COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4	0	6	2	1

COMPANY NAME

APEX MINING CO., INC. AND SUBSIDIARIES

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

3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
rosana.parica@apexmining.com	706-2805	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,789	6/30	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Rosana A. Parica	rosana.parica@apexmining.com	706-2805	09088938638

CONTACT PERSON's ADDRESS

3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

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

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

APEX MINING CO., INC.

Maco, Compostela Valley Province

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Apex Mining Co., Inc. and Subsidiaries is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, including the tabular schedule of standards and interpretations as of reporting date attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

SyCip, Gorres, Velayo & Co., the independent auditors, appointed by the stockholders for the period December 31, 2015 and 2014, has examined the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Ramon Y. Sy
Chairman of the Board

Walter W. Brown
President and Chief Executive Officer

Renato N. Migriño
Treasurer

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PAGE NO. 29
BOOK NO. XXVI
SERIES OF 2016

Signed this 14th day of April 2016

SUBSCRIBED AND SWORN TO BEFORE ME ON 14 APR 2016 DAY OF ___ 20__ AT QUEZON CITY EXHIBITING HIS / HER RES CERT NO. ______ ISSUED ON ______ AT ______

ATTY. RUBEN M. ALANES JR.
Notary Public
VALID UNTIL DECEMBER 31, 2016
PTR NO. 0713862 C. 01-23-2016
Roll of Attorney's No. 46427
IBP NO. 0998567 - Q.C. Chapter
Admin Matter No. NP-291
MCLE No. 0022246
TIN No. 140-394-836
PABS (DPRM ANNEX) in front of (PNP Gas Station)
Camp Crame, Quezon City

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Apex Mining Co., Inc.
3304B West Tower, PSE Centre, Exchange Road
Ortigas Center, Pasig City

We have audited the accompanying consolidated financial statements of Apex Mining Co., Inc., and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, 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.

Auditors' 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 Apex Mining Co., Inc. and its subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
SEC Accreditation No. 0328-AR-3 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 102-100-830
BIR Accreditation No. 08-001998-60-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321714, January 4, 2016, Makati City

April 14, 2016

APEX MINING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014 (As restated, see Note 4)
ASSETS		
Current Assets		
Cash (Note 5)	**₱550,980,770**	₱207,699,504
Trade and other receivables (Note 6)	**433,547,957**	348,235,559
Inventories - net realizable value (Note 7)	**734,293,481**	549,858,202
Advances to related parties (Note 15)	**2,306,149**	22,300,952
Prepayments and other current assets (Note 8)	**267,080,956**	176,862,798
Total Current Assets	**1,988,209,313**	1,304,957,015
Noncurrent Assets		
Available-for-sale financial assets (Note 9)	**344,640,000**	344,640,000
Property, plant and equipment (Note 10)	**6,006,647,341**	3,913,880,674
Deferred exploration costs (Note 11)	**2,261,567,072**	1,621,333,348
Intangible assets (Note 12)	**193,359,873**	194,094,520
Other noncurrent assets (Note 13)	**306,801,809**	195,011,088
Total Noncurrent Assets	**9,113,016,095**	6,268,959,630
TOTAL ASSETS	**₱11,101,225,408**	₱7,573,916,645
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	**₱1,890,244,602**	₱1,703,539,351
Advances from related parties (Note 15)	**612,050,463**	2,081,269,568
Loans payable (Note 18)	**3,432,305,747**	1,138,396,662
Income tax payable	**5,372,921**	2,010,778
Total Current Liabilities	**5,939,973,733**	4,925,216,359
Noncurrent Liabilities		
Loans payable - net of current portion (Note 18)	**–**	176,571,733
Provision for retirement benefits (Note 16)	**147,645,231**	202,678,040
Provision for mine rehabilitation and decommissioning (Note 17)	**44,026,510**	44,769,638
Deferred income tax liabilities (Note 27)	**309,877,275**	107,357,851
Total Noncurrent Liabilities	**501,549,016**	531,377,262
Total Liabilities	**6,441,522,749**	5,456,593,621
Equity Attributable to Equity Holders of the Parent Company		
Issued capital stock (Note 19)	**6,227,887,491**	1,868,639,664
Additional paid-in capital (Note 19)	**3,027,029,976**	3,048,826,224
Deposit for future stock subscriptions (Note 19)	**–**	2,500,000,000
Treasury shares (Notes 4 and 19)	**(2,117,737,909)**	(2,412,407,370)
Revaluation surplus on property, plant and equipment (Notes 2 and 10)	**283,524,013**	5,271,619
Remeasurement loss on retirement plan (Note 16)	**(26,813,063)**	(120,002,440)
Currency translation adjustment on foreign subsidiaries	**(347,620)**	(208,345)
Deficit	**(2,914,720,530)**	(2,960,688,438)
	4,478,822,358	1,929,430,914
Non-controlling Interests (Notes 4 and 19)	**180,880,301**	187,892,110
Total Equity	**4,659,702,659**	2,117,323,024
TOTAL LIABILITIES AND EQUITY	**₱11,101,225,408**	₱7,573,916,645

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2015	2014 (As restated, see Note 4)	2013
REVENUE			
Gold	**₱2,270,473,543**	₱1,598,452,935	₱1,592,459,475
Silver	**159,623,786**	132,288,632	143,381,279
	2,430,097,329	1,730,741,567	1,735,840,754
COST OF PRODUCTION (Note 21)	**(2,014,031,718)**	(1,872,112,864)	(2,187,738,417)
EXCISE TAXES	**(48,601,947)**	(34,578,395)	(34,706,514)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 22)	**(187,028,862)**	(150,858,453)	(30,339,936)
FINANCE COSTS (Note 26)	**(145,991,543)**	(110,380,572)	(75,594,352)
OTHER INCOME (CHARGES) - net (Note 23)	**22,446,421**	60,115,964	(266,027,097)
INCOME (LOSS) BEFORE INCOME TAX	**56,889,680**	(377,072,753)	(858,565,562)
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 27)			
Current	**(11,496,325)**	(6,681,452)	(2,618,689)
Deferred	**25,997,364**	(6,103,846)	33,753,391
	14,501,039	(12,785,298)	31,134,702
NET INCOME (LOSS)	**₱71,390,719**	(₱389,858,051)	(₱827,430,860)
Net income (loss) attributable to:			
Equity holders of the Parent Company	**₱78,402,528**	(₱380,997,415)	(₱827,430,860)
Non-controlling interests	**(7,011,809)**	(8,860,636)	–
	₱71,390,719	(₱389,858,051)	(₱827,430,860)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE (Note 20)	**₱0.01**	(₱0.12)	(₱0.47)

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014 (As restated, see Note 4)	2013
NET INCOME (LOSS)	**₱71,390,719**	(₱389,858,051)	(₱827,430,860)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Item that will be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign subsidiaries	**19,767,680**	(208,345)	–
Revaluation surplus, net of tax (Note 10)	**303,629,735**	–	–
Item that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains (losses) on retirement plan (Note 16)	**93,189,377**	(95,824,336)	(14,031,360)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱487,977,511**	(₱485,890,732)	(₱841,462,220)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**₱494,989,320**	(₱477,030,096)	(₱841,462,220)
Non-controlling interests	**(7,011,809)**	(8,860,636)	–
	₱487,977,511	(₱485,890,732)	(₱841,462,220)

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Capital stock (Note 19)	**Additional paid-in capital** (Note 19)	**Revaluation surplus** (Note 10)	**Remeasurement loss on retirement plan** (Note 16)	**Deficit**	**Total**
Balances at December 31, 2012	**₱1,664,565,290**	**₱2,561,661,966**	**₱55,751,783**	**(₱10,146,744)**	**(₱1,885,209,707)**	**₱2,386,622,588**
Net loss	–	–	–	–	(827,430,860)	(827,430,860)
Other comprehensive loss	–	–	–	(14,031,360)	–	(14,031,360)
Total comprehensive loss	–	–	–	(14,031,360)	(827,430,860)	(841,462,220)
Issuance of shares	204,074,374	542,720,617	–	–	–	746,794,991
Transaction costs of share issuance	–	(6,147,745)	–	–	–	(6,147,745)
Transfer of portion of revaluation surplus realized through depreciation, depletion and disposal, net of tax	–	–	(42,364,342)	–	42,364,342	–
Balances at December 31, 2013	**₱1,868,639,664**	**₱3,098,234,838**	**₱13,387,441**	**(₱24,178,104)**	**(₱2,670,276,225)**	**₱2,285,807,614**

	Attributable to Equity Holders of the Parent Company									
	Capital stock (Note 19)	**Deposit for future stock subscriptions** (Note 19)	**Additional paid-in capital** (Note 19)	**Revaluation surplus** (Note 10)	**Treasury shares** (Notes 4 and 19)	**Remeasurement loss on retirement plan** (Note 16)	**Currency translation adjustment on foreign subsidiaries**	**Deficit**	**Non-controlling interests** (Notes 4 and 19)	**Total**
Balances at December 31, 2013	**₱1,868,639,664**	**₱–**	**₱3,098,234,838**	**₱13,387,441**	**₱–**	**(₱24,178,104)**	**₱–**	**(₱2,670,276,225)**	**₱–**	**₱2,285,807,614**
Net loss, as restated	–	–	–	–	–		–	(380,997,415)	(8,860,636)	(389,858,051)
Other comprehensive loss	–	–	–	–	–	(95,824,336)	(208,345)	–	–	(96,032,681)
Total comprehensive loss, as restated	–	–	–	–	–	(95,824,336)	(208,345)	(380,997,415)	(8,860,636)	(485,890,732)
Deposit for future stock subscriptions (Note 19)	–	2,500,000,000	–	–	–	–	–	–	–	2,500,000,000
Transaction costs of share issuance (Notes 4 and 19)	–	–	(49,408,614)	–	–	–	–	–	–	(49,408,614)
Transfer of portion of revaluation surplus realized through depreciation, depletion and disposal, net of tax (Note 10)	–	–	–	(8,115,822)	–	–	–	8,115,822	–	–
Prior period adjustment as a result of final Purchase Price Allocation (PPA; Note 4)	–	–	–	–	–	–	–	65,231,245		65,231,245
Acquisition of Monte Oro Resources & Energy, Inc.	–	–	–	–	(2,412,407,370)	–	–	17,238,135	196,752,746	(2,198,416,489)
Balances at December 31, 2014	**₱1,868,639,664**	**₱2,500,000,000**	**₱3,048,826,224**	**₱5,271,619**	**(₱2,412,407,370)**	**(₱120,002,440)**	**(₱208,345)**	**(₱2,960,688,438)**	**₱187,892,110**	**₱2,117,323,024**

	Attributable to Equity Holders of the Parent Company									
	Capital stock (Note 19)	**Deposit for future stock subscriptions** (Note 19)	**Additional paid-in capital** (Note 19)	**Revaluation surplus** (Note 10)	**Treasury shares** (Notes 4 and 19)	**Remeasurement loss on retirement plan** (Note 16)	**Currency translation adjustment on foreign subsidiaries**	**Deficit**	**Non-controlling interests** (Notes 4 and 19)	**Total**
Balances at December 31, 2014	**₱1,868,639,664**	**₱2,500,000,000**	**₱3,048,826,224**	**₱5,271,619**	**(₱2,412,407,370)**	**(₱120,002,440)**	**(₱208,345)**	**(₱2,960,688,438)**	**₱187,892,110**	**₱2,117,323,024**
Net income (loss)	–	–	–	–	–		–	78,402,528	(7,011,809)	71,390,719
Other comprehensive income (loss)	–	–	–	303,629,735	–	93,189,377	(139,275)	–	–	396,679,837
Total comprehensive income (loss)	–	–	–	303,629,735	–	93,189,377	(139,275)	78,402,528	(7,011,809)	468,070,556
Issuance of shares (Note 19)	4,359,247,827	(2,500,000,000)	–	–	–	–	–	–	–	1,859,247,827
Transaction costs of share issuance (Notes 4 and 19)	–	–	(21,796,248)	–	–	–	–	–	–	(21,796,248)
Transfer of portion of revaluation surplus realized through depreciation, depletion and disposal, net of tax (Note 10)	–	–	–	(25,377,341)	–	–	–	25,377,341	–	–
Acquisition of Itogon-Suyoc Resources, Inc. (Note 4)	–	–	–	–	294,669,461	–	–	(57,811,961)	–	236,857,500
Balances at December 31, 2015	**₱6,227,887,491**	**₱–**	**₱3,027,029,976**	**₱283,524,013**	**(₱2,117,737,909)**	**(₱26,813,063)**	**(₱347,620)**	**(2,914,720,530)**	**₱180,880,301**	**₱4,659,702,659**

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014 (As restated, see Note 4)	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱56,889,680**	(₱377,072,753)	(₱858,565,562)
Adjustments for:			
Depreciation, depletion and amortization (Note 24)	**297,731,304**	414,324,689	498,991,726
Interest and accretion expense (Notes 23 and 26)	**136,816,332**	106,249,843	72,948,671
Unrealized foreign exchange loss (gain)	**104,388,094**	(70,093,528)	208,406,763
Gain from acquisition (Notes 4 and 23)	**(48,828,667)**	(203,432,469)	–
Movement in provision for retirement benefits (Note 16)	**38,156,568**	23,123,121	16,311,167
Loss on write-off of:			
Property, plant and equipment (Notes 10 and 23)	**–**	136,012,675	–
Other noncurrent assets (Notes 13 and 23)	**6,000,000**	–	37,817,999
Interest income (Notes 5 and 23)	**(5,850,334)**	(1,550,835)	(160,227)
Dividend income (Notes 9 and 23)	**(1,024,931)**	–	–
Gain on disposal of equipment	**(102,878)**	–	–
Loss on early extinguishment of a loan	**–**	393,810	–
Operating income (loss) before working capital changes	**584,175,168**	27,954,553	(24,249,463)
Decrease (increase) in:			
Trade and other receivables	**(85,312,398)**	(148,501,521)	304,220,541
Prepayments and other current assets	**(89,640,090)**	(59,554,542)	(11,347,360)
Inventories	**5,207,542**	(76,783,955)	184,829,416
Advances to related parties	**19,994,803**	(1,613,450)	–
Increase (decrease) in:			
Trade and other payables	**46,282,382**	2,689,666,967	396,731,001
Advances from related parties	**(1,469,219,105)**	1,187,093,604	(97,258,538)
Net cash generated from (used in) operations	**(988,511,698)**	3,618,261,656	752,925,597
Interest paid	**(128,988,176)**	(142,509,091)	(30,407,671)
Income taxes paid	**(8,134,182)**	(4,670,674)	–
Interest received	**5,850,334**	1,550,835	160,227
Dividend received	**1,024,931**	–	–
Net cash flows from (used in) operating activities	**(1,118,758,791)**	3,472,632,726	722,678,153
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (Note 10)	**(2,067,847,500)**	(878,442,701)	(1,667,799,862)
Increase in:			
Deferred exploration costs	**(312,267,861)**	(40,880,844)	(134,119,126)
Other noncurrent assets	**(111,790,721)**	(242,147)	(90,537,487)
Available-for-sale financial assets	**–**	(344,640,000)	–
Acquisition of subsidiaries (Note 4)	**(31,154,515)**	(4,914,578,393)	–
Proceeds from disposal	**905,356**	–	–
Cash flows used in investing activities	**(2,522,155,241)**	(6,178,784,085)	(1,892,456,475)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of loans (Note 18)	**2,614,500,000**	839,815,447	983,806,722
Net proceeds from subscriptions to shares of stock (Note 19)	**1,859,247,827**	–	255,752,255
Payment of loans (Note 18)	**(502,891,539)**	(402,643,589)	(106,403,995)
Transaction costs on share issuance (Note 19)	**(21,796,248)**	(49,408,614)	–
Deposit for future stock subscriptions (Note 19)	**–**	2,500,000,000	–
Net cash flows from financing activities	**3,949,060,040**	2,887,763,244	1,133,154,982
NET INCREASE (DECREASE) IN CASH	**308,146,008**	181,611,885	(36,623,340)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**35,135,258**	(7,589,446)	17,377,027
CASH AT BEGINNING OF YEAR	**207,699,504**	33,677,065	52,923,378
CASH AT END OF YEAR (Note 5)	**₱550,980,770**	₱207,699,504	₱33,677,065

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information, Status of Operations and Authorization to Issue the Consolidated Company Financial Statements

Corporate Information

Apex Mining Co., Inc. (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 26, 1970, primarily to carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in gold, silver, copper, lead, zinc brass, iron, steel and all kinds of ores, metals and minerals.

The Parent Company currently operates the Maco Mines in Maco, Compostela Valley.

On March 7, 1974, the Parent Company listed its shares in the Philippine Stock Exchange (PSE) and attained the status of being a public company on the same date. The Parent Company is considered a public company under Rule 3.1 of the Implementing Rules and Regulations of the Securities Regulation Code, which, among others, defines a public corporation as any corporation with assets of at least ₱50.00 million and having 200 or more stockholders, each of which holds at least 100 shares of its equity securities.

The Parent Company's track record information is shown as follows:

SEC order rendered effective or permitted to sell	Event	Authorized capital stock balance	Issued shares	Issue/ offer price
August 4, 1988	Stock dividend declaration	₱150 million	*–	₱0.01
August 31, 1988	Increase in authorized capital stock	300 million	–	–
April 26, 1989	Pre-emptive rights offering	300 million	9.39 billion	0.01
June 28, 2000	Increase in authorized capital stock	800 million	–	–
October 18, 2000	Debt-to-equity conversion transaction	800 million	459.54 million	1.00
September 10, 2010	Increase in authorized capital stock	2.8 billion	–	–
October 13, 2010	Debt-to-equity conversion transaction	2.8 billion	560.94 million	1.00
November 14, 2011	Issuance of additional shares	2.8 billion	73.34 million	3.50
January 26, 2013	Issuance of additional shares	2.8 billion	75.56 million	3.70
July 13, 2013	Issuance of additional shares	2.8 billion	198.05 million	4.40
July 16, 2013	Debt-to-equity conversion transaction	2.8 billion	72.91 million	4.40
July 20, 2013	Debt-to-equity conversion transaction	2.8 billion	37.29 million	4.40
August 27, 2014	Issuance of additional shares	2.8 billion	93.87 million	2.79
September 20, 2014	Declassification of shares	2.8 billion	–	–
January 12, 2015	Increase in authorized capital stock	12.8 billion	–	–
February 3, 2015	Issuance of additional shares	12.8 billion	2.50 billion	1.00
March 12, 2015	Issuance of additional shares	12.8 billion	1.86 billion	1.00

**The Parent Company has no records on the number of issued shares for the transaction.*

As at December 31, 2015 and 2014, the Parent Company has 2,507 and 2,814 stockholders, respectively, each holding at least 100 shares.

The Parent Company's registered business and principal office address is 3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines.

Acquisition of Itogon-Suyoc Resources, Inc. (ISRI)
On June 24, 2015, the Parent Company acquired 98% of the total outstanding capital stock of ISRI consisting of 24.50 billion shares, with par value of ₱0.01 per share, for a total consideration of ₱182.67 million consisting of ₱32.67 million cash and ₱150.00 million in the Parent Company's shares held by Monte Oro Resources Energy, Inc. (MORE) for a purchase price of ₱0.007456 per share (see Notes 4 and 19).

Also on the same date, the following transactions were made:

- Subscription of the Parent Company to 23.80 billion new shares in ISRI at par value of ₱0.01 each. The proceeds of this cash equity infusion shall be used by the latter to pay down its debts and to reopen its mines. ISRI also received the ₱238.00 million from the Parent Company as payment for its subscriptions. The shares covered by the said subscriptions were issued after ISRI's application for the increase in its authorized capital stock which was approved by the Philippine SEC on February 2, 2016 (see Note 4).
- Commitment by Parent Company to support ISRI by paying its advances from Sagitro, Inc. amounting to ₱50.00 million by transferring Parent Company's listed shares held by MORE (see Note 19).

Acquisition of MORE
On September 11, 2014, the BOD approved the Parent Company's purchase for cash of all the outstanding capital stock of MORE, consisting of 5.12 billion shares, with par value of ₱1.00 per share, for a total consideration of ₱5.12 billion, for a purchase price of ₱1.00 per share (see Note 4).

