ASIA-ALLIANCE MINING RESOURCES CORP.

FINANCIAL STATEMENTS
December 31, 2021 and 2020

With Independent Auditors’ Report

R.G. Manabat & Co.
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Asia-Alliance Mining Resources Corp.
Unit 2302, 23rd Flr 88 Corporate Center
Valero cor. Sedeño Sts.
Salcedo Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asia-Alliance Mining Resources Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

The supplementary information required for purposes of filing with the Bureau of Internal Revenue is presented by the management of Asia-Alliance Mining Resources Corp. in a separate schedule. Such supplementary information is not a required part of the basic financial statements. Our opinion on the basic financial statements is not affected by the presentation of the supplementary information in a separate schedule.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8854088
Issued January 3, 2022 at Makati City

April 13, 2022
Makati City, Metro Manila

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SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

The Board of Directors and Stockholders
Asia-Alliance Mining Resources Corp.
Unit 2302, 23rd Flr 88 Corporate Center
Valero cor. Sedeño Sts.
Salcedo Village, Makati City

We have audited the accompanying financial statements of Asia-Alliance Mining Resources Corp. (the "Company") as at and for the year ended December 31, 2021, on which we have rendered our report dated April 13, 2022.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total number of six (6) stockholders owning one hundred (100) or more shares each.

R.G. MANABAT & CO.

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April 13, 2022
Makati City, Metro Manila

ASIA-ALLIANCE MINING RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2021**	2020
ASSETS			
Current Assets			
Cash in banks	*5, 12*	**P100,396**	P127,849
Amounts owed by a related party	*10, 12*	**70,000,000**	70,000,000
Total Current Assets		**70,100,396**	70,127,849
Noncurrent Assets			
Input value-added tax		**1,975,931**	319,450
Deferred exploration and development costs	*4, 7, 10*	**8,808,035**	-
Total Noncurrent Assets		**10,783,966**	319,450
		P80,884,362	P70,447,299
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*8, 10, 12*	**P26,805,732**	P11,356,843
Equity			
Capital stock		**190,000,000**	190,000,000
Deficit		**(135,921,370)**	(130,909,544)
Total Equity		**54,078,630**	59,090,456
		P80,884,362	P70,447,299

See Notes to the Financial Statements.

ASIA-ALLIANCE MINING RESOURCES CORP.
STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 2021	2020
INTEREST INCOME	*5*	**P37**	P60
OPERATING EXPENSES			
Contracted services	*10*	**4,589,472**	-
Professional fees		**406,500**	236,150
Taxes and licenses		**9,084**	7,314
Supplies		**2,245**	2,125
Miscellaneous		**4,555**	5,444
		5,011,856	251,033
LOSS BEFORE INCOME TAX		**(5,011,819)**	(250,973)
INCOME TAX EXPENSE	*9*	**7**	12
NET LOSS/TOTAL COMPREHENSIVE LOSS		**(P5,011,826)**	(P250,985)

See Notes to the Financial Statements.

ASIA-ALLIANCE MINING RESOURCES CORP.
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31	
	2021	2020
CAPITAL STOCK - P100 par value Authorized - 2,500,000 shares Issued and outstanding - 1,900,000 shares	**P190,000,000**	P190,000,000
DEFICIT		
Balance at beginning of year	**(130,909,544)**	(130,658,559)
Net loss/total comprehensive loss during the year	**(5,011,826)**	(250,985)
Balance at end of year	**(135,921,370)**	(130,909,544)
	P54,078,630	P59,090,456

See Notes to the Financial Statements.

