,550**	65,897,770
Inventories		**101,067,829**	133,329,632
Advances to related parties	19	**140,863,598**	125,391,740
Other current assets	7	**101,430,664**	90,043,062
Total Current Assets		**850,579,179**	579,236,747
Noncurrent Assets			
Property and equipment	8	**343,114,527**	391,403,309
Mining rights on explored resources	9	**1,016,604,806**	1,044,207,566
Mine and mining properties	9	**938,609,654**	959,875,897
Deferred tax assets	21	**12,925,211**	12,427,520
Other noncurrent assets	10	**405,563,449**	398,189,200
Total Noncurrent Assets		**2,716,817,647**	2,806,103,492
		₱3,567,396,826	₱3,385,340,239
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of long-term loans	13	**₱99,700,780**	₱119,102,704
Trade and other payables	11	**290,434,067**	103,050,469
Income tax payable		**22,177,056**	31,998,383
Dividend payable		**4,707,885**	4,955,354
Advances from a related party		**5,000,000**	5,000,000
Total Current Liabilities		**422,019,788**	264,106,910
Non current Liabilities			
Long Term loans-net of current portion		**55,213,782**	55,213,782
Provision for mine site rehabilitation	12	**47,707,979**	47,707,979
Retirement liability	18	**45,939,509**	45,939,509
Total Non current liabilities		**148,861,270**	148,861,270
Total Liabilities		**570,881,058**	412,968,180
Equity			
Capital stock		**1,821,358,599**	1,821,358,599
Additional paid-in capital		**212,655,494**	212,655,494
Retained earnings	14	**940,304,172**	916,160,463
Actuarial Gain		**22,197,503**	22,197,503
Total Equity		**2,996,515,768**	2,972,372,059
		₱3,567,396,826	₱3,385,340,239

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three months ended June 30		For the six months ended June 30	
		2017	2016	**2017**	2016
SALE OF ORE		**₱857,422,653**	₱ 575,587,788	**₱ 908,585,853**	₱ 575,587,788
COST OF GOODS SOLD	16	**605,020,461**	534,922,670	**632,876,109**	534,922,670
GROSS INCOME		**252,402,192**	40,665,118	**275,709,744**	40,665,118
OPERATING EXPENSES	17	**132,713,800**	158,667,210	**226,995,620**	232,063,402
INCOME(LOSS) FROM OPERATIONS		**119,688,392**	(118,002.092)	**48,714,124**	(191,398,284)
INTEREST EXPENSE	13	**(2,851,182)**	(2,611,427)	**(5,156,304)**	(5,053,290)
INTEREST INCOME	4	**42,691**	88,221	**73,575**	108,337
OTHER INCOME (CHARGES)	18	**1,617,608**	2,750,255	**2,689,366**	3,745,859
NET INCOME (LOSS) BEFORE INCOME TAX		**118,497,509**	(117,775,043)	**46,320,761**	(192,597,378)
INCOME TAX PAYABLE		**22,177,056**	–	**22,177,056**	–
NET INCOME		**₱96,320,453**	(₱117,775,043)	**₱24,143,705**	(₱192,597,378)
Basic income (loss) per share	22	**₱0.05**	(₱0.06)	**₱0.01**	(₱0.11)
Diluted income (loss) per share	22	**₱0.05**	(₱0.06)	**₱0.01**	(₱0.11)

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED June 30, 2017 AND 2016

	Note	**June 30,2017**	June 30, 2016
CAPITAL STOCK			
Balance at beginning of year		**₱1,821,358,599**	₱1,821,358,599
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year		**212,655,494**	212,655,494
RETAINED EARNINGS			
Balance at beginning of year,	14	**₱916,160,463**	₱911,018,681
Net income (loss)		**24,143,705**	(192,597,378)
Actuarial Gain		**22,197,503**	19,102,999
Balance at end for the period		**962,501,671**	₱737,524,302
		₱2,996,515,764	₱2,771,538,395

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the three months ended June 30 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (Loss) before income tax		**₱118,497,509**	₱(117,775,043)
Adjustments for:			
Depletion	9	**51,994,019**	85,740,910
Depreciation	8	**22,782,048**	(12,665,815)
Interest expense	13	**2,851,182**	2,611,427
Interest income	4	**(42,691)**	(88,221)
Operating income before working capital changes		**196,082,067**	(42,166,742)
Working capital changes in:			
Decrease (increase) in:			
Trade and other receivables		**(259,123,501)**	(92,557,166)
Inventory		**87,728,576**	73,557,520
Other current assets		**(6,752,012)**	(9,724,774)
Advances to related parties		**(24,318,293)**	(746,636)
Increase (decrease) in:			
Trade and other payables		**154,467,729**	132,252,424
Net cash generated from operations		**(148,084,566)**	60,614,626
Income tax paid		**(31,998,383)**	(19,199,421)
Interest paid		**(2,851,182)**	(2,611,427)
Interest received		**42,691**	88,221
Net cash provided by operating activities		**113,277,692**	38,891,999
CASH FLOWS FROM INVESTING			
Additions to:			
Other noncurrent assets		**5,471,008**	(3,867,724)
Property and equipment	8	**(5,648,506)**	(21,262,294)
Mine and mining properties		**(4,628,020)**	(5,205,380)
Cash used in investing activities		**(4,805,518)**	(30,335,398)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans		**(14,737,547)**	(4,607,225)
Dividend		**(247,468)**	-
Net cash provided by (used in) financing activities		**(14,985,015)**	(4,607,225)
NET INCREASE IN CASH		**93,487,159**	3,949,376
CASH AT BEGINNING OF YEAR		**37,305,379**	100,723,043
CASH AT END FOR THE PERIOD		**₱130,792,538**	₱104,672,419