Also on the same date, the BOD approved the subscription of the shareholders of MORE to 2.50 billion new shares of the Parent Company, for a subscription price of ₱1.00 per share from the stockholders of MORE who agreed to sell all their shares in MORE to the Parent Company, which will result to the Parent Company owning 100% of the equity of MORE. In October 2014, the Parent Company received ₱2.50 billion from the stockholders of MORE as payment for their subscriptions.

The deeds of sales of shares between the Parent Company and the stockholders of MORE were signed and executed on October 10, 2014. As at December 31, 2015, the Parent Company had paid the total consideration of the purchase of all of MORE's outstanding shares.

On January 28, 2015, the BOD approved the subscription by PHMI to 1.86 billion shares for a subscription price of ₱1.00 per share. The agreement covering the said subscription was entered into by the Parent Company and Prime Metroline Holdings, Inc. (PMHI) on February 2, 2015. The shares covered by the subscription agreement were issued on March 12, 2015.

Amendments on Articles of Incorporation
On April 11, 2014 and May 2, 2014, the BOD approved the following amendments on the Parent Company's Articles of Incorporation:

- that the place where the principal office of the Parent Company will be established or located shall be in 3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines; and

- that the authorized capital stock of the Parent Company shall be increased to ₱12.80 billion divided into 12.80 billion common shares with par value of ₱1.00 per share.

Status of Operations
Significant developments in the Parent Company's and its subsidiaries' (collectively referred to as, the "Group") operations are as follows:

a. Mining

Maco Mines
On December 22, 2005, the Mines and Geosciences Bureau (MGB) approved the Parent Company's application for a Mineral Production Sharing Agreement (MPSA) covering 679.02 hectares of land situated in Maco, Compostela Valley. On June 25, 2007, the MGB approved the Parent Company's second application for a MPSA covering an additional 1,558.50 hectares of land near the area covered by the first mineral permit.

As at December 31, 2015, the Parent Company holds MPSA Nos. 225-2005-XI and 234-2007-XI, which have terms of 25 years from the effective date. The said MPSAs are valid and subsisting.

Apex 3000
In February 2012, the Parent Company announced the approval of management's plan to significantly expand the production capacity of the Maco Mines and, at the same time, convert the current processing facility to a new expanded facility that will result to a threefold increase in milling capacity by 2013. Dubbed as Apex 3000, the project will expand the Parent Company's current processing capacity of 850 tonnes per day (TPD) to 3,000 TPD.

In a special meeting held on December 16, 2013, the Parent Company's BOD decided to temporarily shelve the Apex 3000 expansion program. The new program of expansion approved by the BOD is to instead increase the capacity of the Maco Mines from 850 TPD to 1,500 TPD. The BOD considered such expansion as the more realistic target at such time considering the ore disposition at the underground mines in Maco, Compostela Valley.

Paracale Gold Project
A deed of sale was executed by MORE and Paracale Gold Limited (PGL), a British Virgin Islands (BVI) company, on June 25, 2014, whereby MORE purchased 100% of the outstanding capital stock of PGL, an entity incorporated in the Isle of Man and a wholly owned subsidiary of PGL-BVI, for and in consideration of 226.00 million shares owned by MORE in the Parent Company under the terms and conditions specified on the agreement dated March 14, 2014.

The agreement provides that the transfer of shares shall be completed through the facilities of the PSE in a special block sale. Transfer price to PGL-BVI was set at ₱2.00 per share. As a security for payment to PGL-BVI, the contracting parties entered into a pledge agreement on June 25, 2014, whereby MORE shall deliver 226.00 million Parent Company's shares to PGL-BVI by way of pledge within five days.

PGL wholly owns Coral Resources Philippines, Inc. (CRPI) and has a 40% interest in Bulawan Mineral Resources Corporation (BMRC). PGL has advances to and an option to buy over the other 60% shareholdings in Bulawan. These include qualifying shares, which are recorded in the names of the nominee directors.

CRPI owns a fully operational mine processing plant located in Paracale, Jose Panganiban, Camarines Norte, Philippines. CRPI and BMRC have direct rights or legal agreements over nine applications for production sharing agreements (APSA), 13 exploration permits pending renewal and exploration permit applications, and two mining lease contracts.

As at December 31, 2015, PGL currently holds twenty five (25) tenements in various stages of application. It is currently working on the processing and approval of pending applications, plus alternative options such as Special Mines Permits and ores from legal small scale mining operations.

Mongolia Project
The gold project is registered under the joint venture company Erdeneminas LLC, which is owned 51 % by Minas de Oro Mongol LLC (Minas), a subsidiary of MORE, and 49% by Erdenejas LLC, a Mongolian exploration company.

As at December 31, 2015, the project is currently under continued care and maintenance until such a time when the economic situation in Mongolia improves, that it can be presented to potential buyers.

Sierra Leone Project
The project is located in the Republic of Sierra Leone, in West Africa. MORE, through its subsidiary Monte Oro Mining Co., Ltd. (MOMCL), has been conducting mining and exploration activities since 2010.

As at December 31, 2015, the project's operations are still suspended due to the Ebola virus crisis. MOMCL plans to continue representation in Sierra Leone. Care and maintenance of the MOMCL's assets is being continued.

b. Oil and Gas

Service Contract (SC) 72
The Company has a 30% participating interest in SC 72, a service contract for gas in the offshore area called Sampaguita Fields of Palawan in the West Philippine Sea. Forum (GSEC 101) Ltd.-Philippine Branch owns the remaining 70% participating interest and is the operator of the SC. MORE also has oil exploration projects in Catanduanes and in Cagayan Valley under SC 48.

In February 2015, Forum Energy Plc (FEP) received a letter from the Department of Energy (DOE) confirming the suspension of offshore exploration activities in disputed areas of the West Philippine Sea while the arbitration case between the Philippines and China remains pending. The suspension became effective from December 15, 2014 until the date when the DOE notifies Forum to resume operations.

On October 5, 2015, the transfer of 30% participating interest in SC72 from GSEC 101 Ltd.-Philippine branch to MORE was approved and confirmed by the DOE (see Note 30).

Upon lifting of the Force Majeure, FEP will have 20 months (equivalent to the remaining Sub-Phase 2 period from the effective date of the Force Majeure) to complete the Sub-Phase 2 work commitment comprising the drilling of two wells. The terms of the succeeding sub-phase will remain the same but will be adjusted accordingly.

During the year, the United Nations Arbitral Tribunal (Tribunal) unanimously decided that it has jurisdiction over the maritime dispute between China and the Philippines over the West Philippine Sea, and it was the proper body to decide on the case filed by the Philippines in January 2013. It also ruled that China's decision not to participate in these proceedings does not deprive the Tribunal of jurisdiction and that the Philippines' decision to commence arbitration unilaterally was not an abuse of the UNCLOS dispute settlement procedures. Further hearings were held during the 4th Quarter of 2015 and a definitive ruling is expected to be issued by the Tribunal in 2016. The DOE has already approved the Work Program and Budget for 2016 submitted by FEP consisting of License Administration and the conduct of a geotechnical survey contingent on the lifting of the Force Majeure over SC 72.

c. Solid Waste Management

On September 27, 1996, International Cleanvironment Systems, Inc. (ICSI) was registered with the Philippine SEC to manage, rehabilitate and introduce ecologically friendly technologies for waste disposal, recycling and energy generation. ICSI entered into a Build-Operate-Transfer Agreement with the Philippine government through the DOE for 25 years starting in 1997 with the option to renew for another 25 years. As at December 31, 2015, ICSI has not started operations.

<u>Authorization to issue the Consolidated Financial Statements</u>
The accompanying consolidated financial statements of the Group as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, were authorized for issuance by the Parent Company's BOD on April 14, 2016.

2. Basis of Preparation and Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

The consolidated financial statements have been prepared on a historical cost basis, except for property, plant and equipment, which are carried at revalued amounts, and gold and silver bullions, metal in-circuit and ore stockpile inventories, which are measured at net realizable value (NRV). The consolidated financial statements are presented in Philippine peso, the Parent Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Group as at December 31, 2015 and 2014. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Parent Company's voting rights and potential voting rights

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. 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 Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The Parent Company's principal subsidiaries and their nature of business, country of incorporation and effective percentage of ownership are as follows:

			Effective percentage of ownership	
	Nature of business	Country of incorporation	**2015**	2014
ISRI	Mine exploration and development	Philippines	**98.00**	–
MORE	Mine and oil exploration and development	Philippines	**100.00**	100.00
MORE's Subsidiaries:				
Minas	Mine exploration and development, and gold trading	Mongolia	**100.00**	100.00
PGL	Mine exploration and development	Isle of Man	**100.00**	100.00
CRPI*	Mine exploration and development	Philippines	**100.00**	100.00
BMRC*	Mine exploration and development	Philippines	**100.00**	100.00
MORE Minerals SL (MMSL)	Mine exploration and development, and gold trading	Sierra Leone	**90.00**	90.00
MOMCL	Mine exploration and development, and gold trading	Sierra Leone	**90.00**	90.00
ICSI	Solid waste management	Philippines	**52.00**	52.00

**Indirect ownership through PGL*

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) and improvements to PFRS which were adopted as at January 1, 2015. The adoption of these amendments did not have any significant impact on the consolidated financial statements.

- Amendments to PAS 19, *Defined benefit Plans: Employee Contributions*
- Annual Improvements to PFRSs 2010 - 2012 Cycle
  - PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  - PFRS 3, Business Combinations - *Accounting for Contingent Considerations in a Business Combination*
  - PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  - PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  - PAS 24, *Related Party Disclosures - Key Management Personnel*
- Annual Improvements to PFRSs 2011 - 2013 Cycle
  - PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  - PFRS 13, *Fair Value Measurement - Portfolio Exception*
  - PAS 40, *Investment Property*

Future Changes in Accounting Policies
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are listed below. The Group intends to adopt these standards when they become effective. Adoption of these standards and interpretations are not expected to have any significant impact on the consolidated financial statements of the Group.

No definite adoption date prescribed by the SEC and Financial Reporting Standards Council (FRSC)
- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

Effective January 1, 2016
- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and joint Ventures - Investment entities: Applying the Consolidation Exception (Amendments)*
- PAS 27, *Separate Financial Statement - Equity Method in Separate Financial Statements (Amendments)*
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests (Amendments)*
- PAS 1, *Presentation of Financial Statements - Disclosure Initiative (Amendments)*
- PAS 14, *Regulatory Deferral Accounts*
- PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants*
- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments*
- Annual Improvements to PFRSs (2012 - 2014 cycle)
  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  - PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  - PAS 19, *Employee benefits - Regional market issue regarding discount rate*
  - PAS 34, *Interim Financial Reporting - Disclosure information elsewhere in the interim financial report*

Effective January 1, 2018

- *PFRS 9, Financial Instruments*
  In addition, to International Accounting Standards Board has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Company is currently assessing the impact of these new standards and plants to adopt them on their required effective dates once adopted locally.
- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers* (effective January 1, 2018)
- IFRS 16, *Leases* (effective January 1, 2019)

Summary of Significant Accounting Policies

Presentation of Consolidated Financial Statements
The Group has elected to present all items of recognized income and expenses in two statements: a statement displaying components of profit or loss in the consolidated statement of income and a second statement beginning with profit or loss and displaying components of OCI in the consolidated statement of comprehensive income.

Foreign Currency-Denominated Transactions
Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange at reporting date. Foreign exchange differences between the rate at transaction date and rate at settlement date or reporting date are credited to or charged against current operations.

The financial statements of the foreign subsidiaries are translated at closing exchange rates with respect to the consolidated statement of financial position and the average exchange rates for the year with respect to the consolidated statement of income. Resulting translation differences are included in equity (under currency translation adjustment) and consolidated statement of comprehensive income. Upon disposal of the foreign subsidiaries, accumulated exchange differences are recognized in the consolidated statement of income as a component of the gain or loss on disposal.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition
The Group recognizes a financial instrument in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at fair value through profit or loss (FVPL), the initial measurement of financial instruments includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, loans and receivables or as hedging instrument in an effective hedge as appropriate. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date i.e., the date that an asset is delivered to or by an entity.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Group classifies its financial liabilities into financial liabilities at FVPL, loans and borrowings, payables or as derivative designated as hedging instrument in an effective hedge, as appropriate. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates such designation at each end of the reporting period.

The Group's financial assets are in the nature of loans and receivables, and AFS financial assets while its financial liabilities are in the nature of payables, and loans and borrowings. As at December 31, 2015 and 2014, the Group has no financial assets classified as at FVPL, HTM financial assets and derivatives designated as hedging instruments in an effective hedge. Further the Group has no financial liabilities classified as at FVPL and derivatives designated as at hedging instrument in an effective hedge as at December 31, 2015 and 2014.

Subsequent Measurement
The subsequent measurement of financial instruments depends on their classification as follows:

Loans and Receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as "financial assets held for trading" or designated as "AFS financial asset " or "financial assets at FVPL."

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization and losses arising from impairment are recognized in other income (charges) in the consolidated statement of income.

Loans and receivables are included in current assets if maturity is within 12 months from the end of the reporting period. Otherwise, these are classified as noncurrent assets.

The Group's cash, trade and other receivables (excluding advances to contractors and suppliers), advances to related parties, deposits under "Prepayments and other current assets" and mine rehabilitation fund under "Other noncurrent assets" are classified as loans and receivables (see Notes 5, 6, 8, 13 and 15).

AFS Financial Assets
AFS financial assets are non-derivative financial assets that are designated in this category or not classified in any of the other categories of financial assets. After initial measurement, AFS investments for which no reliable basis of fair value measurement is available, these are carried at cost less any impairment in value.

The Group evaluated its AFS investments whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the HTM category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

Payables
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable, accrued liabilities). Payables are included in current liabilities if maturity is within 12 months from the end of the financial reporting period or within the Group's normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent liabilities.

Payables are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This accounting policy relates to the Group's trade and accrued expenses under "Trade and other payables" (see Note 14).

Loans and Borrowings
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. Loans and borrowings are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement. The EIR amortization is included under finance costs in the consolidated statement of income. Gains and losses are recognized in other income (charges) in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Loans and borrowings are classified as current when these are expected to be settled within 12 months after the end of the reporting period if the Group does not have an unconditional right to defer settlement for at least 12 months from the end of the reporting period. Otherwise, these are classified as noncurrent liabilities.

The Group's loans and borrowings pertain to loans payable and advances from related parties (see Notes 15 and 18).

<u>Derecognition of Financial Assets and Liabilities</u>
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 rights to receive cash flows from the asset have 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 rights to receive cash 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.

Where the Group has transferred its rights 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 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 repay. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, 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 amounts of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in the consolidated statement of income.

Impairment of Financial Assets Carried at Amortized Cost
An assessment is made at each reporting period to determine whether there is objective evidence that a specific financial asset may be impaired.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Evidence of impairment may include indications that the borrower is experiencing significant difficulty, default or delinquency in payments, the probability that they will enter bankruptcy, or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as customer type, past due status and term.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

With respect to receivables, the Group maintains a provision for impairment losses of receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this provision is evaluated by management on the basis of factors that affect the collectibility of the accounts. A review of the age and status of receivables, designed to identify accounts to be provided with allowance, is performed regularly. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery. If a future write off is later recovered, the recovery is recognized in the consolidated statement of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Fair Value Measurement

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Notes 9 and 29.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

Business Combinations using the Acquisition Method
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 interests (NCI) in the acquiree. For each business combination, the Group elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the assets acquired 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. As part of a business combination, the Group assesses whether there are any operating lease contracts of the acquiree that may be onerous that is, where the lease premiums being paid on that contract exceed the current market rate for such lease arrangements. Those mineral reserves, resources and exploration potential that can be reliably measured are recognized separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognized separately, but instead are subsumed in goodwill.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition-date fair value, and any resulting gain or loss is recognized in the consolidated statement of income. It is then considered in the determination of goodwill or gain from acquisition.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 *Financial Instruments: Recognition and Measurement* is measured at fair value, with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured, and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

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 CGUs 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 CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation of and the portion of the CGU retained.

Inventories

Inventories, which consist of gold and silver bullions, metal in-circuit, ore stockpile, and materials and supplies used in the Group's operations, are physically measured or estimated and valued at the lower of cost and NRV. NRV is the estimated future sales price of the product that the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Mine products inventory

Mine products inventory, which pertains to bullions and ore stockpile, containing gold and silver, are stated at NRV.

NRV for mine products inventory is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Materials and supplies

Materials and supplies are valued at lower of cost and NRV. It comprises all costs of purchase and other costs incurred in bringing the materials and supplies to their present location and condition. The purchase cost is determined on a moving average basis.

A regular review is undertaken to determine the extent of any provision for losses and obsolescence.

Prepayments and Other Current Assets

Prepayments

Prepayments are expenses paid in advance and recorded as asset, before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expenses either with the passage of time or through use or consumption.

Input Taxes

Input taxes, which represent value-added tax (VAT) arising from purchases of goods and services, are carried at cost and included as part of "Prepayment and other current assets" in the consolidated statement of financial position. Input VAT on capitalized assets subject to amortization is presented as "Deferred Input VAT" in the consolidated statement of financial position. This may either be applied against future output tax liabilities or claimed for tax credit or refund. The consolidated conducts regular assessment on the recoverability of the account balance depending on how this is to be utilized. The amount of the loss is measured as the difference between the recoverable amount and the carrying amount of the asset. Impairment loss is recognized in profit or loss as the difference between the asset's carrying amount and estimated recoverable value, and the carrying amount of the asset is reduced through the use of an allowance account.

Creditable Withholding Taxes (CWTs) and Tax Credit Certificates (TCCs)
CWTs are withheld from income subject to expanded withholding taxes, while TCCs are input VAT applied for by the Group and approved as tax credits by the Bureau of Internal Revenue (BIR). CWTs and TCCs can be utilized as payment for income taxes provided that these are properly supported by certificates of CWT withheld at source and TCCs subject to the rules of Philippine income taxation. CWTs and TCCs are expected to be utilized as payment for income taxes within 12 months and are classified as current assets.

<u>Property, Plant and Equipment</u>
Following initial recognition at cost, property, plant and equipment is carried at revalued amounts, which represent fair value at date of revaluation less any subsequent accumulated depreciation, depletion and impairment losses.

The initial cost of property, plant and equipment comprises the purchase price or construction cost, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing parts of such property, plant and equipment, if the recognition criteria are met. All other repairs and maintenance are charged to current operations during the financial period in which these are incurred.

Valuations are performed frequently enough to ensure that the fair value of a revalued property, plant and equipment does not significantly differ from its carrying amount. Any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The increase of the carrying amount of an asset as a result of a revaluation is credited directly to OCI, unless it reverses a revaluation decrease previously recognized as an expense, in which case it is credited in profit or loss. A revaluation decrease is charged directly against any related revaluation surplus, with any excess being recognized as an expense in profit or loss.

Deferred income tax is provided on the temporary difference between the carrying amount of the revalued property, plant and equipment and its tax base. Any taxable temporary differences reflects the tax consequences that would follow from the recovery of the carrying amount of the asset through sale (non-depreciable assets) and through use (depreciable assets), using the applicable tax rate.

Each year, the Group transfers, from the revaluation surplus reserve to retained earnings, the amount corresponding to the difference, net of tax, between the depreciation charges calculated based on the revalued amounts and the depreciation charge based on the assets' historical costs.

Construction in progress is stated at cost, which includes cost of construction and other direct costs less any impairment in value. Construction in progress is not depreciated nor depleted until such time as the relevant assets are completed and put into operational use.

Gain and loss on disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss. On disposal of the revalued asset, the relevant revaluation surplus included in the reserve account, is transferred directly to retained earnings.

The Group's future retained earnings is restricted to the extent of the revaluation surplus recognized in equity.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Type of Asset	Estimated useful life in years
Buildings and improvements	5 to 33
Mining and milling equipment	5 to 20
Power equipment	10 to 13
Roads and bridges, and land improvements	2 to 19
Exploration equipment and others	3 to 15

The assets' residual values, estimated recoverable reserves and useful lives are reviewed and adjusted, if appropriate, at each reporting end of the reporting period.

