

# COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

<b>Jonamel G. Israel-Orbe</b>
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Contact Person

<b>304-6213</b>
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Company Telephone Number

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*Month*                      *Day*

Fiscal Year

SEC Form 20-IS (Definitive Statement)
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FORM TYPE

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Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings	

Domestic                                      Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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STAMPS
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## NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

Please take notice that the Annual Meeting of Stockholders of **ATOK-BIG WEDGE CO., INC.** will be held on 31 May 2016 at 4:00 p.m. at The City Club at Alphaland Makati Place, Ayala Avenue Extension, Makati City to discuss the following:

### AGENDA

1. Call to order
2. Certification of Notice and Quorum
3. Review and approval of the minutes of the previous meeting

The minutes of the previous meeting held on August 11, 2015 will be presented for approval by the stockholders. Copies of the minutes of the meeting will be distributed to the stockholders before the meeting. A resolution to this agenda item must be approved with a majority vote of the stockholders present and eligible to vote.

4. Annual report of Management and approval of the audited financial statements for the year ended December 31, 2015

After the President's report on the performance of the Company in the year 2015 and the plan of operations for the year 2016, the Company's Financial Statements as of December 31, 2015 will be presented for approval by the stockholders. The Financial Statements of the Company is included in the Information Statement to be sent to the stockholders prior to the meeting.

5. Ratification of all acts and resolutions adopted by the Board of Director, Executive Committee and other committees of the Board of Directors, and Management since the last Annual Stockholders Meeting held on August 11, 2015.

Ratification by the stockholders will be sought for all acts and resolutions adopted by the Board of Directors, Executive Committee and other committees of the Board of Directors, and Management since the last Annual Stockholders Meeting on August 11, 2015. These acts and resolutions include approval of agreements, fiscal or treasury matters, regulatory matters, and other matters taken in the conduct of the regular business of the Company. A resolution on this agenda item must be approved by a majority vote of the stockholders present and eligible to vote.

6. Election of member of the Board of Directors (including Independent Directors)

The Nominations Committee will determine whether the nominees for membership in the Board of Directors of the Company have all the qualifications and none of the disqualifications to serve as members of the Board. The qualified nominees will be submitted for election by the stockholders. The profile of the nominees to the Board of Directors of the Company will be included in the Information Statement that will be sent to the stockholders prior to the meeting. Members of the Board of Directors of the Company are elected by plurality of votes using the cumulative voting method.

7. Appointment of External Auditor

The appointment of Reyes Tacandong & Co. as the Company's External Auditor for the ensuing year will be proposed for the consideration and approval of stockholders. A

resolution on this agenda item must be approved by a majority vote of the stockholders present and eligible to vote.

8. Other matters

The Chairman will open the floor for comments and questions by the stockholders. Such other relevant matters or issued may also be considered by the stockholders.

9. Adjournment

For purposes of the meeting, only stockholders of record as of March 31, 2016 are entitled to notice of, and to vote at, the Annual Meeting of Stockholders.

Copies of the minutes of the Annual Stockholders' Meeting held on August 11, 2015 will be available upon request.

Registration starts at 3:30 p.m. For your convenience in registering your attendance, please have available some form of identification, such as your driver's license, passport or community tax certificate. For representatives of corporate stockholders, kindly bring a copy of the Board Resolution authorizing you to vote the shares of the company you represent.

Should you be unable to attend the meeting in person, you may want to execute a proxy in favor of a representative. The giving of such proxy will not affect your right to vote in person, should you decide to attend the Annual Meeting.

Proxies must be filed with and received by the Office of the Corporate Secretary at the Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Ave., Ext. cor. EDSA, Magallanes, Makati City no later than 5:00 o' clock in the afternoon of May 6, 2016

If no direction is made, the proxy will be voted "FOR" the election of the nominees, "FOR" the ratification of the board appointment of the independent auditor, and such other matters as may properly come before the meeting in the manner described therein as recommended by Management.

MAY 10 2016

SECURITIES AND EXCHANGE  
COMMISSION

RECEIVED  
MAY 10 2016

CLUBALAN SOUTHGATE TOWER  
MAGALLANES, MAKATI CITY

*for*

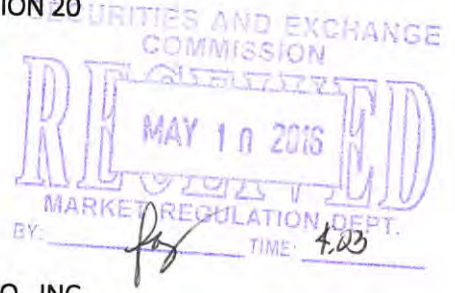
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**CLIBURN ANTHONY A. ORBE**  
Assistant Corporate Secretary

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:

- Preliminary Information Statement
- Definitive Information Statement

2. Name of Registrant as specified in its charter ATOK BIG-WEDGE CO., INC.

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

4. SEC Identification Number PW 427-A

5. BIR Tax Identification Code 000-707-286

6. 10<sup>th</sup> Floor, Alphaland Southgate Tower, 2258 Chino Roces Ave. Ext, Makati City  
Address of principal office Postal Code 1232

7. Registrant's telephone number, including area code +632 304-6282

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

Date **May 31, 2016**  
Time **4:00 pm**  
Place **The City Club at Alphaland Makati Place,  
Ayala Avenue corner Malugay Street,  
Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **10 May 2016, or at least fifteen (15) business days prior to meeting date.**

10. Proxies will not be solicited.

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 Outstanding	Amount of Liabilities Outstanding as of December 31, 2015
Common Shares	2,545,000,000	14,256,356

12. Are any or all of registrant's securities listed in a Stock Exchange?  
Yes  No

**PART I.**

**A. GENERAL INFORMATION**

**Item 1. Date, time and place of meeting of security holders.**

The Annual Meeting of the Stockholders of Atok-Big Wedge Co., Inc. (hereinafter referred to as "AB", the "Corporation" or the "Company") will be held on 31 May 2016 at 4:00 P.M. at The City Club at Alphaland Makati Place, Ayala Avenue corner Malugay Street, Makati City.

The complete mailing address of the registrant is the 10<sup>th</sup> Floor, Alphaland Southgate Tower, 2258 Chino Roces Avenue, Extension corner EDSA, 1232 Makati City.

The approximate date on which the Information Statement is first to be sent or given to security holders is 10 May 2016 or at least fifteen (15) business days prior to meeting date..

**Item 2. Dissenters' Right of Appraisal**

There are no matters or proposed actions as specified in the attached Notice of Annual Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar rights as provided in Title X of the Corporation Code of the Philippines.

Pursuant to Sections 81 and 42 of the Corporation Code, shareholders of the Company may exercise their right of appraisal in the following instances:

- (i) any amendment of the articles of incorporation which has the effect of changing or restricting the rights of any stockholder or class of share, 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;
- (ii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property or assets of the corporation;
- (iii) incurring, creating or increasing bonded indebtedness;
- (iv) increase or decrease of capital stock;
- (v) merger or consolidation of the corporation with another corporation or other corporations;
- (vi) dissolution of the corporation;
- (vii) declaration of stock dividends;
- (viii) removal of directors;
- (ix) extension or limitation of corporate term;
- (x) investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- (xi) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws.

Each share of stock is entitled to one vote during stockholders' meetings. However, at all elections of directors, every stockholder entitled to vote may vote such number of stocks 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 election of directors may only be held at a meeting convened for that purpose at which stockholders representing a majority of the outstanding capital stock are present in person or by proxy. However, any vacancy in the board, other than by removal or expiration of term, may be filled by the majority of the remaining directors if still constituting a quorum.

A shareholder who shall have voted against any proposed action may exercise his appraisal right by making a written demand on the Company within thirty (30) days after the date of the shareholders meeting. Failure to make the demand within the prescribed period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder upon surrender of the stock certificates representing his shareholdings in the Company based on the fair value thereof as of the day prior to the date of the shareholders meeting, excluding any appreciation or depreciation in anticipation of such corporate actions, provided that no payment shall be made to the dissenting shareholder unless the Company has unrestricted retained earnings to cause such payment.

If within a period of sixty (60) days from the date of the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the shareholder, another by the Corporation and the third by the two thus chosen. The findings of the majority of the appraiser shall be final and their award shall be paid by the Company within thirty (30) days after such award is made.

### **Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or officer of the Corporation, or nominee for election as director of the Corporation, or any associate of any of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting, other than election to office.

No director has informed the Corporation, in writing or otherwise, that he intends to oppose any action to be taken by the registrant at the Meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

- (a) All the outstanding 2,545,000,000 common shares of the Corporation as of record date are entitled to vote at the rate of one (1) vote per share.
- (b) The record date for purposes of determining the stockholders entitled to vote is March 31, 2016.
- (c) An item in the Agenda for the Annual Meeting is the election of directors for the ensuing year. The Corporation's stockholders have cumulative voting rights in the election of directors. Thus, a stockholder entitled to vote at the stockholders' meeting shall have the right to vote, in person or by proxy, the number of shares registered in his name in the stock and transfer book of the Corporation for as many persons as there are directors to be elected, or he may cumulate said shares and give one nominee 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 cumulative voting principle among as many nominees as he shall see fit; provided that the total number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

Only 4,206 stockholders as of March 31, 2016 are entitled to vote.

The following have been nominated to the Board of Directors for the ensuing year:

Roberto V. Ongpin  
Eric O. Recto  
Walter W. Brown  
Jose Raymund L. Apostol  
Anna Bettina Ongpin  
Michael Angelo Patrick M. Asperin  
Dennis O. Valdes  
Rodolfo Ma. A. Ponferrada  
John Peter Chick B. Castelo  
Victor C. Macalincag – Independent Director  
Margarito B. Teves – Independent Director  
Gregorio Ma. Araneta III – Independent Director  
Cliburn Anthony A. Orbe

The following names have been nominated as members of the various committees of the Board of Directors for the ensuing year:

**Executive Committee**

- a. Roberto V. Ongpin (Chairman)
- b. Eric O. Recto
- c. Jose Raymund L. Apostol

**Audit Committee**

- a. Eric O. Recto
- b. Victor C. Macalincag (Chairman/Independent Director)
- c. Gregorio Ma. Araneta III (Independent Director)

**Nominations Committee**

- a. Roberto V. Ongpin (Chairman)
- b. Jose Raymund L. Apostol
- c. Margarito B. Teves (Independent Director)

**Compensation Committee**

- a. Roberto V. Ongpin (Chairman)
- b. Eric O. Recto
- c. Margarito B. Teves (Independent Director)

The aforementioned nominees were nominated to the Nominations Committee by shareholders of the Company.

Pursuant to Section 38 of the Securities Regulation Code and Article III, Section 2 of the Corporation's By-Laws, the Corporation is required to elect at least two (2) independent

directors, or such independent directors constituting at least twenty percent (20%) of the members of such board, whichever is less. Messrs. Margarito B. Teves, Victor C. Macalincag, and Gregorio Ma. Araneta III were nominated by Mr. Roberto V. Ongpin. The nominating shareholders are not related to any of the nominees, including that of the independent director.

A majority of the above named nominees are expected to attend the scheduled Annual Meeting.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners of More Than 5% as of 31 March 2016

(1) TITLE OF CLASS	(2) NAME AND ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH	(3) NAME OF BENEFICIAL OWNER AND RELATIONSHIP WITH	(4) CITIZENSHIP	(5) NUMBER OF SHARES	(6) PERCENT TO TOTAL OUTSTANDING
Common	Boerstar Corporation 6766 Ayala Avenue corner Paseo De Roxas, Makati City (Stockholder)	Roberto V. Ongpin and Eric O. Recto – Beneficial Owners	Filipino	1,775,218,804*	69.75%
Common	North Kitanglad Agricultural Co., Inc. Kalugmanan Manolo Fortich, Bukidnon (Stockholder)	Walter W. Brown – controlling shareholder	Filipino	309,000,000**	12.14%
Common	PCD Nominee Corporation (Stockholder)	North Kitanglad Agricultural Co., Inc. – beneficial owner	Filipino	200,000,000**	8.33%

\* All shares subscribed by Boerstar Corporation, both fully paid-up and partially paid. The total fully paid-up shares amount to 498,182,284.

\*\*North Kitanglad Agricultural Co., Inc. (NKACI) has 200,000,000 shares lodged with PDTC and held by PCD Nominee Corporation. In all, NKACI owns 509,000,000 shares representing 20% of the total outstanding shares of the Company. Only the 200,000,000 shares are fully-paid shares.

Except as stated above, the Board of Directors and Management of the Company have no knowledge of any person who, as at Record Date, was indirectly or directly the beneficial owner or more than 5% of the Company's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than five percent of the outstanding shares of common stock. As of 31 March 2016, there are no persons holding more than 5% of the Company's common stocks that are under a voting trust or similar agreement.

2. Security Ownership of Management as of 31 March 2016 –

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE BENEFICIAL OWNERSHIP	CITIZENSHIP	PERCENT OF CLASS
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Common	Roberto V. Ongpin	1 (direct) 1,485,685,983 (indirect)	Filipino	Nil 58.38%
Common	Eric O. Recto	1 (direct) 289,532,821 (indirect)	Filipino	Nil 11.38%
Common	Walter W. Brown	1 (direct) 509,000,000 (indirect)	Filipino	Nil 20.00%
Common	Dennis O. Valdes	1 (direct)	Filipino	Nil
Common	Jose Raymund L. Apostol	100 (direct)	Filipino	Nil
Common	Victor C. Macalincag	3,000 (direct)	Filipino	Nil
Common	Gregorio Ma. Araneta III	1,000 (direct)	Filipino	Nil
Common	Jesusa Loreto A. Arellano-Aguda	100 (direct)	Filipino	Nil
Common	Michael Angelo Patrick M. Asperin	100 (direct)	Filipino	Nil
Common	Margarito B. Teves	100 (direct)	Filipino	Nil
Common	John Peter Chick B. Castelo	102 (direct)	Filipino	Nil
Common	Rodolfo Ma. A. Ponferrada	100 (direct)	Filipino	Nil
Common	Anna Bettina Ongpin	100 (direct)	Filipino	Nil
	TOTAL	2,284,218,803		89.75%
	Total Issued & Outstanding Shares	2,545,000,000		100%

Messrs. Roberto V. Ongpin and Eric O. Recto beneficially own and control Boerstar Corporation ("Boerstar"), which is the registered owner of approximately 69.75% of the Company. Mr. Ongpin owns 85% of Boerstar corresponding to approximately 58.38% of the Company as indicated above while Mr. Recto owns 15% of Boerstar corresponding to approximately 11.38% of the Company as indicated above.

In 2012, Boerstar Corporation sold a portion of its shareholdings in the Company to other entities to enable the Company to comply with the minimum public float requirement of the PSE. Upon approval of its Executive Committee of the Board of Directors, the Company agreed to shoulder the transaction costs amounting to P27,300,000 for the transfer of ownership of the shares of Boerstar Corporation to other parties.

To the extent known to the Corporation, there is no person holding more than five percent (5%) of the Corporation's voting stock under a voting trust or similar agreement.

(e) Changes in Control

The Corporation is not aware of any change in control or arrangement that may result in a change in control of the Corporation during the period covered by this Statement.

**Item 5. Names of Directors and Executive Officers –**

The names of the Directors and Executive Officers of the Corporation as of 31 December 2015, and their respective ages, positions held and periods of service are as follows:

Name	Age	Position	Period During Which the Individual has Serves as Such
Roberto V. Ongpin	79	Chairman of the Board, Chief Executive Officer and Director	12 November 2009 to Present
Eric O. Recto	53	Vice Chairman and Director	10 December 2009 to Present; 12 November 2009 to Present
Walter W. Brown	75	Director	10 December 2009 to Present <u>President as of 10 December 2009 to 20 May 2013</u>
Jose Raymund L. Apostol	51	President and Director	20 May 2013 to Present
Dennis O. Valdes	54	Director	12 November 2009 to Present
Anna Bettina Ongpin	51	Director	12 March 2014 to Present
Michael Angelo Patrick M. Asperin	57	Director	28 August 2014 to Present
John Peter Chick B. Castelo	49	Director	28 August 2014 to Present
Victor C. Macalincag	80	Independent Director	20 April 2012 to Present
Margarito B. Teves	72	Independent Director	26 May 2011 to Present
Gregorio Ma. Araneta III	68	Independent Director	28 August 2014 to Present
Rodolfo Ma. A. Ponferrada	39	Director and Corporate Secretary	26 May 2011 to Present 12 November 2009 to Present
Cliburn Anthony A. Orbe	41	Corporate Information Officer	12 March 2014 to Present
Jonamel G. Israel-Orbe	43	Corporate Information Officer and Assistant Corporate Secretary	12 March 2014 to Present 28 August 2014 to Present

Following are information on the educational attainment, business experience for the last five years and other directorships held in other companies credentials of each of the above-named Directors and Officers, and present nominees for membership in the Board of Directors of the Corporation:

**ROBERTO V. ONGPIN**, *Chairman of the Board, Chief Executive Officer and Director*

Mr. Ongpin, Filipino, 79 years old, was elected Director and Chairman of the Board on 12 November 2009. He is also the Chairman of the following Philippine-listed Corporations: PhilWeb Corporation (WEB), Atok- Big Wedge Co., Inc. (AB) and a Director of San Miguel Corporation (SMC), PAL Holdings, Inc. (PAL) and Petron Corporation (PCOR). He is also the Chairman of Alphaland Balesin Island Club, Inc. (ABICI) and The City Club at Alphaland Makati Place, Inc. (TCCAMPI). In Hong Kong, he is the Non-Executive Director of Shangri-La Asia and the Deputy Chairman of the South China Morning Post, both listed in the Hong Kong Stock Exchange. He is also a Non-Executive Director of Forum Energy PLC (United Kingdom). Mr. Ongpin graduated cum laude in Business Administration from the Ateneo de Manila University, is a Certified Public Accountant and has an MBA from the Harvard Business School.

**ERIC O. RECTO**, *Vice-Chairman and Director*

Mr. Recto, Filipino, 53 years old, was elected Director on 12 November 2009 and appointed as Vice Chairman of the Board of Directors on 12 December 2009. He is also the Chairman and CEO of ISM Communications (ISM), Chairman and President of Bedfordbury Development Corporation, Chairman of Philippine Bank of Communications (PBC), President and Director of Q-Tech Alliance Holdings, Inc., a Member of the Board of Supervisors of Acentic GmbH, and a Director of Petron Corporation. Mr. Recto has a degree in Industrial Engineering from the University of the Philippines as well as an MBA from the Johnson School, Cornell University.

**WALTER W. BROWN**, *Director*

Dr. Brown, 75, Filipino, is also the Chairman of A Brown Company, Inc., Palm Thermal Consolidated Holdings Corporation, International Cleanenvironment Systems, Inc., North Kitanglad Agricultural Company, Inc., PhiGold and A Brown Energy & Resources Dev't. Inc., President of Monte Oro Resources and Energy Inc., and Director of ISM Communication Corporation (since 2007), Forum energy PLC, and PBJ Corporation. He received two undergraduate degrees: B.S. Physical Science (1959) and B.S. Geology (1960), both from the University of the Philippines, and post graduate degrees from Stanford University: M.S. Economic Geology (1963), and Ph.D in Geology, and Major in Geochemistry (1965). He was a candidate in master of Business Economics (1980) from the University of Asia & the Pacific (formerly Center for Research & Communications). He is currently the Chairman and Director of Family Farm School (PPAI), Chairman and President of Studium Theologiae Foundation, Vice Chairman of the Board of Trustees of Xavier University, and Member of the Chamber of Mines of the Philippines, Inc., and the Geological Society of the Philippines.

**JOSE RAYMUND L. APOSTOL**, *President and Director*

Mr. Apostol, Filipino, 51, was elected Director and President of the Company on May 20, 2013. He was the Director and President of Forum Energy Philippines Corp. from 2007 to 2013 and President and Technical Director of PhiGold Metallic Ore Inc. from 2008 to 2013. He is a Registered Professional Geologist. He was a Director of Petroleum Association of the Philippines. He is also a current member of Southeast Asian Petroleum Exploration Society, American Association of Petroleum Geologists and Geological Society of the Philippines. He graduated with a degree of Bachelor of Science in Geology from the University of the Philippines.

**ANNA BETTINA ONGPIN**, *Director*

Ms. Ongpin, Filipino, 51, is the Executive Vice President and Assistant to the Chairman. Ms. Ongpin has more than 20 years of communications, marketing, project management, and operations experience in the management consulting and media fields. She holds a Bachelor's Degree in Political Science from Wellesley College.

**MICHAEL ANGELO PATRICK M. ASPERIN**, *Director*

Mr. Asperin, Filipino, 57 years old, was elected Director on August 28, 2014. He is also President of ABICI and handles various matters for the Group including the development of the Balesin Island Club project, as well as the operations of the aviation and security divisions of the Alphaland Group. Prior to joining ALPHA, he served as Senior Vice President for Security for WEB from 2009 to 2012. He graduated from the Philippine Military Academy in 1981.

**DENNIS O. VALDES**, *Director*

Mr. Valdes, Filipino, 54, was elected Director on 12 November 2009. He is also the President and a Director of Philweb Corporation (since 2006), and a Director of Alphaland Corporation (since 2011). His previous work experience includes 10 years with the Inquirer Group of Companies, as a Director of the newspaper, and he was also in charge of expanding their Internet, printing, and ink-making operations. He is a Certified Public Accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines and has an MBA from the Kellogg School of Management, Northwestern University.

**RODOLFO MA. A. PONFERRADA**, *Director and Corporate Secretary*

Mr. Ponferrada, Filipino, 39 years old, was elected Director of the Company on May 26, 2011, and as Corporate Secretary on November 12, 2009. He is also the Corporate Secretary of WEB, ALPHA, TCCAMPI and ABICI, Assistant Corporate Secretary of Eastern Telecommunications Philippines, Inc., and a Member (representing the private sector) of the Board of Directors of the Social Housing Finance Corporation. He graduated from the University of the Philippines (Bachelor of Laws *Cum laude*, 2001) and the Ateneo de Manila University (BS Management [Honors Program] *Magna cum laude*, 1997). Mr. Ponferrada is a member of the Philippine Bar.

**JOHN PETER CHICK B. CASTELO**, *Director*

Mr. Castelo, Filipino, 49, was elected Director on 28 August 2014. He is presently the Senior Vice President for Business Development of Araneta Center Inc. and sits in the board of its various subsidiaries and affiliates. He had 27 years of experience in real estate and finance industries. He earned his Masters in Business Administration and Degree in Bachelor of Science in Electrical Engineering from the University of the Philippines in Diliman.

**VICTOR C. MACALINCAG**, *Independent Director*

Mr. Macalincag, Filipino, 80 years old, was elected Independent Director of the Company on 20 April 2012. He is also an Independent Director of Crown Equities, Inc. Semirara Mining Corporation, Republic Glass Holdings Corp., SEM Calcaca Power Corporation and Finman Rural Bank. Mr. Macalincag is a Certified Public Accountant. He has a Bachelor of Arts in Business Administration from the University of the East. He also earned a Master of Arts in Economics from the same university. He finished a fellowship program conducted by the Economic Development Institute of the World Bank, Washington D.C. U.S.A. in 1971.

**MARGARITO B. TEVES, *Independent Director***

Mr. Teves, Filipino, 72 years old, was elected Independent Director on August 31, 2011. He is also an Independent Director of Alphaland Corporation, Alphaland Balesin Island Club, Inc., and The City Club at Alphaland Makati Place, Inc. Mr. Teves is currently the Chairman of Think Tank, Inc., Member of the Board of Advisers of Bank of Communications. He obtained a Higher National Diploma (HND) in Business Studies, equivalent to a BSC in Business Economics from the City of London College and a Master of Arts (MA) in Development Economics from the Center for Development Economics, Williams College, Massachusetts, USA. He was recently conferred an Honorary Degree, Doctor of Laws, by Williams College, and named Senior Adviser to the China-Asean Economic and Culture Research Center and Visiting Professor at the Guilin University of Electronic Technology in China.

**GREGORIO MA. ARANETA III, *Independent Director***

Mr. Araneta, III, Filipino, 68 years old, is also an Independent Director of Philweb Corporation and Alphaland Corporation. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is President and Chairman of ARAZA Resources Corporation and Carmel Development Corporation, Chairman of Gregorio Araneta Inc., Gregorio Araneta Management Corporation, and Gamma Properties, Inc. Mr. Araneta studied at the University of San Francisco and Ateneo de Manila University where he earned his Bachelor of Arts Degree in Economics.

**CLIBURN ANTHONY A. ORBE, *Corporate Information Officer***

Mr. Orbe, Filipino, 41, was appointed Corporate Information Officer since 12 March 2014 to present. He is also Director of WEB since May 2014 to present, Assistant Corporate Secretary and Corporate Information Officer of WEB since 26 May 2014 to present, and Assistant Corporate Secretary and Corporate Information Officer of ALPHA since March 2014 to present. He has a Bachelor of Laws degree from Mindanao State University where he graduated cum laude and class valedictorian. He is a member of the Integrated Bar of the Philippines.

**JONAMEL G. ISRAEL-ORBE, *Corporate Information Officer and Assistance Corporate Secretary***

Ms. Israel-Orbe, Filipino, 43 years old, was appointed as Corporate Information Officer of the Company since March 12, 2014 to present, and as Assistant Corporate Secretary of the Company since August 28, 2014 to present. She is also the Corporate Information Officer of Alphaland Corporation since March 2014 and Legal Counsel for Alphaland Southgate Tower, Inc. since April 2012 to present. She is a member of the Philippine Bar.

**For election during the Annual Meeting:**

As regular Directors –

**ROBERTO V. ONGPIN** (incumbent)

**ERIC O. RECTO** (incumbent)

**JOSE RAYMUND L. APOSTOL** (incumbent)

**WALTER W. BROWN** (incumbent)

**ANNA BETTINA ONGPIN** (incumbent)

**MICHAEL ANGELO PATRICK M. ASPERIN** (incumbent)

DENNIS O. VALDES (incumbent)  
JOHN PETER CHICK B. CASTELO (incumbent)  
RODOLFO MA. A. PONFERRADA (incumbent)  
CLIBURN ANTHONY A. ORBE (new)

As Independent Directors-

MARGARITO B. TEVES (incumbent)  
VICTOR C. MACALINCAG (incumbent)  
GREGORIO MA. ARANETA III (incumbent)

The procedure and requirements under Rule 38 (Requirements on Nomination and Election of Independent Directors) of the Securities and Regulation Code, substantially incorporated in Article II of Section 4 (Nomination and Election of Independent Directors) of the Company's Amended By-Laws, which were approved on 16 July 2008, were followed in the nomination of Independent Directors and will be observed in the election of Independent Directors.

Each of Messrs. Margarito B. Teves, Victor C. Macalincag, and Gregorio Ma. Araneta III, if elected, would be an independent director who does not have a relationship with the Company which would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. Messrs. Teves, Macalincag, and Araneta are not related to any of the directors or officers of the Company.

Mr. Roberto V. Ongpin nominated Messrs. Teves, Macalincag, and Araneta, as independent directors for the ensuing year. The Nominations Committee has taken into consideration the qualifications to be an independent director. Attached as **Annexes "A", "B" and "C"** are the Certifications of the Qualification of the Nominees for Independent Directors.

In approving the nomination for Independent Director, the Nomination Committee took into consideration the guidelines on the nomination of Independent Directors prescribed in SEC Memorandum Circular No. 16, Series of 2002. All the nominees for election to the Board of Directors have at least one (1) share registered in their names.

### **Term of Office**

Under Article II, Section 1 of the Corporation's Amended By-Laws, the directors chosen by the stockholders of the Corporation entitled to vote at the annual meeting shall hold office for one (1) year until their successors are elected and shall have qualified.

### **Directorships in Other Reporting Companies**

Mr. Roberto V. Ongpin also serves as Chairman of the following Philippine-listed Corporations: PhilWeb Corporation (WEB), Atok- Big Wedge Co., Inc. (AB) and a Director of San Miguel Corporation (SMC), PAL Holdings, Inc. (PAL) and Petron Corporation (PCOR). He is also the Chairman of Alphaland Balesin Island Club, Inc. (ABICI) and The City Club at Alphaland Makati Place, Inc. (TCCAMPI).

Mr. Eric O. Recto is also the Chairman and CEO of ISM Corporation, Chairman of Philippine Bank of Communications (PBC), and a Director of PCOR, .

Dr. Walter W. Brown is also the Chairman of A Brown Company, Inc., Palm Thermal Consolidated Holdings Corporation, International Cleanenvironment Systems, Inc., North Kitanglad Agricultural Company, Inc., PhiGold and A Brown Energy & Resources Dev't. Inc., President of Monte Oro Resources and Energy Inc., and Director of ISM Communication Corporation (since 2007), Forum energy PLC, and PBJ Corporation.

Ms. Anna Bettina Ongpin is a Director of Alphaland Corporation.

Mr. Michael Angelo Patrick M. Asperin is a Director of Alphaland Corporation. He is also the Chief Executive Officer and President of Alphaland Balesin Island Club, Inc.

Mr. Margarito B. Teves is an Independent Director of Alphaland Corporation, The City Club at Alphaland Makati Place, Inc., and Alphaland Balesin Island Club, Inc.

Mr. Gregorio Ma. Araneta III is an Independent Director of Alphaland Corporation, The City Club at Alphaland Makati Place, and Alphaland Balesin Island Club, Inc.

Mr. Dennis O. Valdes, is a President and Director of Philweb Corporation and Alphaland Corporation.

Mr. Rodolfo Ma. A. Ponferrada is a director of Alphaland Corporation.

