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(Company's Full Name)

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

Rolando S. Santos

(Contact Person)

(02) 8831-4479

(Company Telephone Number)

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Month Day
(Calendar Year)

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(Form Type)

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Month Day
(Annual Meeting)

N/A

Secondary License Type, If Applicable)

Finance Department

Dept. Requiring this Doc.

March 31, 2026

Period Ending Date

Total Amount of Borrowings

626

Total No. of Stockholders

1,671,501,723

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

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**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

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

1. For the quarterly period ended: **March 31, 2026**
2. Commission identification number **102165**
3. BIR Tax Identification No. **000-803-498-000**
4. Exact name of registrant as specified in its charter: **BRIGHT KINDLE RESOURCES & INVESTMENTS, 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:

16th Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City 1227
8. Registrant's telephone number, including area code: **(63 2) 833-0769**
9. Former name, former address and former fiscal year, if changed since last report. **N/A**
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock (P0.55 par value)	1,528,474,000 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes. The common shares are listed on the Philippine Stock Exchange.
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule (11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

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

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PART I - FINANCIAL INFORMATION

Item 1. - Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion is based on the unaudited interim financial statements for the 1st quarter period ended March 31, 2026, with comparative figures for the corresponding periods in 2025 and audited financial statements as of December 31, 2025, prepared in conformity with Philippine Accounting Standards 34, Interim Financial Reporting and included herein, and should be read in conjunction with those unaudited interim financial statements.

Financial Condition as of March 31, 2026 and December 31, 2025 and Results of Operation for the Three Months ended March 31, 2026 and March 31, 2025

STATEMENT OF COMPREHENSIVE INCOME

Share in Net Loss of an Associate

The Company's share in the net loss of Marcventures Holdings Inc. (MARC) increased by ₱6.65 million or 62.24% compared to the same period last year, primarily due to MARC's declined operating performance.

General and Administrative Expenses

The Company's general and administrative expenses increased by ₱0.10 million or 8.01% year-over-year, driven by:

- **Taxes and licenses** increased by ₱0.20 million or 1,090.60% compared with the same period last year, mainly due to the property and cash dividend application to the SEC.
- **Director's fees** increased by ₱0.11 million or 525.00% compared with the same period last year, due to the Board of Directors (BOD) meeting on March 27, 2026.
- **Advertising and promotions** increased by ₱0.05 million or 111.11% compared with the same period last year, due to the fees paid for the publication of the 2026 Annual Stockholders Meeting (ASM) postponement.

STATEMENT OF FINANCIAL POSITION

Assets

The Corporation's assets as of March 31, 2026, decreased by ₱19.03 million or 0.62% compared to the balances as of December 31, 2025. The increase was due to the following:

- **Investment in an associate** decreased by ₱96.94 million or 3.40%, mainly due to the dividends received from MARC during the period.
- **Property and equipment** decreased by ₱0.05 million or 11.14%, due to the depreciation recognized during the period.

The above decreases were partly offset by the following:

- **Cash** increased by ₱77.78 million or 3,438.42%, mainly due to the dividends received from MARC during the period.
- **Other current assets** increased by ₱0.18 million or 1.55%, mainly due to the advances that are

not yet liquidated.

Liabilities

The Company's liabilities as of March 31, 2026, decreased by ₱0.33 million or 0.02% compared to the balances as of December 31, 2025, mainly due to the payment of audit fees for the Corporation's audit of financial statements for the year ended 2025.

Equity

The Company's equity as of March 31, 2026, decreased by ₱18.70 million or 1.34% compared to the balances as of December 31, 2025, due to the net loss recognized during the period.

STATEMENT OF CASH FLOWS

Net cash used in operating activities increased by ₱0.32 million or 21.57% compared with the same period last year, mainly due to the unliquidated advances.

Net cash provided by activities amounted to ₱79.61 million due to the dividends received from MARC during the period.

Item 2 - Financial Statements

The unaudited financial statements of Bright Kindle Resources & Investments, Inc. as of March 31, 2026, and for the three months ended March 31, 2025 with a comparative audited figure as of December 31, 2025 complies with generally accepted accounting principles, and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Horizontal and Vertical Analysis:

			Horizontal Analysis		Vertical Analysis	
	March 31, 2026 (Unaudited)	Dec. 31, 2025 (Audited)	Change	% Change	2026	2024
ASSETS						
Current Assets						
Cash	₱ 80,045,116	₱ 2,262,172	₱ 77,782,944	3,438.42%	2.63%	0.07%
Due from related parties	7,017,262	7,017,262	–	–	0.23%	0.23%
Other current assets	11,732,586	11,553,444	179,142	1.55%	0.38%	0.38%
Total Current Assets	98,794,964	20,832,878	77,962,086	374.23%	3.24%	0.68%
Non-current Assets						
Investment in an associate	2,754,712,585	2,851,654,220	(96,941,635)	(3.40%)	90.34%	92.94%
Investment in equity securities at fair value through other comprehensive income (FVOCI)	147,604,126	147,604,126	–	–	4.84%	4.81%
Loans receivable - net	46,078,475	46,078,475	–	–	1.51%	1.50%
Interest receivable	1,864,110	1,864,110	–	–	0.06%	0.06%
Property and equipment	365,062	410,806	(45,744)	(11.14%)	0.01%	0.01%
Total Noncurrent Assets	2,950,624,358	3,047,611,737	(96,987,379)	(3.18%)	96.76%	99.32%
	₱ 3,049,419,322	₱ 3,068,444,615	₱ (19,025,293)	(0.62%)	100.00%	100.00%
LIABILITIES & CAPITAL DEFICIENCY						
Current Liabilities						
Note payable	₱ 1,671,501,723	₱ 1,671,501,723	₱ –	–	54.81%	54.47%
Accrued expenses and other current liabilities	195,598	521,672	(326,074)	(62.51%)	0.01%	0.02%
Total Current Liabilities	1,671,697,321	1,672,023,395	(326,074)	(0.02%)	54.82%	54.49%
Equity						
Capital stock	840,660,700	840,660,700	–	–	27.57%	27.40%
Retained earnings	533,914,106	552,613,325	(18,699,219)	(3.38%)	17.51%	18.01%
Other comprehensive income	3,147,195	3,147,195	–	–	0.10%	0.10%
Total Equity	1,377,722,001	1,396,421,220	(18,699,219)	(1.34%)	45.18%	45.51%
	₱ 3,049,419,322	₱ 3,068,444,615	₱ (19,025,293)	(0.62%)	100.00%	100.00%
For the Three Months Ended March 31						
	2026 (Unaudited)	2025 (Unaudited)	Variance			
			Increase (Decrease)	%Change		
SHARE IN NET LOSS OF AN ASSOCIATE	₱ (17,334,900)	₱ (10,684,887)	₱ 6,650,013	62.24%		
EXPENSES	(1,366,514)	(1,265,119)	101,395	8.01%		
INTEREST INCOME	2,195	9,008	(6,813)	(75.63%)		
LOSS BEFORE INCOME TAX	(18,699,219)	(11,940,998)	6,758,221	56.60%		
PROVISION FOR INCOME TAX	–	–	–	–		
NET LOSS	(18,699,219)	(11,940,998)	6,758,221	56.60%		
OTHER COMPREHENSIVE INCOME	–	–	–	–		
TOTAL COMPREHENSIVE LOSS	₱ (18,699,219)	₱ (11,940,998)	₱ 6,758,221	56.60%		

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 Corporation, 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 Corporation with unconsolidated entities or other persons created during the reporting period.
- d. Aside from the volatile prices of ore and fuel in the market and the USD exchange rate, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- e. The causes for the material changes from period to period in the financial accounts were explained in the Management's discussion and analysis of financial condition and results of operation.
- f. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.
- g. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.
- h. There are no new issuances, repurchases, and repayments of debt and equity securities.
- i. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- j. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
- k. There are no contingent liabilities or contingent assets since the last annual balance sheet date.
- l. There are no material contingencies and other material events or transactions during the interim period.
- m. There are no events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

Key Performance Indicators (KPIs)

Management uses the following KPIs for the Corporation:

	March 31, 2026	December 31, 2025
Net income (loss)	(₱18,699,219)	₱74,347,958
Quick assets	87,062,378	9,279,434
Current assets	98,794,964	20,832,878
Total assets	3,049,419,322	3,068,444,615
Current liabilities	1,671,697,321	1,672,023,395
Total liabilities	1,671,697,321	1,672,023,395
Equity	1,377,722,001	1,396,421,220
Number of common shares outstanding	1,528,474,000	1,528,474,000

	March 31, 2026	December 31, 2025
Liquidity ratios:		
Current ratio ⁽¹⁾	0.06:1	0.01:1
Quick ratio ⁽²⁾	0.05:1	0.01:1
Solvency Ratios:		
Debt ratio ⁽³⁾	0.55:1	0.54:1
Debt to Equity ratio ⁽⁴⁾	1.21:1	1.20:1
Profitability ratios:		
Income (loss) per share ⁽⁵⁾	(0.01):1	0.05:1
Book value per share ⁽⁶⁾	0.90:1	0.91:1

Notes:

1. Current Assets / Current Liabilities
2. Quick Assets / Current Liabilities
3. Total Liabilities / Total Assets
4. Total Liabilities / Equity
5. Net Income (Loss) / Number of Common Shares Outstanding
6. Equity / Number of 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 = 0.06:1

b. Quick Ratio

Quick asset / Total Current Liabilities = 0.05:1

Solvency Ratio

a. Debt Ratio

Total liabilities / Total assets = 0.575:1

b. Debt to Equity Ratio

Total liabilities / Equity = 1.21:1

Profitability Ratio

a. Return on Equity Ratio

Net Income (Loss) / Average Shareholders' Equity = (0.01):1

b. Return on Assets Ratio

Net Income (Loss)/ Average Total assets = (0.01):1

c. Asset to Equity Ratio:

Total Assets / Equity = 2.21:1

d. Asset Turnover:

Revenue/Total Assets = 0.000001


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: **BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.**