Property, plant and equipment are depreciated or depleted from the moment the assets are available for use and after the risks and rewards are transferred to the Group. Depreciation and depletion ceases when the assets are fully depreciated or depleted, or at the earlier of the period that the item is classified as held for sale (or included in the disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the period the item is derecognized.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Development Cost and Mine and Mining Properties
When it has been established that a mineral deposit is commercially mineable, development sanctioned, and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), amounts previously carried under deferred exploration costs are tested for impairment and transferred to mine development costs.

Subsequent expenditures incurred to develop a mine on the property prior to the start of mining operations are stated at cost and are capitalized to the extent that these are directly attributable to an area of interest or those that can be reasonably allocated to an area of interest, which may include costs directly related to bringing assets to the location and condition for intended use and costs incurred, net of any revenue generated during the commissioning period, less any impairment in value. These costs are capitalized until assets are already available for use or when the Group has already achieved commercial levels of production at which time, these costs are moved to mine and mining properties.

Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will be continued.

No depreciation or depletion is charged during the mine exploration or development phases.

Upon start of commercial operations, mine development costs are transferred as part of mine and mining properties. These costs are subject to depletion, which is computed using the units-of-production method based on proven and probable reserves. Mine and mining properties include the initial estimate of provision for mine rehabilitation and decommissioning.

Development costs, including construction in progress incurred from an already operating mine area, are stated at cost and included as part of mine and mining properties. These pertain to expenditures incurred in sourcing new resources and converting them to reserves, which are not depleted or amortized until such time as these are completed and become available for use.

The carrying value of mine and mining properties transferred from mine development costs represents total expenditures incurred to date on the area of interest, net of gross margin from saleable material recognized during the pre-commercial production period, if any.

Deduction is only appropriate if it can clearly be shown that the production of the saleable material is directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Deferred Exploration Costs
Expenditures for mine and oil exploration work prior to drilling are charged to the consolidated statement of income. Deferred exploration costs represent capitalized expenditures related to the acquisition and exploration of mining properties, including acquisition of property rights, which are stated at cost and are accumulated in respect of each identifiable area of interest, less any impairment in value.

The Group classifies deferred exploration costs as tangible or intangible according to the nature of the asset acquired or cost incurred and applies the classification consistently. Certain deferred exploration costs are treated as intangible (e.g., license and legal fees), whereas others are tangible (e.g., submersible pumps). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset. However, using a tangible asset to develop an intangible asset does not change a tangible asset into an intangible asset.

Capitalized amounts may be written down if future cash flows, including potential sales proceeds related to the property, are projected to be less than the carrying value of the property. If no mineable ore body is discovered, capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value.

Intangible Assets
Intangible assets, which consist of acquired computer software licenses and other licenses, are capitalized on the basis of the costs incurred to acquire and bring to use the said software. These costs are amortized on a straight-line basis over their estimated useful lives of three years.

Intangible assets of the Group also include franchise cost for the implementation of the solid waste management project and a computer software.

Other Noncurrent Assets
Other noncurrent assets include noncurrent portion of deferred input VAT, deposits, mine rehabilitation funds, national transmission lines, and advances for royalties of the Group. These are carried at historical cost and classified as noncurrent since the Group expects to utilize the assets beyond 12 months from the end of the reporting period.

Impairment of Nonfinancial Assets

Advances to Suppliers and Contractors, and Prepayments and Other Current Assets

At each end of the reporting period, these assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If there is an indication of possible impairment, the recoverable amount of assets are estimated and compared with their carrying amounts. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the consolidated statement of income.

Property, Plant and Equipment, Intangible Assets, and Other Nonfinancial Noncurrent Assets

The Group assesses at each reporting date whether there is an indication that property, plant and equipment, intangible assets, and other nonfinancial noncurrent assets may be impaired when events or changes in circumstances indicate that the carrying values of the said assets may not be recoverable. If any such indication exists and if the carrying value exceeds the estimated recoverable amount, the assets or CGUs are written down to their recoverable amounts. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell 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. 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. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each end of the reporting period 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation 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.

The Group also provides allowance for impairment losses on mine and mining properties when these can no longer be realized. A valuation allowance is provided for unrecoverable costs of mine and mining properties based on the Group's assessment of the future prospects of a project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful mine operations of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or is abandoned, all revocable costs associated with the project and the related impairment provisions are written off.

Deferred Exploration Costs

An impairment review is performed when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined. Deferred exploration costs are carried forward provided that at least one of the following indicators is met:

- such costs are expected to be recouped in full through successful exploration of the area of interest or alternatively, by its sale; or

- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations, in relation to the area, are continuing, or planned for the future.

Provisions

General

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 reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the consolidated statement of income. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented on the consolidated statement of income, net of any reimbursement.

Provision for Mine Rehabilitation and Decommissioning

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income as finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and provision for mine rehabilitation and decommissioning when these occur.

Retirement Benefit Costs

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost
- net interest on the net defined benefit liability or asset
- remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which these arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Remeasurements recognized in OCI after the initial adoption of Revised PAS 19 are not closed to any other equity account.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can these be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditures required to settle a defined benefit obligation is recognized as a separate asset at fair value when, and only when, reimbursement is virtually certain.

<u>Equity</u>
Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Subscriptions receivable pertains to the amount owed from investors. Subscriptions receivable is classified as an asset when payment of the full amount is expected to be made in the near term, normally within 12 months or the normal operating cycle, whichever is longer. Otherwise, the amount is presented as a deduction from capital stock.

Retained earnings represent the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity. Dividends are recognized as a liability and deducted from equity when these are approved by the BOD. Dividends for the period that are approved after the end of the reporting period are dealt with as an event after the reporting period.

Deposit for Future Stock Subscriptions
This pertains to the amount of cash received as payment for future issuance of stocks. This is classified as an equity instrument when the Group will deliver a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset. Otherwise, it is classified under liabilities.

In instances where the Group does not have sufficient unissued authorized capital stock, the following elements should be present as at the balance sheet date in order for the deposits for future subscriptions to qualify as equity:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- there is stockholders' approval of said proposed increase; and
- the application for the approval of the proposed increase has been filed with the Philippine SEC.

Treasury Shares
Where the Parent Company purchases its own shares (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Earnings (Loss) Per Share
Basic
Basic earnings (loss) per share is calculated by dividing the consolidated net income (loss) attributable to ordinary stockholders of the Parent Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Parent Company and held as treasury shares.

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

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Revenue from Mine Products
Revenue from mine products is recognized at completion of production. It is measured based on the metal shipment's value price, which is based on quoted metal prices in the London Bullion Market Association, and weight and assay content as adjusted at a later period, net of marketing charges, to reflect the NRV of mine products inventory at the end of the reporting period. Contract terms for the Parent Company's sale of metals (i.e., gold and silver) in bullion provide for price adjustment based on the final assay to determine the metal content.

The terms of the sales contract contain provisional arrangements whereby the selling price for the metals can be based on prevailing spot prices after shipment to the refiner. Smelting, freight and interest are deducted from the proceeds received by the Parent Company.

Interest Income
Income is recognized as the interest accrues using the EIR method.

Costs and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the consolidated statement of income in the period these are incurred.

Cost of Production
Cost of production is recognized when incurred in the normal course of business. It is comprised mainly of mining and milling costs, contracted services, depreciation, depletion and amortization, personnel costs, power and utilities, rentals, marketing and others, which are provided in the period when the goods are delivered.

Excise Taxes
Excise taxes pertain to the taxes due from the Group for its legal obligation arising from its mine products. Excise taxes are expensed as incurred.

General and Administrative Expenses
General and administrative expenses pertain to costs associated in the general administration of day-to-day operations of the Group. These are generally recognized when incurred.

Other Income (Charges)
Other income and charges of the Group include incidental income earned and expenses incurred arising from activities of the Group, which are not directly related to the ordinary course of business. Other income and charges are recognized when earned and incurred, respectively.

Borrowing Costs
Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Capitalization of borrowing costs commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recorded.

When funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. When surplus funds are temporarily invested, the income generated from such temporary investment is deducted from the total capitalized borrowing costs.

When the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognized in the consolidated statement of income in the period in which these are incurred.

Leases

Determination of Whether an Arrangement Contains a Lease

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. a 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 fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

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

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of income on a straight-line basis over the lease terms.

Income Taxes

Current Income Tax

Current tax liabilities for the current and prior year periods are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the financial reporting date.

Deferred Income Tax

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

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

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

Deferred income tax assets are measured at the tax rate that is expected to apply to the period when the asset is realized based on tax rate and tax laws that has been enacted or substantively enacted as at the reporting date.

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

Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Operating Segments
The Group's operating businesses are recognized and managed according to the nature of the products or services offered, with each segment representing a strategic business unit that serves different markets.

Segment assets include operating assets used by a segment and consist principally of operating cash, trade and other receivables, deferred exploration cost, and property, plant and equipment, net of allowances and provisions.

Segment liabilities include all operating liabilities and consist principally of trade and other payables and accrued expenses.

Segment revenue, expenses and profit include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in the consolidation.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President and Chief Executive Officer (CEO) of the Parent Company who makes strategic decisions.

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

Events after the Reporting Period
Post year-end events that provide additional information about the Group's position at the 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.

3. **Summary of Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

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

Determination of the Parent Company's Functional Currency
The Parent Company and most of its local subsidiaries based on the relevant economic substance of the underlying circumstances, have determined their functional currency to be the Philippine peso as it is the currency of the primary economic environment in which the Parent Company and most of its local subsidiaries primarily operates.

Determination of Control
The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company controls an entity if and only if the Parent Company has all of the following:

a. Power over the entity;
b. Exposure, or rights, to variable returns from its involvement with the entity; and
c. The ability to use its power over the entity to affect the amount of the Parent Company's returns.

Assessment Whether an Agreement is a Finance or Operating Lease
Management assesses at the inception of the lease whether an arrangement is a finance or operating lease based on who bears substantially all the risk and benefits incidental to the ownership of the leased item. Based on management's assessment, the risk and rewards of owning the items leased by the Group are retained by the lessor and therefore accounts for such lease as operating lease.

Operating Lease - Group as a Lessee
The Group has entered into several contracts of lease and has determined that the lessors retain all the significant risks and rewards of ownership of these properties. The leases were therefore, accounted for as operating leases. In determining significant risks and rewards of ownership, the Group considered, among others, the significance of the lease term as compared with the estimated lives of the related assets.

Operating leases of the Group are related to leases of mining and milling equipment, transportation vehicles and others that are normally accounted for on either on a per usage or per lease term basis.

Assessment on Provisions and Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with in-house and outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently assessed that these proceedings will not have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 30).

Assessment of the Recoverability of Capitalized Deferred Exploration and Mine Development Costs
The application of the Group's accounting policy for exploration and mine development costs requires judgment in determining whether future economic benefits are likely, either from future exploitation or sale, or where activities have reached a stage, that permits a reasonable assessment of the existence of mineral resource and/or reserves. The determination of a resource is itself an estimation process that has varying degrees of uncertainty depending on a number of factors, which estimate directly impacts the determination of whether mineral reserves could eventually be developed to justify deferral of exploration and mine development expenditures. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether economically viable extraction operations can be established. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available. Deferred exploration costs amounted to ₱2.26 billion and ₱1.62 billion as at December 31, 2015 and 2014, respectively. Capitalized mine development costs classified under property, plant and equipment amounted to ₱1.65 billion and ₱1.19 billion as at December 31, 2015 and 2014, respectively (see Notes 10 and 11).

Assessment of the Production Start Date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to the following:

- the level of capital expenditure compared to construction cost estimates
- completion of a reasonable period of testing of the property, plant and equipment
- ability to produce ore in saleable form and
- ability to sustain ongoing production of ore

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation and depletion commences.

Classification of Financial Instruments
The Group exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below.

Estimation of Allowance for Doubtful Accounts on Trade and Other Receivables, and Advances to Related Parties
If the Group assessed that there is objective evidence that an impairment loss has been incurred on its trade and other receivables, and advances to related parties, the Group estimates the related allowance for doubtful accounts that are specifically identified as doubtful of collection. The level of allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. In these cases, the Group uses judgment based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's credit status based on third-party credit reports and known market factors, to record specific reserves for customers against amounts due in order to reduce trade and other receivables, and advances to related parties to amounts that the Group expects to collect. These specific reserves are re-evaluated and adjusted as additional information received affect the amounts estimated.

The allowance for doubtful accounts as at December 31, 2015 and 2014, represents the amounts estimated to be uncollectible amounting to ₱1.77 million and ₱2.33 million, respectively (see Note 6). No provision for impairment losses were made in 2015, 2014 and 2013 on advances to related parties as management believes that these will be recovered within the terms established with the debtors.

As at December 31, 2015 and 2014, the carrying values of trade and other receivables, and advances to related parties amounted to ₱433.55 million and ₱348.24 million, respectively, and ₱2.31 million and ₱22.30 million, respectively (see Notes 6 and 15).

Estimation of Allowance for Inventory Losses and Obsolescence
The Group maintains an allowance for inventory losses and obsolescence at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Increase in the NRV of inventories will increase cost of inventories but only to the extent of their original acquisition costs.

The Group recorded reversal of provision for inventory losses and obsolescence amounting to ₱12.96 million and nil and provided an additional provision amounting to nil and ₱65.38 million in 2015 and 2014, respectively (see Notes 7 and 23). As at December 31, 2015 and 2014, the carrying amounts of inventories amounted to ₱734.29 million and ₱549.86 million, respectively, net of allowance for inventory losses and obsolescence of ₱67.59 million and ₱80.55 million as at those dates (see Note 7).

Assessment of the Realizability of Nonfinancial Prepayments and Other Current Assets
A review to determine the realizability of the asset is made by the Group on a continuing basis yearly. The assessment as to the realizability of the nonfinancial other current assets is based on how the Group can utilize these assets.

No impairment loss and allowance for impairment loss has been recognized as at December 31, 2015 and 2014 as the management believes it will realize its value through continuing use. The aggregate carrying value of nonfinancial prepayments and other current assets amounted to ₱247.51 million and ₱161.95 million as at December 31, 2015 and 2014, respectively, and are included under "Prepayments and other current assets" caption in the consolidated statements of financial position (see Note 8).

No impairment loss and allowance for impairment loss has been recognized at December 31, 2015. The aggregate carrying value of nonfinancial prepayments and other current assets pertaining to input taxes, creditable withholding taxes and consumable deposits amounted to million and million, as at December 31, 2015 and 2014, respectively, and are included under "Prepayments and other current assets" caption in the consolidated statements of financial position (see Note 8).

Estimation of Fair Value of Identifiable Net Assets of an Acquiree in a Business Combination
The Group applies the acquisition method of accounting whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition. The determination of fair values requires estimates of economic conditions and factors such as metal prices, mineral reserve, freight exchange rates and others. Transactions qualified as business combinations are discussed in Note 4.

Estimation of Fair Value, Useful Lives and Residual Values of Property, Plant and Equipment
The Group estimates the fair value, useful lives and residual values of property, plant and equipment based on the results of assessment of independent appraisers. Fair value and estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

Management does not expect carrying amounts of property, plant and equipment as at December 31, 2015 and 2014 to materially vary in the succeeding year as the most recent revaluation adjustment was only recognized during the year based on appraisal report dated April 17, 2015 covering certain items of the Company's property, plant and equipment.

There were changes in the estimated fair values, useful lives and residual values of property, plant and equipment in 2015. Remaining property, plant and equipment as at December 31, 2015 and 2014 are expected to be realized through continued use under the current mining plan with none identified subject for sale or disposal.

Property, plant and equipment at fair value as at December 31, 2015 and 2014 amounted to ₱6.01 billion and ₱3.91 billion, respectively, while property, plant and equipment at cost as at December 31, 2015 and 2014 amounted to ₱5.60 billion and ₱3.74 billion, respectively (see Note 10). The estimated useful lives are disclosed in Note 2 to the consolidated financial statements.

Estimation of Depletion Rate
Depletion rates used to amortize mine and mining properties are annually assessed based on a latest estimate of recoverable mineral reserves. The Group estimates its mineral reserves in accordance with local regulatory guidelines provided under the Philippine Mineral Reporting Code, duly reviewed and certified by a Competent Person.

Depletion rates used to amortize mine and mining properties in 2015, 2014 and 2013 were 22%, 24%, and 17%, respectively. Depletion costs amounted to ₱118.96 million, ₱134.39 million and ₱226.76 million in 2015, 2014 and 2013, respectively. Mine and mining properties, net of accumulated depletion, amounted to ₱2.49 billion and ₱1.74 million as at December 31, 2015 and 2014, respectively (see Note 10).

Estimation of Provision for Mine Rehabilitation and Decommissioning
The Group assesses its provision for mine rehabilitation and decommissioning annually. Significant estimates and assumptions are made in determining the provision as there are numerous factors that will affect it. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates, which uncertainties may result in future actual expenditure differing from the amounts currently provided. Changes to estimated future costs are recognized in the consolidated statement of financial position by adjusting the rehabilitation asset against the corresponding liability. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation and other costs required.

Accretion expense amounted to ₱0.61 million, ₱0.29 million and ₱0.89 million in 2015, 2014 and 2013, respectively (see Note 23). As at December 31, 2015 and 2014, the provision for mine rehabilitation and decommissioning amounted to ₱44.03 million and ₱44.77 million, respectively (see Note 17).

Estimation of Recoverable Mineral Reserves
Recoverable mineral reserves are determined using various factors that affect the viability of mining operations such as the mineral resource, the market price of metals and other operating and economic parameters. The computed recoverable reserve is used in the calculation of depletion rate and, when needed, in the testing of the overall recoverability of the mining assets.

Estimation of Retirement Benefits
The costs of defined benefit retirement as well as the present value of the provision for retirement benefits are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, retirement benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at each end of the reporting period.

Retirement benefits costs amounted to ₱38.16 million, ₱23.12 million and ₱16.31 million in 2015, 2014 and 2013, respectively. Provision for retirement benefits amounted to ₱147.65 million and ₱202.68 million as at December 31, 2015 and 2014, respectively (see Note 16).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit retirement liability.

Further details about the assumptions used are provided in Note 16.

Estimation of Impairment of AFS Financial Assets Carried at Cost
If there is objective evidence that an impairment loss on an unquoted equity instrument, that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return of a similar financial asset. No impairment loss was recognized in 2015, 2014 and 2013 as the Group has not identified objective evidence of impairment during these periods. As at December 31, 2015 and 2014, the carrying value of AFS financial assets amounted to ₱344.64 million (see Note 9).

Estimation of Impairment of Nonfinancial Assets, including Property, Plant and Equipment, Deferred Exploration Costs, Intangible Assets, and Other Noncurrent Assets
The Group evaluates whether property, plant and equipment, deferred exploration costs, intangible assets, and nonfinancial other noncurrent assets have suffered any impairment either annually or when circumstances indicate that related carrying amounts are no longer recoverable. The recoverable amounts of these assets have been determined based on either value-in-use or fair value, if said information is readily available.

Estimation of value-in-use requires the use of estimates on cost projections, gold and silver prices, foreign exchange rates and mineral reserves, which are determined based on an approved mine plan, fluctuations in the market and assessment of either internal or third-party geologists, who abide by certain methodologies that are generally accepted within the industry. Fair value is based on the results of assessment done by independent appraisers engaged by the Group. The approach utilizes prices recently paid for similar assets with adjustments made to the indicated market price to reflect condition and utility of the appraised assets relative to the market comparable.

Aggregate net book values of property, plant and equipment, deferred exploration costs, intangible assets and nonfinancial other noncurrent assets amounted to ₱8.77 billion and ₱5.92 billion as at December 31, 2015, and 2014 respectively (see Notes 10, 11, 12 and 13).

These are subjected to impairment testing when impairment indicators are present. There was no write-off of deferred exploration costs by the Group in 2015, 2014 and 2013 as management has assessed that there were no impairment indicators present during those periods (see Note 11). Write-off of property, plant and equipment, intangible assets, and other noncurrent assets were recognized in 2015, 2014, and 2013 amounting to ₱6.00 million, ₱136.01 million and ₱37.82 million, respectively (see Note 23).