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended June30 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱46,320,761**	(₱192,597,378)
Adjustments for:			
Depletion	9	**55,020,620**	85,740,910
Depreciation	8	**55,977,898**	32,050,421
Interest expense	13	**5,156,304**	5,053,290
Interest income	6	**(73,575)**	(108,337)
Operating income before working capital changes		**162,402,008**	(69,861,094)
Working capital changes in:			
Decrease (increase) in:			
Trade and other receivables		**(310,526,780)**	72,573,786
Inventory		**32,261,803**	(52,652,819)
Other current assets		**(11,387,602)**	(22,098,006)
Advances to related parties		**(15,471,858)**	(2,251,447)
Increase (decrease) in:			
Trade and other payables		**187,383,600**	61,124,212
Net cash generated from operations		**44,661,171**	(13,165,368)
Income tax paid		**(31,998,383)**	(19,199,421)
Interest paid		**(5,156,304)**	(5,053,290)
Interest received		**73,575**	108,337
Net cash provided by operating activities		**7,580,059**	(37,309,742)
CASH FLOWS FROM INVESTING			
Additions to:			
Other noncurrent assets		**(7,871,940)**	(6,206,983)
Property and equipment	8	**(7,689,107)**	(23,301,993)
Mine and mining properties		**(6,151,625)**	(9,439,223)
Cash used in investing activities		**(21,712,672)**	(38,948,199)
CASH FLOWS FROM FINANCING			
Payment of loan		**(19,401,924)**	(9,276,564)
Dividend		**(247,468)**	–
Net cash provided by (used in) financing activities		**(19,649,392)**	(9,276,564)
NET INCREASE IN CASH		**(33,782,005)**	(85,534,505)
CASH AT BEGINNING OF YEAR		164,574,543	190,206,924
CASH AT END OF PERIOD		**₱130,792,538**	₱104,672,419

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

General Information

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

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

The Parent Company's shares of stock were initially listed in the Philippine Stock Exchange, Inc. (PSE) on January 10, 1958. As at December 31, 2016 and 2015, 1,821,358,599 shares of the Parent Company's shares of stock are listed in the PSE.

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

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

On July 20, 2017, the COmpany entered into a subscription agreement for issuance of 22,730,000 shares from the unissued share which is not yet fully paid.

Mining Operations

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

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

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

On September 17, 2015, MMDC was granted by the DENR an increase to its allowable Annual Nickel Ore Production from 3.0 million wet metric tons (WMT) to 5.0 million WMT.

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.

On February 13, 2017, MMDC received an order dated February 8, 2017 from the DENR cancelling its MPSA. The management and its legal counsel believe that the order has no basis and the outcome of legal actions taken will not have a material adverse effect on the Company's operations (see Note 25). Accordingly, the management has assessed that the Company will continue as a going concern.

Registration with Board of Investment (BOI)

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

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

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

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

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 transaction date.

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

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

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

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

Further disclosures are included in Note 26, Financial Risk Management Objectives and Policies.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2016:

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

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

- Amendment to PAS 19, *Employee Benefits - Discount Rate: Regional Market Issue* – The amendment clarifies that in determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. Thus, the assessment of whether there is a deep market in high quality corporate bonds is based on corporate bonds in that currency (not corporate bonds in a particular country), and in the absence of a deep market in high quality corporate bonds in that currency, government bond in the relevant currency should be used.

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

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the quarter ended MARCH 31, 2017 and have not been applied in preparing the consolidated financial statements are summarized below.

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

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

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

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

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

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

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.
The derecognition provisions are carried over almost unchanged from PAS 39.

Effective for annual periods beginning on or after January 1, 2019

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

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

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiary, MMDC, as at June 30, 2017 and for the year ended December 31, 2016.

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

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

Financial Assets and Liabilities

a. Recognition

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

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a

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

b. Classification

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

As at June 30, 2017 and December 31, 2016, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

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

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

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

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

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

c. Derecognition

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

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

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

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

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

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

d. Offsetting

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

e. Impairment of Financial Assets

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

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

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

Prepayments. Prepayments 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. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise these are classified as noncurrent assets.

