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

SEC Registration Number

4 0 6 2 1

C O M P A N Y   N A M E

A P E X   M I N I N G   C O . ,   I N C .

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

3 3 0 4 B   W e s t   T o w e r ,   T e k t i t e
T o w e r s ,   E x c h a n g e   R o a d ,   O r t i g a s
C e n t e r ,   P a s i g   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M	N / A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
Corpsec@apexmining.com	8706-2805	+63 908 893 7925

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,745	4/30	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
Billy G. Torres	bgtorres@apexmining.com	8706-2805	+639088937925

CONTACT PERSON's ADDRESS

3304B West Tower, Tektite Towers, 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.

Statement of Management's Responsibility for Financial Statements

The management of **Apex Mining Co., Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Jose Eduardo J. Alarilla
Chairman of the Board

Luis R. Sarmiento, ASEAN Eng.
President & Chief Executive Officer

Billy G. Torres
VP Finance & Treasurer

Signed this 21st of March, 2023

Head Office: 3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City 1605
Tel. Nos.: 8706-2805/8706-2806 * Fax No.: 8706-2804 Minesite: Maco, Davao de Oro

SGV
Building a better working world

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6760 Ayala Avenue
1226 Makati City
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the parent company financial statements of Apex Mining Co., Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent 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 audit of the parent company 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 Parent Company Financial Statements

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

In preparing the parent company financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs 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, could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

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

- Identify and assess the risks of material misstatement of the parent company 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 Parent 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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 32 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Apex Mining Co., Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

AZ Zaragoza

Alexis Benjamin C. Zaragoza III
Partner
CPA Certificate No. 109217
Tax Identification No. 246-663-780
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109217-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-129-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9566023, January 3, 2023, Makati City

March 21, 2023

APEX MINING CO., INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱878,805,885**	₱1,307,501,932
Trade and other receivables (Note 5)	**887,068,550**	23,873,532
Inventories (Note 6)	**1,215,223,407**	913,330,818
Advances to related parties (Note 13)	**1,709,385,983**	1,421,287,039
Other current assets (Note 7)	**264,898,888**	307,372,680
Total Current Assets	**4,955,382,713**	3,973,366,001
Non-current Assets		
Investment in subsidiaries (Note 8)	**5,548,399,213**	5,548,399,213
Property, plant and equipment (Note 9)	**9,411,888,345**	8,658,891,127
Deferred exploration costs (Note 10)	**1,512,994,463**	1,278,784,450
Other noncurrent assets (Note 11)	**2,596,494,764**	354,289,086
Total Noncurrent Assets	**19,069,776,785**	15,840,363,876
TOTAL ASSETS	**₱24,025,159,498**	₱19,813,729,877

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	**₱1,157,455,610**	₱958,861,138
Advances from related parties (Note 13)	**1,626,895,890**	2,061,423,417
Loans payable - current portion (Note 16)	**3,970,464,232**	2,052,281,169
Income tax payable	**219,288,919**	355,458,049
Total Current Liabilities	**6,974,104,651**	5,428,023,773
Non-current Liabilities		
Loans payable - net of current portion (Note 16)	**1,475,134,466**	2,094,925,636
Provision for retirement benefits (Note 14)	**303,321,394**	292,055,276
Provision for mine rehabilitation and decommissioning (Note 15)	**13,794,806**	13,139,988
Deferred income tax liabilities - net (Note 25)	**13,667,825**	11,281,086
Total Noncurrent Liabilities	**1,805,918,491**	2,411,401,986
Total Liabilities	**8,780,023,142**	7,839,425,759
Equity		
Capital stock (Note 17)	**6,227,887,491**	6,227,887,491
Additional paid-in capital (APIC) (Note 17)	**15,941,675**	15,941,675
Revaluation surplus on property, plant and equipment (Note 9)	**226,025,836**	280,481,927
Remeasurement gain on retirement plan (Note 14)	**57,113,285**	26,132,299
Retained earnings (Note 17)	**8,718,168,069**	5,423,860,726
Total Equity	**15,245,136,356**	11,974,304,118
TOTAL LIABILITIES AND EQUITY	**₱24,025,159,498**	₱19,813,729,877

See accompanying Notes to Parent Company Financial Statements.