ASIA-ALLIANCE MINING RESOURCES CORP.
STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2021**	2020
CASH FLOWS FROM PRE-OPERATING ACTIVITIES			
Loss before income tax		**(P5,011,819)**	(P250,973)
Adjustments for:			
Interest income	*5*	**(37)**	(60)
Operating loss before working capital changes		**(5,011,856)**	(251,033)
Increase in input value-added tax		**(1,656,481)**	(28,338)
Increase in other current assets		**(8,808,035)**	-
Increase in accounts payable and accrued expenses	*8*	**15,448,889**	94,088
Cash absorbed operations		**(27,483)**	(185,283)
Interest received	*5*	**37**	60
Final taxes paid on interest income		**(7)**	(12)
NET DECREASE IN CASH IN BANKS		**(27,453)**	(185,235)
CASH IN BANKS AT BEGINNING OF YEAR		**127,849**	313,084
CASH IN BANKS AT END OF YEAR	*5*	**P100,396**	P127,849

See accompanying Notes to the Financial Statements.

ASIA-ALLIANCE MINING RESOURCES CORP.
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Asia-Alliance Mining Resources Corp. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 26, 2008. On September 6, 2012, Clariden Holdings, Inc. (Clariden or the Parent Company) acquired 60% ownership interest in the Company. The ultimate parent company is Top Frontier Investment Holdings, Inc.

The Company's primary purpose is to engage in the business of operating iron mines, and of prospecting, exploration and mining, milling, concentrating, smelting, treating, refining, and processing of metal for market. The Company has not yet started commercial operations as of December 31, 2021 (Note 11).

The Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines, the Company shall have a perpetual corporate life.

The registered office address of the Company is Rm. 2302, 23rd Flr. 88 Corporate Center, Valero cor. Sedeño Sts., Salcedo Village, Makati City.

2. Basis of Preparation

Statement of Compliance
The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

The Company qualifies as a small entity (SE) based on the criteria set by SEC. However, as provided under the Revised Securities Regulation Code Rule 68, the Company availed of the exemption from the mandatory adoption of PFRS for SEs on the basis that the Company is a subsidiary of Clariden reporting under full PFRS.

The financial statements were approved and authorized for issue by the Company's management on March 31, 2022 as designated by the Board of Directors (BOD) on March 10, 2022

Basis of Measurement
The financial statements of the Company have been prepared on a historical cost basis of accounting.

Functional and Presentation Currency
The financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts are rounded off to the nearest peso, except when otherwise indicated.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

<u>Adoption of Amended Standards and Framework</u>
A number of new and amended standards are effective for annual periods beginning January 1, 2021, none of which have any impact on the Company's financial statements.

<u>Standards Issued but Not Yet Adopted</u>
A number amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Company has not adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements

Effective January 1, 2022

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16 Property, Plant and Equipment).* The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2 Inventories.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards, of which the following is applicable to the Joint Venture:

  - *Fees in the ’10 per cent’ Test for Derecognition of Financial Liabilities (Amendment to PFRS 9 Financial Instruments).* The amendment clarifies that for the purpose of performing the ’10 per cent’ test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- *Classification of Liabilities as Current or Non-current (Amendments to PAS 1 Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
  - clarified that settlement of a liability includes transferring a company’s own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Definition Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes).* The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Current Versus Non-current Classification

The Company presents assets and liabilities in the statements of financial position based on current and non-current classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as non-current.

Financial Instruments

Recognition and Initial Measurement. 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.

A financial asset or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as financial assets at fair value through profit or loss (FVPL), includes transaction costs.

Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or FVPL.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics and the business model used by the Company in managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Company changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI with or without recycling of cumulative gains and losses and financial assets at FVPL.

The Company has no financial assets at FVOCI and financial assets at FVPL as of December 31, 2021 and 2020.

Financial Assets at Amortized Cost. The Company measures financial assets at amortized cost if both of the following conditions are met:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the financial assets is derecognized, modified or impaired.

The Company's cash in banks and amounts owed by a related party are included under this category (Notes 5, 9 and 11).

Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

The Company has no financial liabilities classified as at FVPL.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company's accounts payable and accrued expenses are included under this category (Notes 7, 9 and 11).

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

- the rights to receive cash flows from the asset have expired; or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. 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. The difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Impairment of Financial Assets
The Company recognizes allowance for impairment losses on financial assets at amortized costs.