Mining and office supplies. 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.

Advances to contractors and suppliers. Advances to contractors and suppliers represent advance payments on goods or services to be purchased in connection with the mining operation. These are reclassfied to proper asset account in the consolidated statements of financial position or charged as an expense in the consolidated statements of comprehensive income 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.

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

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

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

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

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

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

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

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 on Explored Resources

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

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

Mine and Mining Properties

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

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

Impairment of Nonfinancial Assets

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

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

Employee Benefits

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

Retirement Benefits. The Company has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits 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 Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest cost in profit or loss. Net interest cost is calculated by applying the discount rate to the retirement benefit liability.

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

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

The retirement benefit liability is the aggregate of the present value of the 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.

Borrowing Costs

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

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

Equity

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

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

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

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 remasurement gain or loss on retirement benefit liability.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is recognized as follows:

Sale of Ore. Sale of ore is recognized upon delivery of goods to and acceptance by customers.

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

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

Other Income. Income from other sources is recognized when earned.

Cost and Expense Recognition

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

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

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

Leases

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

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

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

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

d. there is a substantial change to the asset.

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Provisions for Mine Rehabilitation and Decommissioning. The Company recognizes provisions when there is partial fulfillment of obligation to restore operating locations at the end of the reporting period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste site and restoration, reclamation and 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 Company 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 attributable to the ordinary stockholders of the Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares.

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

Events After the Reporting Date

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

Segment Reporting

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

3. Significant Judgments, Accounting Estimates and Assumptions

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

Judgments

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

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

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

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

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

Determination of Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance. The Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

Management has assessed that the Company has only one operating segment.

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

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

Provision for mine site rehabilitation and decommissioning amounted ₱47.7 million as at June 30, 2017 and December 31, 2016 (see Note 12).

Accounting Estimates and Assumptions

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

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

Allowance for receivable impairment amounted to ₱11.0 million as at June 30, 2017 and December 31, 2016 (see Note 5).

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

	Note	**June 30, 2017**	Dec. 31,2016
Trade and other receivables	5	**₱376,424,550**	₱65,897,770
Advances to related parties	20	**140,863,598**	125,391,740

Estimating Net Realizable Value (NRV) of Inventories. The Company 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.

The carrying amount of inventories, which is measured at lower of cost and NRV, amounted to ₱101.1 million and ₱133.3 million as June 30, 2017 December 31, 2016, respectively (see Note 6).

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

The carrying amount of input VAT, which is included as part of "Other noncurrent assets" account in the consolidated statements of financial position, amounted to ₱285.94 million and ₱283.52 million as at June 30, 2017 and December 31, 2016 respectively (see Note 10).

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

There were no changes in estimated useful lives of property and equipment in June 2017 and December 2016. Property and equipment, net of accumulated depreciation, amounted to ₱343.11 million and ₱391.40 million as at June 30, 2017 and December 31, 2016, respectively (see Note 8).

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

	Note	2017	2016
Mining rights on explored resources	9	**₱1,016,604,806**	₱1,044,207,566
Mine and mining properties	9	**938,609,654**	959,875,897

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

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

No impairment loss was recognized in 2017 and 2016.

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

	Note	2017	2016
Property and equipment	8	**₱343,114,527**	₱391,403,309
Mining rights on explored resources	9	**1,016,604,806**	1,044,207,566
Mine and mining properties	9	**938,609,687**	959,875,897
Other noncurrent assets (excluding financial assets and input VAT)	11	**113,414,081**	108,736,546

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

Provision for mine site rehabilitation and decommissioning amounted ₱47.7 million and at June 30, 2017 and December 31, 2016 (see Note 12).

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

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

Mine rehabilitation asset, recognized under the mine and mining properties, amounted to ₱36.9 million and ₱38.03 as at June 30, 2017 and December 31, 2016 respectively. (see Note 9).

Provision for mine site rehabilitation and decommissioning amounted ₱47.71 million and at June 30, 2017 and December 31, 2016 (see Note 12).

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

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

Retirement benefit liability amounted to ₱45.93 million as at June 30, 2017 and December 31, 2016.

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

The Company's recognized deferred tax assets amounted to ₱12.93 million and ₱12.42 million as June 30, 2017 and December 31, 2016, respectively.

Deferred tax assets were not recognized on NOLCO, MCIT and retirement benefit liability as at June 30, 2017 and December 31, 2016 because the management believes that there will be no sufficient future taxable profits against which the deferred tax asset can be utilized.