APEX MINING CO., INC.
PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUES			
Gold	**₱9,043,767,122**	₱6,524,930,266	₱5,924,012,213
Silver	**455,172,273**	434,384,697	393,665,353
	9,498,939,395	6,959,314,963	6,317,677,566
COST OF PRODUCTION (Note 19)	**(4,745,625,726)**	(3,809,252,153)	(3,470,277,662)
EXCISE TAXES	**(372,823,669)**	(278,447,056)	(258,194,188)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	**(149,747,797)**	(155,090,769)	(116,909,399)
FINANCE COSTS (Note 24)	**(158,980,547)**	(164,389,626)	(199,185,594)
OTHER CHARGES - net (Note 21)	**(74,929,624)**	(126,465,891)	(21,346,528)
INCOME BEFORE INCOME TAX	**3,996,832,032**	2,425,669,468	2,251,764,195
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 25)			
Current	**(699,216,822)**	(626,059,642)	(732,366,867)
Deferred	**7,940,256**	21,962,161	60,866,870
	(691,276,566)	(604,097,481)	(671,499,997)
NET INCOME	**₱3,305,555,466**	₱1,821,571,987	₱1,580,264,198
BASIC/DILUTED EARNINGS PER SHARE (Note 18)	**₱0.53**	₱0.29	₱0.25

See accompanying Notes to Parent Company Financial Statements.

APEX MINING CO., INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱3,305,555,466**	₱1,821,571,987	₱1,580,264,198
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains on retirement plan, net of tax (Note 14)	**30,980,986**	45,375,821	1,787,257
	30,980,986	45,375,821	1,787,257
TOTAL COMPREHENSIVE INCOME	**₱3,336,536,452**	₱1,866,947,808	₱1,582,051,455

See accompanying Notes to Parent Company Financial Statements.

APEX MINING CO., INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020

	Capital stock (Note 17)	Additional paid-in capital (Note 17)	Revaluation surplus (Note 9)	Remeasurement gain (loss) on retirement plan (Note 14)	Retained earnings (Note 17)	Total
Balances at December 31, 2019	₱6,227,887,491	₱15,941,675	₱449,332,647	(₱21,030,779)	₱1,828,079,789	₱8,500,210,823
Net income	–	–	–	–	1,580,264,198	1,580,264,198
Other comprehensive income, net of tax	–	–	–	1,787,257	–	1,787,257
Total comprehensive income	–	–	–	1,787,257	1,580,264,198	1,582,051,455
Transfer of portion of revaluation surplus realized through depreciation, depletion and disposal, net of tax (Note 9)	–	–	(98,016,212)	–	98,016,212	–
Balances at December 31, 2020	₱6,227,887,491	₱15,941,675	₱351,316,435	(₱19,243,522)	₱3,506,360,199	₱10,082,262,278

	Capital stock (Note 17)	Additional paid-in capital (Note 17)	Revaluation surplus (Note 9)	Remeasurement gain (loss) on retirement plan (Note 14)	Retained earnings (Note 17)	Total
Balances at December 31, 2020	₱6,227,887,491	₱15,941,675	₱351,316,435	(₱19,243,522)	₱3,506,360,199	₱10,082,262,278
Net income	–	–	–	–	1,821,571,987	1,821,571,987
Other comprehensive income, net of tax	–	–	–	45,375,821	–	45,375,821
Total comprehensive income	–	–	–	45,375,821	1,821,571,987	1,866,947,808
Transfer of portion of revaluation surplus realized through depreciation, depletion and disposal, net of tax (Note 9)	–	–	(95,928,540)	–	95,928,540	–
Effect of change in tax rate (Note 25)	–	–	25,094,032	–	–	25,094,032
Balances at December 31, 2021	₱6,227,887,491	₱15,941,675	₱280,481,927	₱26,132,299	₱5,423,860,726	₱11,974,304,118

	Capital stock (Note 17)	Additional paid-in capital (Note 17)	Revaluation surplus (Note 9)	Remeasurement gain (loss) on retirement plan (Note 14)	Retained earnings (Note 17)	Total
Balances at December 31, 2021	**₱6,227,887,491**	**₱15,941,675**	**₱280,481,927**	**₱26,132,299**	**₱5,423,860,726**	**₱11,974,304,118**
Net income	–	–	–	–	**3,305,555,466**	**3,305,555,466**
Other comprehensive income, net of tax	–	–	–	**30,980,986**	–	**30,980,986**
Total comprehensive income	–	–	–	**30,980,986**	**3,305,555,466**	**3,336,536,452**
Transfer of portion of revaluation surplus realized through depreciation, depletion and disposal, net of tax (Note 9)	–	–	**(54,456,091)**	–	**54,456,091**	–
Dividends	–	–	–	–	**(65,704,214)**	**(65,704,214)**
Balances at December 31, 2022	**₱6,227,887,491**	**₱15,941,675**	**₱226,025,836**	**₱57,113,285**	**₱8,718,168,069**	**₱15,245,136,356**

See accompanying Notes to Parent Company Financial Statements.