Shares of ISM Communications Corporation (ISM), Philweb Corporation (WEB), Petron Corporation (PCOR and PPREF), Philippine Bank of Communications (PBC), and A Brown Company, Inc. (BRN) are all listed in the Philippine Stock Exchange, Inc. Shares of The City Club at Alphaland Makati Place, Inc. and Alphaland Balesin Island Club, Inc. are covered by Registration Statements filed with the SEC.

### **Significant Employee**

The Company considers its entire workforce as significant employees (including employees of its subsidiary AB Stock Transfers Corporation). Everyone is expected to work together as a team to achieve the Company's Goals.

### **Family Relationships**

Ms. Anna Bettina Ongpin is a daughter of Mr. Roberto V. Ongpin. Messrs. Recto and Valdes are nephews of Mr. Ongpin. Atty. Cliburn Anthony A. Orbe and Atty. Jonamel G. Israel-Orbe are married to each other. Other than the foregoing, the persons nominated or chosen by the Company to become directors or executive officers are not related to each other up to the fourth civil degree either by consanguinity or affinity.

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

1. *Atty. Zenaida Ongkiko-Acorda, as attorney in fact of Atty. Mario E. Ongkiko and in behalf of Philex Mining Corporation vs. Roberto V. Ongpin, et al.*, SEC Case No. 11-166, Branch 158, Regional Trial Court of Pasig. This involves a purported "derivative suit" filed on behalf of Philex against RVO and other companies beneficially owned by RVO in connection with Section 23.2 of the Securities Regulation Code

and in order to recover the “short-swing profits” which were allegedly realized from supposed transactions involving Philex shares. A related Petition for Review on Certiorari is also pending before the Supreme Court in G.R. No. 204166, entitled Roberto V. Ongpin, et al. vs. Acorda, et al.

2. *People vs. Reynaldo G. David, et al.*, S.B.-13-CRM-0105 and S.B.-13-CRIM-0106, Sandiganbayan (Third Division). This case was filed against RVO and others in connection with two loans obtained by Deltaventure Resources, Inc. (DVRI) from DBP. The Information in both cases for violations of Section 3 (e) of R.A. No. 3019 were filed on 10 January 2013. In a Resolution promulgated on 28 May 2014, the Third Division of the Sandiganbayan granted the Accused’s Motions to Quash and DISMISSED Criminal Case Nos. S.B.-13-CRM-0105 and S.B.-13-CRIM-0106.

3. *In Re: Ex Parte Petition for the Issuance of Freeze Order Against the Bank Accounts of Roberto V. Ongpin, et al.*, CA-G.R. AMLC No. 00066, Court of Appeals (Fifth Division). This is a petition filed by the Anti-Money Laundering Council for the freezing of the bank accounts of RVO and others in connection with two loans granted by DBP to DVRI in 2009. The freeze order has been lifted as of June 2013.

4. *In the matter of: Roberta V. Ongpin, Rodolfo Ma. A. Ponferrada, Mario A. Oreto, Margarito B. Teves, et al.*, SEC-EIPD Case No. 14-3039. This concerns the findings of the Enforcement and Investigation Protection Department on the liability of respondents for violation of Section 26(3) of the Securities Regulation Code (SRC) in connection with the issuance of shares of Alphaland Corporation in a capital call, stock rights offering and property for share swap which were approved and ratified by respondents as officers and members of the Board of Alphaland Corporation. On August 24, 2015, Respondents elevated the matter through notice of appeal to the SEC En Banc, where the matter is presently pending resolution.

Other than the foregoing, the Corporation knows of no legal proceedings including without limitation any (a) bankruptcy petition, (b) conviction by final judgment, (c) order, judgment or decree, or (d) violation of a securities or commodities law, during the last five (5) years up to the date of the filing of this Statement, to which any of its Directors and Executive Officers is a party and which is material to an evaluation of their ability or integrity to act as such.

Neither have they been convicted by final judgment in any criminal proceeding or have been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law.

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

Significant transactions with related parties include the following:

- a. The Company has a lease agreement with Alphaland Development, Inc. (ADI), for its office and parking space occupancy for five years commencing on January 1, 2010. On August 13, 2012, the Company and ADI mutually agreed to reduce the covered leased area of the Company’s premises resulting in the reversal of excess accrued rent expense amounting to ₱1.1 million. On August 20, 2014, the Company and ADI mutually agreed to extend the term of the agreement after the expiration thereof, for a period of one year commencing from January 1, 2015 until December 31, 2015.



The Parent Company also has existing subleasing agreements with ABSTC and other related parties. Rent income earned from related parties amounted to zero for 2015 and 2014, and P1 million in 2013. No rent income was declared in 2015 and 2014 as this purely pertains to affiliates' share in the rental cost. The Parent Company is also being billed by ADI for the utility expenses it incurs and allocates the same to its sub-lessees.

- b. The Company entered into a Cost Sharing Agreement with Philweb Corporation (Philweb), a related party under common management with the Company, for its share in rental and salaries of its key management personnel.
- c. Noninterest-bearing advances to and from related parties which are due and demandable.

The following table summarizes the Group's transactions with related parties (entities with common directors) for the years ended December 31, 2015 and 2014 and the related balances as at December 31, 2015 and 2014:

Nature of Transaction	Transaction Amount		Receivable (Payable)	
	2015	2014	2015	2014
Sub-lease of office space	516,289	4,396,153	3,962,410	3,446,121
Working capital	33,296	-	223,746	190,450
Allocated rent & salaries	10,048,132	6,954,181	(11,349,384)	(1,301,252)
Lease of office space	355,406	792,529	(572,862)	(217,456)
Advances	3,000	187,182	(190,182)	(187,182)

- d. In 2012, Boerstar Corporation sold a portion of its shareholdings in the Company to the other entities to enable the Company to comply with the minimum public float requirement of the PSE. Upon approval of its Executive Committee of the Board of Directors, the Company agreed to shoulder the transaction costs amounting to P27.3 million for the transfer of ownership of the shares of Boerstar Corporation to other parties.

Aside from the foregoing, there are no transactions (or series of similar transactions) during the last two (2) years, with or involving the Company or its subsidiaries, in which a director, executive officer, or stockholder owning ten percent (10%) or more of the total outstanding shares, or any member of his/her immediate family, had or will have a direct or indirect material interest.

#### Item 6. Compensation of Directors and Executive Officers

Although authorized to give per diems, the Company did not do so in the year 2014. In the year 2015, the Company gave directors per diem in the total amount of Php40,000.00 each, net of withholding taxes. The directors and officers did not receive any other compensation from the Corporation in the form of bonus, warrants, options, or participation in any profit-sharing plan in the years 2014 and 2015.

Annual Compensation of the Five Most Highly-Paid Executives including the CEO:

(a) Name and Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other Annual Comp
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- 1. Roberto V. Ongpin

- Chairman/CEO
- 2. Jose Raymund L. Apostol  
President
- 3. Troadio M. Jimenez Jr.  
Exploration Manager
- 4. Manuel Alejandro P. Chavez Jr.  
Exploration Geologist
- 5. Benedicto D.V. Tan  
General Manager for ABSTC

Aggregate Compensation of the Five Most Highly-Paid Executives including the CEO:

2013	2,176,285
2014	5,859,750
2015	3,952,000

There are no material terms of, nor any other arrangements with regard to compensation as to which directors are compensated, directly or indirectly, for any services rendered as director.

There is no employment contract between the Corporation and a named executive officer.

There is no compensatory plan or arrangement between the Corporation and any executive officer in case of resignation, retirement or any other termination of the executive officer's employment with the Corporation, or from a change in the management control of the Corporation, or a change in the named executive officer's responsibilities following a change in the management control.

**Item 7. Independent Public Accountants**

The Company's independent certified public accountant ("ICPA") for 2014 is Reyes Tacandong & Co.

The 2015 audit of the Company is in compliance with SRC Rule 68(3)(b)(IV) that provides that the external auditor should be rotated every five (5) years or earlier or the engagement partner shall be changed. The engagement partner is Ms. Belinda Fernando.

During Audit Committee and/or Company meetings that would have an agenda that would affect the financial statements of the Company, a representative of the External Auditor is expected to be present to discuss issues and be available to respond to appropriate questions. The External Auditor is given the opportunity to make a statement if necessary pertaining to matters that may affect the examination of the books of the Company. The Chairman of the Audit Committee of the Corporation is Mr. Victor C. Macalincag.

There are no changes in or disagreement with the accountants on accounting and financial disclosures.

## Item 8. Financial and Other Information

### 2015 Operational Results

2015 results of operations showed a total comprehensive income of P0.5 million – a 103% reversal from the total comprehensive loss of P16.6 million in 2014. 2015 resulted to gain due to P38.6 million increased in Foreign exchange translation gain from Tidemark Holdings Ltd., an associate company. However, the gain was reduced by a P22 million share in net loss of operations of an associate.

The Company's Audited Financial Statements as of December 31, 2015 and its supplementary schedules, together with the Company's Audited Statement of Income and Cash Flows for each of the three (3) preceding years were collectively attached as "Exhibit 1".

## Item 9. Merger, Consolidations, Acquisition & Similar Matters

### (A) Description of Business

The Company was incorporated and registered with the Securities and Exchange Commission (the "SEC") on 4 September 1931. Its corporate life was extended on 25 September 1981 for another fifty (50) years to expire on 25 September 2031. The common shares of the Company are listed in the Philippine Stock Exchange (the "PSE"; ticker symbol: AB).

Since its incorporation, the Company engaged in mining as its primary purpose, producing gold as its major product and silver as a by-product. Its production was all sold to the Central Bank of the Philippines at a price subsidized by the Philippine Government, and later on at the prevailing world market price. Gold bullions are used by the Philippine Government as one of the components in the monetary reserve.

Although the Company changed its primary purpose in 1996 from mining to general investment, it reverted to its original purpose of engaging in exploration and development of mining, oil, gas, and other natural resources when it amended its Articles of Incorporation, which was approved by the SEC on 24 May 2010.

The Company has two (2) wholly-owned subsidiaries, ABStock and Transfers Corporation (ABSTC) and Tidemark Holdings Ltd.

ABSTC was incorporated on 24 June 2010, with the purpose of establishing, operating and acting as a transfer agent and/or registrar of corporations.

On the other hand, Tidemark is a company registered and domiciled in Hongkong SAR, which the Company bought on 3 October 2011. Tidemark owns 9,646,757 ordinary shares of Forum Energy plc, a company ("Forum"), a company registered and domiciled in the United Kingdom representing approximately 27.14% of Forum's outstanding capital. The ordinary shares of Forum are traded and listed in the Alternative Investment Market of the London Stock Exchange (the "AIM"; ticker symbol: FEP). Forum is a gas & oil exploration and production company with a portfolio of projects in the Philippines. Among these projects is the Service Contract (SC) 72 where Forum holds 70% equity. SC72 is situated offshore West of Palawan Island and is host to the Sampaguita offshore gas/condensate discovery. Drilling plans for SC72 have been placed on hold by the Philippine government pending the

resolution of territorial sovereignty disputes involving claimant countries surrounding West Philippine Sea.

The Company is a regular member and signatory of the Chamber of Mines. It has adopted the spirit and substance of the Chamber of Mines' Code of Conduct, which calls for sustainable mineral resources development, environmental responsibility and a social commitment to the general welfare and economic development of the people in the localities in which it operates.

Over the past seven decades, the Company has established a strong foundation in the Philippine mining industry.

Pursuant to its goal of seeking out projects to put into operation, the Company made a continued careful and diligent evaluation of multiple metallic and non-metallic prospects for possible investment. While it looked into investment possibilities in Laos, it recently decided to re-focus its efforts in the Philippines with priority on projects in the advanced stage, but not disregarding greenfield exploration prospects with potential. Discussions also continued for mines with confirmed potential and previously operated but closed down during the period with low metal prices. However, the Company has not made any publicly-announced new products or services.

#### **Patents, Franchise/Government Approvals**

The Company has complied with government rules and regulations and has paid all the necessary taxes and fees. It regularly coordinates with the Department of Energy (DOE) and DENR with regard to new rules and regulations that may be promulgated.

#### **Employees**

As of end of 2015, the Company has six (6) regular employees while ABSTC, the Company's subsidiary, has only one (1) regular employee. The principal duties and responsibilities of the employees of the Company and its subsidiaries are to conduct technical evaluation of potential mining projects, maintain the validity and existence of the subsidiary's mining rights, conduct exploration and development works, set and run a pilot gold processing plant, and secure all other properties of the subsidiary, including the plant, equipment, records, maps and other valuable information at the mine site.

#### **Patents, Trademarks, Copyrights, Licenses, Concessions and Royalty Agreements**

The company does not own any registered patent, trademark or copyright. Neither is it a recipient of any license or concession nor a party to any royalty agreement.

#### **Effect of Existing or Probable Governmental Regulations**

The Philippine government is currently reviewing its policy on mining. Any such policy, when adopted, may have a significant on the Company's future endeavors into mining activities.

Nonetheless, a combination of political, administrative and social issues slowed the pace of mining permit processing in the Philippines. For this reason, none of the pending projects for the Company progressed. A team sent by the Company evaluated a potentially mineralized area in the Bicol region last September 2011. Surface indications combined with the presence of existing producing mines in the vicinity gave interest to this prospect. However, the existing tenement application by the claim

owner was rejected by the Department of Environment and Natural Resources (DENR). Without a valid permit, a more thorough exploration program cannot be implemented.

In 2012, FEP encountered a delay in one of its drilling programs. It has submitted all the requirements for the issuance of required permits for the drilling program. However, the permit has not yet been issued by the relevant Government body. The latest resource assessment supported the case to proceed with the drilling and FEP has been granted an extension up to August 2015 to complete its obligations under the service contract. FEP expects to proceed with its commitment as soon as it is able to obtain the necessary authorization from the Government.

### Research and Development Activities

The Company does not allocate specific amounts or fixed percentages for research and development. The allocation for such activities may vary depending on the nature of the project.

Total cost incurred, including exploration and development works, during calendar years 2012 to 2015 amounted to P4.7 million broken down as follows:

<b>Period</b>	<b>Revenue</b>	<b>Exploration Development and Environmental Cost</b>	<b>Percentage on Revenue</b>
CY 2012	-	515,975	0%
CY 2013	-	165,450	0%
CY 2014	-	2,456,558	0%
CY 2015	-	1,593,983	0%
<b>Total</b>	-	<b>4,731,966</b>	<b>0%</b>

The above-mentioned expenses were incurred pursuant to the mandatory requirement to conduct annual assessment works, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples, etc., to prove mineable ore reserve, as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations.

### Compliance with Environmental Laws

The Company is currently not operating a mine or oil project. In the event that it does, all necessary pollution control and environmental protection measures will be set in place.

### Risk Factors

The Company's profitability is dependent on the performance of its subsidiary ABSTC and affiliate Forum.

### Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's 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 Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors reviews and institutes policies for managing each of the risks.

#### Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's cash in banks and cash equivalents, trade receivables and refundable deposits.

Receivables which are neither past due nor impaired are of good quality. These are from clients that pay on time or even before maturity date.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the changes in current exchange rates.

## Capital Management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern and that it maintains healthy capital ratios in order to support its business.

The Company monitors capital on the basis of debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt comprises of accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity.

### **(B) Description of Property**

Other than its shareholdings in ABSTC and in Forum (through Tidemark), the Company does not own any other significant property.

The Company leases office space at the 10<sup>th</sup> Floor of the Alphaland Southgate Tower in Makati City. The terms of the lease are as follows:

1. Lease term: from 1 January 2010 to 31 December 2014 renewable upon the mutual agreement of the parties; its original lease term was extended for another year to expire on 31 December 2015
2. Rental rate: P650 per square meter plus CUSA of P125 per square meter (subject to an annual escalation rate of 7%)
3. Leased premises: 191.29 square meters of the 10<sup>th</sup> Floor of Alphaland Southgate Tower

The improvements made by the Company on the leased premises are booked under leasehold improvements in Note 12 of the audited financial statements.

## **Information required by Part II (A) of Annex "C", as amended**

### **A. Market Information**

1. Principal Market – Philippine Stock Exchange, Inc.

The Company's common shares are traded in the Philippine Stock Exchange. As of March 31, 2016, the closing price of the shares of the Company is P12.78. The high and low sale prices of the shares for each quarter within the last three (3) years and subsequent interim period are:

Quarter Ended	High	Low
03.31.16 - 1st Quarter	12.78	12.58
12.31.15 - 4th Quarter	11.78	11.78
09.30.15 - 3rd Quarter	10.90	9.00
06.30.15 - 2nd Quarter	11.40	11.04
03.31.15 - 1st Quarter	10.80	10.80
12.31.14 - 4th Quarter	11.78	11.78
09.30.14 - 3rd Quarter	12.00	12.00
06.30.14 - 2nd Quarter	18.00	15.98
03.31.14 - 1st Quarter	17.70	17.70
12.31.13 - 4th Quarter	20.00	17.00
09.30.13 - 3rd Quarter	24.35	19.30
06.30.13 - 2nd Quarter	20.50	20.30
03.31.13 - 1st Quarter	23.45	19.00

(Data taken from the Philippine Stock Exchange, Inc.)



## B. Holders

### Approximate Number of Shareholders of Each Class of Common Security as of March 31, 2016

The Company has 4,206 stockholders as of March 31, 2016.

### The Top 20 Registered Stockholders of the Company as of March 31, 2016 are:

The list of the top twenty (20) registered shareholders is as follows:

ATOK-BIG WEDGE CO., INC.  
TOP TWENTY (20) STOCKHOLDERS  
AS OF MARCH 31, 2016

	<u>No. of Shares</u>	<u>%</u>
1. Boestar Corporation	1,775,218,804	69.75%
2. North Kitanglad Agricultural Co., Inc.	309,000,000	12.14%
3. PCD Nominee Corporation:	212,262,567	8.34%
Filipino - 212,125,297		
Non-Filipino - 132,275		
4. Strong Gain Enterprises Limited	120,000,000	4.72%
5. Progressive Development Corporation	93,963,474	3.69%
6. Power Merchant International Limited	30,000,000	1.18%
7. Carroll, Charles F., TEE Carroll Family Trust	593,200	0.02%
8. Araneta, Estate of J. Amado	89,522	0.00%
9. Braasch, Herbert	84,884	0.00%
10. Baron, Rose A. & William J.	81,197	0.00%
11. McLarney, Jane Mary & Timothy P. McLarney	70,875	0.00%
12. Silbert, Solomon S. & Claire B. Silbert	56,567	0.00%
13. Araneta, Jorge L.	43,693	0.00%
14. Cohen, Sy R. & Barbara	43,195	0.00%
15. Steiner, Norma	38,656	0.00%
16. Coherco Sec., Inc. FAO 181513151200	38,000	0.00%
17. Loo Ngo Kue	36,020	0.00%
18. Pua, Luis	35,542	0.00%
19. Cunningham, Edmund F. & Pauline F.	33,275	0.00%
20. Olasiman, Edilberto O.	33,100	0.00%

Total issued and outstanding shares - 2,545,000,000

*NOTE: NKACI has 200,000,000 shares lodged with PCD Nominee Corporation. In all, NKACI owns 509,000,000 shares representing 20% of the total outstanding shares of the Company.*

## **C. Dividends**

The Company has not declared any dividends during the last three (3) years.

The Company's Amended By-Laws provides that its Board of Directors may declare dividends only from surplus profits arising from the business of the Company, in accordance with the preferences constituted in favor of preferred stock when and if such preferred stock be issued and outstanding. Restrictions under the Corporation Code of the Philippines also limit the Company's power to declare dividends.

### **Information Required by Part III, paragraph (A) and (B) of "Annex C", as amended**

#### **Management's Discussion and Analysis**

##### **December 31, 2015 vs December 31, 2014**

As of December 31, 2015, the Company's consolidated assets amounted to P653 million as compared to P647 million as of December 31, 2014. On the other hand, the Company's liabilities as of December 31, 2015 increased to P14 million.

Cash and cash equivalents totaling P173 million as of December 31, 2015, showed a decrease of P14 million from P187 million as of December 31, 2014.

Receivables increased to P5 million as of December 31, 2015. The funding of various geological investigations in Agusan Del Norte, which includes the Company's application for an exploration permit with the MGB and DENR in the municipalities of Santiago and Jabonga resulted to this increase in receivables.

Stockholders' Equity showed very minimal increase from P638 million at the end of 2014 to P639 million as of December 31, 2015.

## Financial Condition – Consolidated

### ATOK BIG WEDGE CO., INC. and Subsidiaries CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Years Ended December 31</u>		<u>Increase (Decrease)</u>	
	<u>2015</u>	<u>2014</u>	<u>Amount</u>	<u>%</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	172,753,406	186,653,450	(13,900,044)	-7.45%
Receivables	5,016,943	4,196,146	820,797	19.56%
Other current assets	7,075,485	6,179,286	896,199	14.50%
<b>Total current assets</b>	<b>184,845,834</b>	<b>197,028,882</b>	<b>(12,183,048)</b>	<b>-6.18%</b>
<b>Non-current Assets</b>				
Investment in an associate	462,150,899	443,818,651	18,332,248	4.13%
Available-for-sale (AFS) financial assets	1,999,950	1,999,950	-	0.00%
Property and equipment	1,146,655	1,991,758	(845,103)	-42.43%
Other non-current assets	2,889,065	2,467,174	421,891	17.10%
<b>Total non-current assets</b>	<b>468,186,569</b>	<b>450,277,533</b>	<b>17,909,036</b>	<b>3.98%</b>
	<b>653,032,403</b>	<b>647,306,415</b>	<b>5,725,988</b>	<b>0.88%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liability</b>				
Payables and other current liabilities	14,256,356	9,049,768	5,206,588	57.53%
	14,256,356	9,049,768	5,206,588	57.53%
<b>Equity</b>				
Capital Stock	1,060,000,000	1,060,000,000	-	0.00%
Deficit	(477,224,220)	(437,203,120)	(40,021,100)	9.15%
Other comprehensive income	56,000,267	15,459,767	40,540,500	262.23%
<b>Total equity</b>	<b>638,776,047</b>	<b>638,256,647</b>	<b>519,400</b>	<b>0.08%</b>
	<b>653,032,403</b>	<b>647,306,415</b>	<b>5,725,988</b>	<b>0.88%</b>

## Results of Operation

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year		Increase (Decrease)	
	2015	2014	Amount	%
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	21,927,639	25,607,883	(3,680,244)	-14.37%
<b>OTHER INCOME (EXPENSES)</b>				
Share in the net result of operations of an associate	(22,208,252)	2,647,051	(24,855,303)	-938.98%
Interest income	2,843,539	3,055,442	(211,903)	-6.94%
Service fees	1,462,397	1,438,880	23,517	1.63%
Proceeds from lawsuit settlement	-	-	-	0.00%
Reversal of accrued rent	-	-	-	0.00%
Rent income	-	-	-	0.00%
Impairment loss	-	-	-	0.00%
Others	28,543	88,012	(59,469)	-67.57%
	(17,873,773)	7,229,385	(25,103,158)	-347.24%
<b>LOSS BEFORE INCOME TAX</b>	(39,801,412)	(18,378,498)	(21,422,914)	116.57%
<b>PROVISION FOR INCOME TAX</b>	219,688	158,529	61,159	38.58%
<b>NET LOSS</b>	(40,021,100)	(18,537,027)	(21,484,073)	115.90%
<b>OTHER COMPREHENSIVE INCOME</b>				
Item that will be reclassified subsequently to profit or loss:				
Foreign exchange differences on translation of financial statements of Tidemark Holdings Limited (Tidemark)	40,540,500	1,905,745	38,634,755	2027.28%
<b>TOTAL COMPREHENSIVE INCOME</b>	519,400	(16,631,282)	17,150,682	-103.12%
<b>BASIC AND DILUTED LOSS PER SHARE</b>	(0.0157)	(0.0073)	(0.0084)	115.90%

## Top Six Key Performance Indicators

The top 6 key performance indicators of the Company are as follows:

	Manner of Calculation	As of	
		31-Dec-15 Audited	31-Dec-14 Audited
<b>CURRENT / LIQUIDITY RATIO</b>			
		<b>12.97 : 1</b>	<b>21.77 : 1</b>
Current assets	Current assets	184,845,834	197,028,882
	divided by		
Current liabilities	current liabilities	14,256,356	9,049,768
<b>SOLVENCY RATIO</b>			
		<b>-2.75 : 1</b>	<b>-1.86 : 1</b>
	The sum of		
Net income (loss) after tax	net income (loss) after tax	{40,021,100}	{18,537,027}
less depreciatio	less depreciatio	856,500	1,666,771
and impairment losses	and impairment losses	-	-
	divided by		
Total liabilities	total liabilities	14,256,356	9,049,768
<b>DEBT TO EQUITY RATIO</b>			
		<b>0.02 : 1</b>	<b>0.01 : 1</b>
Total liabilities	Total liabilities	14,256,356	9,049,768
	divided by		
Total equity	total equity	638,776,047	638,256,647
<b>ASSET TO EQUITY RATIO</b>			
		<b>1.02 : 1</b>	<b>1.01 : 1</b>
Total assets	Total assets	653,032,403	647,306,415
	divided by		
Total equity	total equity	638,776,047	638,256,647
<b>INTEREST RATE COVERAGE RATIO</b>			
		-	-
Income before interest	Income before taxes	{40,021,100}	{18,537,027}
and taxes	and interest	-	-
	divided by		
Interest expense	interest expense	-	-
<b>PROFITABILITY RATIO</b>			
		<b>-0.06 : 1</b>	<b>-0.03 : 1</b>
Net income (loss) after tax	Net income (loss) after tax	{40,021,100}	{18,537,027}
	divided by		
Total equity	total equity	638,776,047	638,256,647

## 2015 Operational Results

2015 operations resulted to a P0.5 million total comprehensive income compared to the total comprehensive loss of P16.6 million in 2014. The total difference of P17.2 million were brought about by the following:

- 1) + P3.7 million; decrease in the general and administrative expenses as compared to 2014,
- 2) – P24.9 million; decrease in share on the income of operations of an associate (Tidemark), P22.2 million share on loss in 2015 as compared to the P2.6 million share on the income for 2014
- 3) – P0.2 million; decrease on interest income in 2015
- 4) + P38.6 million; increase on the foreign exchange differences of an associate (Tidemark)

	For the Year		Increase (Decrease)	
	2015	2014	Amount	%
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	21,927,639	25,607,883	(3,680,244)	-14.37%
<b>OTHER INCOME (EXPENSES)</b>				
Share in the net result of operations of an associate	(22,208,252)	2,647,051	(24,855,303)	-938.98%
Interest income	2,843,539	3,055,442	(211,903)	-6.94%
Service fees	1,462,397	1,438,880	23,517	1.63%
Proceeds from lawsuit settlement	-	-	-	0.00%
Reversal of accrued rent	-	-	-	0.00%
Rent income	-	-	-	0.00%
Impairment loss	-	-	-	0.00%
Others	28,543	88,012	(59,469)	-67.57%
	<b>(17,873,773)</b>	<b>7,229,385</b>	<b>(25,103,158)</b>	<b>-347.24%</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>(39,801,412)</b>	<b>(18,378,498)</b>	<b>(21,422,914)</b>	<b>116.57%</b>
<b>PROVISION FOR INCOME TAX</b>	<b>219,688</b>	<b>158,529</b>	<b>61,159</b>	<b>38.58%</b>
<b>NET LOSS</b>	<b>(40,021,100)</b>	<b>(18,537,027)</b>	<b>(21,484,073)</b>	<b>115.90%</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Item that will be reclassified subsequently to profit or loss:				
Foreign exchange differences on translation of financial statements of Tidemark Holdings Limited (Tidemark)	40,540,500	1,905,745	38,634,755	2027.28%
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>519,400</b>	<b>(16,631,282)</b>	<b>17,150,682</b>	<b>-103.12%</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>(0.0157)</b>	<b>(0.0073)</b>	<b>(0.0084)</b>	<b>115.90%</b>

## 2014 Operational Results

2014 results of operation showed a loss in the amount of P16.6 million compared to the P31.8 million income in 2013. The difference of P48.4 million were brought about by the following:

- 1) - P5.4 million; increase in the general and administrative expenses as compared to 2014,
- 2) + P45.9 million; increase in share on the income of operations of an associate (Tidemark), P3 million share on income in 2015 as compared to the P43 million share on the loss for 2014
- 3) -P28 million; proceeds from lawsuit settlement was received in 2014
- 4) -P1 million; rent income in 2014 but zero in 2015
- 5) - P59.8 million; decrease on the foreign exchange differences of an associate (Tidemark)

	<b>Years Ended December 31</b>		<b>Increase (Decrease)</b>	
	<b>2014</b>	<b>2013</b>	<b>Amount</b>	<b>%</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>25,607,883</b>	<b>20,174,182</b>	<b>5,433,701</b>	<b>26.93%</b>
<b>OTHER INCOME (EXPENSES)</b>				
Share in the net result of operations of an associate	2,647,051	(43,213,445)	45,860,496	-106.13%
Interest income	3,055,442	3,698,335	(642,893)	-17.38%
Service fees	1,438,880	1,236,880	202,000	16.33%
Proceeds from lawsuit settlement	-	27,982,500	(27,982,500)	-100.00%
Rent income	-	1,004,278	(1,004,278)	-100.00%
Others	88,012	255,800	(167,788)	-65.59%
	<b>7,229,385</b>	<b>(9,035,652)</b>	<b>16,265,037</b>	<b>-180.01%</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>(18,378,498)</b>	<b>(29,209,834)</b>	<b>10,831,336</b>	<b>-37.08%</b>
<b>PROVISION FOR INCOME TAX</b>	<b>158,529</b>	<b>649,389</b>	<b>(490,860)</b>	<b>-75.59%</b>
<b>NET LOSS</b>	<b>(18,537,027)</b>	<b>(29,859,223)</b>	<b>11,322,196</b>	<b>-37.92%</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Item that will be reclassified subsequently to profit or loss:				
Foreign exchange differences on translation of financial statements of Tidemark Holdings Limited (Tidemark)	1,905,745	61,677,000	(59,771,255)	-96.91%
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(16,631,282)</b>	<b>31,817,777</b>	<b>(48,449,059)</b>	<b>-152.27%</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>(0.0073)</b>	<b>(0.0117)</b>	<b>0.0044</b>	<b>-37.92%</b>

## Key Performance Indicators

The Company's key performance indicators and their manner of computation are as follows:

	Manner of Calculation	As of		
		31-Dec-15 Audited	31-Dec-14 Audited	31-Dec-13 Audited
<b>CURRENT / LIQUIDITY RATIO</b>		<b>12.97 : 1</b>	<b>21.77 : 1</b>	<b>42.94 : 1</b>
Current assets	Current assets	184,845,834	197,028,882	212,879,817
Current liabilities	divided by current liabilities	14,256,356	9,049,768	4,957,879
<b>SOLVENCY RATIO</b>		<b>-2.75 : 1</b>	<b>-1.86 : 1</b>	<b>-5.67 : 1</b>
Net income (loss) after tax less depreciation and impairment losses	The sum of net income (loss) after tax less depreciation and impairment losses	(40,021,100) 856,500 -	(18,537,027) 1,666,771 -	(29,859,223) 1,750,080 -
Total liabilities	divided by total liabilities	14,256,356	9,049,768	4,957,879
<b>DEBT TO EQUITY RATIO</b>		<b>0.02 : 1</b>	<b>0.01 : 1</b>	<b>0.01 : 1</b>
Total liabilities	Total liabilities	14,256,356	9,049,768	4,957,879
Total equity	divided by total equity	638,776,047	638,256,647	654,887,929
<b>ASSET TO EQUITY RATIO</b>		<b>1.02 : 1</b>	<b>1.01 : 1</b>	<b>1.01 : 1</b>
Total assets	Total assets	653,032,403	647,306,415	659,845,808
Total equity	divided by total equity	638,776,047	638,256,647	654,887,929
<b>INTEREST RATE COVERAGE RATIO</b>		-	-	-
Income before interest and taxes	Income before taxes and interest	(40,021,100)	(18,537,027)	(29,859,223)
Interest expense	divided by interest expense	-	-	-
<b>PROFITABILITY RATIO</b>		<b>-0.06 : 1</b>	<b>-0.03 : 1</b>	<b>-0.05 : 1</b>
Net income (loss) after tax	Net income (loss) after tax	(40,021,100)	(18,537,027)	(29,859,223)
Total equity	divided by total equity	638,776,047	638,256,647	654,887,929

**Current/liquidity ratio** – The ratio decreased from 21.77 to 12.97 due to increased activities pursuant to the mandatory requirement to conduct annual assessment work, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples, etc., to prove mineable ore reserve (as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations).