4. Cash

This account consists of:

	June 30,2017	Dec. 31, 2016
Cash on hand	**₱150,950**	₱259,726
Cash in banks	**130,641,588**	164,314,817
	₱130,792,538	₱164,574,543

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

	Note	June 30,2017	Dec. 31, 2016
Cash in banks		**₱73,575**	₱236,242
Other noncurrent assets	10	–	44,321
		₱73,575	₱280,563

5. Trade and Other Receivables

This account consists of:

	June 30,2017	Dec. 31, 2016
Trade receivables	**₱328,851,361**	₱39,773,558
Advances to officers and employees	**9,676,126**	24,377,320
Others	**48,933,590**	12,783,419
	387,461,757	76,934,297
Allowance for impairment	**(11,036,527)**	(11,036,527)
	₱376,424,550	₱65,897,770

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

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

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

No provision for impairment loss was recognized in 2017 and 2016.

Aging of Trade receivables

Current	*1 to 30 days past due*	*31 to 60 days past due*	*61 to 90*	*120+ past due*	*Total*
₱'000	*₱'000*	*₱'000*	*₱'000*	*₱'000*	*₱'000*
₱182,683	*₱–*	*₱49,910*	*₱69,068*	*₱27,190*	*₱328,851*

6. **Inventories**

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

	June 30,2017	**Dec. 31, 2016**
Cost	**₱101,067,829**	₱133,329,632
NRV	**221,151,566**	199,791,825
Lower of cost or NRV	**₱101,067,839**	₱133,329,632

In 2016, the Company recognized the reversal of inventory write-down incurred in 2015 amounting to ₱35.6 million which are presented as part of "Net movement in inventories" account under "Cost of sales" in the statements of comprehensive income (see Note 16).

7. **Other Current Assets**

This account consists of:

	June 30,2017	**Dec. 31, 2016**
Prepaid income tax	**₱38,349,000**	₱38,349,000
Mining and office supplies	**26,865,546**	32,438,783
Prepaid expenses	**9,771,979**	8,714,578
Advances to contractors and suppliers	**23,097,945**	4,999,993
Others	**3,346,194**	5,540,708
	₱101,430,664	₱90,043,062

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

Prepaid expenses pertain to insurance and rent.

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 future billings.

8. Property and Equipment

Movements in this account are as follows:

				June 30,2017		
		Building and Land Improvements	Office Equipment and Furniture and Fixtures	Heavy and Transportation Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	₱57,933,414	₱135,501,310	₱82,148,260	₱828,844,631	₱11,747,667	₱1,116,175,282
Additions	–	2,065,827	1,704,585	–	3,918,704	7,689,116
Balance at end of year	57,933,414	137,567,137	83,852,845	828,844,631	15,666,371	1,123,864,398
Accumulated Depreciation						
Balance at beginning of year	–	40,079,998	54,165,998	630,525,977	–	724,771,973
Depreciation	–	5,851,619	7,735,613	42,390,666	–	55,977,898
Balance at end of year	–	45,931,617	61,901,611	672,916,643	–	780,749,971
Net Carrying Amount	₱57,933,414	₱91,635,520	₱21,951,234	₱155,927,988	₱15,666,371	₱343,114,527

				December 31, 2016		
		Building and Land Improvements	Office Equipment and Furniture and Fixtures	Heavy and Transportation Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	₱57,217,484	₱132,049,286	₱64,037,464	₱829,301,223	₱6,636,103	₱1,089,241,560
Additions	715,930	1,068,200	18,110,796	3,672,872	7,495,388	31,063,186
Disposal	–	–	–	(4,129,464)	–	(4,129,464)
Reclassification	–	2,383,824	–	–	(2,383,824)	–
Balance at end of year	57,933,414	135,501,310	82,148,260	828,844,631	11,747,667	1,116,175,282
Accumulated Depreciation						
Balance at beginning of year	–	27,586,965	39,939,991	506,363,352	–	573,890,308
Depreciation	–	12,493,033	14,226,007	127,438,296	–	154,157,336
Disposal	–	–	–	(3,275,671)	–	(3,275,671)
Balance at end of year	–	40,079,998	54,165,998	630,525,977	–	724,771,973
Net Carrying Amount	₱57,933,414	₱95,421,312	₱27,982,262	₱198,318,654	₱11,747,667	₱391,403,309

Heavy and transportation equipment with carrying value of ₱92.4 million at December 31, 2016 are held as collaterals for loans payable (see Note 13).

Depreciation is allocated to profit or loss as follows:

	Note	June 30,2017	Dec. 31, 2016
Charged to:			
Cost of sales	16	₱24,153,884	₱92,267,699
Operating expenses	17	25,010,351	52,174,894
Capitalized to mine development costs	9	–	9,714,743
		₱49,164,235	₱154,157,336

Fully depreciated property and equipment with cost of ₱32.7 million December 31, 2016 are still being used by the Company and retained in the accounts.