Signature and Title: 
AUGUSTO C. SERAFICA, JR.
President and CEO

Date: May 19, 2026

Signature and Title: 
ROLANDO S. SANTOS
SVP and Treasurer

Date: May 19, 2026

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Note	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS			
Current Assets			
Cash	4	₱80,045,116	₱2,262,172
Due from related parties	11	7,017,262	7,017,262
Other current assets	5	11,732,586	11,553,444
Total Current Assets		98,794,964	20,832,878
Noncurrent Assets			
Investment in an associate	7	2,754,712,585	2,851,654,220
Investment in equity securities at fair value through other comprehensive income (FVOCI)	8	147,604,126	147,604,126
Loan receivable - net	11	46,078,475	46,078,475
Interest receivable	11	1,864,110	1,864,110
Property and equipment	6	365,062	410,806
Total Noncurrent Assets		2,950,624,358	3,047,611,737
		₱3,049,419,322	₱3,068,444,615
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and statutory payables	9	₱195,598	₱521,672
Note payable	10	1,671,501,723	1,671,501,723
Total Current Liabilities		1,671,697,321	1,672,023,395
Equity			
Capital stock	12	840,660,700	840,660,700
Retained earnings		533,914,106	552,613,325
Other comprehensive income		3,147,195	3,147,195
Total Equity		1,377,722,001	1,396,421,220
		₱3,049,419,322	₱3,068,444,615

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Three Months Ended March 31	
		2024	2025
SHARE IN NET LOSS OF AN ASSOCIATE	7	(P17,334,900)	(P10,684,887)
GENERAL AND ADMINISTRATIVE EXPENSES	13	(1,366,514)	(1,265,119)
INTEREST INCOME	4	2,195	9,008
LOSS BEFORE INCOME TAX		(18,699,219)	(11,940,998)
PROVISION FOR INCOME TAX	14	-	-
NET LOSS		(18,699,219)	(11,940,998)
OTHER COMPREHENSIVE INCOME			
<i>Not to be reclassified to profit or loss in subsequent period -</i>			
Share in other comprehensive income (loss) of an associate		-	-
TOTAL COMPREHENSIVE LOSS		(P18,699,219)	(P11,940,998)
LOSS PER SHARE - BASIC AND DILUTED		(P0.012)	(P0.008)

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Note	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
CAPITAL STOCK - ₱0.55 par value			
Authorized - 2,000,000,000 shares			
Issued and outstanding -			
1,528,474,000 shares	12	₱840,660,700	₱840,660,700
RETAINED EARNINGS			
Balance at beginning of period		552,613,325	478,265,367
Net income (loss)		(18,699,219)	74,347,958
Balance at end of period		533,914,106	552,613,325
OTHER COMPREHENSIVE INCOME			
Accumulated Share in Other Comprehensive Income of an Associate			
	7		
Balance at beginning of period		3,147,195	6,249,602
Share in other comprehensive loss		-	(1,811,850)
Balance at end of period		3,147,195	3,147,195
Unrealized Loss on Fair Value Changes of Investment in Equity Securities at FVOCI			
	8	-	(1,290,557)
		3,147,195	(3,147,195)
		₱1,377,722,001	₱1,396,421,220

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.**UNAUDITED STATEMENTS OF CASH FLOWS**

		Three Months Ended March 31	
	Note	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(P18,699,219)	(P11,940,998)
Adjustments for:			
Share in net loss of an associate	7	17,334,900	10,684,887
Depreciation	6	45,744	43,024
Interest income	4	(2,195)	(9,008)
Operating loss before working capital changes		(1,320,770)	(1,222,095)
Increase in other current assets		(179,142)	(13,771)
Decrease in accrued expenses and statutory payables		(326,074)	(273,301)
Net cash used for operations		(1,825,986)	(1,509,167)
Interest received		2,195	9,008
Net cash used in operating activities		(1,823,791)	(1,500,159)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		79,606,735	–
Additions to property and equipment	6	–	(54,400)
Net cash provided by (used in) investing activities		79,606,735	(54,400)
NET INCREASE (DECREASE) IN CASH		77,782,944	(1,554,559)
CASH AT BEGINNING OF PERIOD		2,262,172	69,191,499
CASH AT END OF PERIOD		P80,045,116	P67,636,940

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
UNAUDITED NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 AND DECEMBER 31, 2025
AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

1. Corporate Information

General Information

Bright Kindle Resources and Investments, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on December 4, 1981. On March 21, 1995, the Company listed its shares with the Philippine Stock Exchange, Inc. (PSE).

The Company is a subsidiary of RYM Business Management Corporation (the Parent Company), a holding company registered and domiciled in the Philippines. The ultimate parent of the Company is Trans Middle East Philippine Equities, Inc. (TMEE), a holding company incorporated and domiciled in the Philippines.

The Company previously owned 100% equity interest of Brightstar Holdings and Development Inc. (BHD), a holding and investment company incorporated and registered with the Philippine SEC. The Company's equity interest was diluted to 2.97% effective July 3, 2025 after BHD acquired ownership in Strong Built (Mining) Development Corporation (SBMDC) via a share-for-share swap transaction with SBMDC's stockholders (see Note 7).