Assessment of Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income taxes assets at each end of the reporting period and reduces deferred income tax assets 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 income tax assets to be utilized. Accordingly, the Group did not recognize deferred tax assets in respect of deductible temporary differences and unused tax losses. As at December 31, 2015 and 2014, unrecognized deferred income tax assets amounted to ₱1.55 billion and ₱1.84 billion, respectively (see Note 27).

Estimation of Legal Contingencies
The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsel believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these cases, if any, will not have material impact on the consolidated financial statements. No provision for probable losses arising from these cases was recognized in the consolidated financial statements as at December 31, 2015 and 2014 (see Note 30).

4. Business Combination

Acquisition of ISRI
On May 27, 2015, the BOD approved the Parent Company's acquisition of ISRI, and the deeds of sale covering the acquisition of ISRI shares were signed and executed on June 24, 2015. This resulted to the Parent Company owning 98% of ISRI's equity (see Note 1).

ISRI, an entity incorporated in the Philippines, is a holder of four (4) Patented Mineral Claims, MPSA No. 152-2000-CAR, pending application for the 3rd renewal of its Exploration Permit, APSA No. 0103-CAR, APSA No. 0067-CAR, EXPA No. 031, EXPA No. 030, and EXPA-000048-V. Also, ISRI owns mill and production facilities in Sangilo, Itogon, Benguet.

The acquisition of ISRI is in line with the Parent Company's plan to actively pursue and develop prospects to help sustain long-term profitability and viability of its operations.

Assets acquired and liabilities assumed
The identifiable assets and liabilities of ISRI as at acquisition date, June 24, 2015, are as follows:

	Provisional Fair Value Recognized on Acquisition	Previous Carrying Value in the Subsidiary	Fair Value Increment
Assets			
Cash	₱241,306,860	₱241,306,860	₱–
Trade and other receivables	174,954	174,954	–
Inventories	6,472,882	6,472,882	–
Other current assets	423,411	423,411	–
Property, plant and equipment (Note10)	49,602,194	49,602,194	–
Deferred exploration costs (Note 11)	550,544,189	222,578,326	327,965,863
Other noncurrent assets	16,312,783	16,312,783	–
	864,837,273	536,871,410	327,965,863
Liabilities			
Trade and other payables	₱147,627,472	₱147,627,472	₱–
Loan payable	147,500,000	147,500,000	–
Deferred tax liability	98,389,759	–	98,389,759
	393,517,231	295,127,472	98,389,759
Total identifiable net assets of ISRI	₱471,320,042	₱241,743,938	₱229,576,104
Purchase consideration transferred (Note 1)	(422,491,375)		
Provisional gain from acquisition (Note 23)	₱48,828,667		

	Amount
Consideration transferred for acquisition	₱272,461,375
Cash of acquired subsidiary	(241,306,860)
Cash outflow on acquisition - ISRI	**₱31,154,515**

The fair value of the ₱550.54 million deferred exploration costs pertaining to the Itogon and Suyoc mines recognized as at December 31, 2015 includes that for Suyoc mine based on its book value as provisional assessment while the Group awaits for the results of final valuation for the asset. The valuation of the Itogon mine is based on its provisional discounted cash flow which involves significant judgments on variables that were reasonably assumed at reporting date. As a result of this initial assessment, an increase in carrying amount of exploration assets by ₱327.97 million has been recognized.

In business combinations, the identifiable assets acquired and liabilities assumed are recognized at their fair values at the acquisition date. Deferred income tax liabilities are provided on temporary differences that arise when the tax bases of the identifiable assets acquired and liabilities assumed are not affected by the business combination or are affected differently. As at December 31, 2015, the Group recognized a provisional deferred tax liability of ₱98.39 million due to the increase in the provisional fair value of the exploration assets.

The provisional fair value of the receivables of ISRI amounted to ₱0.17 million. None of the trade and other receivables has been impaired as at June 24, 2015, and it is expected that the full contractual amounts can be collected.

The attributable costs of the issuance of the shares of ₱21.80 million have been charged directly to equity as a reduction in share premium (see Note 19).

The total loss incurred by ISRI amounted to ₱13.64 million from the acquisition date to December 31, 2015. Consolidated net income of the Group had the business combination occurred on January 1, 2015 would be lower by ₱21.69 million.

Acquisition of MORE
On September 11, 2014, the BOD approved the Parent Company's acquisition of MORE, and the deeds of sale covering the acquisition of MORE shares were signed and executed on October 10, 2014. This resulted to Apex owning 100% of MORE's equity (see Note 1).

MORE, an entity incorporated in the Philippines, is primarily engaged in prospecting, exploration, mining, operating, milling, concentrating, converting, smelting, treating, refining, processing, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in all other kinds of ores, metals and minerals.

The primary reason for the business combination is the expansion of the mining business of the Parent Company by taking over the mining business under MORE which includes mining interests in Mongolia, Sierra Leone and Myanmar, as well as in oil exploration by having a 30% participation in SC72. MORE is also the owner of PGL that owns a mineral processing plant and tenements in Camarines, Norte.

The net assets recognized in the December 31, 2014 financial statements were based on a provisional assessment of their fair values. The valuation had not been completed by the date the 2014 financial statements were approved for issue by management. The 2014 comparative information was restated to reflect the adjustment to the provisional amounts.

Assets acquired and liabilities assumed
The identifiable assets and liabilities of MORE as at acquisition date, October 10, 2014, are as follows:

	Fair Value Recognized on Acquisition, as restated	Previous Carrying Value in the Subsidiary	Fair Value Increment
Assets			
Cash	₱207,582,703	₱207,582,703	₱–
Receivables	1,203,631,595	1,203,631,595	–
Other current assets	80,228,438	80,228,438	–
Property, plant and equipment (Note 10)	357,958,261	357,958,261	–
Available-for-sale financial assets	2,757,047,370	1,474,991,390	1,282,055,980
Deferred exploration costs (Note 11)	985,290,642	985,290,642	–
Intangible assets (Note 12)	192,202,964	192,202,964	–
Other noncurrent assets	148,306,304	148,306,304	–
	5,932,248,277	4,650,192,297	1,282,055,980
Liabilities			
Trade and other payables	312,109,653	312,109,653	–
Deferred tax liability	97,238,272	97,238,272	–
Other noncurrent liabilities	554,041	554,041	–
	409,901,966	409,901,966	–
Total identifiable net assets of MORE	₱5,522,346,311	₱4,240,290,331	₱1,282,055,980
Purchase consideration transferred (Note 1)	(5,122,161,096)		
Noncontrolling interest	(196,752,746)		
Gain from acquisition (Note 23)	₱203,432,469		

	Amount
Consideration transferred for acquisition	₱5,122,161,096
Cash of acquired subsidiary	(207,582,703)
Cash outflow on acquisition - MORE	**₱4,914,578,393**

MORE held AFS financial assets pertaining to its ownership of Parent Company's shares. These shares were revalued in 2015. As a result of this valuation, an increase of ₱1.28 billion in 2015 against the goodwill of ₱925.63 million recognized in 2014 was recorded as part of the assets acquired.

The fair value of the receivables of MORE amounted to ₱1.20 billion. None of the trade and other receivables has been impaired as at October 10, 2014, and it is expected that the full contractual amounts can be collected.

The Parent Company also acquired, as part of the business combination, material investments and deferred exploration costs. These investments pertain to MORE's interests in its wholly and partially-owned subsidiaries, which primarily engage in mine and oil and gas exploration activities.

The attributable costs of the issuance of the shares of ₱49.41 million have been charged directly to equity as a reduction in share premium (see Note 19).

The total loss incurred by MORE amounted to ₱49.66 million from the acquisition date to December 31, 2014. Consolidated net loss of the Group had the business combination occurred on January 1, 2014 would be lower by ₱283.61 million.

The business combinations of ISRI and MORE resulted to a gain from acquisition in the amount of ₱48.83 million and ₱203.43 million in 2015 and 2014, respectively on their calculated fair values which were higher than their book values at the time of acquisition The amounts were recognized under "Other Income (Charges)" in the consolidated statements of income in 2015 and 2014, respectively (see Note 23).

As a result of the finalization of the PPA, the following comparative information for 2014 were restated:

	After restatement	Before restatement	Effect of finalization of PPA
Consolidated statement of financial position			
Intangible assets	₱194,094,520	₱1,119,721,214	(₱925,626,694)
Deferred tax liabilities	107,357,851	19,592,272	87,765,579
Treasury shares	(2,412,407,370)	(1,130,351,390)	(1,282,055,980)
Deficit	(2,960,688,438)	(3,229,352,154)	268,663,716
Consolidated statement of income			
Other income (charges)	₱60,115,964	(143,316,505)	203,432,469

5. Cash

	2015	2014
Cash in banks	**₱548,502,653**	₱206,817,310
Cash on hand	**2,478,117**	882,194
	₱550,980,770	₱207,699,504

Interest income, net of final tax, arising from cash in bank amounted to ₱5.85 million, ₱1.55 million and ₱0.16 million in 2015, 2014 and 2013, respectively (see Note 23).

The Group has foreign currency-denominated cash amounting to US$2.63 million and US$0.87 million as at December 31, 2015 and 2014, respectively.

6. **Trade and Other Receivables**

	2015	2014
Trade	**₱7,578,310**	₱–
Nontrade	**70,743,050**	82,067,045
Advances to suppliers and contractors	**209,824,827**	91,678,901
Advances to officers and employees	**5,559,836**	6,083,799
Others	**141,607,634**	170,735,684
	435,313,657	350,565,429
Less allowance for doubtful accounts	**1,765,700**	2,329,870
	₱433,547,957	₱348,235,559

Trade receivables are non-interest bearing and are generally on less than 15 days' terms while nontrade receivables are cash advances that are granted to third parties. These are related to gold delivery agreements entered into by the Group with Heraeus Limited (Heraeus), a refining company based in Hong Kong (see Note 30).

Advances to suppliers and contractors comprise mainly of advance payments made by the Group relating to the services, materials and supplies necessary in the operations. These are non-interest bearing and will be realized through offsetting against future billings from suppliers and contractors.

Advances to officers and employees pertain to cash advances that are subject to liquidation within 10 to 30 days.

Other receivables comprise of advances for social security claims and medical benefits of employees. These said advances will be settled by the employees once their claims or benefits have been received from the related agency.

The Group's receivables consist mainly of individually significant accounts and were therefore subject to the specific impairment approach. Based on management's assessment of the collectibility of the accounts, the Group recognized allowance for impairment losses on the receivables that are considered individually impaired amounting to ₱1.77 million and ₱2.33 million as at December 31, 2015 and 2014, respectively. The Group wrote off allowance for doubtful accounts amounting to ₱0.56 million in 2015.

The Group has foreign currency-denominated trade and other receivables amounting to US$1.57 million and US$1.29 million as at December 31, 2015 and 2014, respectively

7. **Inventories -** NRV

	2015	2014
Gold and silver bullions	**₱149,992,570**	₱113,761,486
Ore stockpile	**189,190,287**	143,970,785
	339,182,857	257,732,271
Materials and supplies	**462,705,569**	372,676,677
Less allowance for inventory losses and obsolescence	**(67,594,945)**	(80,550,746)
	395,110,624	292,125,931
	₱734,293,481	₱549,858,202

Cost of inventories recognized as part of cost of production amounted to ₱672.58 million, ₱634.28 million and ₱796.93 million in 2015, 2014 and 2013, respectively (see Note 21).

Cost of materials and supplies recognized as part of general and administrative expenses in 2015, 2014 and 2013 amounted to ₱4.82 million, ₱2.47 million and ₱0.44 million, respectively (see Note 22).

Movements in allowance for inventory losses and obsolescence are as follows:

	2015	2014
Beginning balances	**₱80,550,746**	₱15,172,592
Reversal (Note 23)	**(12,955,801)**	–
Provision (Note 23)	–	65,378,154
Ending balances	**₱67,594,945**	₱80,550,746

The Group reversed provision for inventory losses and obsolescence amounting to ₱12.96 million in 2015 while recorded an additional provision amounting to ₱65.38 million in 2014 (see Note 23).

The Group has written off materials and supplies amounting to ₱0.06 million, nil and ₱92.42 million in 2015, 2014 and 2013, respectively. However, the Group recovered materials and supplies previously written-off of nil, ₱5.99 million and nil in 2015, 2014 and 2013, respectively (see Note 23).

8. Prepayments and Other Current Assets

	2015	2014
Input VAT	**₱171,021,939**	₱104,843,854
Current portion of deferred input VAT	**37,529,895**	17,716,658
CWTs	**26,733,085**	24,951,583
Prepayments	**10,637,449**	10,200,382
TCCs	**1,588,122**	4,239,715
Others	**19,570,466**	14,910,606
	₱267,080,956	₱176,862,798

Input VAT represents VAT imposed on the Group by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations. The Parent Company applied for the conversion of the unused input VAT into a TCC which the Parent Company used to pay for its excise taxes. TCCs are previously recognized input VAT that were approved by regulatory agencies to be converted to TCCs. These can be utilized through application against national taxes such as income, excise, etc.

The Group has written off input VAT amounting to ₱0.75 million, nil and ₱5.43 million in 2015, 2014 and 2013, respectively (see Note 23).

Deferred input VAT pertains to input VAT on purchases or importation of capital goods exceeding ₱1.00 million in a calendar month. The current portion pertains to input VAT, which are amortized within 12 months from the end of the reporting period.

CWTs pertain to amounts withheld by the customers which can be applied against income tax payable provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. This includes CWT in the books of Teresa Crew Gold (Philippines), Inc. (TCGPI) prior to the Merger in January 2012 from amounts withheld by the Parent Company in leasing out TCGPI's property.

Prepayments include licenses and premiums on insurance policies covering the Group's vehicles and employees.

Others pertain to deposits made by the Group to non-bank entities including service professionals.

9. **AFS Financial Assets**

Unquoted AFS financial assets pertain to MORE's investment in a private foreign entity in which the Group holds a 3.92% ownership interest. The AFS financial assets are carried at cost since the shares do not have a quoted market price in an active market and the fair value cannot be measured reliably. As at December 31, 2015, the Group has no intention to dispose its unquoted shares. The aggregate cost of this investment amounted to ₱344.64 million as at December 31, 2015 and 2014. Dividend income of ₱1.02 million and nil was recognized in 2015 and 2014, respectively (see Note 23).

10. Property, Plant and Equipment

	2015							
	Buildings and improvements	Mining and milling equipment	Power equipment	Roads and bridges, and land improvements	Exploration equipment and others	Mine and mining properties	Construction in-progress	Total
At revalued amounts:								
Balances at beginning of year	**₱166,991,882**	**₱2,739,755,443**	**₱404,201,086**	**₱574,960,242**	**₱628,017,750**	**₱2,780,353,885**	**₱960,106,333**	**₱8,254,386,621**
Additions	**3,872,091**	**607,928,254**	**58,387,340**	–	**13,794,198**	**815,884,075**	**567,981,542**	**2,067,847,500**
Capitalized depreciation (Note 24)	–	–	–	–	–	**57,876,936**	–	**57,876,936**
Revaluation	**23,329,863**	**130,206,845**	**(8,309,645)**	**(46,645,716)**	**(97,884,510)**	–	–	**696,837**
Change in estimate of provision for mine rehabilitation and decommissioning (Note 17)	**(1,357,267)**	–	–	–	–	–	–	**(1,357,267)**
Reclassifications/transfers	**3,522,516**	**(2,785,300)**	**(6,200,997)**	–	**(309,157,998)**	**(6,000,000)**	**210,715,457**	**(109,906,322)**
Reclassifications to (from) construction in-progress	**2,792,924**	**192,383,508**	**19,975,282**	**131,749,953**	–	–	**(346,901,667)**	–
Disposals and write-offs	–	–	–	**(405,264)**	**(2,699,777)**	–	**(578,069)**	**(3,683,110)**
Acquired through business combination (Note 4)	**41,315**	**67,478,238**	–	**2,558,794**	**405,741**	–	–	**70,484,088**
Balances at end of year	**199,193,324**	**3,734,966,988**	**468,053,066**	**662,218,009**	**232,475,404**	**3,648,114,896**	**1,391,323,596**	**10,336,345,283**
Accumulated depreciation and amortization:								
Balances at beginning of year	**123,162,734**	**2,061,420,466**	**359,292,756**	**323,899,360**	**269,083,917**	**1,040,972,503**	–	**4,177,831,736**
Depreciation and depletion	**11,517,351**	**98,846,156**	**11,260,651**	**36,360,115**	**20,052,439**	**118,959,945**	–	**296,996,657**
Capitalized depreciation (Note 24)	–	**70,994,586**	–	–	–	–	–	**70,994,586**
Revaluation	**(17,616,986)**	**(203,358,000)**	**(13,018,652)**	**(85,599,186)**	**(113,467,103)**	–	–	**(433,059,927)**
Reclassifications/transfers	**1,692,401**	**48,722,008**	**(1,167,065)**	–	**(13,565,997)**	–	–	**35,681,347**
Disposal and-write offs	–	–	**(405,264)**	–	**(1,897,298)**	–	–	**(2,302,562)**
Acquired through business combination (Note 4)	**41,315**	**19,816,463**	–	**618,375**	**405,741**	–	–	**20,881,894**
Balances at end of year	**118,796,815**	**2,096,441,679**	**355,962,426**	**275,278,664**	**160,611,699**	**1,159,932,448**	–	**4,167,023,731**
Allowance for impairment:								
Balances at beginning and end of year	**126,037**	**3,318,744**	–	**159,229,430**	–	–	–	**162,674,211**
Net book values	**₱80,270,472**	**₱1,635,206,565**	**₱112,090,640**	**₱227,709,915**	**₱71,863,705**	**₱2,488,182,448**	**₱1,391,323,596**	**₱6,006,647,341**

	2014							
	Buildings and improvements	Mining and milling equipment	Power equipment	Roads and bridges, and land improvements	Exploration equipment and others	Mine and mining properties	Construction in-progress	Total
At revalued amounts:								
Balances at beginning of year	₱165,124,145	₱2,864,187,926	₱375,740,983	₱568,015,227	₱264,336,011	₱2,275,211,470	₱714,153,877	₱7,226,769,639
Additions	5,195,247	80,175,509	30,457,690	–	13,201,117	505,142,415	244,270,723	878,442,701
Change in estimate of provision for mine rehabilitation and decommissioning (Note 17)	(3,327,510)	–	–	–	–	–	–	(3,327,510)
Reclassifications/transfers	–	(3,263,569)	(1,997,587)	6,945,015	(2,183,102)	–	1,681,733	1,182,490
Disposals and write-offs	–	(201,344,423)	–	–	(5,294,537)	–	–	(206,638,960)
Acquired through business combination (Note 4)	–	–	–	–	357,958,261	–	–	357,958,261
Balances at end of year	166,991,882	2,739,755,443	404,201,086	574,960,242	628,017,750	2,780,353,885	960,106,333	8,254,386,621
Accumulated depreciation and amortization:								
Balances at beginning of year	132,967,263	1,916,411,362	347,460,754	292,949,646	195,442,354	906,583,222	–	3,791,814,601
Depreciation and depletion	19,195,471	224,909,729	12,832,002	35,949,714	28,431,493	134,389,281	–	455,707,690
Reclassifications/transfers	(29,000,001)	(9,027,579)	(1,000,000)	(5,000,000)	45,210,070	–	–	1,182,490
Disposal and-write offs	–	(70,873,045)	–	–	–	–	–	(70,873,045)
Balances at end of year	123,162,733	2,061,420,467	359,292,756	323,899,360	269,083,917	1,040,972,503	–	4,177,831,736
Allowance for impairment:								
Balances at beginning and end of year	126,037	3,318,744	–	159,229,430	–	–	–	162,674,211
Net book values	₱43,703,112	₱675,016,232	₱44,908,330	₱91,831,452	₱358,933,833	₱1,739,381,382	₱960,106,333	₱3,913,880,674

During 2015, the Group revalued its property, plant and equipment based on estimated fair values as indicated in the independent appraiser's report dated April 17, 2015. Fair values were determined in terms of money at which the property would be exchanged in the current real estate market, between willing parties both having knowledge of all relevant facts. The assigned value was estimated using the market data approach, which is based on sales and listings of comparable property registered within the vicinity that considered factors such as location, size and shape of the properties.