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

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

	June 30,2017				
		Mine and Mining Properties			
	Mining Rights on Explored Resources	Mine Development Costs	Mine Rehabilitation Asset	Total	Total
Cost					
Balance at beginning of year	₱1,294,766,157	₱1,110,194,730	₱42,170,134	₱1,152,364,864	₱2,447,131,021
Additions	–	6,151,625	–	6,151,625	6,151,625
Balance at end of year	1,294,766,157	1,116,346,355	42,170,134	1,158,516,481	2,453,282,646
Accumulated Depletion					
Balance at beginning of year	250,558,591	188,352,511	4,136,456	192,488,967	443,047,558
Depletion	27,602,760	26,331,467	1,086,393	27,417,860	55,020,620
Balance at end of year	278,161,351	214,683,978	5,222,849	219,906,827	498,068,178
Net Carrying Amount	₱1,016,604,806	₱901,662,377	₱36,947,283	₱938,609,654	₱1,955,214,468

	December 31, 2016				
		Mine and Mining Properties			
	Mining Rights on Explored Resources	Mine Development Costs	Mine Rehabilitation Asset	Total	Total
Cost					
Balance at beginning of year	₱1,294,766,157	₱932,174,993	₱42,170,134	₱974,345,127	₱2,269,111,284
Additions	–	178,019,737	–	178,019,737	178,019,737
Reclassifications					
Balance at end of year	1,294,766,157	1,110,194,730	42,170,134	1,152,364,864	2,447,131,021
Accumulated Depletion	196,207,057	140,370,156	2,156,784	142,526,940	338,733,997
Balance at beginning of year	54,351,534	47,982,355	1,979,672	49,962,027	104,313,561
Depletion					
Balance at end of year	250,558,591	188,352,511	4,136,456	192,488,967	443,047,558
Net Carrying Amount	₱,1,044,207,566	₱921,842,219	₱38,033,678	₱959,875,897	₱2,004,083,463

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

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

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

In 2016, additions include depreciation of matting equipment amounting to ₱9.7 million (see Note 8).

10. **Other Noncurrent Assets**

This account consists of:

	Note	June 30,2017	Dec. 31, 2016
Input VAT		**₱285,944,442**	₱283,517,108
Advances to contractor		**107,752,572**	107,238,890
RCF		**5,381,089**	5,381,089
MTF		**163,299**	163,299
Rental deposit	21	**660,538**	391,158
Others		**5,661,509**	1,497,656
		₱405,563,449	₱398,189,200

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

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

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

Interest income from RCF and MTF amounted to ₱44,321 in December 31, 2016 . (see Note 4).

11. **Trade and Other Payables**

This account consists of:

	Note	June 30,2017	Dec. 31, 2016
Trade payables		**₱189,089,765**	₱64,157,349
Accrued expenses:			
Excise tax and other statutory payables		**18,796,768**	35,056,523
Advances from customer		**53,091,090**	–
Interest payable	13	**0.00**	186,590
Salaries and wages		**27,932**	4,493
Other accrued expenses		**8,000,000**	2,854,168
Others		**21,428,512**	791,346
		₱290,434,067	₱103,050,469

Trade payables primarily consist of liabilities arising from transactions with contractors and suppliers related to the normal course of business. These are noninterest and interest-bearing at 12% interest rate and are generally on a 90-day credit term.

Interest expense related to trade payable amounted to nil, and related to loan payable are ₱5.16 million and ₱5.05 million in June 30, 2017 and 2016 respectively (see Note 13).

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

Others pertain to advances from a former related party.

12. Provision for Mine Rehabilitation and Decommissioning

The movements in this account are as follows:

	Note	June 30,2017	Dec. 31, 2016
Balance at beginning of year		**₱47,707.979**	₱45,709,730
Accretion of interest	13	**-**	1,998,249
		₱47,707,979	₱47,707,979

A provision is recognized for the estimated rehabilitation costs of the Company's mine site upon termination of the Company's ore extraction activities, which is about 13 years. The provision is calculated by the Company's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 4.53% as the effective interest rate in 2016 and 2015.

13. Loans Payable

This account consists of:

	June 30,2017	Dec. 31, 2016
Short-term loan	**₱90,000,000**	₱100,000,000
Long-term loans	**64,914,562**	74,316,486
	154,914,562	174,316,486
Less current portion	**99,700,780**	119,102,704
	₱55,213,782	₱55,213,782

Short-term Loan

MMDC obtained a short-term loan from a local bank to finance working capital requirements. The short-term loan bears interest rates ranging from 5.00% to 5.50% to be repriced every month in 2017and 2016 and has maturity of not more than one year.

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

Long-term Loans

On July 15, 2015, the Company obtained a five (5) year promissory note of ₱100.0 million from a financing company. The note which is covered by a chattel mortgage on transportation equipment, bear an annual interest rate at 6% and is maturing on July 15, 2020. The proceeds were used for working capital purposes.

The carrying amount of transportation equipment held as collateral amounted to ₱92.4 million as at December 31, 2016.(see Note 8).