The Company also holds 19.90% equity interest in Marcventures Holdings, Inc. (MARC), a publicly listed entity in the Philippines with investments in mining companies located in Surigao del Sur and in the province of Samar (see Note 7).

The Company's principal office address is at 16th Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City.

2. Summary of Material Accounting Policy Information

The material accounting policy information that has been used in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance

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

Measurement Bases

The financial statements are presented in Philippine Peso, which is also the Company's functional currency. All amounts represent absolute values except otherwise indicated.

The financial statements have been prepared using the historical cost basis, except for investment in FVOCI which is measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. 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.

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 market 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 15, *Financial Risk Management Objectives and Policies*.

Adoption of Amended PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. Relevant amended PFRS Accounting Standards effective for beginning January 1, 2025 did not have any material effect on the financial statements of the Company.

New and Amendments to PFRS Accounting Standards in Issue but Not Yet Effective or Adopted

Relevant and new amendments to PFRS Accounting Standards, which are not yet effective as at March 31, 2026 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at FVOCI with contingent features. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:
 - o Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.
 - o Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027 –

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

Deferred effectivity –

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investment in Associates - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

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

Financial Assets and Liabilities

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

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

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

estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference amount.

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

The Company does not have financial assets and liabilities at FVPL, and debt instruments classified as financial asset at FVOCI as at March 31, 2026 and December 31, 2025.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Company’s cash, due from related parties, loan receivable and interest receivable are classified under this category.

Financial Assets at FVOCI. For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the following conditions are not met:

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

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, equity instruments at FVOCI are measured at fair value with unrealized gains or losses recognized in other comprehensive income (OCI) and are presented in the equity section of the separate statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

As at March 31, 2026, the Company designated its investment in unquoted equity securities as financial asset at FVOCI.

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

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

As at March 31, 2026 and December 31, 2025, the Company's accrued expenses and note payable are classified under this category.

Reclassification

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

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

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment Policy on Financial Assets at Amortized Cost

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

For other financial instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there is significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is indicative of significant increases in credit risk since initial recognition.

Investment in an Associate

Investment in an associate is recognized initially at cost and subsequently accounted for using the equity method.

An associate is an entity in which the Company has significant influence but not control, over the financial and operating policies of such entity. The Company's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The reporting date of the associate and that of the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances. When necessary, adjustments are made to conform the associate's accounting policies in line with those of the Company.

When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Company determines at the end of each reporting period whether there is any evidence that the investment is impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investment and recoverable amount.

Other Current Assets

Other current assets consist of input value-added tax (VAT), creditable withholding tax (CWT) and prepayments.

Input VAT. Input VAT represents tax imposed on the Company by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset, carried at cost less any impairment in value and will be used to offset the Company's current VAT liability.

CWT. CWT represent taxes withheld by the Company's customers as required under Philippine taxation laws and regulations. CWT is recognized as asset, carried at cost less any impairment in value and will be used to offset against the Company's income tax liability.

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

Property and Equipment

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

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the 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 and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Office furniture and fixtures	2-5
Computer equipment	5

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

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

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

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

Retained Earnings. Retained earnings represent the cumulative balance of net income, net of any dividend declaration.

OCI. OCI comprises of items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. OCI of the Company pertains to cumulative share in OCI of an associate and unrealized loss on fair value changes of investment in equity securities at FVOCI. This is not reclassified to profit or loss in subsequent period.

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, carry-forward benefits of any unused net operating loss carryover (NOLCO), and excess minimum corporate income tax (MCIT) over regular corporate income tax to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused NOLCO and excess MCIT 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 rate 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 OCI.

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

Related Party Relationship and Transactions

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

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

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

Provisions and Contingencies

Provisions are recognized when 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.

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefit 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

Events after the reporting date that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are reflected in the financial statements.

Events after the reporting period date that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Company's financial statements in compliance with PFRS Accounting Standards requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the consolidated financial statements. The judgment, accounting estimates and assumptions 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.

Judgment

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 effects on the amounts recognized in the financial statements.

Determining Significant Influence over an Associate. When an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed that the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The Company's 19.90% investment in MARC qualifies as an investment in an associate despite not having 20% or more of the voting power because of the existence of significant influence by the Company as evidenced by the following:

- representation on the BOD or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions; or
- interchange of managerial personnel.

Details about the investment in an associate are disclosed in Note 7.

Accounting Estimates and Assumptions

Assessing the ECL on Financial Assets at Amortized Cost. The Company estimates ECL for financial assets at amortized cost using the general approach in measuring the ECL. The Company assessed that cash in banks are deposited with reputable counterparty banks that possess good credit ratings. For related party transactions, the Company considered the available liquid assets of the related parties, letter of support from the stockholders and the mitigation of credit exposure through legally enforceable rights.

The Company assesses that a financial asset is considered credit impaired when one or more events that have a detrimental effect on the estimated future cash flows of the asset have occurred, such as significant financial difficulty of the borrower.