**Solvency ratio** –The ratio moved from (1.86) to (2.75) due to higher net loss incurred as compared with 2014, from (P17 million) down to (P39 million). This is caused by the increase in share in the net results of operations of its associate, Tidemark.

**Debt-to-equity ratio** – The ratio increased from .01 in 2014 to .02 in 2015 due to the increased activities on exploration works.

**Asset-to-equity ratio** – The ratio had improved from 1.01 in 2014 to 1.02 in 2015 due to the increased value of investment in an associate.

**Profitability ratio** – The ratio moved from (0.03) to (0.06) due to higher net loss incurred from P19 million down to P40 million. In 2014, the share in the net results of operations of Tidemark amounted to P2.6 million. In 2015, the share in the net loss results of operations amounted to (P22.2 million).

### **Plan of Operations**

The Company is hoping to get the government approval for its application for Exploration Permit over an area of 3,375 Hectares in CADT134, Agusan Del Norte. While in the process, it will continue to conduct series of field inspection to understand the mineralization occurrence in preparation for more detailed exploration activities. Concurrent to the field activities in CADT134, exploration works continues in Mt. Daraga (587 Hectares), Mendez (486 Hectares) and Aboloc (567 Hectares) areas also in Agusan Del Norte, all under Memoranda of Agreement. “Sweet” areas within Mt. Daraga and Mendez have been identified for more detailed subsurface. Plans involving oil and gas exploration have been shelved in relation to low oil prices and the uncertainty in supply and demand situation. SC-72 (ReedBank) is still kept on hold depending on the outcome of Philippine Government initiatives involving West Philippine Sea.

The Company will continue to fund its operations in the next year or two depending on the activities that will materialize **using its cash and its money market investments.**

The vision of the Company remains and that is to have a substantial involvement in the exploration and judicious development of various natural resources that will contribute to the economic development of the Philippines. The Company’s mission to be the leader in chosen fields by creating value through change, utilizing the group’s knowledge capital and adopting leading technologies, to enhance shareholders’ value and profit through growth in earnings and in intrinsic worth, to be committed to a culture of excellence, loyalty and pride, and to be a socially responsible and environmentally conscious corporate citizen, adhering to the highest ethical standards and respecting the communities to which it belongs remains.

If the level of activities increase parallel to a more supportive regulatory position on exploration and mining, the Company, is expected to increase the number of its employees during the next 12 months.

### **C. OTHER MATTERS**

#### **Item 10. Action with Respect to Reports**

The approval of the following will be considered and acted upon at the meeting:

The method of counting the votes of the shareholders shall be in accordance with the general provisions of the Corporation Code of the Philippines. Method of voting shall be conducted by show of hands unless a shareholder requires a poll to be made on any action. In such case, the method of counting votes shall be done by secret. Counting of votes shall be supervised by the Corporate Secretary and/or Assistant Corporate Secretary.

A COPY OF THE AUDITED FINANCIAL STATEMENTS (AFS) WITH MANAGEMENT DISCUSSION & ANALYSIS (SEC FORM 20 IS) AS OF DECEMBER 31, 2015 AND SEC FORM 17-1Q ARE ATTACHED TO THIS INFORMATION STATEMENT.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

All requests may be sent to the following address:

Atok-Big Wedge Co., Inc.  
10<sup>th</sup> Floor, Alphaland Southgate Tower  
2258 Chino Roces Ave. cor. EDSA  
Makati City 1232

Attention: Atty. Cliburn Anthony A. Orbe  
Assistant Corporate Secretary

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 the City of Makati on MAY 6 2016.

**ATOK-BIG WEDGE CO., INC.**  
Issuer

  
By: **CLIBURN ANTHONY A. ORBE**  
Assistant Corporate Secretary

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARGARITO B. TEVES**, Filipino, of legal age, with address at Great Wall Advertising Building, 136 Yakal Street, Makati City, after having been sworn to in accordance with law, hereby depose and state that:

1. I am an Independent Director of Atok-Big Wedge Co., Inc. (the "Corporation").
2. I am also affiliated with the following companies:

Company	Position/Relationship	Period of Service
P.J. Lhuillier Group of Companies	Member, Strategic Committee	February 2015 to present
Petron	Independent Director	May 20, 2014 to present
Bank of Commerce	Board Adviser	July 26, 2013 to present
Atlantic Aurum Investments Philippines Corporation	Independent Director,	July 19, 2013 to present
AB Capital Investment Corp.	Independent Director	June 29, 2012 to present
San Miguel Corporation	Independent Director	June 14, 2012 to present
The Wallace Business Forum	Managing Director	March 1, 2012 to present
Think Tank, Inc.	Chairman	1998 to 2000; 2010 to present
Alphaland Balesin Island Club, Inc.	Independent Director	2012 - Present
Alphaland Corporation	Independent Director	May 26 2011 - Present
The City Club at Alphaland Makati Place, Inc.	Independent Director	2011 - Present
Pampanga Sugar Development Co (PASUDECO)	Director	July 2011 - Present

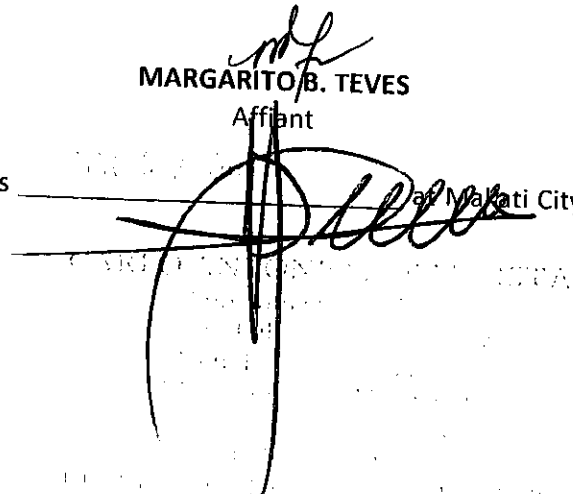
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulations Code ("SRC") and its Implementing Rules and Regulations ("IRR").
4. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the SRC and its IRR.
5. I shall inform the Corporate Secretary /Assistant Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this \_\_\_\_\_ day of \_\_\_\_\_ at Makati City.

  
**MARGARITO B. TEVES**  
 Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ at Makati City,  
 affiant exhibiting to me his TIN 105-549-310

Doc No. 229;  
 Page No. 47;  
 Book No. II;  
 Series on 2016



### CERTIFICATION OF INDEPENDENT DIRECTOR

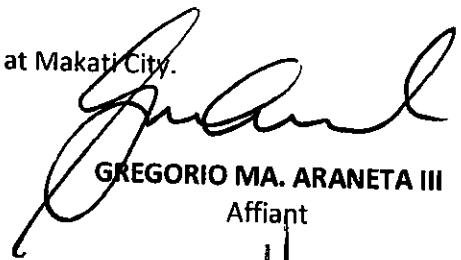
I, **GREGORIO MA. ARANETA III**, Filipino, of legal age, with address at 21/F Citibank Tower, Paseo de Roxas, Makati City, after having been sworn to in accordance with law, hereby depose and state that:

1. I am an Independent Director of ATOK-BIG WEDGE CO., INC. (the "Corporation").
2. I am also affiliated with the following companies:

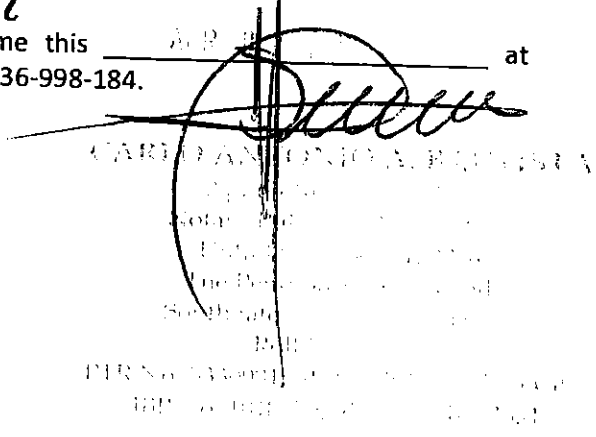
Company	Position/Relationship	Period of Service
Araneta Properties, Inc.	Chairman/Chief Executive Officer	2010 to present
ARAZA Resources Corporation	President/Chairman	2006 to present
Carmel Development, Inc.	President/Chairman	2007 to present
Gregorio Araneta Inc.	Chairman and President	2000 to present
Gregorio Araneta Management Corporation	Chairman and President	2013 to present
Gamma Properties, Inc.	Chairman	2000 to present
The City Club at Alphaland Makati Place, Inc.	Independent Director	2014 to present
Alphaland Balesin Island Club, Inc.	Independent Director	2014 to present
Alphaland Corporation	Independent Director	2014 to present
Philweb Corporation	Independent Director	2014 to present
ISM Communications Corporation	Director	2003 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulations Code ("SRC") and its Implementing Rules and Regulations ("IRR").
4. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the SRC and its IRR.
5. I shall inform the Corporate Secretary /Assistant Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this \_\_\_\_\_ day of \_\_\_\_\_ at Makati City.

  
**GREGORIO MA. ARANETA III**  
 Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ at Makati City, affiant exhibiting to me his TIN No. 136-998-184.

  
 CAROL ANN GONZALES  
 Notary Public  
 Philippine Bar  
 P.R.N. No. 136-998-184

Doc No. 223  
 Page No. 46  
 Book No. 11  
 Series on 2016

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **VICTOR C. MACALINCAG**, Filipino, of legal age, and a resident of 31 Don Vicente Rufino Avenue, Corinthian Gardens, Quezon City, after having been sworn to in accordance with law, hereby depose and state that:

1. I am an independent director of Atok-Big Wedge Co., Inc. (the "Corporation");
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Crown Equities, Inc.	Independent Director	Since 2003
Semirara Mining Corporation	Independent Director	Since 2002
Republic Glass Holdings, Corp.	Independent Director	Since 2007
SEM Calaca Power Corporation	Independent Director	Since 2011
Ceres Property Venture, Inc.	Independent Director	Since 2011
ISM Communications Corporation	Independent Director	Since 2011
Management Assoc. of the Phil.	Member	Since 2002
One Wealthy Nation (OWN) Balanced Fund	Director	Since 2012
Atok-Big Wedge Co., Inc.	Independent Director	Since 2012
Asian Alliance Investment Corp.	Independent Director	Since 2013
PhilWeb Corporation	Independent Director	Since 2014

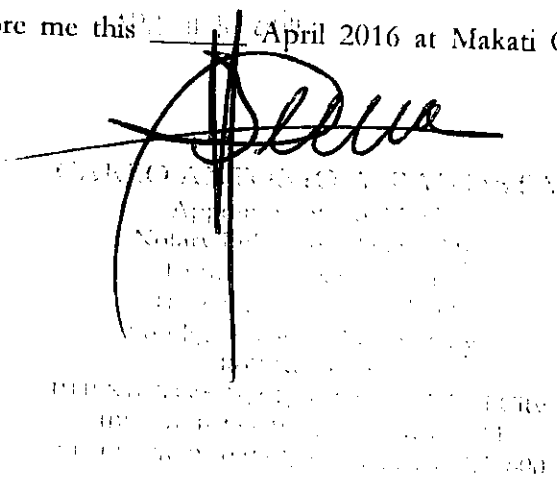
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulations Code ("SRC") and its implementing Rules and Regulations;
4. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the SRC.
5. I shall inform the Corporate Secretary / Assistant Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this \_\_\_\_\_ day of \_\_\_\_\_ at Makati City .

  
**VICTOR C. MACALINCAG**  
 Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ April 2016 at Makati City, affiant exhibiting to me his TIN 107-018-314.

Doc No. 231 ;  
 Page No. 48 ;  
 Book No. II ;  
 Series of 2016 .

  
 Notary Public  
 Philippines


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

**SECRETARY'S CERTIFICATE**

I, **CLIBURN ANTHONY A. ORBE**, of legal age, Filipino, and with office address at The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue Extension corner EDSA, Makati City, after being duly sworn in accordance with law, hereby certify that:


1. I am the duly elected and qualified Assistant Corporate Secretary of **ATOK-BIG WEDGE CO., INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with business office address at 10<sup>th</sup> Floor, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City, Metro Manila;
2. To the best of my knowledge, none of the directors and officers of the Corporation works in the government.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 11/11/2016 at Makati City, Metro Manila.

  
**CLIBURN ANTHONY A. ORBE**  
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 11/11/2016 at Makati City, Metro Manila, affiant exhibiting to me his TIN 180-004-166.

Doc. No. 474 ;  
Page No. 96 ;  
Book No. II ;  
Series of 2016.

  
**CARLO ANTONIO A. BAUTISTA**  
Appointment No. 1119  
Notary Public for the Philippines  
Valid December 31, 2016  
The Penthouse, Alphaland  
Southgate Tower, Makati City  
Philippines  
PERSONA, YEMPS-C, 01/10/2016, 11:11 AM, 11/11/2016  
11/11/2016 11:11 AM, 11/11/2016  
Notary Public for the Philippines

# **ATOK-BIG WEDGE CO., INC.**

## **MANAGEMENT REPORT**

for the  
2016 Annual Meeting of Stockholders  
Pursuant to SRC Rule 20 (4) (A)

### **A. AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2015**

Please see the attached Audited Financial Statements for Year Ended December 31, 2015.

### **B. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There are no changes in and disagreements with the accountants on accounting and financial disclosures.

### **C. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS**

Atok-Big Wedge Co. Inc. (the "Company"), formerly Atok-Big Wedge Mining Co., Inc., was incorporated and registered with the Securities and Exchange Commission on September 4, 1931. Its corporate life was extended on September 25, 1981 for another fifty (50) years to expire on September 25, 2031. It is listed in the Philippine Stock Exchange (the "PSE").

#### **1. Plan of Operation for the Next Twelve (12) Months**

The Company is hoping to get the government approval for its application for Exploration Permit over an area of 3,375 Hectares in CADT134, Agusan Del Norte. While in the process, it will continue to conduct series of field inspection to understand the mineralization occurrence in preparation for more detailed exploration activities. Concurrent to the field activities in CADT134, exploration works continues in Mt. Daraga (587 Hectares), Mendez (486 Hectares) and Aboloc (567 Hectares) areas also in Agusan Del Norte, all under Memoranda of Agreement. "Sweet" areas within Mt. Daraga and Mendez have been identified for more detailed subsurface. Plans involving oil and gas exploration have been shelved in relation to low oil prices and the uncertainty in supply and demand situation. SC-72 (ReedBank) is still kept on hold depending on the outcome of Philippine Government initiatives involving West Philippine Sea.

The Company will continue to fund its operations in the next year or two depending on the activities that will materialize using its cash and its money market investments.

The vision of the Company remains and that is to have a substantial involvement in the exploration and judicious development of various natural resources that will contribute to the economic development of the Philippines. The Company's mission to be the leader in chosen fields by creating value through change, utilizing the group's knowledge capital and adopting leading technologies, to enhance shareholders' value and profit through growth in earnings and



in intrinsic worth, to be committed to a culture of excellence, loyalty and pride, and to be a socially responsible and environmentally conscious corporate citizen, adhering to the highest ethical standards and respecting the communities to which it belongs remains.

If the level of activities increase parallel to a more supportive regulatory position on exploration and mining, the Company, is expected to increase the number of its employees during the next 12 months.

## **2. Financial Condition-Consolidated**

### **a. Analysis of Financial Condition and Results of Operations for interim period ending March 31, 2016 and the Last Three (3) Years**

#### **March 31, 2016 vs December 31, 2015 , with prospects for the future**

As of March 31, 2016, the Company's consolidated assets amounted to P653.9 million as compared to P653.0 million as of December 31, 2015. On the other hand, the Company's liabilities increased to P18.6 million as of March 31, 2016.

Cash and cash equivalents totaling P172.2 million as of March 31, 2016, showed a slight decrease of P0.6 million from the P172.8 million as of December 31, 2015.

Receivables increased to P5.5 million as of March 31, 2016. The funding of various geological investigations in Agusan Del Norte, which includes the Company's application for an exploration permit with the MGB and DENR in the municipalities of Santiago and Jabonga resulted to this increase in receivables.

Stockholders' Equity showed very minimal decrease from P638.8 million at the end of 2014 to P635.3 million as of March 31, 2016.

The Company continues to evaluate investment opportunities and plans to acquire other mining assets in Northern Mindanao. It will likewise continue to scout for oil and assets within the country and overseas to be included in its business folio. While doing so, the company is planning to magnify its exploration activities in the areas relative to the signed Memoranda of Understanding (MOUs) covering three (3) areas in Agusan Del Norte. It also plans to conduct semi-detailed to detailed exploration work over the area within the CADT134, Agusan Del Norte where it applied for an Exploration Permit (EP).

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>For the Three</u>	<u>For the Year</u>	<u>Increase (Decrease)</u>	
	<u>Months ended</u>	<u>ended</u>		
	<u>March 2016</u>	<u>Dec 2015</u>	<u>Amount</u>	<u>%</u>
	<u>Unaudited FS</u>	<u>Audited FS</u>		
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	172,196,082	172,753,406	(557,324)	-0.32%
Receivables	5,502,403	5,016,943	485,460	9.68%
Other current assets	8,141,059	7,075,485	1,065,574	15.06%
<b>Total current assets</b>	<b>185,839,544</b>	<b>184,845,834</b>	<b>993,710</b>	<b>0.54%</b>
<b>Non-current Assets</b>				
Investment in an associate	462,112,611	462,150,899	(38,288)	-0.01%
Available-for-sale (AFS) financial assets	1,999,950	1,999,950	-	0.00%
Property and equipment	1,030,173	1,146,655	(116,482)	-10.16%
Other non-current assets	2,889,064	2,889,065	(1)	0.00%
<b>Total non-current assets</b>	<b>468,031,798</b>	<b>468,186,569</b>	<b>(154,771)</b>	<b>-0.03%</b>
	<b>653,871,342</b>	<b>653,032,403</b>	<b>838,939</b>	<b>0.13%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liability</b>				
Payables and other current liabilities	18,615,232	14,256,356	4,358,876	30.57%
	<b>18,615,232</b>	<b>14,256,356</b>	<b>4,358,876</b>	<b>30.57%</b>
<b>Equity</b>				
Capital Stock	1,060,000,000	1,060,000,000	-	0.00%
Deficit	(480,744,157)	(477,224,220)	(3,519,937)	0.74%
Other comprehensive income	56,000,267	56,000,267	-	0.00%
<b>Total equity</b>	<b>635,256,110</b>	<b>638,776,047</b>	<b>(3,519,937)</b>	<b>-0.55%</b>
	<b>653,871,342</b>	<b>653,032,403</b>	<b>838,939</b>	<b>0.13%</b>

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>For the Three Months ended</u>		<u>Increase (Decrease)</u>	
	<u>March 2016</u>	<u>March 2015</u>	<u>Amount</u>	<u>%</u>
	<u>Unaudited F\$</u>	<u>Unaudited F\$</u>		
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	4,310,047	5,421,259	(1,111,212)	-20.50%
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	424,449	736,465	(312,016)	-42.37%
Service fees	364,930	370,847	(5,917)	-1.60%
Others	731	1,139	(408)	-35.82%
	790,110	1,108,451	(318,341)	-28.72%
<b>LOSS BEFORE INCOME TAX</b>	(3,519,937)	(4,312,808)	792,871	-18.38%
<b>PROVISION FOR INCOME TAX</b>	-	66,156	(66,156)	-100.00%
<b>TOTAL COMPREHENSIVE INCOME</b>	(3,519,937)	(4,378,964)	859,027	-19.62%
<b>BASIC AND DILUTED LOSS PER SHARE</b>	(0.0014)	(0.0017)	0.0003	-19.62%

the end of 2015. The net loss in 2015 was caused mainly by the share in the net loss of operations of its associate, Tidemark.

**Debt-to-equity ratio** – The ratio increased from .02 in 2015 to .03 in March 2016 due to the increase in liabilities brought about by the activities on exploration works.

**Asset-to-equity ratio** – The ratio had slightly improved from 1.02 in 2015 to 1.03 in March 2016 due to the increased value of investment in an associate.

**Profitability ratio** – The ratio improved from (0.06) to (0.01) due to lower net loss incurred from P40 million at the end of 2015 to P3.5 million in March 31, 2016. In 2015, the share in the net results of operations of Tidemark contributed to a P22.2 million loss.

#### **2015 operational results compared with 2014**

2015 results of operations showed a total comprehensive income of P0.5 million – a 103% reversal from the total comprehensive loss of P16.6 million in 2014. The total difference of P17.2 million were brought about by the following:

- 1) + P3.7 million; decrease in the general and administrative expenses as compared to 2014,
- 2) – P24.9 million; decrease in share on the income of operations of an associate (Tidemark), P22.2 million share on loss in 2015 as compared to the P2.6 million share on the income for 2014
- 3) – P0.2 million; decrease on interest income in 2015
- 4) + P38.6 million; increase on the foreign exchange differences of an associate (Tidemark)

The Company continues to evaluate investment opportunities and plans to acquire other mining assets in Northern Mindanao. It will likewise continue to scout for oil and assets within the country and overseas to be included in its business folio. While doing so, the company is planning to magnify its exploration activities in the areas relative to the signed Memoranda of Understanding (MOUs) covering three (3) areas in Agusan Del Norte. It also plans to conduct semi-detailed to detailed exploration work over the area within the CADT134, Agusan Del Norte where it applied for an Exploration Permit (EP).

#### **2014 operational results compared with 2013**

2014 results of operations showed a total comprehensive loss of P17 million – a 152% reversal from the total comprehensive income of P32 million in 2013, were due to combined effects of:

- 1) P60 million or 97% decrease in Foreign exchange translation gain from Tidemark Holdings Ltd., an associate company
- 2) P6 million or 27% increase in the general and administrative expenses
- 3) P28 million proceeds from lawsuit settlement with Intex in 2013
- 4) P46 million increase from share in the net results of operations of Tidemark

### **2013 operational results compared with 2012**

2013 results of operations showed a remarkable turnaround from a total comprehensive loss of P390 million in 2012 to a total comprehensive income of P32 million in 2013, brought about by the following:

- 1) Foreign exchange translation gain of P61.7 million from Tidemark
- 2) Gain in lawsuit settlement of P28.0 million from Intex
- 3) Significant decrease (at 59%) in the general and administrative expenses as compared to last year
- 4) Share in the net results of operations of Tidemark from a net loss share of P302.4 million in 2012 down to P43.2 million only in 2013

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Years Ended December 31		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>21,927,639</b>	<b>25,607,883</b>	<b>20,174,182</b>
<b>OTHER INCOME (EXPENSES)</b>			
Share in the net result of operations of an associate	(22,208,252)	2,647,051	(43,213,445)
Interest income	2,843,539	3,055,442	3,698,335
Service fees	1,462,397	1,438,880	1,236,880
Proceeds from lawsuit settlement	-	-	27,982,500
Rent income	-	-	1,004,278
Others	28,543	88,012	255,800
	<b>(17,873,773)</b>	<b>7,229,385</b>	<b>(9,035,652)</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>(39,801,412)</b>	<b>(18,378,498)</b>	<b>(29,209,834)</b>
<b>PROVISION FOR INCOME TAX</b>	<b>219,688</b>	<b>158,529</b>	<b>649,389</b>
<b>NET LOSS</b>	<b>(40,021,100)</b>	<b>(18,537,027)</b>	<b>(29,859,223)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Item that will be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of financial statements of Tidemark Holdings Limited (Tidemark)	40,540,500	1,905,745	61,677,000
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>519,400</b>	<b>(16,631,282)</b>	<b>31,817,777</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>(0.0157)</b>	<b>(0.0073)</b>	<b>(0.0117)</b>

## Key performance indicators for the interim period ending March 31, 2016

The company's key performance indicators and the manner of computations are as follows:

	Manner of Calculation	As of	
		31-Mar-16 Unaudited	31-Dec-15 Audited
<b>CURRENT / LIQUIDITY RATIO</b>			
		<b>9.98 : 1</b>	<b>12.97 : 1</b>
Current assets	Current assets	185,839,544	184,845,834
Current liabilities	divided by current liabilities	18,615,232	14,256,356
<b>SOLVENCY RATIO</b>			
		<b>-0.18 : 1</b>	<b>-2.75 : 1</b>
Net income (loss) after tax less depreciatio and impairment losses	The sum of net income (loss) after tax less depreciation and impairment losses	(3,519,937) 118,344	(40,021,100) 856,500
Total liabilities	divided by total liabilities	18,615,232	14,256,356
<b>DEBT TO EQUITY RATIO</b>			
		<b>0.03 : 1</b>	<b>0.02 : 1</b>
Total liabilities	Total liabilities	18,615,232	14,256,356
Total equity	divided by total equity	635,256,110	638,776,047
<b>ASSET TO EQUITY RATIO</b>			
		<b>1.03 : 1</b>	<b>1.02 : 1</b>
Total assets	Total assets	653,871,342	653,032,403
Total equity	divided by total equity	635,256,110	638,776,047
<b>PROFITABILITY RATIO</b>			
		<b>-0.01 : 1</b>	<b>-0.06 : 1</b>
Net income (loss) after tax	Net income (loss) after tax	(3,519,937)	(40,021,100)
Total equity	divided by total equity	635,256,110	638,776,047

**Current/liquidity ratio** – The increase in liabilities as of March 31, 2016 resulted to the decrease in liquidity ratio from 12.97 to 9.98. This was due to increased activities pursuant to the mandatory requirement to conduct annual assessment work, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples, etc., to prove mineable ore reserve (as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations).

**Solvency ratio** –The ratio improved from (2.75) to (0.18) due to lower net loss of P3.5 million for the period ending March 31, 2016 as compared with P40 million net loss at

**i. Key Performance Indicators**

The Company and its subsidiaries key performance indicators and their manner of computation are as follows:

	Manner of Calculation	As of		
		31-Dec-15 Audited	31-Dec-14 Audited	31-Dec-13 Audited
<b>CURRENT / LIQUIDITY RATIO</b>				
		<b>12.97 : 1</b>	<b>21.77 : 1</b>	<b>42.94 : 1</b>
Current assets	Current assets divided by	184,845,834	197,028,882	212,879,817
Current liabilities	current liabilities	14,256,356	9,049,768	4,957,879
<b>SOLVENCY RATIO</b>				
		<b>-2.75 : 1</b>	<b>-1.86 : 1</b>	<b>-5.67 : 1</b>
Net income (loss) after tax less depreciation and impairment losses	The sum of net income (loss) after tax less depreciation and impairment losses divided by	(40,021,100) 856,500 -	(18,537,027) 1,666,771 -	(29,859,223) 1,750,080 -
Total liabilities	total liabilities	14,256,356	9,049,768	4,957,879
<b>DEBT TO EQUITY RATIO</b>				
		<b>0.02 : 1</b>	<b>0.01 : 1</b>	<b>0.01 : 1</b>
Total liabilities	Total liabilities divided by	14,256,356	9,049,768	4,957,879
Total equity	total equity	638,776,047	638,256,647	654,887,929
<b>ASSET TO EQUITY RATIO</b>				
		<b>1.02 : 1</b>	<b>1.01 : 1</b>	<b>1.01 : 1</b>
Total assets	Total assets divided by	653,032,403	647,306,415	659,845,808
Total equity	total equity	638,776,047	638,256,647	654,887,929
<b>PROFITABILITY RATIO</b>				
		<b>-0.06 : 1</b>	<b>-0.03 : 1</b>	<b>-0.05 : 1</b>
Net income (loss) after tax	Net income (loss) after tax divided by	(40,021,100)	(18,537,027)	(29,859,223)
Total equity	total equity	638,776,047	638,256,647	654,887,929

**Current/liquidity ratio** – The ratio decreased from 21.77 to 12.97 due to increased activities pursuant to the mandatory requirement to conduct annual assessment work, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples, etc., to prove mineable ore reserve (as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations).