APEX MINING CO., INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,996,832,032**	₱2,425,669,468	₱2,251,764,195
Adjustments for:			
Depreciation, depletion and amortization (Note 22)	**1,099,292,071**	966,518,809	1,022,234,147
Interest and accretion expense (Note 24)	**145,129,290**	153,038,059	185,889,310
Movement in provision for retirement benefits (Note 14)	**52,574,099**	38,239,663	29,093,557
Unrealized foreign exchange loss (gain)	**9,395,401**	23,656,287	6,577,521
Interest income (Notes 4 and 21)	**(3,057,501)**	(908,785)	(1,681,095)
Loss (gain) on disposal of equipment (Notes 9 and 21)	**316,444**	(3,476)	–
Impairment loss on input VAT (Notes 11 and 21)	–	143,098,681	–
Write-off of input VAT (Notes 11 and 20)	–	43,517,532	–
Loss (gain) on change in estimate of provision for rehabilitation (Notes 15 and 21)	–	(24,486,389)	3,911,192
Operating income before working capital changes	**5,300,481,836**	3,768,339,849	3,497,788,827
Decrease (increase) in:			
Trade and other receivables	**(863,195,018)**	148,042,822	(5,231,095)
Advances to related parties	**(288,098,944)**	(479,133,022)	(491,184,471)
Inventories	**(301,892,589)**	(77,931,439)	(53,836,812)
Other current assets	**(285,880,694)**	(190,759,575)	(48,045,235)
Increase (decrease) in:			
Trade and other payables	**104,545,668**	116,360,450	(180,346,933)
Advances from related parties	**(106,173,042)**	(130,047,103)	(23,456,303)
Net cash generated from operations	**3,559,787,217**	3,154,871,982	2,695,687,978
Income tax paid	**(835,385,952)**	(553,324,908)	(537,508,701)
Interest paid	**(154,696,796)**	(279,789,514)	(307,034,868)
Interest received	**3,057,501**	908,785	1,681,095
Net cash flows from operating activities	**2,572,761,970**	2,322,666,345	1,852,825,504
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (Note 9)	**(1,749,102,409)**	(1,524,914,574)	(1,109,172,019)
(Increase)decrease in:			
Deferred exploration costs (Note 10)	**(234,210,006)**	(160,220,345)	(258,426,531)
Other noncurrent assets	**(2,249,159,521)**	(56,158,044)	(2,594,909)
Proceeds from disposal of property, plant and equipment (Note 9)	**2,142,857**	68,374	–
Net cash flows used in investing activities	**(4,230,329,079)**	(1,741,224,589)	(1,370,193,459)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Availment of loans (Note 16)	**1,931,064,000**	–	1,069,419,840
Payment of loans (Note 16)	**(657,282,226)**	(617,754,079)	(824,358,944)
Dividends Paid (Note 17)	**(60,125,432)**	–	–
Net cash flows generated from (used in) financing activities	**1,213,656,342**	(617,754,079)	245,060,896
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(443,910,767)**	(36,312,323)	727,692,941
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**15,214,720**	7,781,334	(38,572,513)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,307,501,932**	1,336,032,921	646,912,493
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱878,805,885**	₱1,307,501,932	₱1,336,032,921

See accompanying Notes to Parent Company Financial Statements.

1. **Corporate Information, Status of Operations and Authorization to Issue the Parent 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's shares are listed in the Philippine Stock Exchange (PSE) carrying the trading symbol "APX". It has two wholly-owned subsidiaries: Itogon-Suyoc Resources, Inc. (ISRI) and Monte Oro Resources & Energy, Inc. (MORE). As at December 31, 2022 and 2021, the Parent Company has 2,745 and 2,479 stockholders, respectively.