In 2013, the Company obtained a three (3) year loan from a local bank amounting to ₱1.5 million to meet working capital requirements. The loan which bears an annual interest rate at 11.81% is secured by heavy and transportation equipment. The loan was fully settled in 2016.

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

		June	
	Note	**2017**	2016
Loans payable		**₱5,156,304**	₱5,053,290
Provision for mine rehabilitation	12	**–**	–
		₱5,156,304	₱5,053,290

14. Retained Earnings

Cash dividends declared by the Company are as follows:

Date Approved	Per Share	Total Amount	Stockholders of Record Date	Payment Date
				On or after
November 14, 2014	₱0.15	₱273,203,790	December 19, 2014	January 16, 2015
September 19, 2014	0.15	273,203,790	October 1, 2014	October 22, 2014

Dividends payable amounted to ₱4.7 million and ₱5.0million as at June 30, 2017 and December 31, 2016.

15. Revenue

This account consists of:

	June 30,	
	2017	2016
Sale of ore	**₱908,585,853**	₱575,587,788
Reservation fee for ore allocation	**–**	–
	₱908,585,853	₱575,587,788

16. Cost of Sales

This account consists of:

		June 30			
		Six months		Three months	
	Note	**2017**	2016	**2017**	2016
Contractual services		**₱368,657,359**	₱260,347,777	**₱355,823,510**	₱260,347,777
Production overhead		**52,965,881**	143,210,500	**42,860,070**	143,210,500
Personnel costs		**61,051,819**	75,918,979	**49,183,142**	75,918,979

Depletion	9	**55,020,620**	32,050,420	**46,798,115**	32,050,420
Demurrage costs	8	**3,141,575**	4,277,020	**–**	4,277,020
Depreciation		**24,153,885**	59,435,803	**21,127,284**	59,435,803
Excise tax		**14,328,894**	12,334,989	**14,328,894**	12,334,989
		579,320,033	583,298,468	**533,262,590**	583,298,468
Net movement in inventory		**53,556,076**	(52,652,818)	**71,757,871**	(52,652,818)
		₱632,876,109	₱530,645,650	**₱605,020,461**	₱530,645,650

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

Under Section 80 of the Republic Act No. 7942, *The Mining Act of 1995*, government share in an MPSA shall be an excise tax of 2.0% on gross output on mineral products.

17. Operating Expenses

This account consists of:

		June 30			
		Six months		Three months	
	Note	**2017**	2016	**2017**	2016
Salaries and Allowances		**₱58,316,588**	₱58,342,013	**₱34,555,339**	₱32,947,929
Taxes and licenses		**32,316,787**	12,136,414	**14,360,258**	5,901,449
Depreciation	8	**25,010,351**	26,305,111	**11,960,920**	13,181,173
Professional fees		**18,709,500**	21,137,472	**8,815,775**	12,208,467
Outside services		**21,166,703**	10,532,369	**14,705,502**	6,195,038
Representation		**8,067,680**	2,409,432	**3,247,054**	585,789
Community relations		**2,464,532**	4,650,770	**563,117**	2,061,144
Social development program		**3,765,163**	15,557,994	**2,250,741**	13,541,497
Communication, light and water		**2,861,005**	2,140,456	**1,480,488**	1,159,809
Advertisement		**1,093,906**	175,204	**172,325**	175,204
Rental	21	**2,203,350**	1,552,640	**1,307,262**	793,106
Office supplies		**1,973,039**	3,149,423	**1,093,812**	1,986,219
Royalties	22	**8,879,948**	6,244,042	**8,342,734**	6,244,042
Loading Fee		**5,449,198**	6,269,249	**5,089,198**	6,269,249
Repairs and maintenance		**219,587**	921,647	**131,214**	660,926
Others		**34,498,283**	60,539,166	**24,638,061**	54,756,172
		₱226,995,620	₱232,063,402	**₱132,713,800**	₱158,667,213

18. Other Income - Net

This account consists of:

		June 30,			
		Six months		Three months	
	Note	**2017**	2016	**2017**	2016
Foreign exchange gain		**₱1,224,603**	₱3,745,859	₱1,585,144	₱2,750,255

Interest income	4	**73,575**	108,337	42,691	88,221
Interest expense	13	**(5,156,304)**	(5,053,290)	(2,851,182)	(2,611,427)
Others		**1,464,763**	(4,277,020)	32,464	(4,277,020)
		(₱2,393,363)	(₱5,476,114)	(₱1,190,883)	(₱4,049,971)

19. Related Party Transactions

Significant transactions with related parties include the following:

Related Parties under Common Management

	Transaction Amounts		Outstanding Balances		
Related Parties	**June 30, 2017**	Dec. 31,2016	**June 31,2017**	Dec. 31, 2016	Nature and Terms
Advances to related parties	**₱15,471,858**	₱52,879,787	**₱140,863,598**	₱125,391,740	Working fund; unsecured; noninterest-bearing; payable on demand
Advances from a related party	**₱–**	₱5,000,000	**₱5,000,000**	₱5,000,000	Working fund; unsecured; noninterest-bearing; payable on demand

As at June 30, 2017 and December 31, 2016, the Company has not provided any allowance for impairment losses for amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

20. Lease Commitments

The Company leases an office space for its operations. The lease is for a period of five (5) years and renewable in 2015 for another two (2) years. Rental deposit amounted to ₱0.7 million and ₱0.4 million as at June 30, 2017 and 2016 (see Note 10).