**Solvency ratio** –The ratio moved from (1.86) to (2.75) due to higher net loss incurred as compared with 2014, from (P17 million) down to (P39 million). This is caused by the increase in share in the net results of operations of its associate, Tidemark.

**Debt-to-equity ratio** – The ratio increased from .01 in 2014 to .02 in 2015 due to the increased activities on exploration works.



**Asset-to-equity ratio** – The ratio had improved from 1.01 in 2014 to 1.02 in 2015 due to the increased value of investment in an associate.

**Profitability ratio** – The ratio moved from (0.03) to (0.06) due to higher net loss incurred from P19 million down to P40 million. In 2014, the share in the net results of operations of Tidemark amounted to P2.6 million. In 2015, the share in the net loss results of operations amounted to (P22.2 million).

**ii. Events that will Trigger Direct or Contingent Financial Obligation that is Material to the Company, including any Default or Acceleration of an Obligation**

There are no events that will trigger direct or contingent financial obligation that is material to the Company.

**iii. 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**

There are no material off-balance sheet transactions, arrangements, or obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The general purposes of the capital expenditures are to explore and locate additional gold ore reserve of a better grade, conduct pilot test, secure all the Company's assets, and keep the mineral rights in good standing.

The known trends, events or uncertainties that may have a material impact on sales are the price of gold in the world market, the peso-dollar exchange rate, NGOs' anti-mining position and changes in the Department of Environment and Natural Resources' rules and regulations at midstream.

The significant elements of income or loss from continuing operations are the ounces of gold produced and the cost to produce such gold.

Causes for material changes from period to period of the financial statements covering the past three (3) years, with horizontal and vertical analyses of such changes, are as follows:

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	VERTICAL ANALYSIS			HORIZONTAL ANALYSIS		
	2015	2014	2013	2015	2014	2013
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	26%	29%	31%	7%	8%	-6%
Receivables	1%	1%	1%	-20%	-1%	-64%
Other current assets	1%	1%	1%	-15%	-16%	-24%
<b>Total current assets</b>	<b>28%</b>	<b>30%</b>	<b>32%</b>	<b>6%</b>	<b>7%</b>	<b>-8%</b>
<b>Non-current Assets</b>						
Investment in an associate	71%	69%	67%	-4%	-1%	-4%
Available-for-sale (AFS) financial assets	0%	0%	0%	0%	0%	-100%
Property and equipment	0%	0%	1%	42%	44%	1%
Other non-current assets	0%	0%	0%	-17%	-15%	-40%
<b>Total non-current assets</b>	<b>72%</b>	<b>70%</b>	<b>68%</b>	<b>-4%</b>	<b>-1%</b>	<b>-5%</b>
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>-1%</b>	<b>2%</b>	<b>-6%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liability</b>						
Payables and other current liabilities	2%	1%	1%	-58%	-83%	-182%
	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>-58%</b>	<b>-83%</b>	<b>-182%</b>
<b>Equity</b>						
Capital Stock	162%	164%	161%	0%	0%	0%
Deficit	-73%	-88%	-63%	-9%	-4%	-8%
Other comprehensive income	9%	2%	2%	-262%	-14%	128%
<b>Total equity</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>0%</b>	<b>3%</b>	<b>-5%</b>
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>-1%</b>	<b>2%</b>	<b>-6%</b>

**VERTICAL ANALYSIS**—The Company showed a variance of 5% in deficit due to continuing losses in 2015.

**HORIZONTAL ANALYSIS** –

**Cash and cash equivalents (-7%)** – due to increased activities pursuant to the mandatory requirement to conduct annual assessment work, i.e. reconnaissance and semi-detailed exploration works (such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples), etc., to prove mineable ore reserve (as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations).

**Prepaid expenses and other current assets (15%)** – due to significant increase in the Input VAT as a result of the numerous purchases in 2015.

**Property and equipment, net (-42%)** – due to depreciation of fixed assets and sale of certain exploration equipment.

**Other noncurrent assets (17%)** - due to payment of deposit for mining rights to landowners.

**Accounts payable and other current liabilities (58%)** - due to increased activities pursuant to the mandatory requirement to conduct annual assessment works

**ATOK BIG WEDGE CO., INC. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**Years Ended December 31**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	172,753,406	186,653,450	203,398,349
Receivables	5,016,943	4,196,146	4,156,117
Other current assets	7,075,485	6,179,286	5,325,351
<b>Total current assets</b>	<b>184,845,834</b>	<b>197,028,882</b>	<b>212,879,817</b>
<b>Non-current Assets</b>			
Investment in an associate	462,150,899	443,818,651	439,265,855
Available-for-sale (AFS) financial assets	1,999,950	1,999,950	1,999,950
Property and equipment	1,146,655	1,991,758	3,561,288
Other non-current assets	2,889,065	2,467,174	2,138,898
<b>Total non-current assets</b>	<b>468,186,569</b>	<b>450,277,533</b>	<b>446,965,991</b>
	<b>653,032,403</b>	<b>647,306,415</b>	<b>659,845,808</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liability</b>			
Payables and other current liabilities	14,256,356	9,049,768	4,957,879
	<b>14,256,356</b>	<b>9,049,768</b>	<b>4,957,879</b>
<b>Equity</b>			
Capital Stock	1,060,000,000	1,060,000,000	1,060,000,000
Deficit	(477,224,220)	(437,203,120)	(418,666,093)
Other comprehensive income	56,000,267	15,459,767	13,554,022
<b>Total equity</b>	<b>638,776,047</b>	<b>638,256,647</b>	<b>654,887,929</b>
	<b>653,032,403</b>	<b>647,306,415</b>	<b>659,845,808</b>

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	VERTICAL ANALYSIS			HORIZONTAL ANALYSIS		
	2015	2014	2013	2015	2014	2013
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>4222%</b>	<b>-154%</b>	<b>63%</b>	<b>14%</b>	<b>-27%</b>	<b>59%</b>
<b>OTHER INCOME (EXPENSES)</b>						
Share in the net result of operations of an associate	-4276%	-16%	-136%	939%	106%	86%
Interest income	547%	-18%	12%	7%	17%	56%
Service fees	282%	-9%	4%	-2%	-16%	11%
Proceeds from lawsuit settlement	0%	0%	88%	0%	100%	0%
Rent income	0%	0%	3%	0%	100%	-15%
Others	5%	-1%	1%	68%	66%	52%
	<b>-3441%</b>	<b>-43%</b>	<b>-28%</b>	<b>347%</b>	<b>180%</b>	<b>97%</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>-7663%</b>	<b>111%</b>	<b>-92%</b>	<b>-117%</b>	<b>37%</b>	<b>91%</b>
<b>PROVISION FOR INCOME TAX</b>	<b>42%</b>	<b>-1%</b>	<b>2%</b>	<b>-39%</b>	<b>76%</b>	<b>-147%</b>
<b>NET LOSS</b>	<b>-7705%</b>	<b>111%</b>	<b>-94%</b>	<b>-116%</b>	<b>38%</b>	<b>91%</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Item that will be reclassified subsequently to profit or loss:						
Foreign exchange differences on translation of financial statements of Tidemark Holdings Limited (Tidemark)	7805%	-11%	194%	-2027%	97%	224%
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>103%</b>	<b>152%</b>	<b>108%</b>

**VERTICAL ANALYSIS –**

**General and administrative expenses (4,222%)** – absolute amount is decreases significantly from last year but the vertical ratio increased due to the recorded total comprehensive income of P0.5 million as compared to the loss of P16.6 million in 2014.

**Share in the net results of operations of an associate (-4,276%)** - due to unfavorable results in the operation of its associate, Tidemark, vs. -16% of the previous year of 2014.

**Interest income (547%)** – the P2.8 million interest income in 2015 is lesser that the P3.1 million earned in 2014 due to lower interest earned from gradually diminishing money market placements, however, the favorable ratio from the vertical analysis was due to the resulting total comprehensive income for the year as compares to the loss in 2014.

**Gain from translating the financial statements of Tidemark (7,805%)** – the increase was due to P40.5 million foreign exchange differences of its subsidiary, Tidemark.

## **HORIZONTAL ANALYSIS –**

**General and administrative expenses (14%)** - due to the decrease in operating expenses.

**Share in the net results of operations of an associate (-939%)** - due to unfavorable results in the operation of its associate, Tidemark, P2.62.2 million share in 2015 vs. (P2.6 million) in 2014.

**Interest income (-7%)** – due to lower interest earned from money market placements.

**Service fees (-2%)** – increase in revenues pertaining to fees paid by client companies for stock transfer.

**Others (-68%)** – other income earned in 2015 very minimal at P29K as compared with P88K in 2014.

**Income tax expense - Current (-39%)** – the increase was due to higher taxable income in 2015 as compared with 2014.

**Gain from translating the financial statements of Tidemark (2,027%)** – the increase was due to foreign exchange differences of its subsidiary, Tidemark.

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	VERTICAL ANALYSIS			HORIZONTAL ANALYSIS		
	2015	2014	2013	2015	2014	2013
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	4222%	-154%	63%	14%	-27%	59%
<b>OTHER INCOME (EXPENSES)</b>						
Share in the net result of operations of an associate	-4276%	-16%	-136%	939%	106%	86%
Interest income	547%	-18%	12%	7%	17%	56%
Service fees	282%	-9%	4%	-2%	-16%	11%
Proceeds from lawsuit settlement	0%	0%	88%	0%	100%	0%
Rent income	0%	0%	3%	0%	100%	-15%
Others	5%	-1%	1%	68%	66%	52%
	-3441%	-43%	-28%	347%	180%	97%
<b>LOSS BEFORE INCOME TAX</b>	-7663%	111%	-92%	-117%	37%	91%
<b>PROVISION FOR INCOME TAX</b>	42%	-1%	2%	-39%	76%	-147%
<b>NET LOSS</b>	-7705%	111%	-94%	-116%	38%	91%
<b>OTHER COMPREHENSIVE INCOME</b>						
Item that will be reclassified subsequently to profit or loss:						
Foreign exchange differences on translation of financial statements of Tidemark Holdings Limited (Tidemark)	7805%	-11%	194%	-2027%	97%	224%
<b>TOTAL COMPREHENSIVE INCOME</b>	100%	100%	100%	103%	152%	108%

### External Audit Fees

#### **a. Audit and Audit Related Fees**

The Company's External Auditor for 2015 and 2014 is Reyes Tacandong & Co.

The aggregate External Audit Fees (MC No. 14, Series of 2004) in connection with the audit of the annual financial statements and services for the last three (3) years were as follows:

<u>Year</u>	<u>Amount</u>
2013	300,000
2014	200,000
2015	200,000

The above-mentioned audit fees are inclusive of: (a) other assurance and related services by the External Auditor that are reasonably related to the performance of the audit; and (b) review of the Company's financial statements, exclusive of tax consultancy fees and/or representation for legal matters.

The Audit Committee makes recommendations to the Board of Directors concerning the external auditors and pre-approves audit plans, scope, and frequency before the conduct of the external audit.

The Company's Auditors conducted the audit in accordance with auditing standards generally accepted in the Philippines with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole, conforms to accounting principles generally accepted in the Philippines. They performed tests of the accounting records and such other procedures, as they considered necessary in the circumstances to provide a reasonable basis for an opinion on the financial statements. They also assessed the accounting principles used and significant estimates made by management and evaluated overall financial statements presentation.

The auditors also considered the Company's internal controls in order to determine the nature, timing and extent of their audit procedures for the purpose of expressing an opinion on the financial statements. The auditors did not bill separately for this scope of work.

There were no services provided by the external auditors other than the services reported in the foregoing.

**b. Tax Fees**

There are no fees billed in each of the last three (3) years for professional services rendered by the External Auditor for tax accounting, compliance, advice, planning, and any other form of tax services.

**c. All Other Fees**

There are no fees billed in each of the last three (3) years for services provided by the External Auditor, other than the services under items (a) and (b) above.

**d. Audit Committee's Approval of Policies and Procedures**

The 2015 audit of the Company is in compliance with SRC Rule 68(3)(b)(IV) that provides that the External Auditor be rotated every five (5) years or earlier or the engagement partner should be changed. The engagement partner is Ms. Belinda Fernando.

During Audit Committee and/or Company meetings that would have an agenda that would affect the financial statements of the Company, a representative of the External Auditor is expected to be present to discuss issues and be available to respond to appropriate questions. The External Auditor is given the opportunity to make a statement if necessary pertinent to matters that may affect the examination of the books of the Company.



### **3. Financial Risk Management**

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyse 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 Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors reviews and institutes policies for managing each of the risks.

#### **Credit Risk**

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from the Group's cash in banks and cash equivalents, trade receivables and refundable deposits.

Receivables which are neither past due nor impaired are of good quality. These are from clients that pay on time or even before maturity date.

#### **Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

#### **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates.

#### Capital Management

The primary objective of the Company's capital management is to ensure its ability as a going concern and that it maintains healthy capital ratios in order to support its business.

The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity.

#### **D. GENERAL NATURE AND SCOPE OF BUSINESS**

Atok-Big Wedge Co. Inc. (the "Company"), formerly Atok-Big Wedge Mining Co., Inc., was incorporated and registered with the Securities and Exchange Commission on September 4, 1931. Its corporate life was extended on September 25, 1981 for another fifty (50) years to expire on September 25, 2031. It is listed in the Philippine Stock Exchange (the "PSE").

Since its incorporation, the Company engaged in mining as its primary purpose, producing gold as its major product and silver as a by-product. Its production was all sold to the Central Bank of the Philippines at a price subsidized by the Philippine Government, and later on at the prevailing world market price. Gold bullions are used by the Philippine Government as one of the components in the monetary reserve.

Although the Company changed its primary purpose in 1996 from mining to general investment, it reverted to its original purpose of engaging in exploration and development of mining, oil, gas, and other natural resources when it amended its Articles of Incorporation, which was approved by the SEC on May 24, 2010.

The Company has two wholly-owned subsidiaries, AB Stock Transfers Corporation ("ABSTC") and Tidemark Holdings Limited ("Tidemark").

ABSTC was incorporated on June 24, 2010, with the purpose of establishing, operating, and acting as a transfer agent and/or registrar of corporations.

On the other hand, Tidemark is a company registered and domiciled in Hong Kong SAR, which the Company bought on 3 October 2011. Tidemark owns 9,646,757 ordinary shares of Forum Energy plc ("Forum"), a company registered and domiciled in the United Kingdom representing approximately 27.14% of Forum's outstanding capital. The ordinary shares of Forum are traded and listed in the Alternative Investment Market of the London Stock Exchange (the "AIM"; ticker symbol: FEP). Forum is a gas & oil exploration and production company with a portfolio of projects in the Philippines. Among these projects is the Service Contract (SC) 72 where Forum holds 70% equity. SC72 is situated offshore West of Palawan Island and is host to the Sampaguita offshore gas/condensate discovery. Drilling plans for SC72 have been placed on hold by the Philippine government pending the resolution of territorial sovereignty disputes involving claimant countries surrounding West Philippine Sea.

Atok Gold Mining Co., Inc. ("Atok Gold") used to be a wholly-owned subsidiary of the Company. On 3 June 2011, the Company sold its entire interest in Atok Gold to Progressive Development Corporation ("PDC"). PDC is an existing shareholder of the Company and belongs to the Araneta Group of Companies. As of this date, PDC owns 99,159,824 shares (representing about 3.9%) of the Company. PDC paid a total consideration of Php12,776,000.00 for 33,075,121 shares at Php0.3863 per share. The sale price was paid in cash and in full on the date of execution (3 June 2011) of the sale documents. The proceeds form part of the Company's operating funds and is being used for operations (including ongoing exploration and business development activities).

The Company is a regular member and signatory of the Chamber of Mines. It has adopted the spirit and substance of the Chamber of Mines' Code of Conduct which calls for sustainable mineral resources development, environmental responsibility and a social commitment to the general welfare and economic development of the people in the localities in which it operates.

Over the past seven decades, the Company has established a strong foundation in the Philippine mining industry. Pursuant to its goal of seeking out projects to put into operation, the Company made a continued careful and diligent evaluation of multiple metallic and non-metallic prospects for possible investment throughout the past year. It concentrated its efforts in the Philippines and in Laos, with priority on projects in the advanced stage, but not disregarding greenfield exploration prospects with potential. Negotiations also continued for mines with confirmed potential and previously operated but closed down during the period with low metal prices.

**1. Business Indicators**

The Company is exploring the possibility of entering into a business venture with local and foreign entities. It will abide by the principle of sustainable and socially acceptable mineral resources development.

The viability of expanding the current pilot plant operation and sustaining it at an economically viable scale depends on the price of gold in the world market, the peso-dollar exchange rate, the efficiency of mining and milling operations, and the grade of ore. The higher the grade of ore in grams gold per ton of ore, the higher the profit margin will be.

**2. Participation in Bankruptcy, Receivership or Similar Proceedings**

There is no bankruptcy, receivership or similar proceedings involving the Company.

**3. Competition**

The Company is currently not operating a mine or oil project.

**4. Customers**

The Company and its subsidiaries are not dependent on any single customer or on a few customers.

**5. Patents, Franchise/Government Approvals**

The Company does not own any registered patent, trademark or copyright. Neither is it a recipient of any license or concession nor a party to any royalty agreement. The Company has complied with government rules and regulations and has paid all the necessary taxes

and fees. It regularly coordinates with the Department of Energy (DOE) and DENR with regard to new rules and regulations that may be promulgated.

#### **6. Effect of Existing or Probable Governmental Regulations**

The Philippine government is currently reviewing its policy on mining. Any such policy, when adopted, may have a significant on the Company's future endeavors into mining activities.

Nonetheless, a combination of political, administrative and social issues slowed the pace of mining permit processing in the Philippines. For this reason, none of the pending projects for the Company progressed. A team sent by the Company evaluated a potentially mineralized area in the Bicol region last September 2011. Surface indications combined with the presence of existing producing mines in the vicinity gave interest to this prospect. However, the existing tenement application by the claim owner was rejected by the DENR. Without a valid permit, a more thorough exploration program cannot be implemented.

In 2012, FEP encountered a delay in one of its drilling programs. It has submitted all the requirements for the issuance of required permits for the drilling program. However, the permit has not yet been issued by the relevant Government body. The latest resource assessment supported the case to proceed with the drilling and FEP has been granted an extension up to August 2015 to complete its obligations under the service contract. FEP expects to proceed with its commitment as soon as it is able to obtain the necessary authorization from the Government.

#### **7. Research and Development Activities**

The Company does not allocate specific amounts or fixed percentages for research and development. The allocation for such activities may vary depending on the nature of the project.

Total cost incurred, including exploration and development works, during calendar years 2012 to 2015 are as follows:

<b>Period</b>	<b>Revenue</b>	<b>Exploration Development and Environmental Cost</b>	<b>Percentage on Revenue</b>
CY 2012	-	515,975	0%
CY 2013	-	165,450	0%
CY 2014	-	2,456,558	0%
CY 2015	-	1,593,983	0%
<b>Total</b>	-	<b>4,731,966</b>	<b>0%</b>

The above-mentioned expenses were incurred pursuant to the mandatory requirement to conduct annual assessment works, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples, etc., to prove mineable ore reserve, as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations.

## **8. Compliance with Environmental Laws**

The Company is currently not operating a mine or oil project. In the event that it does, all necessary pollution control and environmental protection measures will be set in place.

## **9. Employees**

As of end of 2014, the Company has six (6) regular employees while ABSTC, the Company's subsidiary has only one (1) regular employee. The principal duties and responsibilities of the employees of the Company and its subsidiaries are to conduct technical evaluation of potential mining projects, maintain the validity and existence of the subsidiary's mining rights, conduct exploration and development works, set and run a pilot gold processing plant, and secure all other properties of the subsidiary, including the plant, equipment, records, maps and other valuable information at the mine site.

## **10. Risk Factors**

The Company's profitability is dependent on the performance of its subsidiary ABSTC and affiliate Forum.

## **11. Properties**

Other than its shareholdings in ABSTC and in Forum (through Tidemark), the Company does not own any other significant property.

The Company leases office space at the 10<sup>th</sup> Floor of the Alphaland Southgate Tower in Makati City. The terms of the lease are as follows:

1. Lease term: from 1 January 2010 to 31 December 2014 renewable upon the mutual agreement of the parties; its original lease term was extended for another year to expire on 31 December 2015
2. Rental rate: P650 per square meter plus CUSA of P125 per square meter (subject to an annual escalation rate of 7%)
3. Leased premises: 191.29 square meters of the 10<sup>th</sup> Floor of Alphaland Southgate Tower

## **12. Legal Proceedings**

The Company is not involved in any legal proceeding.

## ***E. MARKET PRICE OF AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY***

### **1. Market Price of Shares**

The Company's common shares are traded in the Philippine Stock Exchange. As of March 31, 2016, the closing price of the shares of the Company is P12.78. The high and low sale prices of the shares for each quarter within the last three (3) years and during the interim period are:

Quarter Ended	High	Low
03.31.16 - 1st Quarter	12.78	12.58
12.31.15 - 4th Quarter	11.78	11.78
09.30.15 - 3rd Quarter	10.90	9.00
06.30.15 - 2nd Quarter	11.40	11.04
03.31.15 - 1st Quarter	10.80	10.80
12.31.14 - 4th Quarter	11.78	11.78
09.30.14 - 3rd Quarter	12.00	12.00
06.30.14 - 2nd Quarter	18.00	15.98
03.31.14 - 1st Quarter	17.70	17.70
12.31.13 - 4th Quarter	20.00	17.00
09.30.13 - 3rd Quarter	24.35	19.30
06.30.13 - 2nd Quarter	20.50	20.30
03.31.13 - 1st Quarter	23.45	19.00

(Data taken from the Philippine Stock Exchange, Inc.)

## 2. Holders

### a. **Approximate Number of Shareholders of Each Class of Common Security as of March 31, 2015:**

The Company has 4,206 stockholders as of March 31, 2016.

### b. **The Top 20 Registered Stockholders of the Corporation as of March 31, 2015 are:**

The list of the top twenty (20) registered shareholders is as follows:

ATOK-BIG WEDGE CO., INC.  
TOP TWENTY (20) STOCKHOLDERS  
AS OF MARCH 31, 2016

	No. of Shares	%
1. Boerstar Corporation	1,775,218,804	69.75%
2. North Kitanglad Agricultural Co., Inc.	309,000,000	12.14%
3. PCD Nominee Corporation:	212,262,567	8.34%
Filipino - 212,125,297		
Non-Filipino - 132,275		

4.	Strong Gain Enterprises Limited	120,000,000	4.72%
5.	Progressive Development Corporation	93,963,474	3.69%
6.	Power Merchant International Limited	30,000,000	1.18%
7.	Carroll, Charles F., TEE Carroll Family Trust	593,200	0.02%
8.	Araneta, Estate of J. Amado	89,522	0.00%
9.	Braasch, Herbert	84,884	0.00%
10.	Baron, Rose A. & William J.	81,197	0.00%
11.	McLarney, Jane Mary & Timothy P. McLarney	70,875	0.00%
12.	Silbert, Solomon S. & Claire B. Silbert	56,567	0.00%
13.	Araneta, Jorge L.	43,693	0.00%
14.	Cohen, Sy R. & Barbara	43,195	0.00%
15.	Steiner, Norma	38,656	0.00%
16.	Coherco Sec., Inc. FAO 181513151200	38,000	0.00%
17.	Loo Ngo Kue	36,020	0.00%
18.	Pua, Luis	35,542	0.00%
19.	Cunningham, Edmund F. & Pauline F.	33,275	0.00%
20.	Olasiman, Edilberto O.	33,100	0.00%

Total issued and outstanding shares - 2,545,000,000

*NOTE: NKACI has 200,000,000 shares lodged with PCD Nominee Corporation. In all, NKACI owns 509,000,000 shares representing 20% of the total outstanding shares of the Company.*

### **3. Dividends**

The Company has not declared any dividends during the last three (3) years.

The Company's Amended By-Laws provide that its Board of Directors may declare dividends only from surplus profits arising from the business of the Company, in accordance with the preferences constituted in favor of preferred stock when and if such preferred stock be issued and outstanding. Restrictions under the Corporation Code of the Philippines also limit the Company's power to declare dividends.

### **4. Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction**

There were no unregistered or exempt securities sold by the Company, and there were no issuances of securities made by the Company constituting an exempt transaction.

## **F. COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICE**

The Company has adopted the Securities and Exchange Commission's Corporate Governance Self-Rating Form (SEC CG-SRF) as its system of evaluation for compliance with the Company's Manual on Corporate Governance.

To fully comply with the adopted leading practices on good corporate governance, the following measures, among others, are being undertaken by the Company:

1. Holding a seminar on good corporate governance for Directors and Officers;
2. Adoption and implementation of a Code of Conduct for Directors, Officers and Employees;
3. Development, adoption and accomplishment of Full Business Interest Disclosure Form for all Directors and Officers;
4. Regularly holding, on a quarterly basis at the very least, Regular and Special Board Meetings;
5. Regular meetings of Board Committees, i.e. Nomination, Audit, and Compensation and Remuneration Committees;
6. Preparation and implementation of Audit Plans and Programs;
7. Adoption and implementation of Vision and Mission Statements and Corporate Strategy Financial and Operation Plans;
8. Identification and management of key performance risk areas;
9. Adoption and implementation of Guidelines on Capital Expenditures; and
10. Duly minuted proceedings of all Regular and Special Board Meetings and Board Committee Meetings.

There were no deviations from the Company's Manual of Corporate Governance.

The Company plans to hold more seminars on the different aspects of good corporate governance, such as risk management, to improve its corporate governance.



# **ATOK-BIG WEDGE CO., INC.**

## **MANAGEMENT REPORT**

for the  
2016 Annual Meeting of Stockholders  
Pursuant to SRC Rule 20 (4) (A)

### **A. AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2015**

Please see the attached Audited Financial Statements for Year Ended December 31, 2015.

### **B. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There are no changes in and disagreements with the accountants on accounting and financial disclosures.

### **C. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS**

Atok-Big Wedge Co. Inc. (the "Company"), formerly Atok-Big Wedge Mining Co., Inc., was incorporated and registered with the Securities and Exchange Commission on September 4, 1931. Its corporate life was extended on September 25, 1981 for another fifty (50) years to expire on September 25, 2031. It is listed in the Philippine Stock Exchange (the "PSE").

#### **1. Plan of Operation for the Next Twelve (12) Months**

The Company is hoping to get the government approval for its application for Exploration Permit over an area of 3,375 Hectares in CADT134, Agusan Del Norte. While in the process, it will continue to conduct series of field inspection to understand the mineralization occurrence in preparation for more detailed exploration activities. Concurrent to the field activities in CADT134, exploration works continues in Mt. Daraga (587 Hectares), Mendez (486 Hectares) and Aboloc (567 Hectares) areas also in Agusan Del Norte, all under Memoranda of Agreement. "Sweet" areas within Mt. Daraga and Mendez have been identified for more detailed subsurface. Plans involving oil and gas exploration have been shelved in relation to low oil prices and the uncertainty in supply and demand situation. SC-72 (ReedBank) is still kept on hold depending on the outcome of Philippine Government initiatives involving West Philippine Sea.

The Company will continue to fund its operations in the next year or two depending on the activities that will materialize using its cash and its money market investments.

The vision of the Company remains and that is to have a substantial involvement in the exploration and judicious development of various natural resources that will contribute to the economic development of the Philippines. The Company's mission to be the leader in chosen fields by creating value through change, utilizing the group's knowledge capital and adopting leading technologies, to enhance shareholders' value and profit through growth in earnings and

in intrinsic worth, to be committed to a culture of excellence, loyalty and pride, and to be a socially responsible and environmentally conscious corporate citizen, adhering to the highest ethical standards and respecting the communities to which it belongs remains.

If the level of activities increase parallel to a more supportive regulatory position on exploration and mining, the Company, is expected to increase the number of its employees during the next 12 months.

## **2. Financial Condition-Consolidated**

### **a. Analysis of Financial Condition and Results of Operations for interim period ending March 31, 2016 and the Last Three (3) Years**

#### **March 31, 2016 vs December 31, 2015 , with prospects for the future**

As of March 31, 2016, the Company's consolidated assets amounted to P653.9 million as compared to P653.0 million as of December 31, 2015. On the other hand, the Company's liabilities increased to P18.6 million as of March 31, 2016.

Cash and cash equivalents totaling P172.2 million as of March 31, 2016, showed a slight decrease of P0.6 million from the P172.8 million as of December 31, 2015.

Receivables increased to P5.5 million as of March 31, 2016. The funding of various geological investigations in Agusan Del Norte, which includes the Company's application for an exploration permit with the MGB and DENR in the municipalities of Santiago and Jabonga resulted to this increase in receivables.

Stockholders' Equity showed very minimal decrease from P638.8 million at the end of 2014 to P635.3 million as of March 31, 2016.