No provision for impairment loss was recognized by the Company in 2026 and 2025. The carrying amounts of financial assets at amortized cost are disclosed in Notes 4 and 11.

Determining the Fair Value of Investment in Equity Securities. PFRS Accounting Standards requires certain financial assets to be carried at fair value which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies. Any change in the fair value of these financial instruments would directly affect the separate statements of comprehensive income and the separate statements of changes in equity.

The valuation technique, assumptions and key inputs used by the Company in determining the fair value of the investment in equity securities at FVOCI as at March 31, 2026 are disclosed in Note 8.

Assessing the Impairment of Investment in an Associate. The Company assesses the impairment of investment in an associate whenever events or changes in circumstances indicate that the carrying amount of investment in an associate may not be recoverable. The Company considered the following as indicators of impairment, and therefore, performed an impairment review:

- The carrying amount of the net assets of the associate is more than the fair market value of the corresponding shares; and
- The carrying amount of the investment in the separate financial statements exceeds the Company's proportionate share in the carrying amounts of the associate's net assets.

The estimated recoverable amount of the investment pertains to its value in use which was determined using the discounted cash flow method based on the cash flow projections of the associate. The Company also makes estimates and assumptions related to commodity prices, discount rate, and foreign currency exchange rates that can materially affect the determination of the value in use. Commodity prices are based on prices issued by commodity price reporting agencies. Discount rate estimate is computed using the weighted average cost of capital. Foreign currency exchange rates are based on the current and forecast rates from external reliable sources such as banks.

Based on management assessment, the estimated recoverable amount of the Company's investment in an associate is higher than its carrying amount and any reasonably possible change in the key assumptions would not result to the recognition of impairment loss. Accordingly, no impairment loss was recognized in 2025 and 2024. The carrying amount of investment in an associate is disclosed in Note 7.

Assessing the Impairment of Other Nonfinancial Assets. The Company assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the 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.

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

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

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

Based on management assessment, there are no impairment indicators on the Company's nonfinancial assets. Accordingly, no impairment loss was recognized in 2026 and 2025.

Assessing the Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount 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 assets to be utilized. Management has assessed that there may be no sufficient future taxable profits against which the deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets are disclosed in Note 14.

4. Cash

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash on hand	₱20,000	₱20,000
Cash in banks	80,025,116	2,242,172
	₱80,045,116	₱2,262,172

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned in 2026 and 2025 are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash in banks	₱2,195	₱21,626
Loan receivable	–	1,864,110
Accretion of "Day 1" loss on loan receivable	–	1,186,686
	₱2,195	₱3,072,422

5. Other Current Assets

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Input VAT	₱10,831,182	₱10,744,897
CWT	560,524	560,524
Prepayments	89,378	178,758
Others	251,502	69,265
	₱11,732,586	₱11,553,444

6. Property and Equipment

Movements in this account are as follows:

	March 31, 2026 (Unaudited)		
	Office Furniture and Fixtures	Computer Equipment	Total
Cost			
Balance at beginning period	₱1,983,569	₱727,221	₱2,710,790
Additions	–	–	–
Balance at end of period	1,983,569	727,221	2,710,790
Accumulated Depreciation			
Balance at beginning of period	1,870,758	429,226	2,299,984
Depreciation	10,644	35,100	45,744
Balance at end of period	1,881,402	464,326	2,345,728
Carrying Amount	₱102,167	₱262,895	₱365,062

	December 31, 2025 (Audited)		
	Office Furniture and Fixtures	Computer Equipment	Total
Cost			
Balance at beginning period	₱1,929,169	₱727,221	₱2,656,390
Additions	54,400	–	54,400
Balance at end of period	1,983,569	727,221	2,710,790
Accumulated Depreciation			
Balance at beginning of period	1,838,344	280,479	2,118,823
Depreciation	32,414	148,747	181,161
Balance at end of period	1,870,758	429,226	2,299,984
Carrying Amount	₱112,811	₱297,995	₱410,806

Depreciation expense charged to operations amounted to ₱0.05 million and ₱0.18 million in 2024 and 2025, respectively (see Note 13).

As at March 31, 2026 and December 31, 2025, the cost of fully-depreciated property and equipment still in use amounted to ₱1.8 million.

Deed of Assignment to BHDl

On January 20, 2023, the Company and BHDl executed a Deed of Assignment under which the Company assigned in favor of BHDl its one (1) condominium unit and four (4) parking slots in exchange for 1,121,505,000 common shares with ₱0.10 par value a share from the authorized capital stock of BHDl. The transaction is pursuant to the approval by the Company of a property-for-share swap wherein the property will be exchanged for shares in the BHDl, and subject to the confirmation of valuation by the SEC and tax-free exchange application with the Bureau of Internal Revenue (BIR).

On September 12, 2024, the Company obtained the certificate of approval of valuation from the SEC. On the same date, the subject property was also transferred to BHDl in exchanges for BHDl's shares valued at ₱112.2 million (see Note 7). The exchange resulted a gain on of ₱79.2 million recognized in the statements of comprehensive income.