Accordingly, as of the date of the revaluation, the Group recognized a net increase of ₱303.63 million which was directly credited to the revaluation surplus, net of deferred taxes amounting to ₱130.13 million. In addition, the Group did not recognize impairment loss because there was no impairment indicators identified.

Construction in-progress consists mainly of expenditures and other construction projects at different stages of completion as at December 31, 2015 and 2014, respectively.

Movement in revaluation surplus in equity is as follows:

	2015	2014
Balances at beginning of year	**₱5,271,619**	₱13,387,441
Appraisal increase, net of tax	**303,629,735**	–
Realized portion through depreciation, net of tax	**(25,377,341)**	(8,115,822)
Balance at end of year	**₱283,524,013**	₱5,271,619

Total revaluation surplus is not available for distribution to stockholders until this is realized through depreciation.

If the property, plant and equipment were carried at cost less accumulated depreciation and accumulated impairment loss, the amounts would be as follows:

	2015							
	Buildings and improvements	**Mining and milling equipment**	**Power equipment**	**Roads and bridges and land improvements**	**Exploration equipment, and others**	**Mine and mining properties**	**Construction in-progress**	**Total**
At cost:								
Balances at end of year	**₱175,921,323**	**₱3,604,548,544**	**₱475,957,447**	**₱709,268,990**	**₱329,219,199**	**₱3,648,114,896**	**₱1,391,477,335**	**₱10,334,507,734**
Accumulated depreciation and amortization:								
Balances at end of year	**134,567,803**	**2,233,471,360**	**368,741,685**	**357,728,444**	**315,778,746**	**1,159,932,448**	**–**	**4,570,220,486**
Allowance for impairment:								
Balances at beginning and end of year	**126,037**	**3,318,744**	**–**	**159,229,430**	**–**	**–**	**–**	**162,674,211**
Net book values	**₱41,227,483**	**₱1,367,758,440**	**₱107,215,762**	**₱192,311,116**	**₱13,440,453**	**₱2,488,182,448**	**₱1,391,477,335**	**₱5,601,613,037**

	2014							
	Buildings and improvements	Mining and milling equipment	Power equipment	Roads and bridges and land improvements	Exploration equipment, and others	Mine and mining properties	Construction in-progress	Total
At cost:								
Balances at end of year	₱56,623,884	₱1,805,129,147	₱345,718,874	₱513,886,451	₱628,329,174	₱2,780,353,885	₱960,106,333	₱7,090,147,748
Accumulated depreciation and amortization:								
Balances at end of year	55,172,107	1,244,273,891	303,930,495	272,633,083	270,272,955	1,040,972,503	–	3,187,255,034
Allowance for impairment:								
Balances at beginning and end of year	126,037	3,318,744	–	159,229,430	–	–	–	162,674,211
Net book values	₱1,325,740	₱557,536,512	₱41,788,379	₱82,023,938	₱358,056,219	₱1,739,381,382	₱960,106,333	₱3,740,218,503

The cost of fully depreciated property, plant and equipment that are still being used amounted to ₱2.84 billion and ₱2.53 billion as at December 31, 2015 and 2014, respectively.

As at December 31, 2015 and 2014, certain items of property, plant and equipment, totaling ₱583.41 million under the mining and milling equipment category, are used as collateral to the various financing agreements entered into by the Parent Company (see Note 18).

In 2015, the Group capitalized borrowing cost amounting to ₱33.51 million for deferred exploration cost, mine development and construction in progress. The rate used to determine the amount of borrowing costs eligible for capitalization was 5.82% (see Note 18).

In 2014, burned equipment, vehicles and idle assets amounted to ₱136.01 million were written off due to the fire incident (see Notes 13 and 23).

	2015			
	Mine and mining properties	**Mine development cost**	**Mine rehabilitation asset**	**Total**
Cost:				
Balances at beginning of year	**₱1,568,985,563**	**₱1,187,484,481**	**₱23,883,841**	**₱2,780,353,885**
Additions	**–**	**815,884,075**	**–**	**815,884,075**
Capitalized depreciation (Note 24)	**–**	**57,876,936**	**–**	**57,876,936**
Reclassifications/transfers	**–**	**(6,000,000)**	**–**	**(6,000,000)**
Reclassification from deferred exploration and mine development costs	**402,461,540**	**(402,461,540)**	**–**	**–**
Balances at end of year	**1,971,447,103**	**1,652,783,952**	**23,883,841**	**3,648,114,896**
Accumulated depletion:				
Balances at beginning of year	**1,017,750,364**	**–**	**23,222,139**	**1,040,972,503**
Depletion	**118,817,317**	**–**	**142,628**	**118,959,945**
Balances at end of year	**1,136,567,681**	**–**	**23,364,767**	**1,159,932,448**
Net book values	**₱834,879,422**	**₱1,652,783,952**	**₱519,074**	**₱2,488,182,448**

	2014			
	Mine and mining properties	Mine development costs	Mine rehabilitation asset	Total
Cost:				
Balances at beginning of year	₱1,404,150,868	₱847,176,761	₱23,883,841	₱2,275,211,470
Additions	–	505,142,415	–	505,142,415
Reclassification from deferred exploration and mine development costs	164,834,695	(164,834,695)	–	–
Balances at end of year	1,568,985,563	1,187,484,481	23,883,841	2,780,353,885
Accumulated depletion:				
Balances at beginning of year	883,574,068	–	23,009,154	906,583,222
Depletion	134,176,296	–	212,985	134,389,281
Balances at end of year	1,017,750,364	–	23,222,139	1,040,972,503
Net book values	₱551,235,199	₱1,187,484,481	₱661,702	₱1,739,381,382

11. **Deferred Exploration Costs**

	2015	2014
Balances at beginning of year	**₱1,621,333,348**	₱595,161,862
Acquired through business combination (Note 4)	**550,544,189**	985,290,642
Additions	**89,689,535**	40,880,844
Balances at end of year	**₱2,261,567,072**	₱1,621,333,348

Deferred exploration costs consist of expenditures related to the exploration activities covered by the Group's mining tenements. Additions to deferred exploration costs include those incurred on service contracts for the exploration of the mines, drilling activities, and other direct costs related to exploration activities. There were no reclassifications to mine development costs under mine and mining properties during the year. The recovery of these costs depends upon the success of the exploration activities, the future development of the corresponding mining properties and the extraction of mineral products as these properties shift into commercial operations.

12. **Intangible Assets**

	2015		
	Franchise	**Computer software**	**Total**
Cost:			
Balances at beginning of year	**₱192,202,964**	**₱41,267,187**	**₱233,470,151**
Additions	–	–	–
Balances at end of year	**192,202,964**	**41,267,187**	**233,470,151**
Accumulated amortization:			
Balances at beginning of year	–	**39,375,631**	**39,375,631**
Amortization (Note 24)	–	**734,647**	**734,647**
Balances at end of year	–	**40,110,278**	**40,110,278**
Net book values	**₱192,202,964**	**₱1,156,909**	**₱193,359,873**

	2014 (As restated, see Note 4)		
	Franchise	Computer software	Total
Cost:			
Balances at beginning of year	₱–	₱39,683,994	₱39,683,994
Assets acquired through business combination (Note 4)	192,202,964	943,125	193,146,089
Additions	–	640,068	640,068
Balances at end of year	192,202,964	41,267,187	233,470,151
Accumulated amortization:			
Balances at beginning of year	–	28,506,950	28,506,950
Amortization	–	10,868,681	10,868,681
Balances at end of year	–	39,375,631	39,375,631
Net book values	₱192,202,964	₱1,891,556	₱194,094,520

Franchise pertains to ICSI's cost of franchise for the implementation of the Solid Waste Management Project. The subsidiary's management has assessed that the subsidiary can fully recover the cost of the franchise upon commencement of operations based on its financial projections.

Computer software includes workbooks used for exploration activities and accounting process of the Group.

13. Other Noncurrent Assets

	2015	2014
Advances for acquisition of land	**₱93,530,149**	₱93,530,149
Deferred input VAT - noncurrent	**81,142,393**	64,923,588
Deposits	**13,845,195**	22,303,364
Mine rehabilitation funds	**12,054,978**	9,219,858
National transmission lines	**2,949,236**	2,949,236
Advances for royalties	**2,084,893**	2,084,893
Others	**101,194,965**	–
	₱306,801,809	₱195,011,088

Advances for acquisition of land pertain to the advance payments for the purchase of land to be used in ISRI's project to construct and operate a sanitary landfill. The advances are covered by Memorandum of Agreements pending transfer of title of the land to ISRI.

Deposits, which pertain to security deposits on leases of equipment and office space rentals, will be recovered through application against final billings from lessors. The Group has written off deposits amounting to ₱6.00 million in 2015 (see Note 23).

As at December 31, 2015 and 2014, the Group maintains mine rehabilitation funds consisting of monitoring trust, rehabilitation cash, environmental trust and final rehabilitation and decommission funds as provided in its agreements entered into with the provincial government and the MGB. The funds are to be used for the physical and social rehabilitation, reforestation and restoration of areas and communities affected by mining activities, pollution control, slope stabilization and integrated community development projects. These funds do not meet the features provided under Philippine Interpretation - IFRIC 5, *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.*

National transmission lines pertain to the national transmission line for the warehouse, which will be recovered through application against final billings.

Advances for royalties arose due to the agreement entered into by BMRC which requires the latter to pay in advance the royalties accruing for a particular mining property.

Others include cash advances to Gold Mines of Uganda Ltd. (GMU) amounting to $2,000,000 which are expected to be collected beyond 12 months.

Idle assets of the Group are those which are not currently put into productive use but can still be used. The Group's idle assets are already fully depreciated and amortized.

Movement of idle assets for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Cost:		
Balances at beginning of year	**₱47,463,528**	₱54,791,187
Write-off	**–**	(7,327,659)
Balances at end of year	**47,463,528**	47,463,528
Accumulated amortization:		
Balances at beginning of year	**₱47,463,528**	₱54,791,187
Write-off	**–**	(7,327,659)
Balances at end of year	**47,463,528**	47,463,528
Net book values	**₱–**	₱–

Write-offs in 2014 pertain to assets which were destroyed during the fire incident that year (see Notes 10 and 23).

14. Trade and Other Payables

	2015	2014
Trade	**₱939,831,341**	₱734,116,895
Payable to former related parties	**324,206,774**	397,887,317
Accrued expenses	**152,284,282**	115,045,682
Nontrade	**147,467,574**	124,364,633
Payables to employees	**31,997,173**	17,268,517
Payables to government agencies	**20,314,080**	24,585,921
Accrued interest payables	**17,028,136**	9,814,119
Retention fees	**7,296,764**	9,835,156
Others	**249,818,478**	270,621,111
	₱1,890,244,602	₱1,703,539,351

Trade payables, accrued liabilities and other payables are non-interest bearing. Trade payables are payable on demand while accrued liabilities are generally settled in 30 to 60 days terms.

Payable to a former related party amounting to ₱56.66 million was already extinguished in 2015 (see Note 23).

Accrued expenses include billings for hired services, project suppliers, professional fees, utilities and other expenses related to the operations.

Nontrade payable pertains to royalties and surface rights based on the memorandum of agreement with the indigenous peoples of Barangay Masara, Maco, Compostela Valley.

Payables to employees pertain to accrued leave benefits that are monetized and given to employees and unclaimed salaries and wages as at each end of the reporting period.

Payables to government agencies are normally remitted to various regulatory bodies within 10 days from the close of taxable month.

Accrued interest payable pertains to finance charges in relation to the interest bearing loans and finance lease obligations.

Retention fees pertain to withheld payment for services availed or product purchases incurred pending the completion of some specified conditions such as successful construction and installation. Settlement may vary depending on the remaining estimated time to complete the conditions. Retention fees are non-interest bearing.

Other payables pertain to short-term cash advances by the Group necessary to support its operations.

15. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

In the normal course of business, transactions with related parties consist mainly of rendering of professional services, rentals, unsecured non-interest bearing and short-term cash advances for working capital requirements of the Group, which are due and demandable.

Category	Relationship	Year	Volume/ Amount	Outstanding balance	Terms	Conditions
Advances to related parties						
MORE Coal	With common stockholders	**2015**	**₱1,041,106**	**₱1,041,106**	Due and demandable	Unsecured,
		2014	₱1,009,125	₱1,009,125	cash settled	Unguaranteed
MORE Oil & Gas	With common stockholders	**2015**	**455,673**	**455,673**	Due and demandable	Unsecured
		2014	421,491	421,491	cash settled	
MORE Reedbank	With common stockholders	**2015**	**369,072**	**369,072**	Due and demandable	Unsecured
		2014	337,091	337,091	cash settled	
MORE Minerals	With common stockholders	**2015**	**361,485**	**361,485**	Due and demandable	Unsecured
		2014	329,505	329,505	cash settled	
PMHI	Stockholder	**2015**	**78,813**	**78,813**	Due and demandable	Unsecured
		2014	20,200,510	20,200,510	cash settled	
Others	With common Stockholders	**2015**	–	–	Due and demandable	Unsecured
		2014	3,230	3,230	cash settled	
2015			**₱2,306,149**	**₱2,306,149**		
2014			₱22,300,952	₱22,300,952		

Category	Relationship	Year	Volume/ Amount	Outstanding balance	Terms	Conditions
Advances from related parties						
PMHI	Stockholder	**2015**	**₱600,000,000**	**₱600,000,000**	Due and demandable	Unsecured
		2014	₱2,062,010,916	₱2,062,010,916	cash settled	
Other stockholder		**2015**	**12,050,463**	**12,050,463**	Due and demandable	Unsecured
		2014	19,258,652	19,258,652	cash settled	
2015			**₱612,050,463**	**₱612,050,463**		
2014			₱2,081,269,568	₱2,081,269,568		

a. The Group's advances to related parties are receivables from entities whose directors and officers are common with MORE.

b. Advances from PMHI and other stockholder pertain to advances obtained by the Group for its working capital requirements.

Trustee Bank

The Group's retirement fund pertains only to the Parent Company's retirement fund that is being held by a trustee bank. The carrying amounts of the Parent Company's retirement fund amounted to ₱15.63 million and ₱15.20 million, respectively, while the fair values amounted to and ₱15.73 million and ₱14.68 million, respectively, as at as at December 31, 2015 and 2014 (see Note 16).

As at December 31, 2015 and 2014, the retirement fund consists of investments in government bonds, cash and short-term deposits, equity instruments and others which accounts for 66.81% and 63.81%, 22.36% and 29.02%, 9.55% and nil and 1.28% and 7.17% respectively, of its composition (see Note 16).

The Parent Company made no contributions to the fund in 2015 and 2014. There were no transactions made between the Parent Company and the retirement fund in both years.

Compensation of Key Management Personnel

The Group considers as key management personnel all employees holding executive positions up to the Chairman of the Board. There were no stock options or other long-term benefits granted to key management personnel in 2015, 2014 and 2013. The following are the components of the compensation of the Group's key management personnel in 2015, 2014 and 2013:

	2015	2014	2013
Salaries and short-term benefits	**₱102,402,817**	₱80,772,791	₱70,098,557
Post-retirement benefits	–	2,021,390	3,510,796
	₱102,402,817	₱82,794,181	₱73,609,353

16. **Provision for Retirement Benefits**

The Group's retirement fund pertains only to the Parent Company which has a multi-employer retirement plan, a funded, noncontributory defined benefit retirement plan. It accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan.

The following tables summarize the components of retirement benefits costs and liability recognized in the parent company statements of comprehensive income and parent company statements of financial position, respectively.

The details of retirement benefits costs follow:

	2015	2014	2013
Current service cost (Note 25)	**₱28,367,218**	₱18,702,146	₱12,776,878
Interest cost - net (Note 26)	**9,789,350**	4,420,975	3,534,289
	₱38,156,568	₱23,123,121	₱16,311,167

Changes in defined benefit liability and fair value of plan assets in 2015 and 2014 are as follows:

2015	**Defined benefits liability**	**Fair value of plan assets**	**Net defined benefit liability**
At January 1	**₱218,080,928**	**₱15,402,888**	**₱202,678,040**
Net interest (Note 26)	**10,533,309**	**743,959**	**9,789,350**
Current service cost (Note 25)	**28,367,218**	**–**	**28,367,218**
Remeasurement of actuarial losses (gains):			
Changes in financial assumptions	**(79,678,262)**	**–**	**(79,678,262)**
Changes in demographic assumptions	**–**	**–**	**–**
Experience	**(13,949,462)**	**–**	**(13,949,462)**
Remeasurement loss - return on plan assets	**–**	**(438,347)**	**438,347**
	(93,627,724)	**(438,347)**	**(93,189,377)**
At December 31	**₱163,353,731**	**₱15,708,500**	**₱147,645,231**

2014	Defined benefits liability	Fair value of plan assets	Net defined benefit liability
At January 1	₱98,928,560	₱15,197,977	₱83,730,583
Net interest (Note 26)	5,223,428	802,453	4,420,975
Current service cost (Note 25)	18,702,146	–	18,702,146
Remeasurement of actuarial loss:			
Changes in financial assumptions	79,119,194	–	79,119,194
Changes in demographic assumptions	864,368	–	864,368
Experience	15,243,232	–	15,243,232
Remeasurement loss - return on plan assets	–	(597,542)	597,542
	95,226,794	(597,542)	95,824,336
At December 31	₱218,080,928	₱15,402,888	₱202,678,040

Changes in defined benefit cost recognized in other comprehensive income in 2015 and 2014 are as follows:

	2015	2014
At January 1	**₱120,002,440**	₱24,178,104
Actuarial loss (gains) - defined benefit obligation	**(93,627,724)**	95,226,794
Remeasurement loss - plant asset	**438,347**	597,542
At December 31	**₱26,813,063**	₱120,002,440

The major categories of the Company's plan assets as a percentage of the fair value of total plan assets are as follows:

	2015	2014
Cash and short-term deposits	**22.36%**	29.02%
Debt instruments - government bonds	**66.81%**	63.81%
Equity Instruments	**9.55%**	0.00%
Mutual Funds	**0.00%**	6.39%
Unit investment trust funds	**0.00%**	0.89%
Others	**1.28%**	(0.11%)
	100.00%	100.00%

The cost of defined retirement benefits plan, as well as the present value of the retirement benefits liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining retirement benefits liability for the defined retirement plan are shown below:

	2015	2014
Discount rate	**5.42%**	4.83%
Salary increase rate	**5.00%**	10.00%
Expected average remaining life	**23.3**	23.6
Mortality rate	**The 2001 CSO Table - Generational**	The 2001 CSO Table - Generational
Disability rate	**The Disability Study, Period 2, Benefit 5**	The Disability Study, Period 2, Benefit 5

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	**2015**
Discount rates	**7.7%**	**(₱12,492,471)**
	(6.8%)	**11,092,489**

	Increase (decrease)	2014
Discount rates	10.5%	(₱22,883,910)
	(9.2%)	20,105,141

	Increase (decrease)	**2015**
Salary increase rate	**6.8%**	**₱11,123,680**
	(6.2%)	**(10,132,950)**

	Increase (decrease)	2014
Salary increase rate	9.0%	₱19,521,894
	(8.1%)	(17,705,097)

The latest available actuarial valuation report of the Parent Company was obtained in March 2016 representing information as at December 31, 2015.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2015 and 2014:

	2015	2014
Less than one year	**₱16,591,748**	₱6,976,909
More than one year to five years	**42,220,100**	41,306,311
More than five years to 10 years	**86,275,393**	103,271,435
	₱145,087,241	₱151,554,655

17. Provision for Mine Rehabilitation and Decommissioning

	2015	2014
Balance at beginning of year	**₱44,769,638**	₱47,806,902
Accretion (Note 23)	**614,139**	290,246
Effect of change in estimate (Note 10)	**(1,357,267)**	(3,327,510)
Balance at end of year	**₱44,026,510**	₱44,769,638

The Group makes a full provision for the future costs of rehabilitating of the mine and other future costs on a discounted basis. Provision for mine rehabilitation and decommissioning represents the present value of future rehabilitation and other costs, based on the approved final mine rehabilitation and decommissioning plan (FMRDP). The Parent Company's FMRDP on its existing MPSAs was approved by the MGB on August 9, 2010. These provisions have been created based on the Parent Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are reasonable bases upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions.