Expected credit losses (ECLs) are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company recognizes lifetime ECL for receivables that do not contain significant financing component. The Company uses provision matrix that is based on the Company's historical credit loss experience, adjusted for forward- looking factors specific to the borrowers and the economic environment.

The Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

Classification of Financial Instruments between Liability and Equity

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

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Fair Value Measurements

The Company measures financial instruments at fair value at each reporting date.

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 most advantageous market must be accessible to the Company.

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Impairment of Non-financial Assets

The carrying amounts of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of property and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises of its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as an expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Office equipment	10
Furniture and fixtures	10

The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement and disposal.

Deferred Exploration and Development Costs

Deferred exploration and development costs comprise expenditures which are directly attributable to:

- Researching and analyzing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Compiling pre-feasibility and feasibility studies.

Deferred exploration and development costs also include expenditures incurred in acquiring mineral rights, entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration assets are reassessed on a regular basis and tested for impairment provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- such costs are expected to be recouped in full through successful development and 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.

If the project proceeds to development stage, the amounts included within deferred exploration and development costs are transferred to mine development costs.

Mining and Evaluation Assets

Mining and evaluation assets that are acquired by the Company and have finite lives are measured at costs less accumulated amortization and any accumulated impairment losses.

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Amortization of mining and evaluation assets is recognized in profit or loss on a straight-line basis over the estimated useful lives. The estimated useful life of mining and evaluation assets pertains to period from commercial operations to the end of the operating contract. Amortization method and useful lives are reviewed at each reporting date and adjusted as appropriate.

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 the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

<u>Equity</u>

Capital Stock

Capital Stock are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Deficit

Deficit includes current and prior years' results, net of transactions with shareholders and dividends declared, if any.

<u>Interest Income</u>

Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

<u>Expense Recognition</u>

Expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

<u>Short-term Employee Benefits</u>

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

<u>Taxes</u>

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities (DTL) are recognized for all taxable temporary differences, except:

- where the DTL arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets (DTA) are recognized for all deductible temporary differences, carryforward benefits of unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of NOLCO can be utilized, except:

- where the DTA relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that accrual for tax liabilities is necessary for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Input tax” account in the statements of financial position.

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

Provisions
Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date 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 the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

Events After the Reporting Date
Post year-end events, up to the date of approval of the financial statements by the BOD, that provide additional information about the Company’s financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates 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. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

<u>Judgments</u>
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have effect on the amounts recognized in the financial statements:

Classifying Financial Instruments. The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition 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 or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Measurement of Fair Values. The Company uses market observable data when measuring the fair value of an asset or liability. Where the fair values of financial assets and financial liabilities recognized in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Company uses judgments to select from variety of valuation models and make assumptions regarding considerations of liquidity and model inputs such as correlation and volatility for longer dated financial instruments. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

Provisions and Contingencies. The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account.

The Company does not have any contingent legal or constructive obligation that requires provision as at December 31, 2021 and 2020.

<u>Estimates and Assumptions</u>
The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates and assumptions. Management has made the following estimates and assumptions, which have the most significant effect on the amounts recognized in the financial statements.

Assessment of ECL on Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of amounts owed by related parties. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

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

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on cash in banks and amounts owed by a related party is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and a related party with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on cash in banks and amounts owed by a related party was recognized in 2021 and 2020.

The combined carrying amounts of financial assets at amortized cost amounted to P70,100,396 and P70,127,849 as of December 31, 2021 and 2020, respectively (Notes 5 and 9).

Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on carryforward benefits of NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets have not been recognized because it is not probable that future taxable income will be available against which the Company can utilize the benefits therefrom.

The Company has unrecognized deferred tax assets on NOLCO amounting to P1,105,746 and P266,933 as at December 31, 2021 and 2020, respectively (Note 9).

Impairment of Non-financial Assets. PFRS requires that an impairment review be performed on input tax when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determining the recoverable amounts of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The Company assessed that its input tax is not impaired. The Company had not identified any facts and circumstances which suggest that the carrying amount of input VAT exceeded the recoverable amounts as of December 31, 2021 and 2020.