Rental expense charged to operations amounted to, ₱2.2 million and ₱1.6 million in June 30, 2017 and 2016 (see Note 17).

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

	2017	2016
Within 1 year	**₱100,000**	₱100,000
More than 1 year but within 5 years	–	–
	₱100,000	₱100,000

21. Royalty Agreement

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

Royalty payable presented under "Excise tax and other statutory payables" amounted to ₱4.4 million and ₱0.64 million in June 30, 2017 and June 30, 2016, respectively. Royalty expense amounted to ₱8.88 million June 30, 2017 and 6.24 in 2016 (see Note 17).

22. Earnings Per Share

Earnings per share are computed as follows:

	June 30	
	2017	2016
Net income (loss) shown in the consolidated statements of comprehensive income (a)	**₱24,143,705**	(₱192,597,378)
Weighted average number of common shares adjusted for the effect of dilution (b)	**1,821,358,599**	1,821,358,599
Basic earnings (loss) per share (a/b)	**₱0.013**	(₱0.105)

23. Contingencies

On February 13, 2017, MMDC received an Order from the DENR cancelling its MPSA due to alleged impairment of the functions of the watershed caused by MMDC's operation, failure to comply with the penalty of planting three million seedlings and violation of environment-related laws and regulations.

The management and its legal counsel have assessed that the Order is without basis in fact and in law. Foremost, MMDC is engaged in clean and responsible mining. It has implemented all the necessary measures to ensure that it is environmentally compliant. While its operation is within a proclaimed watershed, Presidential Proclamation No. 1747 recognizes its prior legal right to mine in the area considering that its MPSA was approved in 1993 prior to the issuance of the said proclamation in 2009.

As to the alleged non-compliance to the planting of three million seedlings, MMDC was prevented from implementing the same due to previous inaction of the DENR. The Company submitted the program for the tree planting of three million seedlings as early as February 24, 2015. There were several communications between MMDC and the DENR/MGB regarding this matter. In a letter dated April 22, 2016, MMDC informed MGB that there is a strong objection from the Local Government Units (LGU) in the host communities of MMDC since they will not benefit from the Program as MGB directed MMDC to plant in different regions. Thereupon, MMDC suggested DENR/MGB to implement the program through its National Greening Project to be funded by MMDC. After several follow-ups, on December 21, 2016, MMDC received a letter from Secretary Lopez dated December 1, 2016 finally directing MMDC to plant the three million seedlings in its host communities. MMDC immediately coordinated with the Regional Director of DENR. Hence, an inventory of seedlings available in the area was then made. Based on the report of DENR Region XIII, a total of 1,513,928 seedlings are available in the area. To ensure immediate and proper implementation of the tree planting activity, MMDC entered into a Memorandum of Agreement with the mayors of the municipalities in its host communities on February 9, 2017. This action demonstrates MMDC's readiness and willingness to

implement program. Thus, no fault can be attributed to MMDC with regard to the implementation of the three million seedlings.
With regard to alleged violations of environmental laws and regulations, the DENR failed to specify the facts and the provisions of law which MMDC allegedly violated.

It bears to note that the Technical Committee Report on MMDC shows only a recommendation for fine and suspension. Thus, the management strongly believes that the cancellation of MMDC's MPSA is unwarranted and should be overturned.

Thus, on February 17, 2017, MMDC filed a Notice of Appeal to the Office of the President. Subsequently, on March 17, 2017, MMDC filed its Appeal Memorandum.

24. Financial Risk Management Objectives and Policies

General

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

Financial Risk Management Objectives and Policies

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

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

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

The following table shows the Company's US dollar-denominated monetary financial assets and liabilities and their Philippine Peso equivalent as at June 30 2017 and December 31, 2016:

	June 30, 2017		December 31, 2016	
	Philippine Peso	**US Dollar**	Philippine Peso	US Dollar
Current financial assets:				
Cash in banks	**₱130,641,588**	**$2,588,500**	₱101,059,394	$2,032,570
Trade receivables	**328,851,361**	**6,515,779**	39,773,558	799,951
	₱459,492,949	**9,104,279**	140,832,952	2,832,521
Current financial liabilities:				
Trade payables	**–**	**–**	–	–
Net financial assets	**₱459,492,949**	**$9,104,279**	₱140,832,952	$2,832,521

For purposes of restating the outstanding balances of the Company's foreign currency-denominated financial assets and liabilities as at June 30, 2017 and December 31,2016, the exchange rate applied was ₱50.47 and ₱49.72 per US$1, respectively.