7. Investment in an Associate

Movements in this account are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Acquisition Cost (see Notes 10 and 11)	₱2,604,000,000	₱2,604,000,000
Accumulated Share in Net Income		
Balance at beginning of period	243,216,468	149,458,748
Share in net income (loss)	(17,334,900)	93,757,720
Dividend income	(79,606,735)	–
Balance at end of period	146,274,833	243,216,468
Accumulated Share in OCI		
Balance at beginning of period	4,437,752	6,249,602
Share in OCI	–	(1,811,850)
Balance at end of period	4,437,752	4,437,752
Carrying Amount	₱2,754,712,585	₱2,851,654,220

The Company has 600,000,000 shares of MARC representing 19.90% equity interest as at March 31, 2026 and December 31, 2025. MARC has investments in mining companies located in Surigao del Sur and in the province of Samar. MARC's principal office address is at Unit 4-3 BDO Towers Paseo, Paseo de Roxas, Makati City.

Summarized financial information of MARC follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Total current assets	₱1,475,756,884	₱1,466,016,675
Total noncurrent assets	4,700,991,432	4,759,387,951
Total current liabilities	678,056,159	242,562,608
Total noncurrent liabilities	610,581,949	607,621,756
Revenue	–	2,708,084,394
Net income (loss)	(87,110,054)	471,144,321
Other comprehensive income loss	–	(9,104,776)
Total comprehensive income	(87,110,054)	462,039,545

The reconciliation of the share in the net assets of MARC and the carrying amount of the investment in an associate as at March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Net assets as at beginning of period	₱5,375,220,262	₱4,913,180,717
Net income (loss)	(87,110,054)	471,144,321
Dividend declaration	(400,057,545)	–
Other comprehensive loss	–	(9,104,776)
Net assets as at end of period	4,888,052,663	5,375,220,262
Equity interest*	19.90%	19.90%
Share in net assets of associate	972,722,480	1,069,664,115
Goodwill on acquisition and others	1,781,990,105	1,781,990,105
Carrying amount	₱2,754,712,585	₱2,851,654,220

*rounded

On February 2, 2026, MARC declared cash dividends at ₱0.13 a share in favor of stockholders of record as of February 16, 2026, which is payable on March 10, 2026. The Company received ₱79.6 million from this dividend declaration.

The Company considered the following as indicators of impairment, and therefore, performed an impairment review:

- The carrying amount of the net assets of the associate is more than the fair market value of the corresponding shares; and
- The carrying amount of the investment exceeds the Company's proportionate share in the carrying amounts of the associate's net assets.

The estimated recoverable amount of the investment pertains to its value-in-use which was determined using the discounted cash flow method based on the cash flow projections of the associate. Based on management assessment, the estimated recoverable amount of the investment in an associate is higher than its carrying amount. Accordingly, no impairment loss was recognized in 2026 and 2025.

The calculation of value-in-use is most sensitive to the discount rate and foreign currency exchange rate used. The discount rate reflects management's estimate of the risks specific to the investment. Any future significant increase (decrease) in discount rate will result in lower (higher) recoverable amount. Foreign currency exchange rate movements directly affect commodity prices, which in turn influence revenues used in the investee's cash flow projections. Any future significant increase (decrease) in exchange rates will result in higher (lower) recoverable amount.

8. Investment in Equity Securities at FVOCI

At the date of loss of control in 2025, the Company designated its investment in BHDI as financial asset at FVOCI (see Note 7). Movements in the investment in equity securities at FVOCI are summarized as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Fair value of investment at beginning of period	149,458,748	148,894,683
Unrealized loss	–	(1,290,557)
	₱149,458,748	₱149,458,748

The fair value of the investment was determined using the adjusted net asset method, an asset-based approach measured at Level 3 (significant unobservable inputs). This method derives value from the fair value of the investee's assets and liabilities, which is appropriate given the investee's asset-driven nature and early stage of development.

9. Accrued Expenses and Statutory Payables

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Accrued expenses	₱169,260	₱483,507
Statutory payables	26,338	38,165
	₱195,598	₱521,672

Accrued expenses pertain to accrual of outside services, professional fees, and electricity, among others, which are expected to be settled in the next reporting period.

Statutory payables pertain to withholding taxes that are to be remitted to the government within the next reporting period.

10. Note Payable

The Company's note payable amounting to ₱1,671.5 million as at March 31, 2026 and December 31, 2025 pertains to a due and demandable, noninterest-bearing loan from TMEE. The proceeds of the loan were used to initially finance the acquisition of investment in MARC (see Notes 7 and 11).

11. Related Party Transactions

The Company has the following transactions with its Parent Company and other related parties:

	Note	Nature of Transactions	Amount of Transactions		Outstanding Balances	
			2026	2025	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Due from Related Parties						
Parent Company		Advances for working capital	₱–	₱–	₱7,000,000	₱7,000,000
Entities under common management		Advances for working capital	–	–	17,262	17,262
					₱7,017,262	₱7,017,262
Loan Receivable						
Entities under common management		Principal	₱–	₱60,000,000	₱46,078,475	₱46,078,475
		"Day 1" difference	–	(15,108,211)	–	–
	4	Interest	–	1,864,110	1,864,110	1,864,110
Note Payable						
Ultimate Parent	7, 10	Note payable	₱–	₱–	₱1,671,501,723	₱1,671,501,723

Due from Related Parties

These amounts represent working capital advances which are unimpaired, unsecured and collectible in cash. Working capital advances are noninterest-bearing and collectible on demand.