The carrying amount of input tax amounted to P1,975,931 and P319,450 as of December 31, 2021 and 2020, respectively.

Recoverability of Deferred Exploration and Development Costs. A valuation allowance is provided for estimated unrecoverable deferred exploration and development costs based on the Company's assessment of the future prospects of the mining properties, which are primarily dependent on the presence of economically recoverable reserves in those properties.

The Company's mining activities are all in the exploratory stage as of December 31, 2021. All related costs and expenses from exploration are currently deferred as exploration and development costs to be amortized upon commencement of commercial operations. The Company had not identified any facts and circumstances which suggest that the carrying amount of the deferred exploration and development costs exceeded the recoverable amounts as of December 31, 2021.

Deferred exploration and development costs amounted to P8,808,035 as at December 31, 2021.

5. Cash in Banks

The Company's cash in banks earned interest income, net of final withholding taxes, amounting to P30 and P48 in 2021 and 2020, respectively.

6. Property and Equipment - net

The balances and movements in this account as at and for the years ended December 31 are as follows:

	Office Equipment	Furniture and Fixtures	Total
Cost			
December 31, 2021 and 2020	P252,709	P118,954	P371,663
Accumulated Depreciation			
January 1, 2020	252,709	118,954	371,663
Depreciation	-	-	-
December 31, 2021 and 2020	252,709	118,954	371,663
Carrying Amount			
December 31, 2020 and 2021	**P -**	**P -**	**P -**

Fully Depreciated Property and Equipment Still in Use

Fully depreciated property and equipment are retained in the books until they are no longer in use. The cost of fully depreciated property and equipment still being used in operations amounted to P371,663 as of December 31, 2021 and 2020.

7. Deferred Exploration and Development Costs

Deferred exploration and development costs comprise of expenditures directly related to Financial or Technical Assistance Agreement Application (AFTAA) no. 000014 XI covering total area of 20,237.3420 hectares in Nabunturan, Maco, Mabini, Maragusan and Mawab, all in the province of Davao de Oro. The area sits in the eastern Mindanao region, and within a gold-copper mineral district.

Said costs and expenditures will be amortized upon commencement of commercial operation.

8. Accounts Payable and Accrued Expenses

This account consists of:

	Note	**2021**	2020
Amounts owed to related parties	*10*	**P26,455,705**	P11,006,816
Accrued expenses		**350,027**	350,027
		P26,805,732	P11,356,843

Accrued expenses consist of accruals for professional fees and other payables to third parties.

9. Income Taxes

The current income tax expense represents final taxes paid on interest income.

The reconciliation of the income tax expense computed at the statutory income tax rate to the income tax expense presented in the statements of comprehensive income is as follows:

	2021	2020
Loss before income tax	**(P5,011,819)**	(P250,973)
Tax computed at statutory rate of 20% in 2021 and 30% in 2020	**(P1,002,364)**	(P75,292)
Additions to (reductions in) income taxes resulting from the tax effects of:		
Expired NOLCO	**74,581**	126,871
Movements of unrecognized DTA on NOLCO	**927,790**	(51,561)
Interest income subject to final tax	**(7)**	(18)
Final taxes paid on interest income	**7**	12
	P7	P12

The Company has unrecognized DTA on NOLCO amounting to P1,105,746 and P266,933 as of December 31, 2021 and 2020, respectively.

Realization of future tax benefit related to DTA is dependent on the Company's ability to generate future taxable income during the periods in which they are expected to be recovered. Management believes that the Company will not be able to utilize the carryforward benefits of NOLCO prior to expiration. Consequently, the Company has not recognized DTA on NOLCO as of December 31, 2021 and 2020.