The Company continues to evaluate investment opportunities and plans to acquire other mining assets in Northern Mindanao. It will likewise continue to scout for oil and assets within the country and overseas to be included in its business folio. While doing so, the company is planning to magnify its exploration activities in the areas relative to the signed Memoranda of Understanding (MOUs) covering three (3) areas in Agusan Del Norte. It also plans to conduct semi-detailed to detailed exploration work over the area within the CADT134, Agusan Del Norte where it applied for an Exploration Permit (EP).

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>For the Three</u>	<u>For the Year</u>	<u>increase (Decrease)</u>	
	<u>Months ended</u>	<u>ended</u>		
	<u>March 2016</u>	<u>Dec 2015</u>	<u>Amount</u>	<u>%</u>
	<u>Unaudited F5</u>	<u>Audited F5</u>		
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	172,196,082	172,753,406	(557,324)	-0.32%
Receivables	5,502,403	5,016,943	485,460	9.68%
Other current assets	8,141,059	7,075,485	1,065,574	15.06%
<b>Total current assets</b>	<b>185,839,544</b>	<b>184,845,834</b>	<b>993,710</b>	<b>0.54%</b>
<b>Non-current Assets</b>				
Investment in an associate	462,112,611	462,150,899	(38,288)	-0.01%
Available-for-sale (AFS) financial assets	1,999,950	1,999,950	-	0.00%
Property and equipment	1,030,173	1,146,655	(116,482)	-10.16%
Other non-current assets	2,889,064	2,889,065	(1)	0.00%
<b>Total non-current assets</b>	<b>468,031,798</b>	<b>468,186,569</b>	<b>(154,771)</b>	<b>-0.03%</b>
	<b>653,871,342</b>	<b>653,032,403</b>	<b>838,939</b>	<b>0.13%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liability</b>				
Payables and other current liabilities	18,615,232	14,256,356	4,358,876	30.57%
	<b>18,615,232</b>	<b>14,256,356</b>	<b>4,358,876</b>	<b>30.57%</b>
<b>Equity</b>				
Capital Stock	1,060,000,000	1,060,000,000	-	0.00%
Deficit	(480,744,157)	(477,224,220)	(3,519,937)	0.74%
Other comprehensive income	56,000,267	56,000,267	-	0.00%
<b>Total equity</b>	<b>635,256,110</b>	<b>638,776,047</b>	<b>(3,519,937)</b>	<b>-0.55%</b>
	<b>653,871,342</b>	<b>653,032,403</b>	<b>838,939</b>	<b>0.13%</b>

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>For the Three Months ended</u>		<u>Increase (Decrease)</u>	
	<u>March 2016</u>	<u>March 2015</u>	<u>Amount</u>	<u>%</u>
	<u>Unaudited FS</u>	<u>Unaudited FS</u>		
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>4,310,047</b>	<b>5,421,259</b>	<b>(1,111,212)</b>	<b>-20.50%</b>
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	424,449	736,465	(312,016)	-42.37%
Service fees	364,930	370,847	(5,917)	-1.60%
Others	731	1,139	(408)	-35.82%
	<b>790,110</b>	<b>1,108,451</b>	<b>(318,341)</b>	<b>-28.72%</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>(3,519,937)</b>	<b>(4,312,808)</b>	<b>792,871</b>	<b>-18.38%</b>
<b>PROVISION FOR INCOME TAX</b>	<b>-</b>	<b>66,156</b>	<b>(66,156)</b>	<b>-100.00%</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(3,519,937)</b>	<b>(4,378,964)</b>	<b>859,027</b>	<b>-19.62%</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>(0.0014)</b>	<b>(0.0017)</b>	<b>0.0003</b>	<b>-19.62%</b>

Key performance indicators for the interim period ending March 31, 2016

The company's key performance indicators and the manner of computations are as follows:

	Manner of Calculation	As of	
		31-Mar-16 Unaudited	31-Dec-15 Audited
<b>CURRENT / LIQUIDITY RATIO</b>			
		<b>9.98 : 1</b>	<b>12.97 : 1</b>
Current assets	Current assets	185,839,544	184,845,034
Current liabilities	divided by current liabilities	18,615,232	14,256,356
<b>SOLVENCY RATIO</b>			
		<b>-0.18 : 1</b>	<b>-2.75 : 1</b>
Net income (loss) after tax less depreciation and impairment losses	The sum of net income (loss) after tax less depreciation and impairment losses	(3,519,937) 118,344 -	(40,021,100) 856,500 -
Total liabilities	divided by total liabilities	18,615,232	14,256,356
<b>DEBT TO EQUITY RATIO</b>			
		<b>0.03 : 1</b>	<b>0.02 : 1</b>
Total liabilities	Total liabilities	18,615,232	14,256,356
Total equity	divided by total equity	635,256,110	638,776,047
<b>ASSET TO EQUITY RATIO</b>			
		<b>1.03 : 1</b>	<b>1.02 : 1</b>
Total assets	Total assets	653,871,342	653,032,403
Total equity	divided by total equity	635,256,110	638,776,047
<b>PROFITABILITY RATIO</b>			
		<b>-0.01 : 1</b>	<b>-0.06 : 1</b>
Net income (loss) after tax	Net income (loss) after tax	(3,519,937)	(40,021,100)
Total equity	divided by total equity	635,256,110	638,776,047

**Current/liquidity ratio** – The increase in liabilities as of March 31, 2016 resulted to the decrease in liquidity ratio from 12.97 to 9.98. This was due to increased activities pursuant to the mandatory requirement to conduct annual assessment work, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples, etc., to prove mineable ore reserve (as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations).

**Solvency ratio** –The ratio improved from (2.75) to (0.18) due to lower net loss of P3.5 million for the period ending March 31, 2016 as compared with P40 million net loss at

the end of 2015. The net loss in 2015 was caused mainly by the share in the net loss of operations of its associate, Tidemark.

**Debt-to-equity ratio** – The ratio increased from .02 in 2015 to .03 in March 2016 due to the increase in liabilities brought about by the activities on exploration works.

**Asset-to-equity ratio** – The ratio had slightly improved from 1.02 in 2015 to 1.03 in March 2016 due to the increased value of investment in an associate.

**Profitability ratio** – The ratio improved from (0.06) to (0.01) due to lower net loss incurred from P40 million at the end of 2015 to P3.5 million in March 31, 2016. In 2015, the share in the net results of operations of Tidemark contributed to a P22.2 million loss.

#### **2015 operational results compared with 2014**

2015 results of operations showed a total comprehensive income of P0.5 million – a 103% reversal from the total comprehensive loss of P16.6 million in 2014. The total difference of P17.2 million were brought about by the following:

- 1) + P3.7 million; decrease in the general and administrative expenses as compared to 2014,
- 2) – P24.9 million; decrease in share on the income of operations of an associate (Tidemark), P22.2 million share on loss in 2015 as compared to the P2.6 million share on the income for 2014
- 3) – P0.2 million; decrease on interest income in 2015
- 4) + P38.6 million; increase on the foreign exchange differences of an associate (Tidemark)

The Company continues to evaluate investment opportunities and plans to acquire other mining assets in Northern Mindanao. It will likewise continue to scout for oil and assets within the country and overseas to be included in its business folio. While doing so, the company is planning to magnify its exploration activities in the areas relative to the signed Memoranda of Understanding (MOUs) covering three (3) areas in Agusan Del Norte. It also plans to conduct semi-detailed to detailed exploration work over the area within the CADT134, Agusan Del Norte where it applied for an Exploration Permit (EP).

#### **2014 operational results compared with 2013**

2014 results of operations showed a total comprehensive loss of P17 million – a 152% reversal from the total comprehensive income of P32 million in 2013, were due to combined effects of:

- 1) P60 million or 97% decrease in Foreign exchange translation gain from Tidemark Holdings Ltd., an associate company
- 2) P6 million or 27% increase in the general and administrative expenses
- 3) P28 million proceeds from lawsuit settlement with Intex in 2013
- 4) P46 million increase from share in the net results of operations of Tidemark

### **2013 operational results compared with 2012**

2013 results of operations showed a remarkable turnaround from a total comprehensive loss of P390 million in 2012 to a total comprehensive income of P32 million in 2013, brought about by the following:

- 1) Foreign exchange translation gain of P61.7 million from Tidemark
- 2) Gain in lawsuit settlement of P28.0 million from Intex
- 3) Significant decrease (at 59%) in the general and administrative expenses as compared to last year
- 4) Share in the net results of operations of Tidemark from a net loss share of P302.4 million in 2012 down to P43.2 million only in 2013

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>21,927,639</b>	<b>25,607,883</b>	<b>20,174,182</b>
<b>OTHER INCOME (EXPENSES)</b>			
Share in the net result of operations of an associate	(22,208,252)	2,647,051	(43,213,445)
Interest income	2,843,539	3,055,442	3,698,335
Service fees	1,462,397	1,438,880	1,236,880
Proceeds from lawsuit settlement	-	-	27,982,500
Rent income	-	-	1,004,278
Others	28,543	88,012	255,800
	<b>(17,873,773)</b>	<b>7,229,385</b>	<b>(9,035,652)</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>(39,801,412)</b>	<b>(18,378,498)</b>	<b>(29,209,834)</b>
<b>PROVISION FOR INCOME TAX</b>	<b>219,688</b>	<b>158,529</b>	<b>649,389</b>
<b>NET LOSS</b>	<b>(40,021,100)</b>	<b>(18,537,027)</b>	<b>(29,859,223)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Item that will be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of financial statements of Tidemark Holdings Limited (Tidemark)	40,540,500	1,905,745	61,677,000
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>519,400</b>	<b>(16,631,282)</b>	<b>31,817,777</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>(0.0157)</b>	<b>(0.0073)</b>	<b>(0.0117)</b>



**i. Key Performance Indicators**

The Company's key performance indicators and their manner of computation are as follows:

	Manner of Calculation	As of		
		31-Dec-15 Audited	31-Dec-14 Audited	31-Dec-13 Audited
<b>CURRENT / LIQUIDITY RATIO</b>				
		<b>12.97 : 1</b>	<b>21.77 : 1</b>	<b>42.94 : 1</b>
Current assets	Current assets	184,845,834	197,028,882	212,879,817
Current liabilities	divided by current liabilities	14,256,356	9,049,768	4,957,879
<b>SOLVENCY RATIO</b>				
		<b>-2.75 : 1</b>	<b>-1.86 : 1</b>	<b>-5.67 : 1</b>
Net income (loss) after tax less depreciatio and impairment losses	The sum of net income (loss) after tax less depreciation and impairment losses	(40,021,100) 856,500	(18,537,027) 1,666,771	(29,859,223) 1,750,080
Total liabilities	divided by total liabilities	14,256,356	9,049,768	4,957,879
<b>DEBT TO EQUITY RATIO</b>				
		<b>0.02 : 1</b>	<b>0.01 : 1</b>	<b>0.01 : 1</b>
Total liabilities	Total liabilities	14,256,356	9,049,768	4,957,879
Total equity	divided by total equity	638,776,047	638,256,647	654,887,929
<b>ASSET TO EQUITY RATIO</b>				
		<b>1.02 : 1</b>	<b>1.01 : 1</b>	<b>1.01 : 1</b>
Total assets	Total assets	653,032,403	647,306,415	659,845,808
Total equity	divided by total equity	638,776,047	638,256,647	654,887,929
<b>PROFITABILITY RATIO</b>				
		<b>-0.06 : 1</b>	<b>-0.03 : 1</b>	<b>-0.05 : 1</b>
Net income (loss) after tax	Net income (loss) after tax	(40,021,100)	(18,537,027)	(29,859,223)
Total equity	divided by total equity	638,776,047	638,256,647	654,887,929

**Current/liquidity ratio** – The ratio decreased from 21.77 to 12.97 due to increased activities pursuant to the mandatory requirement to conduct annual assessment work, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples, etc., to prove mineable ore reserve (as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations).

**Solvency ratio** –The ratio moved from (1.86) to (2.75) due to higher net loss incurred as compared with 2014, from (P17 million) down to (P39 million). This is caused by the increase in share in the net results of operations of its associate, Tidemark.

**Debt-to-equity ratio** – The ratio increased from .01 in 2014 to .02 in 2015 due to the increased activities on exploration works.

**Asset-to-equity ratio** – The ratio had improved from 1.01 in 2014 to 1.02 in 2015 due to the increased value of investment in an associate.

**Profitability ratio** – The ratio moved from (0.03) to (0.06) due to higher net loss incurred from P19 million down to P40 million. In 2014, the share in the net results of operations of Tidemark amounted to P2.6 million. In 2015, the share in the net loss results of operations amounted to (P22.2 million).

**ii. Events that will Trigger Direct or Contingent Financial Obligation that is Material to the Company, including any Default or Acceleration of an Obligation**

There are no events that will trigger direct or contingent financial obligation that is material to the Company.

**iii. 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**

There are no material off-balance sheet transactions, arrangements, or obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The general purposes of the capital expenditures are to explore and locate additional gold ore reserve of a better grade, conduct pilot test, secure all the Company's assets, and keep the mineral rights in good standing.

The known trends, events or uncertainties that may have a material impact on sales are the price of gold in the world market, the peso-dollar exchange rate, NGOs' anti-mining position and changes in the Department of Environment and Natural Resources' rules and regulations at midstream.

The significant elements of income or loss from continuing operations are the ounces of gold produced and the cost to produce such gold.

Causes for material changes from period to period of the financial statements covering the past three (3) years, with horizontal and vertical analyses of such changes, are as follows:

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	VERTICAL ANALYSIS			HORIZONTAL ANALYSIS		
	2015	2014	2013	2015	2014	2013
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	26%	29%	31%	7%	8%	-6%
Receivables	1%	1%	1%	-20%	-1%	-64%
Other current assets	1%	1%	1%	-15%	-16%	-24%
<b>Total current assets</b>	<b>28%</b>	<b>30%</b>	<b>32%</b>	<b>6%</b>	<b>7%</b>	<b>-8%</b>
<b>Non-current Assets</b>						
Investment in an associate	71%	69%	67%	-4%	-1%	-4%
Available-for-sale (AFS) financial assets	0%	0%	0%	0%	0%	-100%
Property and equipment	0%	0%	1%	42%	44%	1%
Other non-current assets	0%	0%	0%	-17%	-15%	-40%
<b>Total non-current assets</b>	<b>72%</b>	<b>70%</b>	<b>68%</b>	<b>-4%</b>	<b>-1%</b>	<b>-5%</b>
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>-1%</b>	<b>2%</b>	<b>-6%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liability</b>						
Payables and other current liabilities	2%	1%	1%	-58%	-83%	-182%
	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>-58%</b>	<b>-83%</b>	<b>-182%</b>
<b>Equity</b>						
Capital Stock	162%	164%	161%	0%	0%	0%
Deficit	-73%	-68%	-63%	-9%	-4%	-8%
Other comprehensive income	9%	2%	2%	-262%	-14%	128%
<b>Total equity</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>0%</b>	<b>3%</b>	<b>-5%</b>
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>-1%</b>	<b>2%</b>	<b>-6%</b>

**VERTICAL ANALYSIS**—The Company showed a variance of 5% in deficit due to continuing losses in 2015.

**HORIZONTAL ANALYSIS** –

**Cash and cash equivalents (-7%)** – due to increased activities pursuant to the mandatory requirement to conduct annual assessment work, i.e. reconnaissance and semi-detailed exploration works (such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples), etc., to prove mineable ore reserve (as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations).

**Prepaid expenses and other current assets (15%)** – due to significant increase in the Input VAT as a result of the numerous purchases in 2015.

**Property and equipment, net (-42%)** – due to depreciation of fixed assets and sale of certain exploration equipment.

**Other noncurrent assets (17%)** - due to payment of deposit for mining rights to landowners.

**Accounts payable and other current liabilities (58%)** - due to increased activities pursuant to the mandatory requirement to conduct annual assessment works

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Years Ended December 31

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	172,753,406	186,653,450	203,398,349
Receivables	5,016,943	4,196,146	4,156,117
Other current assets	7,075,485	6,179,286	5,325,351
<b>Total current assets</b>	<b>184,845,834</b>	<b>197,028,882</b>	<b>212,879,817</b>
<b>Non-current Assets</b>			
Investment in an associate	462,150,899	443,818,651	439,265,855
Available-for-sale (AFS) financial assets	1,999,950	1,999,950	1,999,950
Property and equipment	1,146,655	1,991,758	3,561,288
Other non-current assets	2,889,065	2,467,174	2,138,898
<b>Total non-current assets</b>	<b>468,186,569</b>	<b>450,477,533</b>	<b>446,965,991</b>
	<b>653,032,403</b>	<b>647,306,415</b>	<b>659,845,808</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liability</b>			
Payables and other current liabilities	14,256,356	9,049,768	4,957,879
	<b>14,256,356</b>	<b>9,049,768</b>	<b>4,957,879</b>
<b>Equity</b>			
Capital Stock	1,060,000,000	1,060,000,000	1,060,000,000
Deficit	(477,224,220)	(437,203,120)	(418,666,093)
Other comprehensive income	56,000,267	15,459,767	13,554,022
<b>Total equity</b>	<b>638,776,047</b>	<b>638,256,647</b>	<b>654,887,929</b>
	<b>653,032,403</b>	<b>647,306,415</b>	<b>659,845,808</b>

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	VERTICAL ANALYSIS			HORIZONTAL ANALYSIS		
	2015	2014	2013	2015	2014	2013
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>4222%</b>	<b>-154%</b>	<b>63%</b>	<b>14%</b>	<b>-27%</b>	<b>59%</b>
<b>OTHER INCOME (EXPENSES)</b>						
Share in the net result of operations of an associate	-4276%	-16%	-136%	939%	106%	86%
Interest income	547%	-18%	12%	7%	17%	56%
Service fees	282%	-9%	4%	-2%	-16%	11%
Proceeds from lawsuit settlement	0%	0%	88%	0%	100%	0%
Rent income	0%	0%	3%	0%	100%	-15%
Others	5%	-1%	1%	68%	66%	52%
	<b>-3441%</b>	<b>-43%</b>	<b>-28%</b>	<b>347%</b>	<b>180%</b>	<b>97%</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>-7663%</b>	<b>111%</b>	<b>-92%</b>	<b>-117%</b>	<b>37%</b>	<b>91%</b>
<b>PROVISION FOR INCOME TAX</b>	<b>42%</b>	<b>-1%</b>	<b>2%</b>	<b>-39%</b>	<b>76%</b>	<b>-147%</b>
<b>NET LOSS</b>	<b>-7705%</b>	<b>111%</b>	<b>-94%</b>	<b>-116%</b>	<b>38%</b>	<b>91%</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Item that will be reclassified subsequently to profit or loss:						
Foreign exchange differences on translation of financial statements of Tidemark Holdings Limited (Tidemark)	7805%	-11%	194%	-2027%	97%	224%
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>103%</b>	<b>152%</b>	<b>108%</b>

**VERTICAL ANALYSIS –**

**General and administrative expenses (4,222%)** – absolute amount is decreases significantly from last year but the vertical ratio increased due to the recorded total comprehensive income of P0.5 million as compared to the loss of P16.6 million in 2014.

**Share in the net results of operations of an associate (-4,276%)** - due to unfavorable results in the operation of its associate, Tidemark, vs. -16% of the previous year of 2014.

**Interest income (547%)** – the P2.8 million interest income in 2015 is lesser that the P3.1 million earned in 2014 due to lower interest earned from gradually diminishing money market placements, however, the favorable ratio from the vertical analysis was due to the resulting total comprehensive income for the year as compares to the loss in 2014.

**Gain from translating the financial statements of Tidemark (7,805%)** – the increase was due to P40.5 million foreign exchange differences of its subsidiary, Tidemark.

## **HORIZONTAL ANALYSIS –**

**General and administrative expenses (14%)** - due to the decrease in operating expenses.

**Share in the net results of operations of an associate (-939%)** - due to unfavorable results in the operation of its associate, Tidemark, P2.62.2 million share in 2015 vs. (P2.6 million) in 2014.

**Interest income (-7%)** – due to lower interest earned from money market placements.

**Service fees (-2%)** – increase in revenues pertaining to fees paid by client companies for stock transfer.

**Others (-68%)** – other income earned in 2015 very minimal at P29K as compared with P88K in 2014.

**Income tax expense - Current (-39%)** – the increase was due to higher taxable income in 2015 as compared with 2014.

**Gain from translating the financial statements of Tidemark (2,027%)** – the increase was due to foreign exchange differences of its subsidiary, Tidemark.

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	VERTICAL ANALYSIS			HORIZONTAL ANALYSIS		
	2015	2014	2013	2015	2014	2013
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>4222%</b>	<b>-154%</b>	<b>63%</b>	<b>14%</b>	<b>-27%</b>	<b>59%</b>
<b>OTHER INCOME (EXPENSES)</b>						
Share in the net result of operations of an associate	-4276%	-16%	-136%	939%	106%	86%
Interest income	547%	-18%	12%	7%	17%	56%
Service fees	282%	-9%	4%	-2%	-16%	11%
Proceeds from lawsuit settlement	0%	0%	88%	0%	100%	0%
Rent income	0%	0%	3%	0%	100%	-15%
Others	5%	-1%	1%	68%	66%	52%
	<b>-3441%</b>	<b>-43%</b>	<b>-28%</b>	<b>347%</b>	<b>180%</b>	<b>97%</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>-7663%</b>	<b>111%</b>	<b>-92%</b>	<b>-117%</b>	<b>37%</b>	<b>91%</b>
<b>PROVISION FOR INCOME TAX</b>	<b>42%</b>	<b>-1%</b>	<b>2%</b>	<b>-39%</b>	<b>76%</b>	<b>-147%</b>
<b>NET LOSS</b>	<b>-7705%</b>	<b>111%</b>	<b>-94%</b>	<b>-116%</b>	<b>38%</b>	<b>91%</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Item that will be reclassified subsequently to profit or loss:						
Foreign exchange differences on translation of financial statements of Tidemark Holdings Limited (Tidemark)	7805%	-11%	194%	-2027%	97%	224%
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>103%</b>	<b>152%</b>	<b>108%</b>

**External Audit Fees**

**a. Audit and Audit Related Fees**

The Company's External Auditor for 2015 and 2014 is Reyes Tacandong & Co.

The aggregate External Audit Fees (MC No. 14, Series of 2004) in connection with the audit of the annual financial statements and services for the last three (3) years were as follows:

<u>Year</u>	<u>Amount</u>
2013	300,000
2014	200,000
2015	200,000

The above-mentioned audit fees are inclusive of: (a) other assurance and related services by the External Auditor that are reasonably related to the performance of the audit; and (b) review of the Company's financial statements, exclusive of tax consultancy fees and/or representation for legal matters.



The Audit Committee makes recommendations to the Board of Directors concerning the external auditors and pre-approves audit plans, scope, and frequency before the conduct of the external audit.

The Company's Auditors conducted the audit in accordance with auditing standards generally accepted in the Philippines with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole, conforms to accounting principles generally accepted in the Philippines. They performed tests of the accounting records and such other procedures, as they considered necessary in the circumstances to provide a reasonable basis for an opinion on the financial statements. They also assessed the accounting principles used and significant estimates made by management and evaluated overall financial statements presentation.

The auditors also considered the Company's internal controls in order to determine the nature, timing and extent of their audit procedures for the purpose of expressing an opinion on the financial statements. The auditors did not bill separately for this scope of work.

There were no services provided by the external auditors other than the services reported in the foregoing.

**b. Tax Fees**

There are no fees billed in each of the last three (3) years for professional services rendered by the External Auditor for tax accounting, compliance, advice, planning, and any other form of tax services.

**c. All Other Fees**

There are no fees billed in each of the last three (3) years for services provided by the External Auditor, other than the services under items (a) and (b) above.

**d. Audit Committee's Approval of Policies and Procedures**

The 2015 audit of the Company is in compliance with SRC Rule 68(3)(b)(IV) that provides that the External Auditor be rotated every five (5) years or earlier or the engagement partner should be changed. The engagement partner is Ms. Belinda Fernando.

During Audit Committee and/or Company meetings that would have an agenda that would affect the financial statements of the Company, a representative of the External Auditor is expected to be present to discuss issues and be available to respond to appropriate questions. The External Auditor is given the opportunity to make a statement if necessary pertinent to matters that may affect the examination of the books of the Company.

### **3. Financial Risk Management**

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyse 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 Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors reviews and institutes policies for managing each of the risks.

#### **Credit Risk**

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from the Group's cash in banks and cash equivalents, trade receivables and refundable deposits.

Receivables which are neither past due nor impaired are of good quality. These are from clients that pay on time or even before maturity date.

#### **Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

#### **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates.

#### Capital Management

The primary objective of the Company's capital management is to ensure its ability as a going concern and that it maintains healthy capital ratios in order to support its business.

The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity.

#### **D. GENERAL NATURE AND SCOPE OF BUSINESS**

Atok-Big Wedge Co. Inc. (the "Company"), formerly Atok-Big Wedge Mining Co., Inc., was incorporated and registered with the Securities and Exchange Commission on September 4, 1931. Its corporate life was extended on September 25, 1981 for another fifty (50) years to expire on September 25, 2031. It is listed in the Philippine Stock Exchange (the "PSE").

Since its incorporation, the Company engaged in mining as its primary purpose, producing gold as its major product and silver as a by-product. Its production was all sold to the Central Bank of the Philippines at a price subsidized by the Philippine Government, and later on at the prevailing world market price. Gold bullions are used by the Philippine Government as one of the components in the monetary reserve.

Although the Company changed its primary purpose in 1996 from mining to general investment, it reverted to its original purpose of engaging in exploration and development of mining, oil, gas, and other natural resources when it amended its Articles of Incorporation, which was approved by the SEC on May 24, 2010.

The Company has two wholly-owned subsidiaries, AB Stock Transfers Corporation ("ABSTC") and Tidemark Holdings Limited ("Tidemark").

ABSTC was incorporated on June 24, 2010, with the purpose of establishing, operating, and acting as a transfer agent and/or registrar of corporations.

On the other hand, Tidemark is a company registered and domiciled in Hong Kong SAR, which the Company bought on 3 October 2011. Tidemark owns 9,646,757 ordinary shares of Forum Energy plc ("Forum"), a company registered and domiciled in the United Kingdom representing approximately 27.14% of Forum's outstanding capital. The ordinary shares of Forum are traded and listed in the Alternative Investment Market of the London Stock Exchange (the "AIM"; ticker symbol: FEP). Forum is a gas & oil exploration and production company with a portfolio of projects in the Philippines. Among these projects is the Service Contract (SC) 72 where Forum holds 70% equity. SC72 is situated offshore West of Palawan Island and is host to the Sampaguita offshore gas/condensate discovery. Drilling plans for SC72 have been placed on hold by the Philippine government pending the resolution of territorial sovereignty disputes involving claimant countries surrounding West Philippine Sea.

Atok Gold Mining Co., Inc. ("Atok Gold") used to be a wholly-owned subsidiary of the Company. On 3 June 2011, the Company sold its entire interest in Atok Gold to Progressive Development Corporation ("PDC"). PDC is an existing shareholder of the Company and belongs to the Araneta Group of Companies. As of this date, PDC owns 99,159,824 shares (representing about 3.9%) of the Company. PDC paid a total consideration of Php12,776,000.00 for 33,075,121 shares at Php0.3863 per share. The sale price was paid in cash and in full on the date of execution (3 June 2011) of the sale documents. The proceeds form part of the Company's operating funds and is being used for operations (including ongoing exploration and business development activities).

The Company is a regular member and signatory of the Chamber of Mines. It has adopted the spirit and substance of the Chamber of Mines' Code of Conduct which calls for sustainable mineral resources development, environmental responsibility and a social commitment to the general welfare and economic development of the people in the localities in which it operates.

Over the past seven decades, the Company has established a strong foundation in the Philippine mining industry. Pursuant to its goal of seeking out projects to put into operation, the Company made a continued careful and diligent evaluation of multiple metallic and non-metallic prospects for possible investment throughout the past year. It concentrated its efforts in the Philippines and in Laos, with priority on projects in the advanced stage, but not disregarding greenfield exploration prospects with potential. Negotiations also continued for mines with confirmed potential and previously operated but closed down during the period with low metal prices.

#### **1. Business Indicators**

The Company is exploring the possibility of entering into a business venture with local and foreign entities. It will abide by the principle of sustainable and socially acceptable mineral resources development.

The viability of expanding the current pilot plant operation and sustaining it at an economically viable scale depends on the price of gold in the world market, the peso-dollar exchange rate, the efficiency of mining and milling operations, and the grade of ore. The higher the grade of ore in grams gold per ton of ore, the higher the profit margin will be.

#### **2. Participation in Bankruptcy, Receivership or Similar Proceedings**

There is no bankruptcy, receivership or similar proceedings involving the Company.

#### **3. Competition**

The Company is currently not operating a mine or oil project.

#### **4. Customers**

The Company and its subsidiaries are not dependent on any single customer or on a few customers.

#### **5. Patents, Franchise/Government Approvals**

The Company does not own any registered patent, trademark or copyright. Neither is it a recipient of any license or concession nor a party to any royalty agreement. The Company has complied with government rules and regulations and has paid all the necessary taxes

and fees. It regularly coordinates with the Department of Energy (DOE) and DENR with regard to new rules and regulations that may be promulgated.

#### 6. Effect of Existing or Probable Governmental Regulations

The Philippine government is currently reviewing its policy on mining. Any such policy, when adopted, may have a significant on the Company's future endeavors into mining activities.

Nonetheless, a combination of political, administrative and social issues slowed the pace of mining permit processing in the Philippines. For this reason, none of the pending projects for the Company progressed. A team sent by the Company evaluated a potentially mineralized area in the Bicol region last September 2011. Surface indications combined with the presence of existing producing mines in the vicinity gave interest to this prospect. However, the existing tenement application by the claim owner was rejected by the DENR. Without a valid permit, a more thorough exploration program cannot be implemented.