Loan Receivable

In 2025, the Company entered into a loan agreement with BHD1 for ₱60,000,000, subject to an annual interest rate of 7%. The principal amount and the applicable interest shall be payable within five (5) years from the drawdown date. Interest income amounted to ₱1.9 million in 2025 (see Note 4).

At the transaction date, the fair value of the loan receivable computed at the present value of future cash flows discounted using effective interest rate of 5.96% is different from the transaction price. Accordingly, the Company recognized "Day 1" loss on loan receivable of ₱15.1 million.

Movements in loan receivable are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Original amount	₱60,000,000	₱60,000,000
“Day 1” loss		
Balance at beginning of period	13,921,525	15,108,211
Accretion	–	(1,186,686)
Balance at end of period	13,921,525	13,921,525
Carrying amount	₱46,078,475	₱46,078,475

Compensation of Key Management Personnel

The Company has not paid any compensation to its key management personnel. The accounting and administrative functions of the Company are being handled by the affiliate companies at no cost.

12. Equity

On March 21, 1995, the SEC approved the listing of the Company’s 118,000,000 shares at an offer price of ₱1.00 per share. Accordingly, on the same date, the Company listed its shares with PSE. Subsequently, the par value of the Company’s common stock was reduced from ₱1.00 per share to ₱0.55 per share as approved by the SEC on October 17, 2012.

As at March 31, 2026 and December 31, 2025, the Company has ₱840.7 million capital stock and 1,528,474,000 listed shares in the PSE.

The following summarizes the information on the Company’s issued and subscribed shares as at March 31, 2026:

	Number of Shares Issued and Subscribed	Percentage of Shares
Non-public shareholdings		
a. Related parties	1,170,185,989	76.56%
b. Affiliates, directors and officers*	9,900	0%
Public shareholdings	358,278,111	23.44%
	1,528,474,000	100.00%

**Shareholdings represent 0.0007% of the total shares.*

The total number of shareholders of the Company is 630 as at March 31, 2026 and December 31, 2025.

Cash and Property Dividend Declaration

On September 8, 2023 and November 21, 2023, the BOD and stockholders, respectively, approved the declaration of property dividends wherein the Company will distribute 509,491,333 common shares of BHDl at ₱0.1 par value a share equivalent to ₱50.9 million in favor of the Company’s shareholders at an entitlement ratio of one (1) BHDl common share for every three (3) BKR common shares. The BOD also approved on the same date the declaration of cash dividends amounting to ₱6.1 million to cover the withholding taxes arising from the property dividend.

On January 30, 2026, the SEC acknowledged and confirmed the Company’s declaration of property and cash dividend, subject to the condition that the Company has unrestricted retained earnings sufficient to warrant the said dividend declaration. The payment date will be announced once the Company has secured the electronic certificate authorizing registration from the BIR.

13. General and Administrative Expenses

This account consists of:

	Note	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Professional fees		₱399,835	₱594,000
Membership dues and other fees		250,000	–
Taxes and licenses		214,225	17,993
Director’s fees		125,000	20,000
Outside services		110,944	384,147
Advertising and promotions		94,244	44,643
Depreciation	6	45,744	43,024
Communication, light and water		30,906	29,217
Others		95,616	132,095
		₱1,366,514	₱1,265,119

Others mainly pertain to training and seminars, and insurance.

14. Income Taxes

The provision for current income tax of ₱37,782 in 2025 pertains to MCIT.

The Company’s unrecognized deferred tax assets as at March 31, 2026 and December 31, 2025 are as follows:

NOLCO	₱7,431,097
Unamortized “day 1” loss	3,480,381
Excess MCIT over RCIT	44,246
	₱10,955,724

Management has assessed that there may be no sufficient future taxable profits against which the deferred tax assets can be utilized.

Details of unused NOLCO that can be claimed as deduction from future taxable income are as follows:

Year	Balance at Beginning of Period	Incurred	Applied	Expired	Balance at End of Period	Year of Expiry
2025	₱–	₱5,436,537	₱–	₱–	₱5,436,537	2028
2024	7,671,898	–	–	–	7,671,898	2027
2023	8,896,592	–	–	–	8,896,592	2026
2022	6,589,880	–	–	6,589,880	–	2025
2021	7,719,361	–	–	–	7,719,361	2026
2020	6,284,288	–	–	6,284,288	–	2025
	₱37,162,019	₱5,436,537	₱–	₱12,874,168	₱29,724,388	

Details of excess MCIT over RCIT are as follows:

Year	Balance at Beginning of Period	Incurred	Expired	Balance at End of Period	Year of Expiry
2025	₱–	₱37,282	₱–	₱37,282	2028
2023	6,964	–	–	6,964	2026
2022	5,200	–	5,200	–	2025
	₱12,164	₱37,282	₱5,200	₱44,246	

Under Republic Act No. 11494, also known as “Bayanihan to Recover As One Act” and Revenue Regulations No 25-2020, the Company is allowed to carry-over its net operating losses incurred for taxable years 2020 and 2021 for the next five (5) years immediately following the year of such loss.