Details of NOLCO as of December 31, 2021, which can be carried forward and claimed as deduction against future taxable income are as follows:

Year Incurred	Balance	Addition (Expired)	Balance	Expiry Year
2018	P372,905	(P372,905)	P -	2021
2019	265,839	-	265,839	2022
2020	251,033	-	251,033	2025
2021	-	5,011,856	5,011,856	2026
	P889,777	P4,638,951	P5,528,728	

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

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five (5) consecutive taxable years following the year such loss was incurred.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
The CREATE Act, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or on April 11, 2021.

Key provisions of the CREATE Act which have an impact on the Company are: (i) reduction of Regular Corporate Income Tax (RCIT) rate from 30% to 20% for domestic and resident foreign corporations effective July 1, 2020; (ii) reduction of Minimum Corporate Income Tax (MCIT) rate from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and (iii) repeal of the imposition of improperly accumulated earnings tax. Accordingly, current and deferred taxes as at and for the year ended December 31, 2021 were computed and measured using the applicable income tax rates as at December 31, 2021 (i.e., 20% RCIT, 1% MCIT) for financial reporting purposes.

10. Related Party Transactions

The following are the transactions and outstanding balances as of December 31:

Relationship with Related Parties	Year	*Note*	Amount of Transaction	Amounts Owed by a Related Party	Amounts Owed to Related Parties	Terms	Conditions
Parent Company	**2021**	*10a*	**P443,682**	**P -**	**P8,544,263**	On demand;	Unsecured
	2020		300,000	-	8,100,582	non-interest bearing	
	2021	*10c*	**15,448,890**	**-**	**15,005,208**	On demand;	Unsecured
	2020		-	-	-	non-interest bearing	
Under Common Control	**2021**	*10a*	**-**	**-**	**1,700,000**	On demand;	Unsecured
	2020		-	-	1,700,000	non-interest bearing	
Shareholder	**2021**	*10b*	**-**	**70,000,000**	**1,206,234**	On demand;	Unsecured;
	2020		-	70,000,000	1,206,234	non-interest bearing	no impairment
	2021			**P70,000,000**	**P26,455,705**		
	2020			P70,000,000	P11,006,816		

a. Amounts owed to related parties primarily pertain to advances from stockholders and other related parties for working capital requirements. The related parties of the Company are committed to provide financial support to maintain its working capital requirements.

b. Amounts owed by a related party primarily pertain to advances from a stockholder of the Company for acquisition of investments.

c. In 2021, the Company entered into a shared services agreement with its Parent Company. Clariden will charge the Company for a management fee and other fees deemed necessary for the services rendered by its employees and the common use of its facilities. The terms and conditions of the agreement are being finalized by the parties as at December 31, 2021. The fee charged by Clariden amounting to P15,448,890, inclusive of input vat, is included as part of "Contracted Services" account in the statements of comprehensive income and as part of "Deferred exploration and development costs" account in the statements of financial position.

Key Management Compensation

There is no key management compensation as the Company's finance and administrative functions are being handled by Clariden.

11. Agreement

In 2009, the Company won the bid conducted by the Philippine Mining Development Corporation (PMDC) to undertake the exploration, development and mining operation of the North Davao Mining Property under a Joint Operation Agreement (the "Agreement") to be executed between the parties. The Company subsequently filed a case with the Pasig Regional Trial Court (RTC) to compel PMDC to execute the Agreement with terms and conditions that are consistent with the Terms of Reference during the public bidding stage. As of December 31, 2021, the main case is still pending with the RTC, but the parties are looking at the possibility of a compromise agreement, which would lead to the eventual settlement of the case. The Company expects to generate net income once the commercial operations start.

12. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

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

- Liquidity Risk
- Credit Risk

This note presents information about the Company's exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The BOD is responsible for the overall risk management approach and for approving the risk strategies and principles.