In 2012, FEP encountered a delay in one of its drilling programs. It has submitted all the requirements for the issuance of required permits for the drilling program. However, the permit has not yet been issued by the relevant Government body. The latest resource assessment supported the case to proceed with the drilling and FEP has been granted an extension up to August 2015 to complete its obligations under the service contract. FEP expects to proceed with its commitment as soon as it is able to obtain the necessary authorization from the Government.

#### 7. Research and Development Activities

The Company does not allocate specific amounts or fixed percentages for research and development. The allocation for such activities may vary depending on the nature of the project.

Total cost incurred, including exploration and development works, during calendar years 2012 to 2015 are as follows:

Period	Revenue	Exploration	
		Development and Environmental Cost	Percentage on Revenue
CY 2012	-	515,975	0%
CY 2013	-	165,450	0%
CY 2014	-	2,456,558	0%
CY 2015	-	1,593,983	0%
<b>Total</b>	-	<b>4,731,966</b>	<b>0%</b>

The above-mentioned expenses were incurred pursuant to the mandatory requirement to conduct annual assessment works, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples, etc., to prove mineable ore reserve, as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations.

## **8. Compliance with Environmental Laws**

The Company is currently not operating a mine or oil project. In the event that it does, all necessary pollution control and environmental protection measures will be set in place.

## **9. Employees**

As of end of 2014, the Company has six (6) regular employees while ABSTC, the Company's subsidiary has only one (1) regular employee. The principal duties and responsibilities of the employees of the Company and its subsidiaries are to conduct technical evaluation of potential mining projects, maintain the validity and existence of the subsidiary's mining rights, conduct exploration and development works, set and run a pilot gold processing plant, and secure all other properties of the subsidiary, including the plant, equipment, records, maps and other valuable information at the mine site.

## **10. Risk Factors**

The Company's profitability is dependent on the performance of its subsidiary ABSTC and affiliate Forum.

## **11. Properties**

Other than its shareholdings in ABSTC and in Forum (through Tidemark), the Company does not own any other significant property.

The Company leases office space at the 10<sup>th</sup> Floor of the Alphaland Southgate Tower in Makati City. The terms of the lease are as follows:

1. Lease term: from 1 January 2010 to 31 December 2014 renewable upon the mutual agreement of the parties; its original lease term was extended for another year to expire on 31 December 2015
2. Rental rate: P650 per square meter plus CUSA of P125 per square meter (subject to an annual escalation rate of 7%)
3. Leased premises: 191.29 square meters of the 10<sup>th</sup> Floor of Alphaland Southgate Tower

## **12. Legal Proceedings**

The Company is not involved in any legal proceeding.

## ***E. MARKET PRICE OF AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY***

### **1. Market Price of Shares**

The Company's common shares are traded in the Philippine Stock Exchange. As of March 31, 2016, the closing price of the shares of the Company is P12.78. The high and low sale prices of the shares for each quarter within the last three (3) years and during the interim period are:

Quarter Ended	High	Low
03.31.16 - 1st Quarter	12.78	12.58
12.31.15 - 4th Quarter	11.78	11.78
09.30.15 - 3rd Quarter	10.90	9.00
06.30.15 - 2nd Quarter	11.40	11.04
03.31.15 - 1st Quarter	10.80	10.80
12.31.14 - 4th Quarter	11.78	11.78
09.30.14 - 3rd Quarter	12.00	12.00
06.30.14 - 2nd Quarter	18.00	15.98
03.31.14 - 1st Quarter	17.70	17.70
12.31.13 - 4th Quarter	20.00	17.00
09.30.13 - 3rd Quarter	24.35	19.30
06.30.13 - 2nd Quarter	20.50	20.30
03.31.13 - 1st Quarter	23.45	19.00

(Data taken from the Philippine Stock Exchange, Inc.)

## 2. Holders

### a. **Approximate Number of Shareholders of Each Class of Common Security as of March 31, 2015:**

The Company has 4,206 stockholders as of March 31, 2016.

### b. **The Top 20 Registered Stockholders of the Corporation as of March 31, 2015 are:**

The list of the top twenty (20) registered shareholders is as follows:

ATOK-BIG WEDGE CO., INC.  
TOP TWENTY (20) STOCKHOLDERS  
AS OF MARCH 31, 2016

	No. of Shares	%
1. Boerstar Corporation	1,775,218,804	69.75%
2. North Kitanglad Agricultural Co., Inc.	309,000,000	12.14%
3. PCD Nominee Corporation:	212,262,567	8.34%
Filipino - 212,125,297		
Non-Filipino - 132,275		

4.	Strong Gain Enterprises Limited	120,000,000	4.72%
5.	Progressive Development Corporation	93,963,474	3.69%
6.	Power Merchant International Limited	30,000,000	1.18%
7.	Carroll, Charles F., TEE Carroll Family Trust	593,200	0.02%
8.	Araneta, Estate of J. Amado	89,522	0.00%
9.	Braasch, Herbert	84,884	0.00%
10.	Baron, Rose A. & William J.	81,197	0.00%
11.	McLarney, Jane Mary & Timothy P. McLarney	70,875	0.00%
12.	Silbert, Solomon S. & Claire B. Silbert	56,567	0.00%
13.	Araneta, Jorge L.	43,693	0.00%
14.	Cohen, Sy R. & Barbara	43,195	0.00%
15.	Steiner, Norma	38,656	0.00%
16.	Coherco Sec., Inc. FAO 181513151200	38,000	0.00%
17.	Loo Ngo Kue	36,020	0.00%
18.	Pua, Luis	35,542	0.00%
19.	Cunningham, Edmund F. & Pauline F.	33,275	0.00%
20.	Olasiman, Edilberto O.	33,100	0.00%

Total issued and outstanding shares - 2,545,000,000

*NOTE: NKACI has 200,000,000 shares lodged with PCD Nominee Corporation. In all, NKACI owns 509,000,000 shares representing 20% of the total outstanding shares of the Company.*

### **3. Dividends**

The Company has not declared any dividends during the last three (3) years.

The Company's Amended By-Laws provide that its Board of Directors may declare dividends only from surplus profits arising from the business of the Company, in accordance with the preferences constituted in favor of preferred stock when and if such preferred stock be issued and outstanding. Restrictions under the Corporation Code of the Philippines also limit the Company's power to declare dividends.

### **4. Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction**

There were no unregistered or exempt securities sold by the Company, and there were no issuances of securities made by the Company constituting an exempt transaction.

## **F. COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICE**

The Company has adopted the Securities and Exchange Commission's Corporate Governance Self-Rating Form (SEC CG-SRF) as its system of evaluation for compliance with the Company's Manual on Corporate Governance.

To fully comply with the adopted leading practices on good corporate governance, the following measures, among others, are being undertaken by the Company:



1. Holding a seminar on good corporate governance for Directors and Officers;
2. Adoption and implementation of a Code of Conduct for Directors, Officers and Employees;
3. Development, adoption and accomplishment of Full Business Interest Disclosure Form for all Directors and Officers;
4. Regularly holding, on a quarterly basis at the very least, Regular and Special Board Meetings;
5. Regular meetings of Board Committees, i.e. Nomination, Audit, and Compensation and Remuneration Committees;
6. Preparation and implementation of Audit Plans and Programs;
7. Adoption and implementation of Vision and Mission Statements and Corporate Strategy Financial and Operation Plans;
8. Identification and management of key performance risk areas;
9. Adoption and implementation of Guidelines on Capital Expenditures; and
10. Duly minuted proceedings of all Regular and Special Board Meetings and Board Committee Meetings.

There were no deviations from the Company's Manual of Corporate Governance.

The Company plans to hold more seminars on the different aspects of good corporate governance, such as risk management, to improve its corporate governance.

# ATOK-BIG WEDGE CO., INC.

10<sup>th</sup> Floor, ALPHALAND SOUTHGATE TOWER  
2258 CHINO ROCES AVENUE CORNER EDSA  
MAKATI CITY

TEL NO.: 304-6282  
FAX NO.: 310-7100

April 25, 2016

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **ATOK-BIG WEDGE CO. INC.**, and Subsidiaries (the Group) is responsible for all information and representations contained in the consolidated financial statements as at December 31, 2015 and 2014 and each of the three years ended December 31, 2015, 2014 and 2013, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

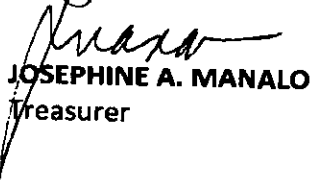
Reyes Tacandong & Co., the independent auditor, appointed by the stockholders, as at and for the year ended December 31, 2015 and as at and for the years ended December 31, 2014 and 2013, respectively, have examined the financial statements of the Group in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such examination.



**ROBERTO V. ONGPIN**  
Chairman



**JOSE RAYMUND L. APOSTOL**  
President



**JOSEPHINE A. MANALO**  
Treasurer

# ATOK-BIG WEDGE CO., INC.

10<sup>th</sup> Floor, ALPHALAND SOUTHGATE TOWER  
2258 CHINO ROCES AVENUE CORNER EDSA  
MAKATI CITY

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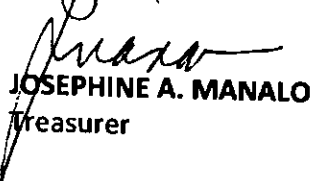
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**ROBERTO V. ONGPIN**  
Chairman



**JOSE RAYMUND L. APOSTOL**  
President



**JOSEPHINE A. MANALO**  
Treasurer

# ATOK-BIG WEDGE CO., INC.

10<sup>th</sup> Floor, ALPHALAND SOUTHGATE TOWER  
2258 CHINO ROCES AVENUE CORNER EDSA  
MAKATI CITY

TEL NO.: 304-6282  
FAX NO.: 310-7100

SUBSCRIBED AND SWORN to before me this APR 26 2016 at Makati City, affiants exhibiting to me their respective identification documents, and personally known to me, follows:

NAME	PASSPORT ID NO.	DATE OF ISSUE	PLACE OF ISSUE
Roberto V. Ongpin	EB5765525	June 27, 2012	DFA Manila
Jose Raymund L. Apostol	EB6932694	Dec. 11, 2012	DFA NCR East
Josephine A. Manalo	EC4090277	May 5, 2015	DFA NCR South

Doc. No. 29  
Page No. 59  
Book No. 221  
Series of 2016

~~ATTY. ATORAL B. PATALLA  
DEPARTMENT OF JUSTICE  
GENERAL INVESTIGATIVE DIVISION  
1001 DEL MONTE AVENUE  
CORNER EDSA  
MAKATI CITY  
TELEPHONE NO. 310-7100  
FAX NO. 310-7100  
E-MAIL: atoral@doj.gov.ph~~





## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
Atok-Big Wedge Co., Inc.  
10th Floor, Alphaland Southgate Tower  
2258 Chino Roces Avenue corner EDSA  
Makati City

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

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

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

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

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



*Opinion*

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

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements concerning the delay in one of the planned drilling programs of Forum Energy Ltd. (formerly Forum Energy Plc), a Group associate. The ultimate outcome of the uncertainty related to this delay cannot presently be determined.

**REYES TACANDONG & Co.**

*Belinda B. Fernando*

**BELINDA B. FERNANDO**

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 1022-AR-1 Group A

Valid until October 2, 2016

BIR Accreditation No. 08-005144-4-2013

Valid until November 26, 2016

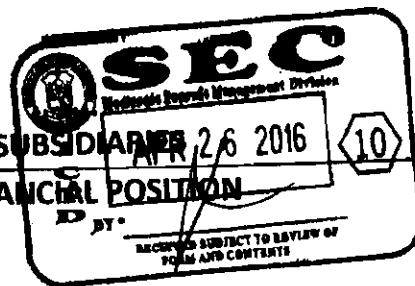
PTR No. 5321842

Issued January 5, 2016, Makati City

April 25, 2016

Makati City, Metro Manila

**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**



		December 31	
	Note	2015	2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	P172,753,406	P186,653,450
Receivables	7	5,016,943	4,196,146
Other current assets	8	7,075,485	6,179,286
Total Current Assets		184,845,834	197,028,882
<b>Noncurrent Assets</b>			
Investment in an associate	9	462,150,899	443,818,651
Available-for-sale (AFS) financial assets	10	1,999,950	1,999,950
Property and equipment	12	1,146,655	1,991,758
Other noncurrent assets		2,889,065	2,467,174
Total Noncurrent Assets		468,186,569	450,277,533
		<b>P653,032,403</b>	<b>P647,306,415</b>
<b>LIABILITY AND EQUITY</b>			
<b>Current Liabilities</b>			
Payables and other current liabilities	13	P14,163,217	P9,048,190
Income tax payable		93,139	1,578
Total Current Liabilities		14,256,356	9,049,768
<b>Equity</b>			
Capital stock	15	1,060,000,000	1,060,000,000
Deficit		(477,224,220)	(437,203,120)
Other comprehensive income		56,000,267	15,459,767
Total Equity		638,776,047	638,256,647
		<b>P653,032,403</b>	<b>P647,306,415</b>

*See accompanying Notes to Consolidated Financial Statements.*



**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	Years Ended December 31		
		2015	2014	2013
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	16	<b>₱21,927,639</b>	<b>₱25,607,883</b>	<b>₱20,174,182</b>
<b>OTHER INCOME (EXPENSES)</b>				
Share in the net results of operations of an associate	9	(22,208,252)	2,647,051	(43,213,445)
Interest income	6	2,843,539	3,055,442	3,698,335
Service fees		1,463,297	1,438,880	1,236,880
Proceeds from lawsuit settlement	5	-	-	27,982,500
Rent income	14	-	-	1,004,278
Others		27,643	88,012	255,800
		<b>(17,873,773)</b>	<b>7,229,385</b>	<b>(9,035,652)</b>
<b>LOSS BEFORE INCOME TAX</b>		<b>(39,801,412)</b>	<b>(18,378,498)</b>	<b>(29,209,834)</b>
<b>PROVISION FOR INCOME TAX</b>	19	<b>219,688</b>	<b>158,529</b>	<b>649,389</b>
<b>NET LOSS</b>		<b>(40,021,100)</b>	<b>(18,537,027)</b>	<b>(29,859,223)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited (Tidemark)	9	40,540,500	1,905,745	61,677,000
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>₱519,400</b>	<b>(₱16,631,282)</b>	<b>₱31,817,777</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	17	<b>(₱0.0157)</b>	<b>(₱0.0073)</b>	<b>(₱0.0117)</b>

*See accompanying Notes to Consolidated Financial Statements.*

**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Note	Years Ended December 31		
		2015	2014	2013
<b>CAPITAL STOCK - ₱1 par value</b>	15	<b>₱1,060,000,000</b>	<b>₱1,060,000,000</b>	<b>₱1,060,000,000</b>
<b>DEFICIT</b>				
Balance at beginning of year		(437,203,120)	(418,666,093)	(388,806,870)
Net loss		(40,021,100)	(18,537,027)	(29,859,223)
Balance at end of year		(477,224,220)	(437,203,120)	(418,666,093)
<b>OTHER COMPREHENSIVE INCOME</b>	9			
<b>Cumulative Translation Adjustment</b>				
Balance at beginning of year		15,459,767	13,554,022	(48,122,978)
Foreign exchange differences on translation of the financial statements of Tidemark		40,540,500	1,905,745	61,677,000
Balance at end of year		56,000,267	15,459,767	13,554,022
		<b>₱638,776,047</b>	<b>₱638,256,647</b>	<b>₱654,887,929</b>

*See accompanying Notes to Consolidated Financial Statements.*

**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Note	Years Ended December 31		
		2015	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before income tax		(P39,801,412)	(P18,378,498)	(P29,209,834)
Adjustments for:				
Share in the net results of operations of an associate	9	22,208,252	(2,647,051)	43,213,445
Interest income	6	(2,843,539)	(3,055,442)	(3,698,335)
Depreciation and amortization	12	856,500	1,666,771	1,750,080
Gain on sale of property and equipment	12	-	(85,590)	-
Operating income (loss) before working capital changes		(19,580,199)	(22,499,810)	12,055,356
Increase in:				
Receivables		(824,640)	(287,202)	(1,389,622)
Other current assets		(861,916)	(841,224)	(1,042,528)
Payables and other current liabilities		5,115,027	4,674,840	2,644,275
Net cash generated from (used for) operations		(16,151,728)	(18,953,396)	12,267,481
Interest received		2,847,382	3,302,615	3,459,017
Income tax paid		(162,410)	(754,191)	(94,063)
Net cash provided by (used in) operating activities		(13,466,756)	(16,404,972)	15,632,435
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to:				
Property and equipment	12	(11,397)	(97,241)	(1,697,059)
AFS financial assets		-	-	(1,000,000)
Other noncurrent assets		(421,891)	(328,276)	(614,991)
Proceeds from disposal of property and equipment	12	-	85,590	-
Net cash used in investing activities		(433,288)	(339,927)	(3,312,050)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(13,900,044)	(16,744,899)	12,320,385
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		186,653,450	203,398,349	191,077,964
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		P172,753,406	P186,653,450	P203,398,349

*See accompanying Notes to Consolidated Financial Statements.*

**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Corporate Matters**

Corporate Information

Atok-Big Wedge Co., Inc. (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 3, 1931 as a holding company with business in general investments. The Parent Company's corporate life was extended to another 50 years from September 25, 1981. On May 25, 2010, the SEC approved the change in the Parent Company's primary purpose from a holding company to a company authorized to engage in the business of exploration and development of mining, oil, gas and other natural resources.

The Parent Company initially listed its shares in the Philippine Stock Exchange (PSE) on January 8, 1948. As at December 31, 2015 and 2014, 953,963,474 of the Parent Company's shares are listed in the PSE.

The Parent Company's subsidiaries are as follows:

Subsidiary	Place of Incorporation	Nature of Business	Percentage of Ownership	
			2015	2014
Tidemark	Hong Kong	Holding	100%	100%
AB Stock Transfers Corporation (ABSTC)	Philippines	Stock Transfer Agency	100%	100%

The Parent Company and subsidiaries are collectively referred herein as "the Group."

As at December 31, 2015 and 2014, the Group, through Tidemark, has 27.14% interest in Forum Energy Ltd (FEL, formerly Forum Energy Plc). FEL's shares were listed and traded at the London Stock Exchange (LSE)'s Alternative Investment Market until June 26, 2015.

As at December 31, 2015 and 2014, the Parent Company is 69.75% owned by Boerstar Corporation, a holding company incorporated in the Philippines. The ultimate parent of the Group is Compact Holdings, Inc., a Philippine entity also engaged in holding activities.

The Parent Company's registered address is 10th Floor, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City.

Status of the Significant Projects of FEL (Associate Entity)

- a. *Service Contract 72 (GSEC 101)*. FEL's principal asset is a 70% interest in Service Contract (SC) 72 which covers an area of 8,800 square kilometers in the West Philippine Sea. SC 72 is currently under Sub-Phase (SP) 2 of its exploration. However, the Philippine government was unable to grant FEL the permission to deploy vessels for drill site survey work due to the territorial deliberations in the West Philippine Sea. Recognizing that these matters were beyond the control of FEL, the Department of Energy (DOE) initially granted an extension of the contract term to August 2016.

On February 26, 2015, the DOE granted *Force Majeure* to SC 72 work commitments effective December 15, 2014. In view of this, all exploration activities in the block are suspended until the DOE notifies FEL to commence drilling. The DOE has also approved the Work Program and Budget for 2016 submitted by FEL consisting of License Administration and the conduct of geotechnical survey contingent on the lifting of the *Force Majeure* over SC 72. The ultimate outcome of the uncertainty on the conduct of drilling operations cannot be determined at this time.

- b. *Service Contract 40 (North Cebu)*. The Libertad Gas Field, a sub-block of the North Cebu Block covered by SC 40, continuously produced gas. However, on August 21, 2015, production was suspended due to fluctuating wellhead pressure on the L-95-1 well causing the engine to shut down.
- c. *Service Contract 14C-1 (Galoc)*. Production from SC14C-1 Galoc Phase 2 wells commenced on December 5, 2013, in addition to the initial Phase 1 wells which have been operating since 2008.
- d. *Service Contracts 14A (Nido), 14B (Matinloc) and 14B-1 (North Matinloc)*. The three fields produced oil on a cyclical basis in 2015.
- e. *Other Service Contracts*. FEL has participating interests in other SCs including SC6A (Octon) and SC14C-2 (West Linapacan), among others, which are currently under exploration phase.

#### Potential Acquisition of Certain Mining Rights

In 2015 and 2014, the Parent Company entered into Memoranda of Understanding for the potential acquisition of certain mining rights. The Parent Company has total deposits to the mining rights holders of ₱1.5 million and ₱1.2 million as at December 31, 2015 and 2014, respectively.

#### Significant Corporate Acts of the Parent Company

Following are the corporate acts approved by majority of the Board of Directors (BOD) and the vote of the stockholders on August 28, 2014:

- a. *Amendment to the Article III of the Articles of Incorporation*. The amendment pertains to the change in the Parent Company's principal office address to 10th Floor, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City, pursuant to the SEC Memorandum Circular No. 6, Series of 2014. This was approved by the SEC on February 9, 2015.
- b. *Stock Option Plan (the Plan)*. In 2015, the Board of Directors (BOD) approved the Plan which provides among others the allocation of no more than 5% of the authorized capital for the Plan; that each grant is for 3 years and will vest 1/3 each for each of the succeeding years; and the strike price shall not be less than 80% of the market value at the time of grant.

As at reporting date, the Parent Company is still completing the requirements for the SEC's approval of the exemption from its registration requirements and the PSE's approval of the listing of the shares under the Plan.

#### Approval and Authorization for Issue of Consolidated Financial Statements

The consolidated financial statements were approved and authorized for issuance by the Executive Committee of the BOD on April 25, 2016.

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## 2. Statement of Compliance and Basis of Preparation

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

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

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## 3. Summary of Changes in PFRS

### Adoption of New and Revised PFRS

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

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

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

- Amendment to PFRS 3, *Business Combinations* - The amendment excludes from its scope the accounting for the formation of any joint arrangement in the financial statements of the joint arrangement itself.
- Amendment to PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets* - The amendment requires the disclosure of management judgments in applying the aggregation criteria to operating segments, and requires reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly.
- Amendment to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception* – The amendment clarifies that the portfolio exception in PFRS 13 - allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis - applies to all contracts (including non-financial) within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*.

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

**New and Revised PFRS Not Yet Adopted**

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

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

- Amendments to PAS 1, *Presentation of Financial Statements* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
- Amendments to PAS 16, *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.
- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* – The amendments reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendment to PFRS 7, *Financial Instruments: Disclosures* - The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that the gain or loss from sale or contribution of assets between an investor and its associate or joint venture should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- Amendments to PFRS 10, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 - *Investment Entities: Applying the Consolidation Exception* – The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
- Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* – The amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in PFRS 3) to apply all of the business combinations accounting principles and disclosure in PFRS 3 and other PFRSs, except for those principles that conflict with the guidance in PFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

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

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

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

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

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

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

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

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

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#### 4. Summary of Significant Accounting Policies

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

##### Basis of Consolidation

*Subsidiaries* - Subsidiaries are entities controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. The Parent Company has control when it is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.



*Transactions Eliminated on Consolidation* - All intragroup balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

*Accounting Policies of Subsidiaries* - The financial statements of subsidiaries are prepared for the same reporting year and using uniform accounting policies as that of the Parent Company.

*Functional and Presentation Currency* - The consolidated financial statements are presented in Peso, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency. When there is a change in those underlying transactions, events and conditions, the entity accounts for such change in accordance with the Group's policy on change in functional currency. At the reporting date, the assets and liabilities of Tidemark, a subsidiary whose functional currency is in United States (US) Dollar are translated into the presentation currency of the Parent Company using the foreign exchange closing rate at the reporting date, components of equity using historical exchange rate and, their statements of comprehensive income are translated at the foreign exchange weighted average daily exchange rates for the year. The exchange differences arising from translation are taken directly to a separate component of equity under the "Other Comprehensive Income" account. Upon disposal of the foreign entity, the cumulative translation adjustment shall be recognized in the consolidated statements of comprehensive income.

*Business Combinations and Goodwill* - Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are recognized as expense.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured. Subsequent settlement is accounted for within equity. In instance where the contingent consideration does not fall within the scope of PAS 39, it is measured in accordance with the appropriate PFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. If the initial accounting for business combination can be determined only provisionally by the end of the period by which the

combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts the combination using provisional values. Adjustments to these provisional values as a result of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date and goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### Financial Assets and Financial Liabilities

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

*Initial Recognition.* 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" Differences.* 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 Group 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 Group deems the transactions 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 Group determines the appropriate method of recognizing the "Day 1" difference.

*Classification of Financial Instruments.* The Group 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 are acquired or incurred and whether they are quoted in an active market.

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

*AFS Financial Assets.* AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial recognition, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported in the consolidated statements of comprehensive income and in the equity section of the consolidated statements of financial position. These changes in fair values are recognized in equity until the investment is sold, collected, or otherwise disposed of or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in profit or loss.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of unobserved inputs such as in the case of unquoted equity instruments, these securities are allowed to be carried at cost less allowance for impairment, if any.

This category includes the Group's investment in unquoted shares of stock.

*Loans and Receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market.

Subsequent to initial measurement, loans and receivables are measured at amortized cost using the effective interest method, less any impairment in value. 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 or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included as current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

Included in this category are cash and cash equivalents, receivables, and refundable deposits presented under "Other noncurrent assets" account.

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

Other financial liabilities are recognized initially at fair value less any direct transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

This category includes payables and other current liabilities (excluding statutory liabilities).

#### Impairment of Financial Assets

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

A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be estimated reliably. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial Assets Carried at Amortized Cost.* For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them 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 there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the excess of financial asset's carrying amount over its net realizable value, normally based on the present value of the estimated future cash flows from the financial asset. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. Time value is generally not considered when the effect of discounting is not material. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. Any impairment loss determined is recognized in profit or loss.

The carrying amount of an impaired financial asset is reduced to its net realizable value through the use of an allowance account. For an impaired financial asset, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

*AFS Financial Assets.* In the case of equity investments, evidence of impairment would include a significant or prolonged decline in fair value of investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized, is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

- the Group 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 Group has transferred its right 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 substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset 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 Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

*Financial Liabilities.* A financial liability is derecognized when the obligation is discharged or cancelled or has expired. When 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 amount is recognized in profit or loss.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is 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, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

#### Fair Value Measurement

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

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

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

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

#### Other Current Assets

This account mainly consists of excess of input value-added tax (VAT) over output VAT, prepayments and creditable withholding taxes (CWTs).

VAT. Revenue, expenses and assets are recognized net of the amount of VAT except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- receivables and payables that are stated with the amount of VAT included.

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

*Prepayments.* Prepayments are not yet incurred by 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.

*CWT.* CWT represents the amount withheld by the Group's customers in relation to its income. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

#### Investment in an Associate

The Group's investment in an associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, investment in an associate is carried in the consolidated statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of comprehensive income reflect the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in an associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The reporting dates of the associate and the Parent Company are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

#### Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

	Number of Years
Exploration equipment	3
Leasehold improvements	5 or the lease term, whichever is shorter
Furniture and fixtures	4
Office equipment	3
Transportation equipment	5

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

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

Fully depreciated items are retained as property and equipment until these are no longer in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

#### Deferred Mining Exploration Cost

Deferred mining exploration cost is carried at cost less accumulated impairment losses.

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

Exploration and evaluation activity includes:

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

Deferred mining exploration cost is no longer classified as such when the technical feasibility and commercial viability of extracting the mineral reserve are demonstrable. Deferred mining exploration cost is assessed for impairment, and any impairment loss is recognized, before reclassification to mineral reserves.

#### Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Capital Stock

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

#### Deficit

Deficit represents the cumulative balance of the Company's results of operations and dividend distributions.

#### Basic and Diluted Loss Per Share (EPS)

Basic EPS is computed by dividing the net loss for the period attributable to equity holders of the Group by the weighted average number of issued and outstanding and subscribed common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effects of convertible securities.

#### Revenue Recognition

Revenue is recognized to the extent that the economic benefits will flow to the Group and the amount of the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. The following specific recognition criteria must also be met before revenue is recognized.



*Service Fee.* Service fee is recognized when the related service has been rendered.

*Interest Income.* Interest income is recognized as the interest accrues taking into account the effective yield of the asset.

*Other Income.* Other income is recognized when earned.

#### Expense Recognition

Expenses constitute costs of administering the business. Expenses are recognized in profit or loss upon receipt of goods, utilization of services or when the expenses are incurred.

#### Short-term Employee Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. Short-term employee benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses and non-monetary benefits.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

#### Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of 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) renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether the 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) above, and at the date of renewal or extension period for scenario (b).

Leases where a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the lease term.

#### Foreign Currency-Denominated Transactions

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

#### Income Taxes

*Current Tax.* Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax losses 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 or loss nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient 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 and tax laws that have been enacted or substantively enacted at the end of reporting period.

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

#### Related Parties

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

#### Segment Reporting

Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions

about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

#### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the 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 the consolidated 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 Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

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### **5. Significant Judgments, Accounting Estimates and Assumptions**

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

### Judgments

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

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

*Evaluating Legal Contingencies.* The estimate of the probable costs for the resolution of possible claims have been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results.

There are no on-going litigations filed against the Parent Company and its subsidiaries that would have a material adverse impact on the Group's financial condition and results of operations.

In October 2013, the Parent Company received a final and irrevocable settlement for ₱28.0 million of a civil case involving a contract of sale of shares.

*Operating Lease Commitments - Group as Lessee.* The Group has entered into commercial property leases related to its office spaces. Based on contractual provisions, the Group has determined that the significant risks and benefits of ownership of the asset are retained by the lessor. Accordingly, the leases are accounted as operating leases.