The reconciliation of provision for income tax at the statutory income tax to the provision for income tax shown in the consolidated statements of comprehensive income follows:

	2025
Provision for income tax at the statutory tax rate	₱18,596,310
Changes in unrecognized deferred tax assets	1,653,055
Add (deduct) tax effects of:	
Share in net income of an associate	(23,439,430)
Expired NOLCO and MCIT	3,223,742
Nondeductible expenses	9,012
Interest income subjected to final tax	(5,407)
	₱–

15. Financial Risk Management Objectives and Policies and Fair Value of Financial Instruments

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 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.

The Company’s principal financial instruments consist of cash, due from related parties, loan receivable, interest receivable, accrued expenses and note payable. 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 is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligation. The Company’s exposure to credit risk arises primarily from cash in banks, due from related parties, loan receivable and interest receivable.

The Company's maximum exposure to credit risk on the financial assets at amortized cost is the carrying amount of those assets as at the reporting date.

The Company limits its credit risk from balances with banks by depositing its cash with highly reputable and pre-approved financial institutions. For due from related parties, loan receivable and interest receivable credit risk is low since the Company only transacts with related parties with strong capacity to meet its contractual cash flow obligations in the near term.

The Company considers credit risk in measuring ECL of financial assets at amortized cost. Since the financial assets at amortized cost of the Company are considered to have low credit risk, impairment loss is limited to 12-month ECL.

Generally, financial assets at amortized cost are written-off when there is no reasonable expectation of recovery. Indicators include the failure of a debtor to engage in a repayment plan, no active enforcement activity, and a failure to make contractual payments for a period greater than one year.

The table below presents high grade credit quality of the Company's financial assets at amortized cost.

	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
Cash in banks	₱80,025,116	₱2,242,172
Due from related parties	7,017,262	7,017,262
Loan receivable – net	46,078,475	46,078,475
Interest receivable	1,864,110	1,864,110
	₱134,984,963	₱57,202,019

High grade credit quality represents settlements which are obtained from counterparty following the terms of the contracts without much collection effort.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The tables below summarize the maturity profile of the Company's financial liabilities at amortized cost as at March 31, 2026 and December 31, 2025 based on contractual undiscounted cash flows.

	March 31, 2026 (Unaudited)		
	On Demand	Within One Year	Total
Accrued expenses	₱–	₱483,507	₱483,507
Note payable	1,671,501,723	–	1,671,501,723
	₱1,671,501,723	₱483,507	₱1,671,985,230

	December 31, 2025 (Audited)		
	On Demand	Within One Year	Total
Accrued expenses	₱–	₱596,501	₱596,501
Note payable	1,671,501,723	–	1,671,501,723
	₱1,671,501,723	₱596,501	₱1,672,098,224

Fair Value of Financial Instruments

Comparison of the carrying amounts and fair values of the financial instruments are as follows:

	March 31, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	₱80,045,116	₱80,045,116	₱2,262,172	₱2,262,172
Due from related parties	7,017,262	7,017,262	7,017,262	7,017,262
Investment in equity securities at FVOCI	147,604,126	147,604,126	147,604,126	147,604,126
Loan receivable – net	46,078,475	46,078,475	46,078,475	46,078,475
Interest receivable	1,864,110	1,864,110	1,864,110	1,864,110
	₱282,609,089	₱282,609,089	₱204,826,145	₱204,826,145
Financial Liabilities				
Note payable	₱1,671,501,723	₱1,671,501,723	₱1,671,501,723	₱1,671,501,723
Accrued expenses	169,260	169,260	483,507	483,507
	₱1,671,670,983	₱1,671,670,983	₱1,671,985,230	₱1,671,985,230

The carrying amount of cash, due from related parties, accrued expenses and note payable approximate their fair values due to their short-term maturities and demand nature.

The fair value of the loan receivable was determined based on the instrument's expected cash flows using the prevailing PDS BVAL Reference Rates that are specific to the tenor of the instruments' cash flows at reporting date (Level 2). The carrying amount of interest receivable approximate its fair value because the impact of time value of money is not material.

The fair value of the investment in equity securities at FVOCI was determined using the adjusted net asset method, an asset-based approach measured at Level 3. Under this method, fair value is derived from the fair value of the investee's assets and liabilities.

There are no transfers between levels of fair value hierarchy in 2026 and 2025.

16. 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. The Company manages its 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 or issue new shares. Also, the Company is not subject to any externally imposed capital requirements.

The Company considers its total equity amounting to ₱1,377.7 million and ₱1,396.4 million as at March 31, 2026 and December 31, 2025, respectively, as its capital.

There has been no change in the objective, policies, processes in 2026 and 2025.