However, actual costs will ultimately depend upon future market prices for the necessary works required which will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation and expenditure of other costs is likely to depend on when the mine ceases to produce at economically viable rates, and the timing that the event for which the other provisions provided for will occur.

18. **Loans Payable**

	2015	2014
Banco de Oro Unionbank, Inc. (BDO)	**₱2,250,000,000**	₱–
Rizal Commercial Banking Corporation (RCBC)	**450,000,000**	450,000,000
Unionbank of the Philippines (UBP)	**376,480,000**	357,760,000
Bank of the Philippine Islands (BPI)	**147,500,000**	–
Sandvik Mining and Construction (Sandvik Mining)	**109,291,679**	224,644,812
Atlas Copco Rock Drills (Atlas Copco)	**98,059,822**	174,954,579
Planters Bank	**974,246**	7,191,184
Hongkong and Shanghai Banking Corporation (HSBC)/BDO-net	–	100,417,820
	3,432,305,747	1,314,968,395
Less current portion	**3,432,305,747**	1,138,396,662
Noncurrent portion	**₱–**	₱176,571,733

The maturities of the principal amount on loans payable are as follows:

	2015	2014
Due in:		
2015	**₱–**	₱1,138,396,662
2016	**3,432,305,747**	176,571,733
	₱3,432,305,747	₱1,314,968,395

Term Loan Facility Agreement
HSBC/BDO
On August 2, 2013, the Parent Company entered into a syndicated term loan facility agreement with BDO and HSBC for up to US$12.00 million. The loan was obtained to finance the Parent Company's construction of a new processing plant in Maco, Compostela Valley. Drawdowns were made from the said facility which totaled to US$7.50 million in 2013 at an interest rate of 7.50% per annum. Interest payments are due on a quarterly basis starting December 27, 2013, while quarterly principal amortizations start on September 27, 2014 until September 27, 2015. On August 13, 2014, the Parent Company paid the full amount of the portion of the loan pertaining to HSBC amounting to US$3.75 million, and retained the original principal amortization schedule with BDO. The last principal amortization payment was made on September 27, 2015.

The Parent Company recognized nil and ₱0.20 million as discount on the loan based on the EIR of 7.95% as at December 31, 2015 and 2014, respectively. The unpaid portion amounted to nil and ₱100.42 million December 31, 2015 and 2014, respectively.

UBP
The Parent Company issued two promissory notes to UBP on July 22, 2014 and August 1, 2014 for US$4.00 million each. The notes bear an interest rate of 5% per annum with 180 days term. UBP granted the Parent Company rollover of its promissory notes for an additional 360 days with maturity period on January 11 and 22, 2016.

The Parent Company has outstanding promissory notes amounting to US$8.00 million equivalent to ₱376.48 million and ₱357.76 million as at December 31, 2015 and 2014, respectively.

Upon maturity on January 11 and 22, 2016, UBP granted the Parent Company rollover of its two US$4.00 million promissory notes for an additional 180 days with maturity period on July 8 and 20, 2016.

RCBC
On August 5, 2014, the Parent Company issued a non-negotiable promissory note to RCBC for ₱450.00 million maturing on February 1, 2015. The note bears an interest rate of 6.5% per annum with 180 days term. RCBC granted the Parent Company rollover of its promissory notes for ₱288.00 million and ₱162.00 million with maturity on January 26, 2016 and February 27, 2016, respectively, at a lower interest rate of 6.0% per annum.

The Parent Company has outstanding promissory notes amounting to ₱450.00 million as at December 31, 2015 and 2014.

Upon maturity on January 27, 2016 and February 27, 2016, RCBC granted the Parent Company rollover of its maturing outstanding promissory note with new maturity date of January 21, 2017.

Philippines Business Bank (PBB)
On January 7, 2015, PBB agreed to grant the Parent Company a three-year term loan amounting to ₱42.0 million. The term loan bears an interest rate of 8.0% per annum with principal and interest payments due quarterly up to January 8, 2018. The proceeds of the loan shall be used for acquisition of heavy equipment. On June 10, 2015, the Parent Company paid the full amount of the loan.

BPI
In 2014, ISRI issued promissory notes to BPI with interest rates of 4.50% per annum with staggered maturity dates beginning February 22 to 29, 2016. The proceeds of the loan shall be used for working capital requirements.

ISRI has an outstanding obligation amounting to ₱147.50 million as at December 31, 2015.

On February 2 and 5, 2016, ISRI paid all of its maturing promissory notes with BPI.

BDO
On March 20, 2015, BDO approved a one year, short term ₱2.25 billion loan to the Parent Company for cash requirements and capital expenditures maturing on March 30, 2016. Interest shall be based on the prevailing market rates at the time of drawdown which is 5.50% per annum. The loan is secured by a Continuing Surety of PMHI.

The Parent Company has a remaining obligation amounting to ₱2.25 billion as at December 31, 2015.

On March 23, 2016, the Parent Company was able to renew its ₱2.25 billion loan with BDO that was set to mature on March 30, 2016. The new maturity date of the fully-drawn loan is on March 24, 2017 bearing an interest rate of 5.50% with monthly repricing at prevailing market rates at the time of repricing.

Equipment Financing
In 2013, the Parent Company entered into various financing agreements to fund the purchase of machinery and equipment.

Atlas Copco
In June 2013, the Parent Company entered into Purchase Agreements with Atlas Copco for the acquisition of mining-related machinery and equipment. The Parent Company also signed Supplier Credit Arrangements with Customer Finance AB, which makes available to the Parent Company credit lines to be used in financing the Purchase Agreements. The said Credit Agreements are payable in three years and bear an interest rate of 8.00% per annum.

On December 12, 2014, the Parent Company and Atlas Copco signed an amendment to the purchase agreements wherein the terms provided for a new monthly payment schedule starting February 28, 2015 up to December 31, 2016.

Certain items of property, plant and equipment under the mining and milling category totaling ₱262.43 million are used as collateral to the said purchase agreements as at December 31, 2015 and 2014.

The Parent Company has a remaining obligation of $2.08 million and $3.91 million equivalent to ₱98.06 million and ₱174.95 million to Atlas Copco as at December 31, 2015 and 2014, respectively.

Sandvik Mining
In June 2013, the Parent Company entered into several Sale and Purchase Agreements with Sandvik Mining covering purchases of equipment to be used in its expansion program. Settlement of the said purchases on behalf of the Parent Company was covered by financing agreements entered into with Sandvik. The said agreements due to Sandvik Mining are payable in three years and bear an interest rate of 10.00% per annum.

On December 29, 2014, the Parent Company and Sandvik Mining signed an amendment to the purchase agreements wherein, the amended terms provided for a new 7 to 8 quarterly payment schedules starting January 20, 2015, consisting of the principal payments and interest up to October 20, 2016.

Certain items of property, plant and equipment under the mining and milling category totaling ₱303.60 million are used as collateral to the said purchase agreements as at December 31, 2015 and 2014, respectively.

The Parent Company has a remaining obligation of $5.02 million and $2.32 million equivalent to ₱109.29 million and ₱224.64 million to Sandvik Mining as at December 31, 2015 and 2014, respectively.

Planters Bank
In March 2013, the Parent Company obtained promissory notes from Planters Bank which were used to finance the purchase of transportation equipment to be used in the mine site. The said promissory notes are payable in three years and bear an interest rate of 8.58% per annum. These are secured by chattel mortgages on the purchased transportation equipment totaling ₱17.38 million.

Certain items of property, plant and equipment under the mining and milling category totaling ₱17.38 million are used as collateral to the said purchase agreements as at December 31, 2015 and 2014.

The Parent Company has a remaining obligation of ₱0.97 million and ₱7.19 million to Planters Bank as at December 31, 2015 and 2014, respectively.

The Group's availment and payment of loans and equipment financing as at December 31, 2015 and 2014 are as follows:

	2015		2014	
	Availment	**Payment**	Availment	Payment
BDO	**₱2,250,000,000**	**₱–**	₱–	₱–
RCBC	**175,000,000**	**175,000,000**	450,000,000	-
BPI	**147,500,000**	**–**	–	–
PBB	**42,000,000**	**42,000,000**	–	–
Sandvik Mining	**–**	**108,194,812**	7,673,889	77,323,984
HSBC/BDO-net	**–**	**100,620,000**	14,792,816	246,353,810
Atlas Copco	**–**	**70,859,789**	6,569,815	70,239,473
Planters Bank	**–**	**6,216,938**	3,018,927	8,726,322
UBP	**–**	**–**	357,760,000	-
	₱2,614,500,000	**₱502,891,539**	₱839,815,447	₱402,643,589

Interest expenses incurred in 2015 and 2014 in relation to the availed loans are as follows:

	2015	2014
BDO	**₱84,140,072**	₱–
RCBC	**30,024,985**	14,062,500
UBP	**18,822,921**	9,558,757
Sandvik Mining	**16,436,155**	31,132,538
Atlas Copco	**11,242,019**	36,032,862
HSBC/BDO-net	**3,687,531**	10,781,506
BPI	**3,493,316**	–
PBB	**1,398,823**	–
Planters Bank	**348,510**	834,569
	169,594,332	102,402,732
Capitalized borrowing costs (Note 10)	**33,514,171**	–
Interest on loans payable (Note 26)	**₱136,080,161**	₱102,402,732

The Group capitalized borrowing costs in 2015 relating to expenditures for deferred exploration cost, mine development and construction in progress (see Note 10).

19. Equity

Capital stock

The Parent Company has authorized capital stock of ₱12.80 billion, divided into a single class of common shares, with a par value of ₱1.00 per share as at December 31, 2015 and 2014.

Movements in the subscribed, issued and outstanding capital are as follows:

	2015		2014 (As restated, see Note 4)	
	Shares	**Amount**	Shares	Amount
Issued and subscribed shares at beginning of year	**1,868,639,664**	**₱1,868,639,664**	1,868,639,664	₱1,868,639,664
Issued during the year	**4,359,247,827**	**4,359,247,827**	–	–
Issued shares at end of year	**6,227,887,491**	**6,227,887,491**	1,868,639,664	1,868,639,664
Less treasury shares	**(564,730,109)**	**(2,117,737,909)**	(633,458,632)	(2,412,407,370)
Outstanding shares at end of year	**₱5,663,157,382**	**₱4,110,149,582**	1,235,181,032	(₱543,767,706)

Details of the most recent capital stock transactions of the Parent Company are as follows:

a. On June 24, 2015, the Parent Company used its shares held by MORE for the following transactions:
   - 51,546,392 shares as part of payment of the purchase price for the acquisition of ISRI amounting to ₱150.00 million (see Note 1).
   - 17,182,131 shares as advances to ISRI to pay its advances from previous stockholder amounting to ₱50.00 million (see Note 1).

b. On March 12, 2015, the Parent Company issued 1.86 billion shares to PMHI out of unissued capital stock at an issue price equivalent to its par value of ₱1.00 per share.

c. On February 3, 2015, the Parent Company issued 2.50 billion shares out of the unissued capital stock at an issue price equivalent to its par value of ₱1.00 per share corresponding to the deposit for future stock subscriptions of ₱2.5 billion as at December 31, 2014.

d. On January 12, 2015, the Parent Company's application for the increase in its authorized capital stock was duly approved by the Philippine SEC.

e. On December 29, 2014, the Parent Company filed with the SEC an application for the increase in authorized capital stock from ₱2.80 billion divided into 2.80 billion shares, with par value of ₱1.00 per share, to ₱12.80 billion divided into 12.80 billion shares, with par value of ₱1.00 per share.

f. On October 10, 2014, through the execution of the subscription agreements between the Parent Company and stockholders of MORE, the Parent Company recorded as part of its equity deposit for future stock subscriptions amounting to ₱2.50 billion.

g. On April 16, 2014, MORE purchased from Mapula Creek Gold Corporation (MCGC) 644.68 million shares of the Parent Company.

h. On August 27, 2013, the Parent Company received subscriptions from:
   - MORE for the purchase of additional 31.29 million Class "A" shares for a total consideration of ₱87.30 million
   - Mindanao Gold Ltd. (MGL) for the purchase of 62.58 million Class "B" shares for a total consideration of ₱174.60 million

i. The BOD and stockholders of the Parent Company approved on May 29, 2013 and July 12, 2013, respectively, the declassification of Class "A" and Class "B" shares to a single class of shares. The amendment in Article VII of the Parent Company's Articles of Incorporation detailing the declassification was approved by the SEC on September 20, 2013.

The Parent Company adopted the stock symbol "APX", which was effected on the Exchange's trading system on October 24, 2013.

Additional paid-in capital
Movements in the additional paid-in capital are as follows:

	2015	2014
Balance at beginning of year	**₱3,048,826,224**	₱3,098,234,838
Transaction costs of share issuances (Note 4)	**(21,796,248)**	(49,408,614)
Balance at end of year	**₱3,027,029,976**	₱3,048,826,224

NCI
NCI consists of the following:

	2015	2014
NCI on net assets of:		
ICSI	**₱205,388,626**	₱210,029,250
Minas	**(22,949,969)**	(22,949,969)
MMSL	**(2,260,107)**	111,078
MOMCL	**701,751**	701,751
	₱180,880,301	₱187,892,110

The summarized financial information of ICSI (material NCI) is provided below:

Statements of comprehensive income for the years ended December 31, 2015 and 2014:

	2015	2014
General and administrative expenses	**₱15,022,883**	₱14,314,958
Other income	**5,476,318**	6,243,896
Loss before tax	**9,546,565**	8,071,062
Provision for income tax	**96,480**	100,176
Net loss	**₱9,643,045**	₱8,171,238
Attributable to:		
Equity holders of the Parent Company	**₱5,014,383**	₱3,530,615
Non-controlling interests	**4,628,662**	4,640,623

Statements of financial position as at December 31, 2015 and 2014:

	2015	2014
Current assets	**₱152,631,471**	₱162,299,985
Noncurrent assets	**285,733,113**	285,771,113
Current liabilities	**(803,647)**	(867,116)
Noncurrent liabilities	**(1,012,495)**	(1,012,495)
Total equity	**₱436,548,442**	₱446,191,487
Attributable to:		
Equity holders of the Parent Company	**₱231,159,816**	₱236,162,237
Non-controlling interests	**205,388,626**	210,029,250

Statements of cash flows as of December 31, 2015 and 2014:

	2015	2014
Net cash used in operating activities	**(₱11,003,869)**	(₱13,437,035)
Net cash provided by (used in) investing activities	**38,000**	(2,730,956)
Net decrease in cash and cash equivalents	**(₱10,965,869)**	(₱16,167,991)

20. **Basic/Diluted Earnings (Loss) Per Share**

Basic earnings (loss) per share is calculated by dividing the net earnings (loss) attributable to stockholders of the Parent Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Parent Company and held as treasury shares. Estimation of earnings (loss) per share for the three years ended December 31, 2015, 2014 and 2013 when there were no potentially dilutive common shares during the respective periods are as follows:

	2015	2014	2013
Net income (loss) attributable to the equity holders of the Parent Company	**₱78,402,528**	(₱380,997,415)	(₱827,430,860)
Weighted average number of common shares for basic and diluted earnings (loss) per share	**5,236,524,773**	3,238,288,274	1,756,172,369
Basic and diluted earnings (loss) per share	**₱0.01**	(₱0.12)	(₱0.47)

21. **Cost of Production**

	2015	2014	2013
Mine and milling costs (Note 7)	**₱672,578,194**	₱634,284,369	₱796,929,274
Personnel costs (Note 25)	**455,491,924**	334,643,252	294,513,949
Depreciation, depletion and amortization (Note 24)	**290,917,457**	402,056,618	488,649,547
Utilities	**190,836,451**	97,498,227	117,144,389
Contracted services	**159,743,036**	116,620,334	106,989,389
Rent (Note 30)	**50,378,367**	96,796,464	115,802,551
IP surface rights and fees	**48,601,946**	17,850,085	34,904,593
Taxes and licenses	**39,941,450**	44,035,261	36,170,689
Marketing	**23,957,772**	15,877,963	17,370,177
Professional fees	**16,972,581**	12,867,920	24,717,558
Community development expenses	**15,336,632**	32,123,410	26,548,857
Others	**49,275,908**	67,458,961	127,997,444
	₱2,014,031,718	₱1,872,112,864	₱2,187,738,417

Consolidated costs of production pertains to the Parent Company's cost of production.

IP surface rights and fees pertain to expenses incurred for amounts due to IPs near the Company's mining tenements. Other costs of production include costs of assay testing and contracted labor for the Company's operations.

The amounts were distributed as follows:

	2015	2014	2013
Mining	**₱668,619,602**	₱932,689,359	₱1,164,227,319
Milling	**444,645,939**	375,390,967	411,625,994
Compliance	**173,141,210**	113,564,794	90,619,649
Mine overhead	**727,624,967**	450,467,744	521,265,455
	₱2,014,031,718	₱1,872,112,864	₱2,187,738,417

22. General and Administrative Expenses

	2015	2014	2013
Personnel costs (Note 25)	**₱98,012,110**	₱78,874,828	₱11,466,877
Professional fees	**13,165,257**	8,867,002	134,160
Taxes, licenses and permits	**9,802,249**	4,669,251	4,699,068
Rent (Note 30)	**8,138,672**	3,316,462	–
Representation and entertainment	**7,953,333**	5,539,087	1,299,303
Transportation and accommodation	**6,893,920**	3,917,784	102,235
Depreciation and amortization (Note 24)	**6,813,847**	12,268,071	10,342,179
Materials and supplies (Note 7)	**4,816,814**	2,469,749	435,257
Repairs and maintenance	**2,191,519**	62,717	7,941
Utilities	**1,949,563**	1,034,681	170,074
Insurance	**1,673,862**	265,336	–
Others	**25,617,716**	29,573,485	1,682,842
	₱187,028,862	₱150,858,453	₱30,339,936

Other expenses pertain to freight and handling, bank charges, laboratory expenses and miscellaneous expenses.

23. Other Income (Charges)

	2015	2014 (As restated, see Note 4)	2013
Foreign exchange gain (loss) - net	**(₱75,557,157)**	₱53,540,453	(₱129,635,563)
Gain from acquisition (Note 4)	**48,828,667**	203,432,469	–
Gain on extinguishment of debt (Note 14)	**56,655,246**	–	–
Reversal of (provision for) inventory losses and obsolescence (Note 7)	**12,955,801**	(65,378,154)	–
Interest income (Note 5)	**5,850,334**	1,550,835	160,227
Loss on write-off of:			
Other noncurrent assets (Note 13)	**(6,000,000)**	–	–
Input VAT (Note 8)	**(750,678)**	–	(5,427,414)
Inventory (Note 7)	**(59,692)**	–	(92,417,740)
Property, plant and equipment (Note 10)	–	(136,012,675)	–
Intangible assets (Note 12)	–	–	(37,817,999)

(Forward)

	2015	2014 (As restated, see Note 4)	2013
Dividend income (Note 9)	**₱1,024,931**	₱–	₱–
Accretion expense (Note 17)	**(614,139)**	(290,246)	(888,608)
Recovery of inventory previously written-off (Note 7)	**–**	5,985,920	–
Miscellaneous	**(19,886,892)**	(2,712,638)	–
	₱22,446,421	₱60,115,964	(₱266,027,097)

On April 10, 2014, armed men attacked three working installations and burned certain mining equipment and service vehicles at the Maco mine. The carrying values of the burned equipment, vehicles and idle assets amounted to ₱136.01 million. There were no reported casualties from this incident.

Miscellaneous expenses pertain to bank charges, administrative penalties and other expenses that are considered individually immaterial.

24. Depreciation, Depletion and Amortization

	2015	2014	2013
Property, plant and equipment	**₱296,996,657**	₱403,456,008	₱476,186,648
Intangible assets	**734,647**	10,868,681	22,805,078
	₱297,731,304	₱414,324,689	₱498,991,726

The amounts were distributed as follows:

	2015	2014	2013
Cost of production (Note 21)	**₱290,917,457**	₱402,056,618	₱488,649,547
General and administrative expenses (Note 22)	**6,813,847**	12,268,071	10,342,179
	₱297,731,304	₱414,324,689	₱498,991,726

In 2015 and 2014, the Parent Company capitalized depreciation, depletion and amortization costs amounting to ₱13.12 million and ₱22.88 million as part of inventories and ₱57.88 million and ₱106.96 million as part of deferred exploration and mine development costs, respectively.