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

The tables below show the credit quality per class of financial assets and an aging analysis of financial assets that are past due but not impaired as at June 30, 2017 and December 31, 2016.

Credit Quality per Class of Financial Assets

	June 30, 2017					
	Neither Past Due nor Impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in banks	**₱130,641,588**	**₱–**	**₱–**	**₱–**	**₱–**	**₱130,641,588**
Trade and other receivables*	**326,965,575**	**–**	**38,099,381**	**1,683,469**	**11,036,525**	**377,784,950**
Advances to related parties	**–**	**150,863,596**	**–**	**–**	**–**	**150,863,596**
RCF and MTF	**5,544,388**	**–**	**–**	**–**	**–**	**5,544,388**
Rental deposit	**–**	**773,159**	**–**	**–**	**–**	**773,159**
	₱463,151,551	**₱151,636,755**	**₱38,099,381**	**₱1,683,469**	**₱11,036,525**	**₱655,607,681**

**Excluding advances to officers and employees amounting to ₱9.7 million in 2017.*

	December 31, 2016					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱164,314,817	₱–	₱–	₱–	₱–	₱164,314,817
Trade and other receivables*	–	39,773,558	1,746,892	–	11,036,527	52,556,977
Advances to related parties	–	125,391,740	–	–	–	125,391,740
RCF and MTF	5,544,388	–	–	–	–	5,544,388
Rental deposit	–	391,158	–	–	–	391,158
	₱169,859,205	₱165,556,456	₱1,746,892	₱–	₱11,036,527	₱348,199,080

**Excluding advances to officers and employees amounting to ₱10.9 million in 2016.*

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

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

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

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

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

The tables below summarize the maturity profile of the Company's financial liabilities as at June 30, 2017 and December 31, 2016, based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.

	On Demand	Less than three months	Three to six months	Six to 12 months	More than one year	Total
June 30, 2017						
Trade and other payables*	₱204,277,741	₱38,657,329	₱ 17,372,019	₱3,969,235	₱8,867,171	₱273,143,495
Dividends payable				4,707,886		4,707,886
Loans payable**	90,000,000	4,737,547	4,664,378	9,090,108	46,422,529	154,914,562
Advances from a related party		5,000,000	–	–	–	5,000,000

Excluding statutory payables and interest payable aggregating ₱18.8 million in June 30, 2017.

	On Demand	Less than three months	Three to six months	Six to 12 months	More than one year	Total
December 31, 2016						
Trade and other payables*	₱56,991,260	₱832,928	₱–	₱9,983,168	₱–	₱67,807,356
Dividends payable	–		–	4,955,354	–	4,955,354
Loans payable**	100,000,000	6,342,560	6,367,568	6,367,568	63,725,409	182,803,105
Advances from a related party	5,000,000	–	–	–		5,000,000
	₱161,991,260	₱7,175,488	₱6,367,568	₱21,306,090	₱63,725,409	₱340,929,367

Excluding statutory payables and interest payable aggregating ₱35.1 million in December 31, 2016.

Fair Value of Financial Assets and Financial Liabilities

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

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

	June 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash in banks	₱130,641,588	₱130,641,588	₱164,314,817	₱164,314,817
Trade and other receivables*	328,851,361	328,851,361	41,520,450	41,520,450
Advances to related parties	140,863,598	140,863,598	125,391,740	125,391,740
RCF and MTF	5,544,388	5,544,388	5,544,388	5,544,388
Rental deposit	660,538	660,538	391,158	391,158
	₱606,561,473	₱606,561,473	₱337,162,553	₱337,162,553

Excluding advances to officers and employees amounting to ₱9.7 million and ₱24.4 million in June 30, 2017 and Dec.31, 2016, respectively.

	June 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Trade and other payables*	₱189,089,767	₱189,089,767	₱67,807,356	₱67,807,356

Dividends payable	**4,707,886**	**4,707,886**	4,955,354	4,955,354
Loans payable	**154,914,562**	**154,914,562**	174,316,486	178,259,168
Advances from a related party	**5,000,000**	**5,000,000**	5,000,000	5,000,000
	₱315,573,803	**₱315,573,803**	₱252,079,196	₱256,021,878

**Excluding statutory payables and interest payable aggregating ₱18.8 million and ₱35.1 million in June 30, 2017 and December 31, 2016 respectively.*

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

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

Rental 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 would not be significant.

Loans Payable. The estimated fair value of the loans was calculated using the quoted (unadjusted) market prices in active market (Level 1).

25. Capital Management Objectives, Policies and Procedures

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

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