The Group recognized rent expense amounting to ₱2.2 million, ₱1.2 million and ₱2.3 million in 2015, 2014 and 2013, respectively (see Note 18).

*Determination of Operating Segments.* Determination of operating segments is based on the information about components of the Group that management uses to make decisions about operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Parent 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) its assets are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

As at December 31, 2015, 2014 and 2013, the Group's operating segments consist of its mining, exploration and development and stock transfer agency activities.

### Estimates and Assumptions

The key estimates and assumptions concerning the future and other key source of estimation or uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

*Estimating Impairment Losses on Receivables.* The Group estimates the allowance for impairment losses related to receivables based on specific evaluation of accounts and collectively for receivables that are not individually significant, and where the Group has information that certain customers are unable to meet their financial obligations. In these cases, the use of estimate is based on the best available facts and circumstances, including but not limited to, the length of relationship with the customers and known market factors, to record specific reserves against amounts due from debtors to reduce the receivable amount that is expected to be collected.

No provision for impairment losses on receivables was recognized in 2015, 2014 and 2013. The carrying amount of receivables amounted to ₱5.0 million and ₱4.2 million as at December 31, 2015 and 2014, respectively (see Note 7).

*Capitalization of Exploration and Evaluation Expenditures.* The capitalization of exploration and evaluation expenditures requires judgment in determining whether there are future economic benefits from future exploitation or sale of reserves. The capitalization requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Impairment losses on deferred mining exploration costs amounted to ₱2.6 million as at December 31, 2015 and 2014 (see Note 11).

*Assessing Impairment Losses on AFS Financial Assets.* The Group assesses AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or whether other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more of the original cost of investment, and 'prolonged' as period more than 12 months. In addition, the Group evaluates other factors, including future cash flows and the discount factors for the unquoted equities.

No provision for impairment losses on AFS financial assets was recognized in 2015, 2014 and 2013. The carrying amount of the Group's AFS financial assets amounted to ₱2.0 million as at December 31, 2015 and 2014 (see Note 10).

*Estimating Useful Lives of Property and Equipment.* The Group estimates the useful lives of the property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. In addition, estimation of the useful lives of property and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded depreciation and

amortization expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the useful lives of property and equipment in 2015 and 2014. As at December 31, 2015 and 2014, the carrying amount of property and equipment amounted to ₱1.1 million and ₱2.0 million, respectively (see Note 12).

*Estimating Impairment Losses on Nonfinancial Assets.* The Group assesses the impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. Factors that the Group considers in deciding when to perform impairment review of investment in an associate and property and equipment include the following, among others:

- A significant decline in market value of asset is more than would be expected from the passage of time or normal use.
- A significant adverse change in how the asset is being used or in its physical condition.
- A significant change in the technological, legal or economic environment in which the business operates.
- A current-period loss combined with a history of losses or a projection of continuing losses associated with the asset.
- A realization that the asset will be disposed of significantly before the end of its estimated useful life.

Factors that the Group considers in deciding when to perform impairment review of deferred mining exploration cost includes the following among others:

- The period for which the Group has the right to explore the specific areas has expired or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- Exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of explored mineral resource is unlikely to be recovered in full from successful development or by sale.
- Significant under-performance of a business or product line in relation to expectations.
- Significant negative industry or economic trends.
- Significant changes or planned changes in the use of the assets.

In 2015 and 2014, management assessed that there are no impairment indicators relating to the Group's property and equipment.

As at December 31, 2015 and 2014, the recoverable amount from the Group's investment in FEL exceeds its carrying value.

Accumulated impairment losses on deferred mining exploration costs amounted to ₱2.6 million as at December 31, 2015 and 2014 (see Note 11).

The carrying amount of investment in an associate, deferred mining exploration costs, and property and equipment are disclosed in Notes 9, 11, and 12 to the consolidated financial statements, respectively.

*Assessing Realizability of Deferred Tax Assets.* The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts 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. The Group reviews its projected performance in assessing the sufficiency of future taxable income.

The Group has unrecognized deferred tax assets as at December 31, 2015 and 2014 amounting to ₱14.6 million and ₱14.4 million, respectively (see Note 19).

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## 6. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand and in banks	<b>₱2,991,299</b>	₱5,135,918
Cash equivalents	<b>169,762,107</b>	181,517,532
	<b>₱172,753,406</b>	₱186,653,450

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents pertain to short-term placements that are made for varying periods of up to three months and earn interest at prevailing short-term placement rates.

Interest income earned on cash in banks and cash equivalents amounted to ₱2.8 million, ₱3.1 million and ₱3.7 million in 2015, 2014 and 2013, respectively.

## 7. Receivables

This account consists of:

	Note	2015	2014
Receivable from related parties	14	<b>₱4,186,156</b>	₱3,636,571
Advances to officers and employees		<b>472,563</b>	261,508
Accounts receivable		<b>188,624</b>	197,969
Interest receivable		<b>55,862</b>	59,705
Others		<b>155,288</b>	81,943
		<b>5,058,493</b>	4,237,696
Less allowance for impairment losses		<b>(41,550)</b>	(41,550)
		<b>₱5,016,943</b>	₱4,196,146

Receivable from related parties are noninterest-bearing and due and demandable.

Accounts receivables are noninterest-bearing and normally settled within 30 days from date of billing.

Advances to officers and employees are unsecured, noninterest-bearing and subject to liquidation.

## 8. Other Current Assets

This account consists of:

	2015	2014
Input VAT	<b>₱6,746,995</b>	₱5,808,362
Prepayments	<b>168,911</b>	245,628
CWTs	<b>159,579</b>	125,296
	<b>₱7,075,485</b>	₱6,179,286

## 9. Investment in an Associate

Investment in an associate pertains to Tidemark's 27.14% ownership of FEL.

	2015	2014
<b>Cost</b>		
Balance at beginning and end of year	<b>₱767,159,868</b>	₱767,159,868
<b>Accumulated Share in Net Results of Operation</b>		
Balance at beginning of year	<b>(338,800,984)</b>	(341,448,035)
Share in net results of operations	<b>(22,208,252)</b>	2,647,051
Balance at end of year	<b>(361,009,236)</b>	(338,800,984)
<b>Cumulative Translation Adjustment</b>		
Balance at beginning of year	<b>15,459,767</b>	13,554,022
Foreign exchange differences	<b>40,540,500</b>	1,905,745
Balance at end of year	<b>56,000,267</b>	15,459,767
<b>Carrying Amount</b>	<b>₱462,150,899</b>	₱443,818,651



Following are the summarized financial information of FEL as at and for the years ended December 31, 2015 and 2014 (in millions):

	2015	2014
Current assets	P109.4	P103.8
Noncurrent assets	1,627.7	1,592.0
Current liabilities	3.3	59.4
Noncurrent liabilities	1,016.5	875.6
Equity	717.2	760.8
Net income (loss)	(81.8)	9.7

As discussed in Note 1, FEL encountered a delay in one of its drilling programs. It has submitted all the requirements for the issuance of required permits for the drilling program. However, the permit has not yet been issued by the relevant Government body. Management's assessment of the status is also discussed in Note 1.

#### 10. AFS Financial Assets

This account pertains to the Parent Company's investment in unquoted shares of stock which is carried at cost amounting to P2.0 million as at December 31, 2015 and 2014.

Fair value bases for the shares (i.e., quoted market prices) are neither readily available nor is there an alternative basis of deriving a reliable valuation as at reporting date.

#### 11. Deferred Mining Exploration Cost

The realizability of deferred mining exploration cost is dependent upon the success of future exploration and development activities in proving the mining property's viability to produce minerals in commercial quantities, the outcome of which cannot be determined at this stage of the Parent Company's operations.

As at December 31, 2015 and 2014, deferred mining exploration cost of P2.6 million was fully impaired upon management's determination that the related projects were unsuccessful.

#### 12. Property and Equipment

Movements of this account are as follows:

	2015					Total
	Exploration Equipment	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	
<b>Cost</b>						
Balance at beginning of year	P128,378	P4,422,518	P1,346,486	P1,352,383	P3,068,405	P10,318,170
Additions	-	-	-	3,366	8,031	11,397
Balance at end of year	128,378	4,422,518	1,346,486	1,355,749	3,076,436	10,329,567
<b>Accumulated Depreciation and Amortization</b>						
Balance at beginning of year	56,170	4,250,506	1,345,582	1,220,673	1,453,481	8,326,412
Depreciation and amortization	37,330	150,299	904	59,628	608,339	856,500
Balance at end of year	93,500	4,400,805	1,346,486	1,280,301	2,061,820	9,182,912
Carrying Amount	P34,878	P21,713	P-	P75,448	P1,014,616	P1,146,655

	2014					Total
	Exploration Equipment	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	
<b>Cost</b>						
Balance at beginning of year	₱210,576	₱4,422,518	₱1,346,486	₱1,255,142	₱3,068,405	₱10,303,127
Additions	-	-	-	97,241	-	97,241
Disposals	(82,198)	-	-	-	-	(82,198)
Balance at end of year	128,378	4,422,518	1,346,486	1,352,383	3,068,405	10,318,170
<b>Accumulated Depreciation and Amortization</b>						
Balance at beginning of year	99,864	3,366,002	1,270,959	1,165,214	839,800	6,741,839
Depreciation and amortization	38,504	884,504	74,623	55,459	613,681	1,666,771
Disposals	(82,198)	-	-	-	-	(82,198)
Balance at end of year	56,170	4,250,506	1,345,582	1,220,673	1,453,481	8,326,412
Carrying Amount	₱72,208	₱172,012	₱904	₱131,710	₱1,614,924	₱1,991,758

In 2014, the Group sold fully depreciated exploration equipment for ₱85,590.

Property and equipment that were fully depreciated but are still in use amounted to ₱1.3 million as at December 31, 2015 and 2014.

### 13. Payable and Other Current Liabilities

This account consists of:

	Note	2015	2014
Payable to related parties	14	₱12,112,428	₱1,705,890
Accruals:			
Utilities and other office expenses		992,942	1,014,511
Professional fees		220,000	333,126
Allocated charges - salaries and wages		47,000	5,545,197
Rent		-	115,194
Others		790,847	334,272
		₱14,163,217	₱9,048,190

Payable to related parties are noninterest-bearing and due and demandable.

Accrued expenses and other payables are settled throughout the year.

### 14. Related Party Transactions

The Group, in its regular conduct of business, has transactions with its related parties. The following table summarizes the transactions with related parties (entities with common management) and the related outstanding balances as at December 31, 2015 and 2014:

Nature of Transaction	Amount of Transactions		Outstanding Balance	
	2015	2014	2015	2014
<b>Receivable from related parties</b>				
<i>Entities under common management:</i>				
Alphaland Corporation (ALPHA)	₱-	₱2,794,966	₱2,794,966	₱2,794,966
Choice Insurance Brokerage, Inc.	-	216,953	629,581	629,581
Alphaland Heavy Equipment Corporation	426,931	1,102,267	426,931	-
Philweb Cambodia Ltd.	-	-	190,450	190,450

(Forward)

Nature of Transaction	Amount of Transactions		Outstanding Balance		
	2015	2014	2015	2014	
Acentic Philippines Inc.	Allocated costs	₱89,358	₱281,967	₱110,932	₱21,574
Alphaland Balesin Island Club, Inc.	Reimbursements	32,500	-	32,500	-
Alphaland Aviation Inc.	Reimbursements	796	-	796	-
			<b>₱4,186,156</b>	<b>₱3,636,571</b>	
<b>Payable to related parties</b>					
<i>Entities under common management:</i>					
Philweb Corporation (Philweb)	Allocated rent and salaries	₱4,407,450	₱6,954,181	₱11,349,384	₱1,301,252
Alphaland Southgate Tower, Inc. (ASTI, formerly Alphaland Development, Inc.)	Lease of office space and utilities	355,406	792,529	572,862	217,456
ALPHA	Reimbursements	-	187,182	187,182	187,182
Philweb, Alphaland, Atok Credit Cooperative		3,000	-	3,000	-
			<b>₱12,112,428</b>	<b>₱1,705,890</b>	

Significant transactions with related parties include the following:

- The Parent Company has a lease agreement for its office and parking space occupancy with ASTI, a related party under common key management. On August 20, 2014, the Parent Company and ASTI mutually agreed to extend the term of the agreement after the expiration thereof, for a period of one year commencing from January 1, 2015 until December 31, 2015.

In 2013, the Company subleased a portion of the space to related parties. Rent income earned amounted to ₱1.0 million in 2013. The Parent Company is billed by ASTI for utility expenses and allocated the same to its sublessees.

- The Group entered into a Cost Sharing Agreement with Philweb for its share in rental and salaries of shared corporate services and its key management personnel.

Details of shared costs charged to the Group are as follows:

	2015	2014	2013
Salaries and allowances	₱3,205,182	₱5,611,203	₱6,854,583
Rental	1,173,349	1,342,978	1,596,421
Others	28,919	-	33,648
	<b>₱4,407,450</b>	<b>₱6,954,181</b>	<b>₱8,484,652</b>

- Receivable from and payable to related parties are unsecured, noninterest-bearing and due and demandable.

Following are the intergroup balances presented under receivables account in the Parent Company's separate financial statements which were eliminated in the preparation of the consolidated financial statements:

Nature of Transaction	Amount of Transactions		Outstanding Balance		Terms and Conditions	
	2015	2014	2015	2014		
<b>Receivable from related parties</b>						
ABSTC	Lease of office space and utilities	₱130,000	₱431,249	₱445,588	₱344,310	Unsecured; non-interest bearing; payable on demand
	Stock transfer	180,000	180,000	-	-	
Tidemark	Advances	223,901	223,901	223,901	223,901	
				<b>₱669,489</b>	<b>₱568,211</b>	

### 15. Capital Stock

The composition of the Parent Company's capital stock consisting of all common shares as at December 31, 2015 and 2014 is as follows:

	Shares	Amount
Authorized	10,000,000,000	₱10,000,000,000
Issued and outstanding	953,963,474	₱953,963,474
Subscribed	1,591,036,526	1,591,036,526
	2,545,000,000	2,545,000,000
Less subscription receivable		1,485,000,000
		₱1,060,000,000

### 16. General and Administrative Expenses

This account consists of:

	Note	2015	2014	2013
Salaries and wages		₱5,783,506	₱5,918,995	₱2,350,613
Allocated expenses	14	4,407,450	6,954,181	8,484,652
Rent	18	2,170,757	1,188,087	2,264,265
Mining exploration cost		1,593,983	2,456,558	165,450
Taxes and licenses		1,182,103	780,575	40,591
PSE listing fee		1,123,769	1,717,134	1,898,387
Utilities, dues and subscriptions		1,093,730	1,087,980	751,837
Representation		876,500	1,041,318	527,972
Depreciation and amortization	12	856,500	1,666,771	1,750,080
Professional fees		732,889	443,062	378,150
Communications		569,741	678,518	306,180
Supplies		302,578	254,814	407,615
Transportation and travel		291,704	842,127	289,377
Others		942,429	577,763	559,013
		₱21,927,639	₱25,607,883	₱20,174,182

### 17. Basic and Diluted Loss Per Share

Basic and diluted earnings (loss) per share are computed as follows:

	2015	2014	2013
Net loss (a)	(₱40,021,100)	(₱18,537,027)	(₱29,859,223)
Weighted average number of shares (b)	2,545,000,000	2,545,000,000	2,545,000,000
Basic and diluted loss per share (a/b)	(₱0.0157)	(₱0.0073)	(₱0.0117)

The Group has no dilutive potential common shares outstanding, therefore basic loss per share is the same as diluted loss per share.

## 18. Operating Leases

The Parent Company is a party to a lease agreement with ASTI covering its office and parking spaces for a period of five years from January 1, 2010, renewable upon mutual consent of both parties. Under the terms of the lease agreements, the Parent Company is required to pay certain amounts of advance rentals and guarantee deposits, which are included as part of "Other noncurrent assets" in the consolidated statements of financial position, amounting to ₱0.5 million as at December 31, 2015 and 2014. Also included in this account are security deposits totaling ₱0.9 million and ₱0.8 million as at December 31, 2015 and 2014, respectively, which will become refundable to the Parent Company at the end of the contract.

Rent expense on leased properties that qualified as operating lease amounted to ₱2.2 million, ₱1.2 million and ₱2.3 million in 2015, 2014 and 2013, respectively.

## 19. Income Taxes

In 2015, 2014 and 2013, the provision for current income tax represents MCIT for the Parent Company and RCIT for ABSTC.

The deferred tax assets on the following temporary differences remain unrecognized by the Group as management believes that it is not probable that future taxable profit will be available against which these deferred tax assets will be utilized.

	2015	2014
NOLCO	₱13,198,761	₱12,966,308
Excess MCIT over RCIT	586,450	615,624
Accumulated impairment losses on:		
Deferred mining exploration cost	784,182	784,182
Receivables	12,465	12,465
	<b>₱14,581,858</b>	<b>₱14,378,579</b>

The Parent Company has NOLCO amounting to ₱44.0 million as at December 31, 2015 which can be carried forward and claimed as deduction against future taxable income as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2015	₱-	₱20,317,195	₱-	₱20,317,195	2018
2014	23,678,676	-	-	23,678,676	2017
2012	19,542,351	-	19,542,351	-	2015
	<b>₱43,221,027</b>	<b>₱20,317,195</b>	<b>₱19,542,351</b>	<b>₱43,995,871</b>	

The Parent Company has excess MCIT over RCIT amounting to ₱0.6 million as at December 31, 2015 which can be carried forward and claimed as deduction against future income tax liability as follows:

Year Incurred	Beginning Balance	Incurred Amount	Expired	Ending Balance	Expiry Date
2015	₱-	₱29	₱-	₱29	2018
2014	1,735	-	-	1,735	2017
2013	584,686	-	-	584,686	2016
2012	29,203	-	29,203	-	2015
	<b>₱615,624</b>	<b>₱29</b>	<b>₱29,203</b>	<b>₱586,450</b>	

The reconciliation between the income tax expense at statutory tax rate and effective income tax rate follows:

	2015	2014	2013
Benefit from income tax computed at statutory income tax rate	(P11,940,424)	(P5,513,549)	(P8,762,950)
Add (deduct) tax effects of:			
Share in net results of operation of an associate	6,662,476	(794,115)	12,964,034
Expired NOLCO	5,862,705	23,497,536	-
Interest income already subjected to final tax	(853,062)	(916,633)	(1,109,501)
Nondeductible expense	262,950	312,747	186,583
Expired MCIT	29,203	-	-
Others	(7,439)	(700)	(45,353)
Changes in unrecognized deferred tax assets	203,279	(16,426,757)	(2,583,424)
<b>Income tax expense at effective tax rate</b>	<b>P219,688</b>	<b>P158,529</b>	<b>P649,389</b>

## 20. Financial Risk Management and Capital Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

The main purpose of the Group's dealings in financial instruments is to fund its operations and capital expenditures.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and detriment forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD reviews and institutes policies for managing each of the risks and these are summarized below.

### Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from the Group's cash in banks and cash equivalents, receivables, and refundable deposits.

The Group's exposure to credit risk arises from the default of counterparties, with maximum exposure equal to the carrying values of the financial assets as follows:

	2015	2014
Cash in banks and cash equivalents	P172,726,680	P186,626,724
Receivables*	4,544,380	3,934,638
Refundable deposits**	913,804	841,913
	<b>P178,184,864</b>	<b>P191,403,275</b>

\* Excluding advances to officers and employees

\*\* Presented in "Other noncurrent assets" account

The table below shows the credit quality of the Group's financial assets as at December 31:

	2015					
	Neither Past Due nor Impaired			Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade	Total			
Cash in banks and cash equivalents	P172,726,680	P-	P172,726,680	P-	P-	P172,726,680
Receivables*	4,502,830	-	4,502,830	-	41,550	4,544,380
Refundable deposits**	913,804	-	913,804	-	-	913,804
	<b>P178,143,314</b>	<b>P-</b>	<b>P178,143,314</b>	<b>P-</b>	<b>P41,550</b>	<b>P178,184,864</b>

\* Excluding advances to officers and employees.

\*\* Presented in "Other noncurrent assets" account.

	2014					
	Neither Past Due nor Impaired			Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade	Total			
Cash in banks and cash equivalents	P186,626,724	P-	P186,626,724	P-	P-	P186,626,724
Receivables*	3,934,638	-	3,934,638	-	41,550	4,237,696
Refundable deposits**	841,913	-	841,913	-	-	841,913
	<b>P191,664,783</b>	<b>P-</b>	<b>P191,664,783</b>	<b>P-</b>	<b>P41,550</b>	<b>P191,706,333</b>

\* Excluding advances to officers and employees

\*\* Presented in "Other noncurrent assets" account.

The credit quality of the financial assets is managed by the Group using internal credit quality ratings.

**High Grade** - accounts with a high degree of certainty in collection, where counterparties have consistently displayed prompt settlement practices, and have little to no instances of defaults or discrepancies in payment; also includes transactions with related parties (i.e., affiliates).

Cash in banks and cash equivalents are considered high grade as these pertain to deposits in reputable banks.

**Standard Grade** - active accounts with minimal to regular instances of payment default due to ordinary or common collection issues, but where the likelihood of collection is still moderate to high as the counterparties are generally responsive to credit actions initiated by the Group.

**Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31 based on contractual undiscounted payments:

	2015			
	Carrying Amount	Maturing in Less than 3 Months	Maturing in 3 to 6 Months	Maturing in more than 6 Months
Payables and other current liabilities	P14,163,217	P14,163,217	P-	P-

	2014			
	Carrying Amount	Maturing in Less than 3 Months	Maturing in 3 to 6 Months	Maturing in more than 6 Months
Payables and other current liabilities	P9,048,190	P8,932,999	P-	P115,191

**Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to minimal transaction and translation exposures resulting from currency exchange fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the changes in current exchange rates.

**Fair Value Measurement**

The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values due to the short-term nature of the transactions:

	2015	2014
<b>Financial Assets</b>		
Cash in banks and cash equivalents	P172,726,680	P186,626,724
Receivables*	4,544,380	3,934,638
Refundable deposits**	913,804	841,913
	<b>P178,184,864</b>	<b>P191,403,275</b>
<b>Financial Liabilities</b>		
Payables and other current liabilities	P14,163,217	P9,048,190

\* Excluding advances to officers and employees

\*\* Presented in "Other noncurrent assets" account



*AFS Financial Assets.* AFS financial assets pertain to an investment in unquoted securities that are measured at cost since the fair value of the shares are not readily available.

### Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains healthy capital ratios in order to support its business.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt comprises of payables and other current liabilities and income tax payable. Total equity comprises all components of equity.

The debt-to-equity ratios as at December 31, 2015 and 2014 are as follows:

	2015	2014
Total debt	P14,256,356	P9,049,768
Total equity	638,776,047	638,256,647
Debt-to-equity ratio	0.022:1	0.014:1

There were no changes in the Group's approach to capital management in 2015, 2014 and 2013.

## 21. Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing types of services (business segment) or in providing the services within a particular economic environment (geographic segment).

The table below present financial information on business segments as at and for the years ended December 31, 2015, 2014 and 2013:

	2015			
	Mining, Exploration and Development	Stock Transfer Agency	Eliminations	Total
<b>Segment Revenue</b>				
Revenue from external customers	P-	P1,463,297	P-	P1,463,297
Interest income	2,833,830	9,709	-	2,843,539
Other income	26,261	1,382	-	27,643
Income from other segments	-	198,200	(198,200)	-
Share in the net results of operations of an associate	(22,208,252)	-	-	(22,208,252)
Depreciation	(19,348,161)	1,672,588	(198,200)	(17,873,773)
Other general and administrative expense	(854,704)	(1,796)	-	(856,500)
Income tax expense	(20,340,454)	(928,885)	198,200	(21,071,139)
Income tax expense	(29)	(219,659)	-	(219,688)
<b>Segment Operating Profit (Loss)</b>	<b>(P40,543,348)</b>	<b>P522,248</b>	<b>P-</b>	<b>(P40,021,100)</b>
<b>Segment Assets</b>	<b>P1,548,377,682</b>	<b>P3,281,031</b>	<b>(P898,626,310)</b>	<b>P653,032,403</b>

2014				
	Mining, Exploration and Development	Stock Transfer Agency	Eliminations	Total
<b>Segment Revenue</b>				
Revenue from external customers	P-	P1,438,880	P-	P1,438,880
Interest income	3,037,774	17,668	-	3,055,442
Other income	87,900	112	-	88,012
Income from other segments	-	180,000	(180,000)	-
Share in the net results of operations of an associate	2,647,051	-	-	2,647,051
Depreciation	5,772,725 (1,661,346)	1,636,660 (5,425)	(180,000) -	7,229,385 (1,666,771)
Other general and administrative expense	(23,030,189)	(1,090,923)	180,000	(23,941,112)
Income tax expense	(1,735)	(156,794)	-	(158,529)
<b>Segment Operating Profit (Loss)</b>	<b>(P18,920,545)</b>	<b>P383,518</b>	<b>P-</b>	<b>(P18,537,027)</b>
<b>Segment Assets</b>	<b>P1,521,074,520</b>	<b>P2,588,675</b>	<b>(P876,356,780)</b>	<b>P647,306,415</b>

2013				
	Mining, Exploration and Development	Stock Transfer Agency	Eliminations	Total
<b>Segment Revenue</b>				
Revenue from external customers	P-	P1,236,880	P-	P1,236,880
Proceeds from lawsuit settlement	27,982,500	-	-	27,982,500
Interest income	3,679,376	18,959	-	3,698,335
Other income	1,131,782	37,463	-	1,169,245
Income from other segments	120,000	180,000	(60,000)	240,000
Share in the net results of operations of an associate	(43,213,445)	-	-	(43,213,445)
Depreciation	(10,299,787) (1,720,461)	1,473,302 (29,619)	(60,000) -	(8,886,485) (1,750,080)
Other general and administrative expense	(17,424,223)	(1,209,046)	60,000	(18,573,269)
Income tax expense	(584,686)	(64,703)	-	(649,389)
<b>Segment Operating Profit (Loss)</b>	<b>(P30,029,157)</b>	<b>P169,934</b>	<b>P-</b>	<b>(P29,859,223)</b>
<b>Segment Assets</b>	<b>P1,536,684,408</b>	<b>P2,408,129</b>	<b>(P879,246,729)</b>	<b>P659,845,808</b>

**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES****FINANCIAL RATIOS****DECEMBER 31, 2015, 2014 and 2013**

Below is a schedule showing financial soundness indicators in the years 2015, 2014 and 2013.

	2015	2014	2013
<b>Current/Liquidity Ratio</b>	<b>12.97:1</b>	<b>21.77:1</b>	<b>42.94:1</b>
Current assets	<b>₱184,845,834</b>	<b>₱197,028,882</b>	<b>₱212,879,817</b>
Current liabilities	<b>14,256,356</b>	<b>9,049,768</b>	<b>4,957,879</b>
<b>Solvency Ratio</b>	<b>(2.75):1</b>	<b>(1.86):1</b>	<b>(5.67):1</b>
Net loss before depreciation	<b>(₱39,164,600)</b>	<b>(₱16,870,256)</b>	<b>(₱28,109,143)</b>
Total liabilities	<b>14,256,356</b>	<b>9,049,768</b>	<b>4,957,879</b>
<b>Debt-to-equity Ratio</b>	<b>0.02:1</b>	<b>0.01:1</b>	<b>0.01:1</b>
Total liabilities	<b>₱14,256,356</b>	<b>₱9,049,768</b>	<b>₱4,957,879</b>
Total equity	<b>638,776,047</b>	<b>638,256,647</b>	<b>654,887,929</b>
<b>Asset-to-equity Ratio</b>	<b>1.02:1</b>	<b>1.01:1</b>	<b>1.01:1</b>
Total assets	<b>₱653,032,403</b>	<b>₱647,306,415</b>	<b>₱659,845,808</b>
Total equity	<b>638,776,047</b>	<b>638,256,647</b>	<b>654,887,929</b>
<b>Profitability Ratio</b>	<b>(0.06):1</b>	<b>(0.03):1</b>	<b>0.05:1</b>
Net loss	<b>(₱40,021,100)</b>	<b>(₱18,537,027)</b>	<b>(₱29,859,223)</b>
Total equity	<b>638,776,047</b>	<b>638,256,647</b>	<b>654,887,929</b>



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

The Stockholders and the Board of Directors  
Atok-Big Wedge Co., Inc.  
10th Floor, Alphaland Southgate Tower  
2258 Chino Roces Avenue corner EDSA  
Makati City

We have audited the accompanying consolidated financial statements of Atok-Big Wedge Co., Inc. (the Company) as at and for the year ended December 31, 2015, on which we have rendered our report dated April 25, 2016.

In compliance with the Securities Regulation Code Rule 68, as amended, we are stating that the Company has 2,986 stockholders owning 100 or more shares each.