25. Personnel Costs

	2015	2014	2013
Salaries and wages	**₱463,602,423**	₱342,668,972	₱219,497,760
Other employee benefits	**61,534,393**	52,146,962	73,706,188
Retirement benefits cost (Note 16)	**28,367,218**	18,702,146	12,776,878
	₱553,504,034	₱413,518,080	₱305,980,826

The amounts were distributed as follows:

	2015	2014	2013
Cost of production (Note 21)	**₱455,491,924**	₱334,643,252	₱294,513,949
General and administrative expenses (Note 22)	**98,012,110**	78,874,828	11,466,877
	₱553,504,034	₱413,518,080	₱305,980,826

26. **Finance Costs**

	2015	2014	2013
Interest on loans payable (Note 18)	**₱136,080,161**	₱102,402,732	₱70,026,288
Net interest cost on retirement benefits (Note 16)	**9,789,350**	4,420,975	3,534,289
Interest - others	**122,032**	3,556,865	2,033,775
	₱145,991,543	₱110,380,572	₱75,594,352

Interest expense under others pertains to the availment of the price setting agreement with Metalor Technologies S.A. subject to the leasing rates for the number of days of the early pricing.

27. **Income Tax**

The Group's benefit from (provision for) income tax in 2015, 2014 and 2013 are presented below. Provision for current income tax in 2015, 2014 and 2013 pertains to MCIT.

	2015	2014	2013
Current	**(₱11,496,325)**	(₱6,681,452)	(₱2,618,689)
Deferred	**25,997,364**	(6,103,846)	33,753,391
	₱14,501,039	(₱12,785,298)	₱31,134,702

Reconciliation between the benefit from (provision for) income tax computed at the statutory income tax rate and the benefit from (provision for) deferred income tax as shown in the consolidated statements of comprehensive income follows:

	2015	2014 (As restated, see Note 4)	2013
Benefit from (provision for) income tax computed at statutory income tax rate	**(₱17,066,904)**	₱113,121,826	₱257,569,669
Add (deduct) tax effects of:			
Changes in unrecognized deferred income tax assets	**95,933,100**	(220,962,691)	(205,736,874)
Various nondeductible expenses	**(10,231,369)**	(47,876,745)	(34,454,393)
Expired NOLCO	**(69,290,784)**	(18,050,507)	(12,877,072)
Expired MCIT	**(85,347)**	(201,826)	–
Nontaxable income	**14,665,505**	61,153,583	–

(Forward)

	2015	2014 (As restated, see Note 4)	2013
Interest income subjected to final tax	**₱576,838**	₱368,430	₱48,068
Reversal of inventory previously write-off	–	1,795,776	–
Realization of revaluation surplus	–	97,866,856	12,709,303
Reversal of unrealized foreign exchange gain	–	–	13,876,001
Benefit from (provision for) income tax	**₱14,501,039**	(₱12,785,298)	₱31,134,702

Details of deductible temporary differences, unused tax credit and NOLCO as at December 31, 2015 and 2014, for which no deferred income tax assets were recognized in the consolidated statements of financial position, are as follows:

	2015	2014
NOLCO	**₱983,680,462**	₱1,317,159,409
Provision for retirement benefits	**147,645,231**	202,678,040
Unrealized foreign exchange losses	**119,301,983**	22,897,989
Allowance for impairment losses on:		
Property, plant and equipment	**162,674,211**	162,674,211
Inventory losses and obsolescence	**67,594,946**	80,550,747
Receivables	**1,765,700**	2,329,870
Provision for mine rehabilitation and decommissioning	**44,026,510**	44,769,638
MCIT	**21,513,720**	10,102,742
	₱1,548,202,763	₱1,843,162,646

Realization of the future tax benefits related to the deferred income tax assets is dependent on many factors including the Group's ability to generate taxable profit within the allowed carry-over period and determining whether realization of these deferred income tax assets will fall within the ITH period. The Group's management has considered these factors in not recognizing deferred income tax assets for these temporary differences and unused tax losses and credits.

The Group's deferred income tax liabilities as at December 31, 2015 and 2014 pertain to the following:

	2015	2014 (As restated, see Note 4)
Fair value increment on deferred exploration cost	**₱186,155,338**	₱87,765,579
Revaluation surplus on property, plant and equipment	**121,510,291**	538,023
Asset retirement obligation	**2,209,247**	2,541,996
Unrealized foreign exchange gain	**2,399**	16,512,253
	₱309,877,275	₱107,357,851

The Group has NOLCO and MCIT that can be claimed as deduction from future taxable income and future RCIT due as follows:

Year incurred	Year of expiration	NOLCO	MCIT
2013	2016	₱274,140,410	₱3,337,360
2014	2017	613,460,174	6,680,035
2015	2018	96,079,878	11,496,325
		₱983,680,462	₱21,513,720

The movements of NOLCO are as follows:

	2015	2014
Balance at the beginning of the year	**₱1,317,159,409**	₱531,307,010
Additions	**74,377,117**	494,227,918
Expirations	**(230,969,280)**	(10,507,684)
Application	**(323,862,770)**	–
Acquired through business combination	**146,975,986**	302,132,165
Balance at the end of the year	**₱983,680,462**	₱1,317,159,409

The movements of the Group's MCIT are as follows:

	2015	2014
Balance at the beginning of the year	**₱10,102,742**	₱–
Additions	**11,496,325**	9,127,337
Expirations	**(85,347)**	–
Acquired through business combination	–	975,405
Balance at the end of the year	**₱21,513,720**	₱10,102,742

The Group did not avail of the Optional Standard Deduction in 2015 and 2014.

28. Financial Risk Management Objectives and Policies, and Capital Management

Financial Risk Management Objectives and Policies

The Group's financial instruments consist mainly of cash and cash equivalents, receivables, trade and other payables, which arise directly from its operations, advances to and from stockholders and related parties, AFS financial assets and loans payable. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Group.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and foreign currency risk and commodity price risk. The BOD reviews and approves policies for managing each of these risks and these are summarized below.

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity periods or due to adverse market conditions.

The Group has a concentration of credit risk on its trade receivables, included as part of receivables, as it has only one customer purchasing its gold and silver bullion under a Sale-Purchase Contract. However, management believes that credit risk on trade receivables is not significant as the Parent Company's gold and silver bullion are considered a highly traded commodity that have readily available markets.

The maximum exposure to credit risk of the Group's financial assets (cash in banks, cash equivalents, trade receivables and other receivables, and AFS financial assets), without taking into account any collateral and other credit enhancements is equal to the carrying amounts of the financial assets, as at December 31, 2015 and 2015.

Aging analysis of the Group's financial assets classified as loans and receivables and AFS financial assets as at December 31, 2015 and 2015 are as follows:

	December 31, 2015					
		Neither past due	**Past due but not impaired**			
	Total	**nor impaired**	**1-30 Days**	**31-60 Days**	**Over 60 Days**	**Impaired**
Cash in banks	**₱548,502,653**	**₱548,502,653**	**₱–**	**₱–**	**₱–**	**₱–**
Trade and other receivables						
Trade	**7,578,310**	**7,578,310**	**–**	**–**	**–**	**–**
Nontrade	**70,743,050**	**70,743,050**	**–**	**–**	**–**	**–**
Advances to officers and employees	**5,559,836**	**3,794,136**	**–**	**–**	**–**	**1,765,700**
Others	**141,607,634**	**137,402,658**	**–**	**–**	**4,204,976**	**–**
Advances to related parties	**2,306,149**	**2,306,149**	**–**	**–**	**–**	**–**
Deposit classified under "Prepayments and other current assets"	**13,845,195**	**13,845,195**	**–**	**–**	**–**	**–**
Mine rehabilitation funds classified under "Other noncurrent assets"	**12,054,978**	**12,054,978**	**–**	**–**	**–**	**–**
AFS financial assets	**344,640,000**	**344,640,000**	**–**	**–**	**–**	**–**
	₱1,146,837,805	**₱1,140,867,129**	**₱–**	**₱–**	**₱4,204,976**	**₱1,765,700**

	December 31, 2014					
		Neither past due	Past due but not impaired			
	Total	nor impaired	1-30 Days	31-60 Days	Over 60 Days	Impaired
Cash in banks	₱206,817,310	₱206,817,310	₱–	₱–	₱–	₱–
Trade and other receivables						
Trade	–	–	–	–	–	–
Nontrade	82,067,045	82,067,045	–	–	–	–
Advances to officers and employees	6,083,799	3,753,929	–	–	–	2,329,870
Others	170,735,684	170,735,684	–	–	–	–
Advances to related parties	22,300,952	22,300,952	–	–	–	–
Deposit classified under "Prepayments and other current assets"	22,303,364	22,303,364	–	–	–	–
Mine rehabilitation funds classified under "Other noncurrent assets"	9,219,858	9,219,858	–	–	–	–
AFS financial assets	344,640,000	344,640,000	–	–	–	–
	₱864,168,012	₱861,838,142	₱–	₱–	₱–	₱2,329,870

The credit quality of financial assets is managed by the Group using internal credit ratings and is classified into three: High grade, which has no history of default; Standard grade, which pertains to accounts with history of one or two defaults; and Substandard grade, which pertains to accounts with history of at least three payment defaults.

Accordingly, the Group has assessed the credit quality of the following financial assets that are neither past due nor impaired:

a. Cash in banks and mine rehabilitation funds were assessed as high grade since these are deposited in reputable banks, which have a low probability of insolvency.
b. Trade and other receivables, advances to related parties and deposits were assessed as high grade since these have a high probability of collection and currently have no history of default.
c. AFS financial assets are equity instruments classified as high grade since these instruments are from companies with good financial capacity, financial conditions and operates in an industry which has potential growth. Management assesses the quality of its unquoted equity instruments as standard grade.

Liquidity Risk

Liquidity risk is the risk that Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group manages its liquidity based on business needs, tax, capital or regulatory considerations, if applicable, in order to maintain flexibility.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and receivables. The Group considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient operating capital inflows to match repayments of short-term debt.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and financial assets used to manage liquidity risk as at December 31, 2015 and 2014.

2015	On demand	Less than three months	Three to 12 months	More than 12 months	Total
Trade and other payables					
Trade	**₱254,089,299**	**₱134,473,536**	**₱176,504,004**	**₱374,764,502**	**₱939,831,341**
Accrued interest and other expenses	**96,527,100**	**38,822,388**	**33,962,930**	**–**	**169,312,418**
Retention fees	**7,296,764**	**–**	**–**	**–**	**7,296,764**
Payables to employees	**6,147,910**	**3,857,426**	**21,991,837**	**–**	**31,997,173**
Others	**249,818,478**	**–**	**–**	**–**	**249,818,478**
Advances from related parties	**612,050,463**	**–**	**–**	**–**	**612,050,463**
Loans payable	**–**	**3,291,150,941**	**141,154,806**	**–**	**3,432,305,747**
	₱1,225,930,014	**₱3,468,304,291**	**₱373,613,577**	**₱374,764,502**	**₱5,442,612,384**

2015	**On demand**	**Less than three months**	**Three to 12 months**	**More than 12 months**	**Impaired**	**Total**
Cash in banks	**₱548,502,653**	**₱–**	**₱–**	**₱–**	**₱–**	**548,502,653**
Trade and other receivables						
Trade	**7,578,310**	**–**	**–**	**–**	**–**	**7,578,310**
Nontrade	**70,743,050**	**–**	**–**	**–**	**–**	**70,743,050**
Advances to officers and employees	**5,559,836**					**5,559,836**
Others	**139,841,934**	**–**	**–**	**–**	**1,765,700**	**141,607,634**
Advances to related parties	**2,306,149**	**–**	**–**	**–**	**–**	**2,306,149**
Deposit classified under "Prepayments and other current assets"	**–**	**–**	**13,845,195**	**–**	**–**	**13,845,195**
Mine rehabilitation funds classified under "Other noncurrent assets"	**–**	**–**	**–**	**12,054,978**	**–**	**12,054,978**
AFS financial assets	**–**	**–**	**–**	**344,640,000**	**–**	**344,640,000**
	₱774,531,932	**₱–**	**₱13,845,195**	**₱356,694,978**	**₱1,765,700**	**₱1,146,837,805**

2014	On demand	Less than three months	Three to 12 months	More than 12 months	Total
Trade and other payables					
Trade	₱158,309,508	₱176,061,432	₱365,378,865	₱34,367,090	₱734,116,895
Accrued interest and other expenses	20,995,878	19,040,869	11,586,829	73,236,225	124,859,801
Retention fees	9,835,156	–	–	–	9,835,156
Payables to employees	17,268,517	–	–	–	17,268,517
Others	270,621,111	–	–	–	270,621,111
Advances from related parties	2,081,269,568	–	–	–	2,081,269,568
Loans payable	914,394,757	–	224,001,904	176,571,734	1,314,968,395
	₱3,472,694,495	₱195,102,301	₱600,967,598	₱284,175,049	₱4,552,939,443

2014	On demand	Less than three months	Three to 12 months	More than 12 months	Impaired	Total
Cash in banks	₱206,817,310	₱–	₱–	₱–	₱–	₱206,817,310
Trade and other receivables						
Nontrade	82,067,045	–	–	–	–	82,067,045
Advances to officers and employees	6,083,799	–	–	–	–	6,083,799
Others	168,405,814	–	–	–	2,329,870	170,735,684
Advances to related parties	2,100,442	–	–	–	–	2,100,442
Deposit classified under "Prepayments and other current assets"	–	–	22,303,364	–	–	22,303,364
Mine rehabilitation funds classified under "Other noncurrent assets"	–	–	–	9,219,858	–	9,219,858
AFS financial assets	–	–	–	344,640,000	–	344,640,000
	₱465,474,410	₱–	₱22,303,364	₱353,859,858	₱2,329,870	₱843,967,502

Foreign Currency Risk

The Group is exposed to currency risk arising from the effect of fluctuations in foreign currency exchange rates which arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group has transactional currency exposures arising from its sales and purchases in US$. To minimize its foreign currency risk, the Group normally requires its purchases from suppliers to be denominated in its functional currency to eliminate or reduce the currency exposures. The Group does not enter into forward currency contracts.

The Group foreign currency-denominated financial instruments as at December 31, 2015 and 2014 are as follows:

	2015		2014	
	US$	**Php**	US$	Php
Financial Assets				
Cash in banks	**$2,634,704**	**₱123,989,170**	$873,343	₱39,055,899
Trade receivables	**161,035**	**7,578,310**	–	–
	2,795,739	**131,567,480**	873,343	39,055,899
Financial Liability				
Trade payables	**3,786,258**	**178,181,301**	2,015,125	90,116,390
Advances from related parties	–	–	10,897,301	487,327,301
Loans payable	**12,406,109**	**583,831,490**	14,638,925	654,652,726
	16,192,367	**762,012,791**	27,551,351	1,232,096,417
Net financial liability	**($13,396,628)**	**(₱630,445,311)**	($26,678,008)	(₱1,193,040,518)

As at December 31, 2015 and 2014, the exchange rate based on Philippine Dealing and Exchange of the Philippine peso to US$1.00 was ₱47.06 and ₱44.72, respectively.

The sensitivity to a reasonable possible change in the US$ exchange rate, with all other variables held constant, of the Group's income (loss) before income tax (due to changes in fair value of monetary assets and liabilities) as at December 31, 2015 and 2014 are as follows:

		Change in foreign exchange rates	Effect on income (loss) before tax
US$	**2015**	**₱0.50**	**(₱6,698,314)**
		(0.13)	**1,741,562**
	2014	₱0.62	(₱16,540,365)
		(0.35)	9,337,303

There is no other impact on the Group's equity other than those already affecting the consolidated statements of comprehensive income.

Commodity Price Risk
The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mineral products it produces. The Group's policy to minimize the risk is by closely monitoring regularly the movement in metal prices and by selling on spot price basis or by the AM or PM fix as the price trend may indicate as more favorable to the Group.

Assuming all other variables remain constant, the impact of the change in metal prices is relative to the consolidated financial statements, for 2015 and 2014 as follows:

	Change in gold metal price	Effect on income (loss) before tax
2015	**Increase by 10%**	**₱213,487,822**
	Decrease by 10%	**(₱213,487,822)**
2014	Increase by 10%	₱151,702,530
	Decrease by 10%	(₱151,702,530)

Capital Management
The primary objective of the Group's capital management is to maintain a strong credit rating in order to support its business, maximize stockholder value, comply with capital restrictions and requirements as imposed by regulatory bodies, including limitations on ownership over the Group's different types of shares, requisites for actual listing and trading of additional shares, if any, and required minimum debt to base equity ratio in order for the Group to continuously benefit from tax and other incentives provided by its registration with BOI. Moreover, the Group continually aims to protect the investing public through transparency and implementation of adequate measures in order to address the accumulated deficit. Capital pertains to equity, excluding reserve from revaluation of property, plant and equipment, and advances from stockholder.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2015 and 2014.

The Group considers the following as its core economic capital:

	2015	2014
Issued capital stock	**₱6,227,887,491**	₱1,868,639,664
Additional paid-in capital	**3,027,029,976**	3,048,826,224
Deposit for future stock subscriptions	**–**	2,500,000,000
Treasury shares	**(2,117,737,909)**	(2,412,407,370)
	₱7,137,179,558	₱5,005,058,518

The Group has no externally imposed capital requirements.

29. **Fair Value Measurements**

AFS financial assets
The fair value of unquoted AFS equity investments cannot be reliably measured and accordingly measured at cost, net of impairment.

Property and Equipment
The fair value of property and equipment is calculated using the direct income capitalization method, which results in measurements being classified as Level 3 in the fair value hierarchy.

Cash, Trade and Other Receivables, Advances to Related Parties, Deposits under "Prepayment and Other Current Assets", Mine Rehabilitation Funds, Trade and Other Payables, Accrued Liabilities, Payable to Employees, Retention Payable, Advances from Stockholder, and Current Portion of Loans Payable.
The carrying amounts of these financial instruments approximate their fair value due to the short-term nature and maturity.

The Group has no financial instruments measured at fair value under Levels 1, 2 and 3 of the fair value hierarchy. There were no transfers between levels in 2015 and 2014.

30. **Significant Agreements and Contingencies**

Parent Company

a. Agreement with Indigenous Cultural Communities (ICC) and National Commission on Indigenous Peoples (NCIP) pursuant to Republic Act 8371

On June 16, 2004, the Parent Company, together with the Indigenous Cultural Communities (ICC) of Maco, Compostela Valley and the National Commission on Indigenous Peoples (NCIP), entered into an agreement pursuant to Republic Act (8371 and its implementing rules. The agreement calls for the compliance of the Parent Company with regard to providing scholarships, health and welfare programs, payment of surface rights and royalties to the ICCs. The payment of surface rights is at 1% percent of the gross production of the Parent Company derived from mining activities within the area of claims. The royalty is based on 1% of the gross income, wherein 30% is to be deposited in the account of the ICCs for the funding of the agreed programs.

On December 13, 2012, a case denominated as NCIP Case No. R-XI-0037-12 entitled Maco Ancestral Domain, Inc. (MADCI) vs. Apex Mining Co., Inc. was filed and is still pending as at December 31, 2015 before the Regional Hearing Office of the National Commission on Indigenous Peoples - Region XI, Davao City. Aside from MADCI, the following Indigenous Peoples Organization (IPO) of Maco joined the case as intervenor-complainants:

a. Mantakadong Mansaka Indigenous Peoples Ancestral Domain, Inc.
b. Sumpaw ng Inangsabong Mansaka, Inc. (SIMI)

On January 14, 2016, NCIP ordered the Company to immediately pay ₱7.00 million as initial payment and ₱3.00 million every month thereafter starting January 2016 to the account of SIMI.

b. Executive Order (EO) 79

On July 12, 2012, EO 79 was issued to lay out the framework for the implementation of mining reforms in the Philippines. The policy highlights several issues that includes area of coverage of mining, small-scale mining, creation of a council, transparency and accountability, and reconciling the roles of the national government and local government units. Management believes that EO 79 has no impact on the Group's current operations since its mining properties are covered by existing mineral permits and agreements with the government. Section 1 of EO 79, provides that mining contracts approved before the effectivity of the EO shall continue to be valid, binding and enforceable so long as they strictly comply with existing laws, rules and regulations and the terms and conditions of their grant. The EO could, however, delay or adversely affect the Group's mineral properties covered by Exploration Permits (EPs), Exploration Permit Applications (EPAs) or APSAs given the provision of the EO declaring a moratorium on the granting of new mineral agreements by the government until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect.