Liquidity Risk. Liquidity risk pertains to the risk that the Company will encounter difficulty to meet payment obligations when they fall under normal and stress circumstances. To manage this risk, the Company closely monitors its cash flows and ensures that adequate funding is available to meet commitments as they arise without incurring unnecessary costs and at the least possible cost. Further, the Company aims to maintain flexibility in funding from continuous financial assistance extended by its related parties.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments used for liquidity management:

December 31, 2021	**Carrying Amount**	**Contractual Cash Flow**	**One Year or Less**	**More than One Year**
Financial Assets				
Cash in banks	**P100,396**	**P100,396**	**P100,396**	**P -**
Amounts owed by a related party	**70,000,000**	**70,000,000**	**70,000,000**	**-**
Financial Liabilities				
Accounts payable and accrued expenses	**26,805,732**	**26,805,732**	**26,805,732**	**-**

December 31, 2020	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Assets				
Cash in banks	P127,849	P127,849	P127,849	P -
Amounts owed by a related party	70,000,000	70,000,000	70,000,000	-
Financial Liabilities				
Accounts payable and accrued expenses	11,356,843	11,356,843	11,356,843	-

Credit Risk. Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company has established controls and procedures in its credit policy to determine and monitor the credit worthiness of its counterparties. Generally, the maximum credit risk exposure of a financial asset is the total carrying amount as shown on the face of the statements of financial position. The Company believes it is not exposed to any significant credit risk.

The Company has internal control reviews to monitor the granting of credit and management of credit exposures.

The amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31, 2021 and 2020 are as follows:

	Note	**2021**	2020
Cash in banks	*5*	**P100,396**	P127,849
Amounts owed by related party	*10*	**70,000,000**	70,000,000
		P70,100,396	P70,127,849

The Company has assessed the credit quality of the following financial assets classified as neither past due nor impaired:

- *Cash in Banks* are considered high grade since these are deposited in reputable banks.

- *Amounts Owed by a Related Party* is assessed as standard grade since the related party has satisfactory financial capability and credit standing.

The Company has no significant concentration of credit risk and does not execute any credit guarantee in favor of any counterparty.

Fair Values
Due to the short term nature of the Company's financial assets and financial liabilities such as cash in banks, amounts owed by a related party and accounts payable and accrued expenses, its carrying amounts approximate fair values as of December 31, 2021 and 2020.

Capital Management
The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

The total capital considered by the Company as of December 31, 2021 and 2020, is the total equity as shown in the statements of financial position which includes capital stock and deficit.

There were no changes in the Company's approach to capital management during the year.

The Company is in full compliance with the minimum capital requirements of authorized and paid-up capital for a mining company.

13. Other Matters

Corona Virus Disease (COVID-19) Pandemic
2021 was a year of recovery which saw business operation once again opening up, while the challenges of COVID-19 still remained throughout the year. Commercial activities have started to pick up as COVID-19 quarantine restrictions were relatively lighter compared to 2020.

The Company has not been significantly affected since it has no business operations and only generates income from cash in bank.

Russian - Ukraine Conflict
Based on recent events and market sentiments, oil prices are expected to be high during the crisis and in the event of a protracted conflict, oil supply could become tight.

The extent to which the ongoing conflict will affect the Group will depend on future developments, including the actions and decisions taken or not taken by the Organization of the Petroleum Exporting Countries and other oil producing countries, international community and the Philippine government, which are highly uncertain and cannot be quantified nor determined at this point.

14. Supplementary Information Required under Revenue Regulations (RR) No. 15-2010

The Bureau of Internal Revenue has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to the financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

C O V E R   S H E E T
For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 8 0 7 8 9 0

COMPANY NAME

A S I A - A L L I A N C E   M I N I N G   R E S O U R C E S
C O R P .

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

R m   .   2 3 0 2   ,   2 3 r d   F l r .   8 8
C o r p o r a t e   C e n t e r ,   V a l e r o   c o r .
S e d e ñ o   S t s . ,   S a l c e d o   V i l l a g e
M a k a t i   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
10	April 7	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Nilda Magtoto	nmagtoto@clariden.com.ph	304 - 8300	

CONTACT PERSON's ADDRESS

Rm 2302, 23rd Flr 88 Corporate Center Valero cor. Sedeño Sts., Salcedo Village Makati City

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

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