**REYES TACANDONG & CO.**

**BELINDA B. FERNANDO**

**Partner**

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 1022-AR-1 Group A

Valid until October 2, 2016

BIR Accreditation No. 08-005144-4-2013

Valid until November 26, 2016

PTR No. 5321842

Issued January 5, 2016, Makati City

**April 25, 2016**

**Makati City, Metro Manila**



**REPORT OF INDEPENDENT AUDITOR  
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Atok-Big Wedge Co., Inc. and Subsidiaries  
10th Floor, Alphaland Southgate Tower  
2258 Chino Roces Avenue corner EDSA  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Atok-Big Wedge Co., Inc. and Subsidiaries (the Group) as at December 31, 2015 and 2014 and for each of the three years ended December 31, 2015 included in this Form 17-A and have issued our report thereon dated April 25, 2016. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, as amended, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

**REYES TACANDONG & Co.**

**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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PTR No. 5321842

Issued January 5, 2016, Makati City

April 25, 2016  
Makati City, Metro Manila

**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**

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**SUPPLEMENTARY SCHEDULE OF ADOPTION OF  
EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS  
DECEMBER 31, 2015**

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

**Philippine Financial Reporting Standards (PFRSs)**

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		

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

**Philippine Accounting Standards (PASs)**

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



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

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Investment Property – Clarifying the Interrelationship between PFRS 3, Business Combination and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture			✓

#### Philippine Interpretations

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

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

**PHILIPPINE INTERPRETATIONS - SIC**

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

**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**  
**SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF**  
**SRC RULE 68 AS AMENDED**  
**DECEMBER 31, 2015**

**Table of Contents**

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>1</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>2</u>
D	Intangible Assets - Other Assets	<u>N/A</u>
E	Long-Term Debt	<u>N/A</u>
F	Indebtedness to Related Parties	<u>N/A</u>
G	Guarantees of Securities of Other Issuers	<u>N/A</u>
H	Capital Stock	<u>3</u>

**ATOK-BIG WEDGE CO., INC AND SUBSIDIARIES**  
**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES and PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

December 31, 2015

Name and Designation of Debtor	Balance at beginning of Period	Additions	Deductions		Ending Balance		Balance at end of period
			Collected	Written Off	Current	Noncurrent	
Alphaland Corporation	₱2,794,966	₱--	₱--	₱--	₱2,794,966	₱--	₱2,794,966
Choice Insurance Brokerage, Inc.	629,581	-	-	-	629,581	-	629,581
Philweb Cambodia Ltd.	190,450	-	-	-	190,450	-	190,450
Acentic Philippines Inc.	21,574	89,358	-	-	110,932	-	110,932
Alphaland Heavy Equipment Corporation	-	426,931	-	-	426,931	-	426,931
Alphaland Balesin Island Club, Inc.	-	32,500	-	-	32,500	-	32,500
Alphaland Aviation, Inc.	-	796	-	-	796	-	796
Others*	261,508	3,816,281	3,605,226	-	472,563	-	472,563
<b>Total</b>	<b>₱3,898,079</b>	<b>₱4,365,866</b>	<b>₱3,605,226</b>	<b>₱--</b>	<b>₱4,658,719</b>	<b>₱--</b>	<b>₱4,658,719</b>

\*Represent advances to officers and employees with balances of less than ₱100,000

**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION  
OF FINANCIAL STATEMENTS**

December 31, 2015

Related Party	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Collections	Write Off	Current	Noncurrent	
AB Stock Transfers Corporation	P344,310	P101,278	P-	P-	P445,588	P-	P445,588
Tidemark Holdings Limited	223,901	-	-	-	223,901	-	223,901
	P568,211	P101,278	P-	P-	P669,489	P-	P669,489

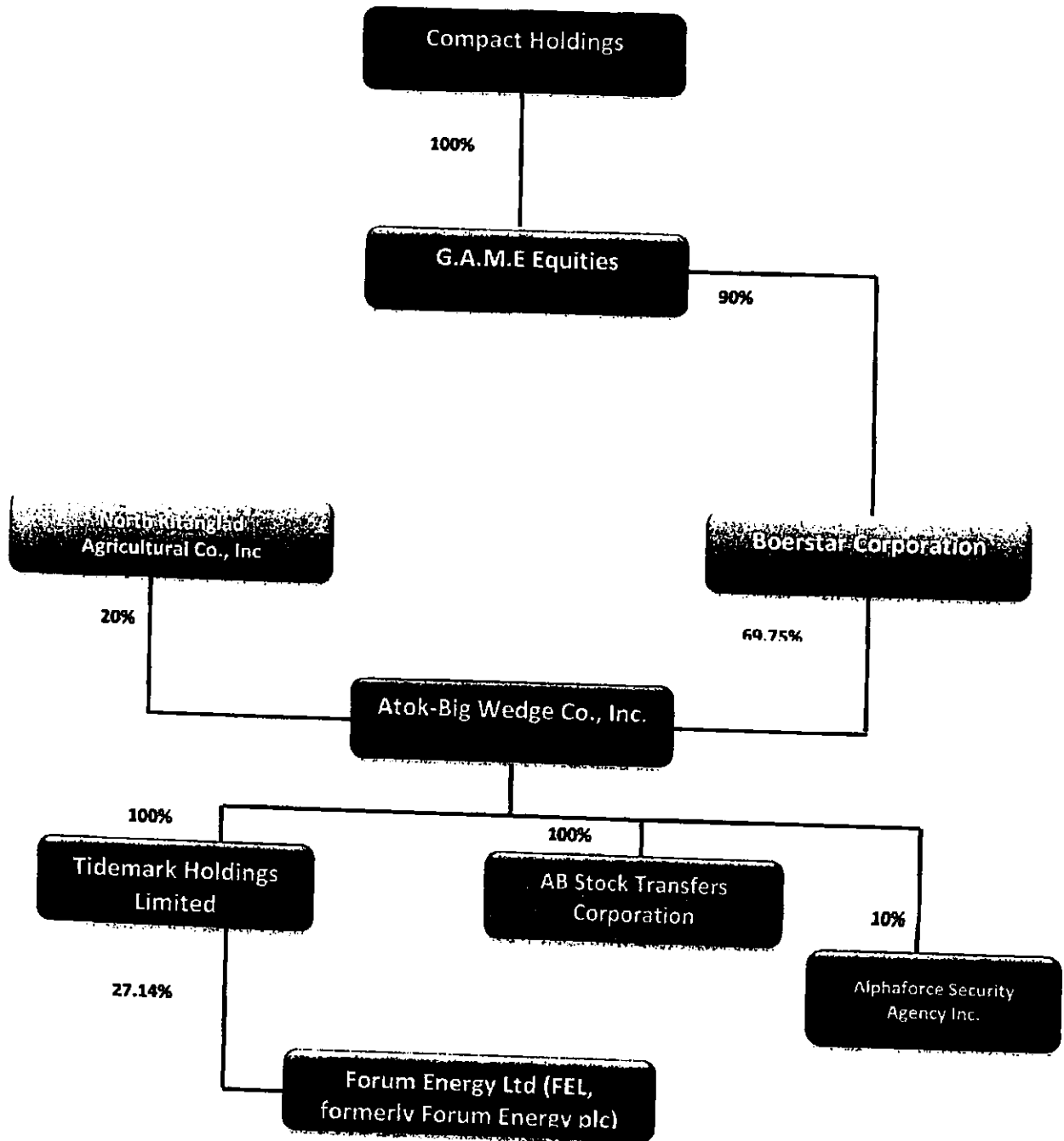
**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**

**SCHEDULE H – CAPITAL STOCKHOLDER**

December 31, 2015

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the statement of financial position caption		Number of shares reserved for options, warrants, conversion & other rights	Number of shares held by			
		Paid-up	Subscribed		Total	Related parties	Directors, officers and employees	Public
Common stock - \$1 per value per share	10,000,000,000	1,060,000,000	1,485,000,000	2,545,000,000	-	2,284,218,804	4,707	260,776,489

**ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**  
**MAP OF GROUP STRUCTURE**







**REYES TACANDONG & Co.**  
FIRM PRINCIPLES. WISE SOLUTIONS.

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

Crabtree 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 SCHEDULE OF  
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors  
Atok-Big Wedge Co., Inc.  
10th Floor, Alphaland Southgate Tower  
2258 Chino Roces Avenue corner EDSA  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Atok-Big Wedge Co., Inc. (Company) as at and for the year ended December 31, 2015 and have issued our report thereon dated April 25, 2016. Our audit was made for the purpose of forming an opinion on the separate financial statements taken as a whole. The accompanying supplementary schedule of retained earnings available for dividend declaration as at December 31, 2015 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the Securities Regulation Code Rule 68, as amended, and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

**REYES TACANDONG & Co.**

*Belinda B. Fernando*

**BELINDA B. FERNANDO**

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 1022-AR-1 Group A

Valid until October 2, 2016

BIR Accreditation No. 08-005144-4-2013

Valid until November 26, 2016

PTR No. 5321842

Issued January 5, 2016, Makati City

April 25, 2016

Makati City, Metro Manila

THE POWER OF BEING UNDERSTOOD  
ADULT TAX CONSULTING

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an Independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

**RSM**

**ATOK-BIG WEDGE CO., INC.**

**SUPPLEMENTARY SCHEDULE OF RECONCILIATION RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
DECEMBER 31, 2015**

Deficit at beginning of year	(P322,922,825)
Add: 2012 impairment loss on investment in a subsidiary	223,495,475
Deficit as adjusted to amount available for dividend declaration, at beginning of year	(99,427,350)
Net loss during the period closed to retained earnings	(18,359,894)
Deficit available for dividend declaration, at end of year	(P117,787,244)

# COVER SHEET

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S.E.C. Registration Number

A	T	O	K	-	B	I	G		W	E	D	G	E	,	C	O	.	I	N	C	.					

(Company's Full Name)

1	0	T	H		F	L	O	O	R				A	L	P	H	A	L	A	N	D						
S	O	U	T	H	G	A	T	E		T	O	W	E	R	,	2	2	5	8		C	H	I	N	O		
R	O	C	E	S		A	V	E	.		E	X	T	.		C	O	R	.		E	D	S	A			
M	A	K	A	T	I		C	I	T	Y																	

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

<b>Jonamel G. Israel-Orbe</b>
-------------------------------

Contact Person

<b>304-6213</b>
-----------------

Company Telephone Number

1	2		3	1
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Month                      Day

Fiscal Year

SEC Form 17-1Q
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FORM TYPE

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Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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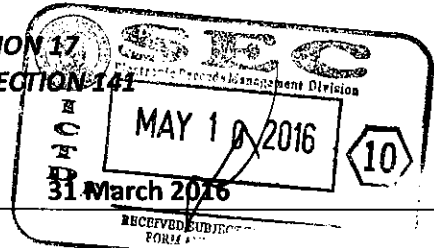
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE



1. For the fiscal year ended \_\_\_\_\_  
 2. SEC Identification No. 427A 3. BIR Tax Identification No. 000-707-286

4. Exact Name of Issuer as specified in its charter ATOK-BIG WEDGE CO., INC.

Metro Manila  6. SEC Use Only  
Industry Classification Code

5. Province, Country or other jurisdiction of  
Incorporation or Organization

10<sup>th</sup> Floor, Alphaland Southgate Tower, Chino Roces cor. EDSA, Makati 1232

7. Address of Principal Office Postal Code

(632) 338-5599

8. Issuer's telephone number, including area code

NA

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt/ Liabilities Outstanding
Common Shares	2,545,000,000	₱ 18,615,232

11. Are any of the securities listed on the Philippine Stock Exchange?  
 Yes  /  No

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

Yes  /  No

has been subject to such filing requirements for the past ninety (90) days

Yes  /  No

**Item 1. Financial Statements**

Please find attached herein the Unaudited Consolidated Financial Statements of Atok-Big Wedge Co., Inc. (the "Company") as well as AB Stock Transfers Corporation ("ABSTC") and Tidemark Holdings Limited ("Tidemark") as Exhibit 1 for the First (1st) Quarter ended 31 March 2016.

The following discussion summarizes the significant factors affecting the operating results, financial condition, and liquidity and cash flows of the Company for the period ended 31 March 2016 and 2015 and the audited financial statements for the year ended December 31, 2015. The following discussion should be read in conjunction with the accompanying unaudited financial statements as of and for the period ended 31 March, 2016 and 2015 and notes thereto which form part of this Report. Such financial statements and notes thereto have been prepared in compliance with accounting principles generally accepted in the Philippines ("GAAP") as set forth in Philippine Financial Reporting Standards ("PFRS"). The Company's financial statements are presented in the functional currency of Philippine pesos.

Other than those items disclosed in the notes to financial statements and the management's discussion and analysis of financial condition and results of operations, the Company is not aware of any event, change, contingency or transaction which would have a material effect on the Company's operation or financial performance.

Other than those items disclosed in the notes to financial statements and the management's discussion and analysis of financial condition and results of operations, the Company is not aware of any material off-balance transactions, arrangements, obligations, or any other relationship of the Company created during the reporting period.

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

**Description of Business**

Atok-Big Wedge Co. Inc. (the "Company"), formerly Atok-Big Wedge Mining Co., Inc., was incorporated and registered with the Securities and Exchange Commission on September 4, 1931. Its corporate life was extended on September 25, 1981 for another fifty (50) years to expire on September 25, 2031. It is listed in the Philippine Stock Exchange (the "PSE").

Since its incorporation, the Company engaged in mining as its primary purpose, producing gold as its major product and silver as a by-product. Its production was all sold to the Central Bank of the Philippines at a price subsidized by the Philippine Government, and later on at the prevailing world market price. Gold bullions are used by the Philippine Government as one of the components in the monetary reserve.

Although the Company changed its primary purpose in 1996 from mining to general investment, it reverted to its original purpose of engaging in exploration and development of mining, oil, gas, and other natural resources when it amended its Articles of Incorporation, which was approved by the Securities and Exchange Commission (the "SEC") on May 24, 2010.

The Company has two wholly-owned subsidiaries, AB Stock Transfers Corporation ("ABSTC") and Tidemark Holdings Limited ("Tidemark").

ABSTC was incorporated on June 24, 2010, with the purpose of establishing, operating, and acting as a transfer agent and/or registrar of corporations.

On the other hand, Tidemark is a company registered and domiciled in Hong Kong SAR, which the Company bought on 3 October 2011. Tidemark owns 9,646,757 ordinary shares of Forum Energy plc ("Forum"), a company registered and domiciled in the United Kingdom representing approximately 27.14% of Forum's outstanding capital. The ordinary shares of Forum are traded and listed in the Alternative Investment Market of the London Stock Exchange (the "AIM"; ticker symbol: FEP). Forum is a gas & oil exploration and production company with a portfolio of projects in the Philippines. Among these projects is the Service Contract (SC) 72 where Forum holds 70% equity. SC72 is situated offshore West of Palawan Island and is host to the Sampaguita offshore gas/condensate discovery. Drilling plans for SC72 have been placed on hold by the Philippine government pending the resolution of territorial sovereignty disputes involving claimant countries surrounding West Philippine Sea.

The Company is a regular member and signatory of the Chamber of Mines. It has adopted the spirit and substance of the Chamber of Mines' Code of Conduct which calls for sustainable mineral resources development, environmental responsibility and a social commitment to the general welfare and economic development of the people in the localities in which it operates.

Over the past seven decades, the Company has established a strong foundation in the Philippine mining industry.

Pursuant to its goal of seeking out projects to put into operation, the Company made a continued careful and diligent evaluation of multiple metallic and non-metallic prospects for possible investment. While it looked into investment possibilities in Laos, it recently decided to re-focus its efforts in the Philippines with priority on projects in the advanced stage, but not disregarding greenfield exploration prospects with potential. Discussions also continued for mines with confirmed potential and previously operated but closed down during the period with low metal prices.

### **Management Plan of Operations**

The Company continues to evaluate investment opportunities and is plans to acquire other mining assets in Northern Mindanao. It will likewise continue to scout for oil and assets within the country and overseas to be included in its business folio. While doing so, the company is planning to magnify its exploration activities in the areas relative to the signed Memorandum of Understanding (MOUs) covering three (3) areas in Agusan Del Norte. It also plans to conduct semi detailed to detailed exploration work over the area within the CADT134, Agusan Del Norte where it applied for an Exploration Permit (EP).

The Company plans to fund its operations in the next year or two depending on the activities that will materialize through its money market investments.

The vision of the Company remains and that is to have a substantial involvement in the exploration and judicious development of various natural resources that will contribute to the economic development of the Philippines. The Company's mission is to be the leader in chosen fields by creating value through change, utilizing the group's knowledge capital and adopting leading technologies, to enhance shareholders' value and profit through growth in earnings and in intrinsic worth, to be committed to a culture of excellence, loyalty and pride, and to be a socially responsible and environmentally conscious corporate citizen, adhering to the highest ethical standards and respecting the communities to which it belongs remains.

The Company does not expect to have any significant changes in the number of employees during the next 12 months, unless there is substantial development in exploration activities that will require additional manpower.

## Financial Condition-Consolidated

### ATCK B G WEDGE CO., INC. and Subsidiaries CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>For the Three</u>	<u>For the Year</u>	<u>Increase (Decrease)</u>	
	<u>Months ended</u>	<u>ended</u>		
	<u>March 2016</u>	<u>Dec 2015</u>	<u>Amount</u>	<u>%</u>
	<u>Unaudited P\$</u>	<u>Audited P\$</u>		
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	172,196,002	172,753,436	(557,324)	-0.32%
Receivables	3,902,403	3,016,943	445,460	9.64%
Other Current Assets	8,141,059	7,075,483	1,065,574	13.08%
<b>Total current assets</b>	<b>185,839,544</b>	<b>184,845,834</b>	<b>993,710</b>	<b>0.54%</b>
<b>Non-current Assets</b>				
Investment in an associate	462,112,611	462,150,899	(38,288)	-0.01%
Available-for-sale (AFS) financial assets	1,999,950	1,999,950	-	0.00%
Property and equipment	1,030,173	1,146,655	(116,482)	-10.16%
Other non-current assets	2,889,064	2,889,055	(1)	0.00%
<b>Total non-current assets</b>	<b>468,031,793</b>	<b>468,186,559</b>	<b>(154,771)</b>	<b>-0.03%</b>
	<b>553,871,342</b>	<b>653,032,433</b>	<b>838,939</b>	<b>0.13%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liability</b>				
Payables and other current liabilities	18,615,232	14,256,356	4,358,876	30.57%
	<b>18,615,232</b>	<b>14,256,356</b>	<b>4,358,876</b>	<b>30.57%</b>
<b>Equity</b>				
Capital Stock	1,060,000,000	1,060,000,000	-	0.00%
Deficit	(480,744,157)	(477,224,220)	(3,519,937)	0.74%
Other comprehensive income	56,000,267	55,000,257	-	0.00%
<b>Total equity</b>	<b>535,256,110</b>	<b>638,776,047</b>	<b>(3,519,937)</b>	<b>-0.55%</b>
	<b>553,871,342</b>	<b>653,032,433</b>	<b>838,939</b>	<b>0.13%</b>

## March 31, 2016 vs December 31, 2015

As of March 31, 2016, the Company's consolidated assets amounted to P653.9 million as compared to P653.0 million as of December 31, 2015. On the other hand, the Company's liabilities increased to P18.6 million as of March 31, 2016.

Cash and cash equivalents totaling P172.2 million as of March 31, 2016, showed a slight decrease of P0.6 million from the P172.8 million as of December 31, 2015.

Receivables increased to P5.5 million as of March 31, 2016. The funding of various geological investigations in Agusan Del Norte, which includes the Company's application for an exploration permit with the MGB and DENR in the municipalities of Santiago and Jabonga resulted to this increase in receivables.

Stockholders' Equity showed very minimal decrease from P638.8 million at the end of 2014 to P635.3 million as of March 31, 2016.

## Results of Operation

### ATOK BIG WEDGE CO., INC. and Subsidiaries CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>For the Three Months ended</u>		<u>Increase (Decrease)</u>	
	<u>March 2016</u>	<u>March 2015</u>	<u>Amount</u>	<u>%</u>
	<u>Unaudited ₱</u>	<u>Unaudited ₱</u>		
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>4,310,047</b>	<b>5,421,259</b>	<b>(1,111,212)</b>	<b>-20.50%</b>
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	424,449	736,465	(312,016)	-42.37%
Service fees	364,930	370,847	(5,917)	-1.60%
Others	731	1,139	(408)	-35.82%
	<b>790,110</b>	<b>1,108,451</b>	<b>(318,341)</b>	<b>-28.72%</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>(3,519,937)</b>	<b>(4,312,808)</b>	<b>792,871</b>	<b>-18.38%</b>
<b>PROVISION FOR INCOME TAX</b>	<b>-</b>	<b>66,156</b>	<b>(66,156)</b>	<b>-100.00%</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(3,519,937)</b>	<b>(4,378,964)</b>	<b>859,027</b>	<b>-19.62%</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>(0.0014)</b>	<b>(0.0017)</b>	<b>0.0003</b>	<b>-19.62%</b>

Total comprehensive loss for the three-month period ended March 31, 2016 amounted to Php3.5 million. Other income in the form of service fees and interest from money market placement totaling P0.8 million when offset to the general and administrative expenses totaling P4.3 million resulted to this comprehensive loss.

## Discussion and Analysis of Material Events and Uncertainties

Other than the issuance of Executive Order No. 79, s. 2012 (Institutionalizing And Implementing Reforms In The Philippine Mining Sector Providing Policies And Guidelines To Ensure Environmental Protection And Responsible Mining In The Utilization Of Mineral Resources) on July 6, 2012, as of reporting date:



There are no known trends or events, which may have a material effect on the Company's short-term or long-term liquidity.

There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. Funding of maturing obligations shall be sourced from internally generated cash flow or from borrowings under the available credit facilities.

There were no material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities or other persons during the reporting period.

The general purposes of the capital expenditures are to explore and locate additional gold ore reserve of a better grade, conduct pilot test, secure all the Company's assets, and keep the mineral rights in good standing. Expected sources of funds for capital expenditures are the advances from stockholder Progressive Development Corporation.

The known trends, events or uncertainties that may have a material impact on sales are the price of gold in the world market, the dollar exchange rate, NGOs' anti-mining position and changes in the Department of Environment and Natural Resources' rules and regulations at midstream.

The significant elements of income or loss from continuing operations are the ounces of gold produced and the cost to produce such gold.

There are no items this period affecting assets, liabilities and equity, net income or cash flows that are unusual because of their nature, size, or incidents, except those stated in the Management's Discussion and Analysis.

There were no material changes in estimates of amounts reported in the current year or changes in estimates of amount reported in prior financial years.

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date. No material contingencies and any other events or transactions exist that are material to an understanding of the current year.

There were no issuances, repurchases, repayments of debt and equity securities during the period except for those which have been disclosed and those which occur within the ordinary course of business.

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

There were no effects of changes in the composition of the Company during the period, including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

## Top Key Performance Indicators

The top key performance indicators of the Company are as follows:

	Manner of Calculation	As of	
		31-Mar-16 Unaudited	31-Dec-15 Audited
<b>CURRENT / LIQUIDITY RATIO</b>			
		<b>9.98 : 1</b>	<b>12.97 : 1</b>
Current assets	Current assets	185,839,544	184,845,834
Current liabilities	divided by current liabilities	18,615,232	14,256,356
<b>SOLVENCY RATIO</b>			
		<b>-0.18 : 1</b>	<b>-2.75 : 1</b>
Net income (loss) after tax less depreciation and impairment losses	The sum of net income (loss) after tax less depreciation and impairment losses	(3,519,937) 118,344 -	(40,021,100) 856,300 -
Total liabilities	divided by total liabilities	18,615,232	14,256,356
<b>DEBT TO EQUITY RATIO</b>			
		<b>0.03 : 1</b>	<b>0.02 : 1</b>
Total liabilities	Total liabilities	18,615,232	14,256,356
Total equity	divided by total equity	635,256,110	638,776,047
<b>ASSET TO EQUITY RATIO</b>			
		<b>1.03 : 1</b>	<b>1.02 : 1</b>
Total assets	Total assets	653,871,342	653,032,403
Total equity	divided by total equity	635,256,110	638,776,047
<b>PROFITABILITY RATIO</b>			
		<b>-0.01 : 1</b>	<b>-0.06 : 1</b>
Net income (loss) after tax	Net income (loss) after tax	(3,519,937)	(40,021,100)
Total equity	divided by total equity	635,256,110	638,776,047

## Financial Risk Management Objectives and Policies

### *Financial Risk Management Objectives and Policies*

The main purpose of the Company's principal financial instruments is to fund its operational and capital expenditures. The Company's risk management is coordinated and in close operation with its Board of Directors ("BOD"), and focuses on actively securing the Company's short to medium term cash flows by minimizing the exposure to financial markets.

The Company's activities expose it to a variety of financial risks, as set forth below. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The following are the Company's policies for managing specific risks:

### ***Management of Financial Risk***

#### ***Governance Framework***

The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, and operational risk. It also supports the effective implementation of policies.

The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

#### ***Capital Management Framework***

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business. The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity including capital stock and deficit.

The Company's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which the Company are exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic balance sheet and revenue account, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

#### ***Regulatory Framework***

The operations of the Company are also subject to the regulatory requirements of the SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

#### ***Financial Risk***

The Company is also exposed to financial risk through its financial assets and financial liabilities. The most important components of the financial risks are credit risk, liquidity risk and market risk.

#### ***Credit Risk***

Credit risk is the risk of financial loss if the other party to the financial instruments fails to meet its contractual obligations, and arises principally from the Company's cash in banks and cash equivalents, trade receivables and refundable deposits. For risk management reporting purposes, the Company considers and consolidates all elements of credit risks exposure, such as but not limited to individual obligor default risk, country and sector risk.

In monitoring receivables credit risk, receivables are grouped according to their credit characteristics, whether they are individual or legal entity, their geographical locations, industry, aging of accounts and maturity.

The Company has no past due financial assets as of March 31, 2016.

#### ***Liquidity Risk***

Liquidity risk is the risk arising from potential inability to meet all payment obligations when they become due. The BOD and key officers of the Company...

obligations when they become due. To limit risk, management arranges for diversified funding sources, manages assets with liquidity in mind, forecasts projected cash flows, maintains a balance between continuity of funding and flexibility in operations and monitors obligations regularly.

The Treasurer is responsible for the management of liquidity risk. The Company's liquidity risk management framework is designed to identify, measure and manage the liquidity risk position. The Company's policies with regard to the risk are reviewed on a regular basis by the key officers and finally approved by the members of the Board.

#### *Market Risk*

Market risk is the risk on the changes in market prices of the mineral ore/gold prices, interest rates, foreign exchange rates, and credit spreads, which will affect the Company's income or the value of its holdings of its inventory and financial instruments. The objective of market risk management is to manage and control risk exposure within acceptable parameters, while optimizing the return on the risk.

The Company is not exposed to interest rate risk because it does not have any loans or promissory notes.

The Group is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency denominated assets and liabilities.

#### *Capital Management*

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern and to continue its operations. The Company's overall strategy remains unchanged.

The Company is not subject to externally imposed capital requirement.

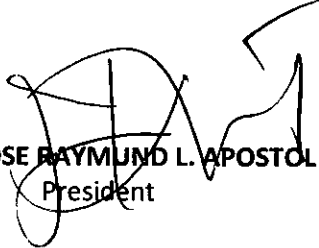
## **PART II - OTHER INFORMATION**


There are no disclosures not reported under SEC Form 17-C.

## 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 : **Atok-Big Wedge Co., Inc.**

Signature and Title :   
**JOSE RAYMUND L. APOSTOL**  
President

Principal Financial Officer :   
**CRISTINA B. ZAPANTA**  
Vice President for Finance

Date : **May 10, 2016**

ATCK B G WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>For the Three</u>	<u>For the Year</u>	<u>Increase (Decrease)</u>	
	<u>Months ended</u>	<u>ended</u>		
	<u>March 2016</u>	<u>Dec 2015</u>	<u>AMOUNT</u>	<u>%</u>
	<u>Unaudited P\$</u>	<u>Audited P\$</u>		
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	172,196,082	172,753,406	(557,324)	-0.32%
Receivables	5,502,403	5,010,943	491,460	9.61%
Other current assets	8,141,039	7,075,485	1,065,554	13.08%
<b>Total current assets</b>	<b>185,839,541</b>	<b>184,845,834</b>	<b>993,710</b>	<b>0.54%</b>
<b>Non-current Assets</b>				
Investment in an associate	462,112,011	462,150,899	(38,888)	-0.01%
Available-for-sale (AFS) financial assets	1,999,950	1,999,950	-	0.00%
Property and equipment	1,030,173	1,146,655	(116,482)	-10.16%
Other non-current assets	2,889,064	2,889,065	(1)	0.00%
<b>Total non-current assets</b>	<b>468,031,793</b>	<b>468,186,569</b>	<b>(154,771)</b>	<b>-0.03%</b>
	<b>553,871,342</b>	<b>653,032,403</b>	<b>838,939</b>	<b>0.13%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liability</b>				
Payables and other current liabilities	18,615,232	14,256,356	4,358,876	30.57%
	<b>18,615,232</b>	<b>14,256,356</b>	<b>4,358,876</b>	<b>30.57%</b>
<b>Equity</b>				
Capital Stock	1,060,000,000	1,060,000,000	-	0.00%
Deficit	(480,744,157)	(477,214,220)	(3,519,937)	0.74%
Other comprehensive income	56,000,267	55,000,257	-	0.00%
<b>Total equity</b>	<b>535,256,110</b>	<b>638,776,047</b>	<b>(3,519,937)</b>	<b>-0.55%</b>
	<b>553,871,342</b>	<b>653,032,403</b>	<b>838,939</b>	<b>0.13%</b>

ATOK BIG WEDGE CO., INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>For the Three Months ended</u>		<u>Increase (Decrease)</u>	
	<u>March 2016</u>	<u>March 2015</u>	<u>Amount</u>	<u>%</u>
	<u>Unaudited F\$</u>	<u>Unaudited F\$</u>		
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	4,310,047	5,421,259	(1,111,212)	-20.50%
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	424,449	736,465	(312,016)	-42.37%
Service fees	364,930	370,847	(5,917)	-1.60%
Others	731	1,139	(408)	-35.82%
	790,110	1,108,451	(318,341)	-28.72%
<b>LOSS BEFORE INCOME TAX</b>	(3,519,937)	(4,312,808)	792,871	-18.38%
<b>PROVISION FOR INCOME TAX</b>	-	66,156	(66,156)	-100.00%
<b>TOTAL COMPREHENSIVE INCOME</b>	(3,519,937)	(4,378,964)	859,027	-19.62%
<b>BASIC AND DILUTED LOSS PER SHARE</b>	(0.0014)	(0.0017)	0.0003	-19.62%