On March 7, 2013, the MGB recommended to the Department of Environment and Natural Resources (DENR) the lifting of DENR Memorandum Order No. 2011-01 on the suspension of acceptance of all types of mining applications. Effective March 18, 2013, the MGB has started accepting mining applications for EPs and Financial Technical Agreement Assistance pursuant to DENR Administrative Order No. 2014-11. To date, however, the moratorium on the acceptance and processing of mineral agreements is still in effect.

c. *Tax Assessment*
The Parent Company was assessed by the BIR covering tax deficiencies for the taxable year 2011. On July 28, 2015, the Parent Company received a Final Assessment Notice (FAN) amounting to ₱34.96 million for tax deficiencies, interest, surcharges and compromise penalties. The Company disagreed with the said assessment and on August 27, 2015, filed a Protest to the FAN requesting for reinvestigation on the findings, as the management found the said assessment as baseless and devoid of merit. As at December 31, 2015, no new communication from BIR has been received by the Parent Company.

d. *Operating Lease Agreement*
The Parent Company entered into several lease agreements covering various machinery and equipment used in the mining operations. Total rent expense recognized on these lease agreements amounted to ₱50.38 million, ₱96.80 million and ₱115.80 million in 2015, 2014 and 2013, respectively (see Note 21).

e. *Refining and Transportation Agreement with Heraeus*
On January 1, 2015, the Parent Company entered into Refining and Transportation Agreement of gold and silver bullion with Heraeus, a refining company based in Hong Kong.

Heraeus shall settle the metal payables initially at ninety-five percent (95%) of the provisional values while the remaining balance shall be paid after determining the final assayed gold and silver contents of refined material for each shipment less refining and transportation charges.

The prices for all sales are either spot prices or London Bullion Market Association fixings of gold and silver at the discretion of the Parent Company.

MORE

a. *Heads of Agreement with GSEC 101 Ltd.-Philippine Branch*
In 2007, MORE entered into a Heads of Agreement with GSEC 101 Ltd.-Philippine Branch to execute a joint operating agreement (JOA) on SC 72 upon the DOE's consent to the assignment, transfer and conveyance of 30% participating interest in GSEC 101 Ltd.-Philippine Branch, now converted to SC 72. It has been agreed that MORE shall pay 30% of all costs and expenses (on an accrual basis) of joint operations pursuant to the JOA.
On October 5, 2015, the transfer of 30% participating interest in SC72 from GSEC 101 Ltd.-Philippine branch to MORE was approved and confirmed by the DOE.

b. *Operating lease agreement*
MORE entered into a lease agreement for its office for a period of three years, subject to renewal upon mutual agreement with the lessor. This agreement will expire on May 31, 2016. The lease contract provides for payment of security deposits and advance rental. Total security deposits and advance rental related to the lease commitment amounted to ₱0.70 million, equivalent to three months' rent and shall be applied only to the last three months of the term of the contract from April 1, 2015 to May 31, 2016. Rent expense incurred amounted to ₱8.14 million, ₱3.32 million and nil in 2015, 2014 and 2013, respectively (see Note 22).

31. **Operating Segments**

The Group is organized into business units on their products and activities and has three reportable business segments: the mining, oil and gas, and solid waste management segment. The operating businesses are organized and managed separately through the Parent Company and its subsidiaries according to the nature of the products provided, with each segment representing a strategic business unit that offers different products to different markets.

Net income (loss) for the year is measured consistent with consolidated net income (loss) in the consolidated statements of income. EBITDA is measured as net income excluding interest expense, interest income, benefit from (provision for) income tax, depreciation and depletion of property, plant and equipment, amortization of intangible assets and effects of non-recurring items.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on core and net income (loss) for the year, EBITDA, exploration results, or project potential, among others.

EBITDA is not a uniform or legally defined financial measure. EBITDA, however, is presented because the Group believes it is an important measure of performance and liquidity. The Group relies primarily on the results determined in accordance with PFRS and uses EBITDA only as supplementary information.

Management evaluates its computation of EBITDA to exclude the effects of non-recurring items. Management believes that this computation of EBITDA is more useful in making decisions about resource allocation and performance assessment of its reportable segments.

The Group is also using core net income (loss) in evaluating performance of its business segments based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company excluding the effects of non-recurring items, net of their tax effects. Non-recurring items represent gains (losses) that, through occurrence or size, are not considered usual operating items, such as foreign exchange gains (losses), gains (losses) on disposal of investments, and other non-recurring gains (losses).

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments.

	2015				
	Mining	**Oil and gas**	**Solid waste management**	**Eliminations**	**Total**
Revenue					
External customer	**₱2,430,097,329**	**₱–**	**₱–**	**₱–**	**₱2,430,097,329**
Inter-segment	–	–	–	–	–
Consolidated revenue	**₱2,430,097,329**	**₱–**	**₱–**	**₱–**	**₱2,430,097,329**
Results					
EBITDA	**₱570,233,592**	**(₱49,355,482)**	**(₱13,709,926)**	**₱–**	**₱507,168,184**
Interest income (expense) - net	**(150,607,978)**	**66,082**	**4,550,353**	–	**(145,991,543)**
Income tax benefit (expense)	**(14,391,973)**	**(26,122)**	**(82,944)**	–	**(14,501,039)**

(Forward)

	2015				
	Mining	**Oil and gas**	**Solid waste management**	**Eliminations**	**Total**
Depreciation and depletion	**(₱296,732,203)**	**(₱999,101)**	**₱–**	**₱–**	**(₱297,731,304)**
Non-recurring items	**53,274,653**	**–**	**(425,448)**	**(30,402,784)**	**22,446,421**
Consolidated net income (loss)	**₱161,776,091**	**(₱50,314,623)**	**(₱9,667,965)**	**(₱30,402,784)**	**₱71,390,719**
Core net income (loss)	**₱108,501,438**	**(₱50,314,623)**	**(₱9,242,517)**	**₱–**	**₱48,944,298**
Consolidated total assets	**₱6,004,617,790**	**₱4,668,062,188**	**₱428,545,431**	**₱–**	**₱11,101,225,408**
Consolidated total liabilities	**₱6,427,090,252**	**₱12,767,542**	**₱1,664,955**	**₱–**	**₱6,441,522,749**

	2014				
	Mining	Oil and gas	Solid waste management	Eliminations	Total
Revenue					
External customer	₱1,730,741,567	₱–	₱–	₱–	₱1,730,741,567
Inter-segment	–	–	–	–	–
Consolidated revenue	₱1,730,741,567	₱–	₱–	₱–	₱1,730,741,567
Results					
EBITDA	₱78,369,907	(₱12,033,874)	(₱4,390,085)	₱–	₱61,945,948
Interest income (expense) - net	(110,417,522)	36,950			(110,380,572)
Income tax benefit (expense)	12,806,871	74,907	(96,480)		12,785,298
Depreciation and depletion	(413,918,016)	(406,673)			(414,324,689)
Non-recurring items	(143,316,505)			203,432,469	60,115,964
Consolidated net income (loss)	(₱576,475,265)	(₱12,328,690)	(₱4,486,565)	₱203,432,469	(₱389,858,051)
Core net loss	₱433,158,760	₱12,328,690	₱4,486,565	₱–	₱449,974,015
Consolidated total assets	₱1,863,784,603	₱5,271,767,458	₱438,364,584	₱–	₱7,573,916,645
Consolidated total liabilities	₱4,743,617,195	₱20,456,009	₱692,520,417	₱–	₱5,456,593,621

The total revenue from an external customer, attributable to the Philippines, which is the Group's country of domicile, amounted to ₱2.43 billion and ₱1.73 billion as at December 31, 2015 and 2014, respectively arising from the sale of gold and silver bullion.

The following table shows the Group's reconciliation of core net income to the consolidated net income for the years ended December 31, 2015, 2014 and 2013:

	2015	2014	2013
Core net income (loss)	**₱48,944,298**	(₱449,974,015)	(₱561,403,763)
Non-recurring gains (losses):			
Net foreign exchange gains (losses)	**(75,557,157)**	53,540,453	(129,635,563)
Gain on extinguishment of loan	**56,655,246**	–	–
Gain from acquisition of MORE and ISRI	**48,828,667**	203,432,469	–
Reversal of (provision for) inventory losses and obsolescence	**12,955,801**	(65,378,154)	–
Interest income	**5,850,334**	1,550,834	160,227

(Forward)

	2015	2014	2013
Loss on write-off of:			
Property, plant and equipment	**₱–**	(₱136,012,675)	₱–
Other noncurrent assets	**(6,000,000)**	–	–
Input VAT	**(750,678)**	–	(5,427,414)
Inventory	**(59,692)**	–	(92,417,740)
Intangibles	**–**	–	(37,817,999)
Loss on early extinguishment of loan	**–**	(393,810)	–
Recovery of assets written-off	**–**	5,985,920	–
Accretion	**(614,139)**	(290,246)	(888,608)
Miscellaneous	**(18,861,961)**	(2,318,827)	–
Consolidated net income (loss)	**₱71,390,719**	(₱389,858,051)	(₱827,430,860)
Net income (loss) attributable to equity holders of the Parent Company	**₱78,402,528**	(₱380,997,415)	(₱827,430,860)
Net loss attributable to NCI	**(7,011,809)**	(8,860,636)	–
Consolidated net income (loss)	**₱71,390,719**	(₱389,858,051)	(₱827,430,860)

32. Events After the Reporting Period

SEC Approval of ISRI's Amended Articles of Incorporation
On February 2, 2016, SEC approved the amended Articles of Incorporation of ISRI for the increase of authorized capital stock from ₱285.00 million to ₱535.00 million with par value of ₱0.01 per share.

Approval of the ECC of BMRC
On February 11, 2016, BMRC has obtained the ECC with No. ECC-R05-1510-0140 from Environmental Management Bureau (EMB), Region V. The ECC covers the proposed Bulawan Mineral Resources Gold Mining Project with an area of 24.5 hectares located at Barangay Sta. Rosa Norte, Jose Panganiban, Camarines Norte (see Note 1).

33. Supplemental Disclosure to Consolidated Statements of Cash Flows

The Group had the following non-cash investing and financing activities in 2015 and 2014, which were considered in the preparation of the consolidated statements of cash flows as follows:

	2015	2014
Debt-to-equity conversion	**₱–**	₱–
Addition (reduction) to property, plant and equipment pertaining to capitalized mine rehabilitation cost (Note 10)	**(1,357,267)**	3,327,510

34. Reclassification

Certain 2014 and 2013 financial statement accounts have been reclassified to conform to the 2015 financial statement presentation.

SGV
Building a better
working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Apex Mining Co., Inc.
3304B West Tower, PSE Centre, Exchange Road
Ortigas Center, Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Apex Mining Co., Inc. and its subsidiaries as at December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated April 14, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) 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 information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
SEC Accreditation No. 0328-AR-3 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 102-100-830
BIR Accreditation No. 08-001998-60-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321714, January 4, 2016, Makati City

April 14, 2016

APEX MINING COMPANY INC. AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

*These schedules, which are required by SRC Rule 68, have been omitted because they are either not required, not applicable or the information required to be presented is included/shown in the related consolidated financial statements or in the notes thereto.

<u>**SCHEDULE I**</u>

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2015

APEX MINING COMPANY INC. AND SUBSIDIARIES

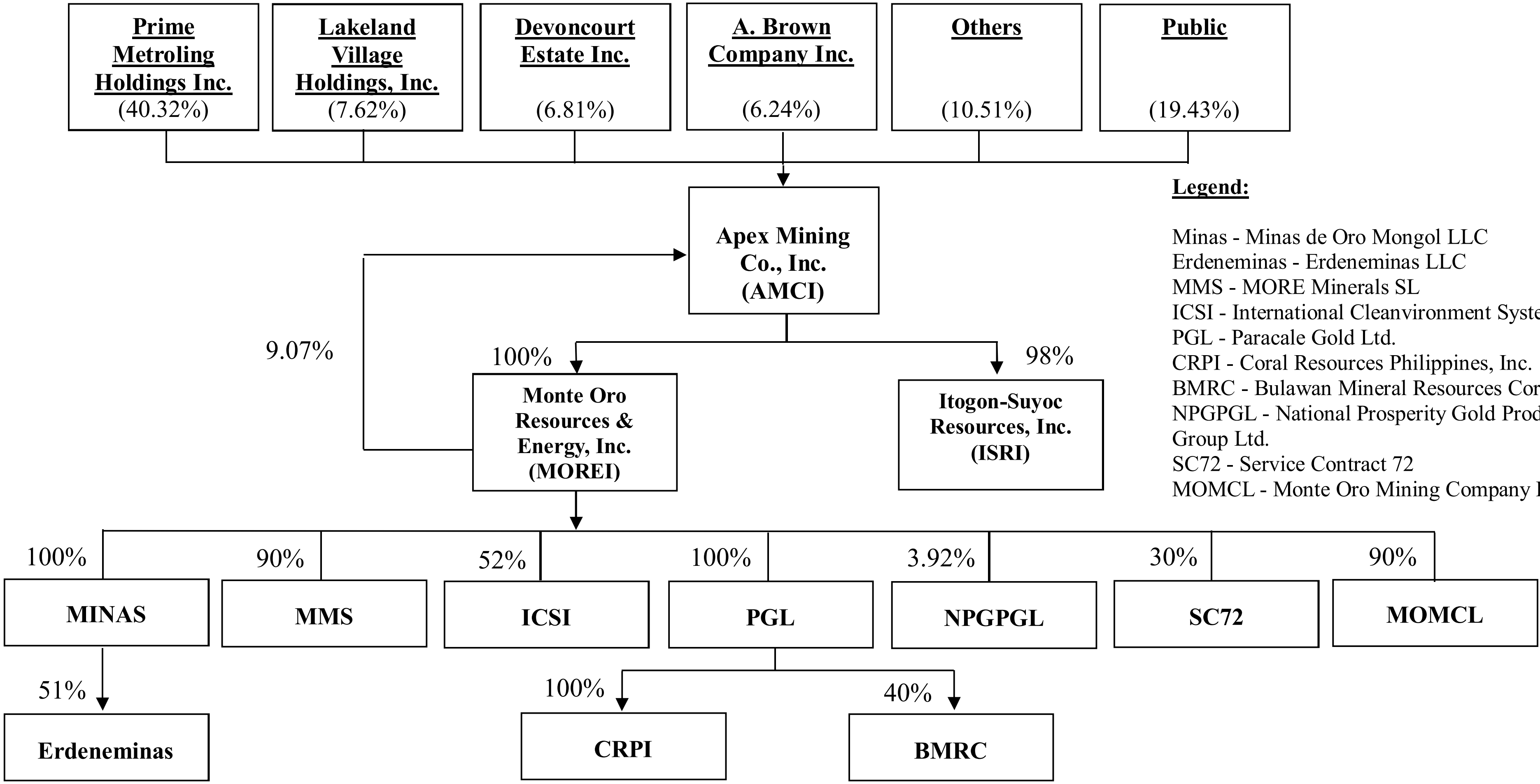
3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City
(Amounts in Thousands)

Unappropriated Retained Earnings, *as of December 31, 2014, as reflected in audited financial statements*		(₱2,960,688,438)
Prior year unrealized foreign exchange gain, (except those attributed to cash and cash equivalents)		(62,630,288)
Unappropriated Retained Earnings, *as adjusted to available for dividend distribution, beginning*		(3,023,318,726)
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	₱78,402,528	
Less: Non-actual/unrealized income net of tax	–	
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain (loss) - net (except those	(20,039,657)	
attributable to cash)	–	
Unrealized actuarial gain	–	
Fair value adjustment (mark-to-market gains)	–	
Fair value adjustment of investment property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP – gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal	98,442,185	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	25,377,341	
Adjustment due to deviation from PFRS/GAAP – loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Subtotal	25,377,341	
Net income actually incurred during the period	123,819,526	
Add (Less):		
Dividend declarations during the period	–	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Effects of change in accounting policy	–	
Treasury shares	–	
Subtotal	–	123,819,526
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		₱–

SCHEDULE II
APEX MINING COMPANY INC. AND SUBSIDIARIES
SCHEDULE SHOWING FINANCIAL SOUNDNESS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

	2015	2014 (As restated, see Note 4)
Profitability Ratios:		
Return on assets	**0.64%**	(5.15%)
Return on equity	**1.53%**	(18.41%)
Gross profit margin	**17.12%**	(8.17%)
Liquidity Ratio:		
Current ratio	**0.33:1**	0.26:1
Financial Leverage Ratios:		
Asset-to-equity ratio	**2.38:1**	3.58:1
Debt-to-equity ratio	**1.38:1**	2.58:1

SCHEDULE III
APEX MINING COMPANY INC. AND SUBSIDIARIES
A MAP SHOWING THE RELATIONSHIP BETWEEN THE PARENT COMPANY AND ITS SUBSIDIARIES
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015



Legend:

Minas - Minas de Oro Mongol LLC
Erdeneminas - Erdeneminas LLC
MMS - MORE Minerals SL
ICSI - International Cleanvironment Systems, Inc.
PGL - Paracale Gold Ltd.
CRPI - Coral Resources Philippines, Inc.
BMRC - Bulawan Mineral Resources Corporation
NPGPGL - National Prosperity Gold Production Group Ltd.
SC72 - Service Contract 72
MOMCL - Monte Oro Mining Company Ltd.

SCHEDULE IV
APEX MINING COMPANY INC. AND SUBSIDIARIES
TABULAR SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
PFRS 2	Share-based Payment			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
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*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
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	✓		
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
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			✓

<u>SCHEDULE V</u>

APEX MINING COMPANY INC. AND SUBSIDIARIES

SCHEDULE A

FINANCIAL ASSETS

December 31, 2015

(Amounts in Thousands, Except Number of Shares)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued

NOT APPLICABLE

APEX MINING COMPANY 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	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period

NOT APPLICABLE

APEX MINING COMPANY INC. AND SUBSIDIARIES
SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION
December 31, 2015
(Amounts in Thousands)

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
MOREI	₱1,150,862	₱101,239	₱–	₱–	₱1,252,101	₱–	₱1,252,101
ISRI	–	107,569	–	–	107,569	–	107,569
CRPI	–	33,613	–	–	33,613	–	33,613
BMRC	–	300	–	–	300	–	300
	₱1,150,862	₱242,721	₱–	₱–	₱1,393,583	₱–	₱1,393,583

APEX MINING COMPANY INC. AND SUBSIDIARIES
SCHEDULE D
INTANGIBLE ASSETS - OTHER ASSETS
December 31, 2015
(Amounts in Thousands)

Description	Beginning balance	Additions at Cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Intangible Assets	₱194,095	₱–	(₱735)	₱–	₱–	₱193,360
Deferred Exploration Costs	1,621,333	640,234	–	–	–	2,261,567
	₱1,815,428	₱640,234	(₱735)	₱–	₱–	₱2,454,927

APEX MINING COMPANY INC. AND SUBSIDIARIES
SCHEDULE E
LONG TERM DEBT
December 31, 2015
(Amounts in Thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt"	Amount shown caption "Long-term Debt"

NOT APPLICABLE

APEX MINING COMPANY INC. AND SUBSIDIARIES
SCHEDULE F
INDEBTEDNESS TO RELATED PARTIES (LONG - TERM LOANS FROM RELATED COMPANIES)
December 31, 2015

Name of the Related Party	Balance at beginning of period	Balance at end of period

NOT APPLICABLE

APEX MINING COMPANY INC. AND SUBSIDIARIES
SCHEDULE G
GUARANTEES OF SECURITIES OF OTHER ISSUERS
December 31, 2015

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

NOT APPLICABLE

APEX MINING COMPANY INC. AND SUBSIDIARIES
SCHEDULE H
CAPITAL STOCK
December 31, 2015

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	12,800,000,000	5,663,157,382	–	564,730,109	148,199,894	5,514,957,488