The Parent Company currently operates the Maco Mines in Maco, Davao de Oro (formerly Compostela Valley) in Mindanao. ISRI holds the Sangilo and Suyoc mineral properties in Benguet Province, while MORE holds mining projects in the Philippines and abroad, participating interest in an oil and gas property, and investment in a solid waste management project.

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

Status of Operations
Significant developments in the Parent Company's operations are as follows:

Maco Mines
The Parent Company's Maco Mines hold valid and subsisting Mineral Production Sharing Agreement (MPSA) No. 225-2005-XI covering 679.02 hectares and MPSA No. 234-2007-XI covering 1,558.50 hectares situated in Maco, Davao de Oro, which have terms of 25 years from the effective date.

ISO Certification
The Maco Mines has three certifications:
- ISO 9001:2015 for Quality Management System
- ISO 14001:2015 for Environmental Management System, and
- OHSAS 18001:2007 for Occupational Health and Safety Assessment Series

The scope of the certifications includes exploration underground mining, milling, and recovery of gold and silver using carbon-in-leach process, mine waste and mill trails management, and all support services, valid until March 2024 subject to satisfactory results of annual audits.

On February 10, 2023, the Parent Company acquired 1,900,000 shares, representing 100% ownership, of Asia-Alliance Mining Resources Corp. (AAMRC), a mining company which has interest, by virtue of a Joint Operating Agreement with Philippine Mining Development Corporation, mining claims in Mabini, Maco and Maragusan, Davao de Oro, for $81.50 million or ₱4.50 billion (see Note 11).

Authorization to Issue the Parent Company Financial Statements
The accompanying Parent Company financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, were authorized for issuance by the Parent Company's board of directors (BOD) on March 21, 2023.

2. **Basis of Preparation, Statement of Compliance and Significant Accounting Policies**

Basis of Preparation
The parent company financial statements have been prepared on a historical cost basis, except for property, plant and equipment, which are carried at revalued amounts. The Parent Company financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance
The Parent Company financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have a material impact on the consolidated financial statements of the Parent Company:

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PFRS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- Annual Improvements to PFRSs 2018-2020 Cycle
    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
    - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Future Changes in Accounting Policies
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

Summary of Significant Accounting and Financial Reporting Policies

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

Current versus Noncurrent Classification
The Parent Company presents assets and liabilities in the parent company statements of financial position based on current or noncurrent classification.

An asset as current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purposes of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Parent Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents
Cash includes cash on hand and cash with banks. Cash with banks are carried at face value and earn interest at the prevailing bank deposit rates. Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to insignificant risk of change in value.

Financial Instruments - Initial Recognition and Subsequent 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.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely for payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

As at December 31, 2022 and 2021, the Parent Company has no financial assets at FVTPL.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial Assets at Amortized Cost (Debt Instruments)

This category is the most relevant to the Parent Company. The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. The details of these conditions are outlined below:

Business Model Assessment

The Parent Company determined the business model at the level that best reflects how it manages its financial assets to achieve business objective.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from original expectations, the Parent Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test
The Parent Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Parent Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial assets are required to be measured at FVTPL.

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

The Parent Company's financial assets at amortized cost include cash with banks, short-term deposits, trade and other receivables, advances to related parties and mine rehabilitation fund (MRF) under "Other noncurrent assets".

Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

This category includes the Parent Company's accounts payables, accrued liabilities, and loans payable.

Subsequent Measurement
After initial recognition, payables are subsequently measured at amortized cost using the EIR method.

Impairment of Financial Assets
The Parent Company recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables (not subject to provisional pricing) due in less than 12 months, the Parent Company applies the simplified approach in calculating ECLs, as permitted by PFRS 9. Therefore, the Parent Company does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortized cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Parent 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 Parent Company's historical experience and informed credit assessment including forward-looking information.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Parent Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 Parent of similar financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired;
- the Parent 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 Parent has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent'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 Parent could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Parent's continuing involvement is the amount of the transferred asset that the Parent may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on asset measured at fair value, the extent of the Parent's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statements of income.

Debt Issuance Costs
Debt issuance costs are amortized using EIR method and unamortized debt issuance costs are included in the measurement of the related carrying value of the debt in the parent company statements of financial position. When the loan is repaid, the related unamortized debt issuance costs at the date of repayment are charged in the parent company statements of income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Parent Company 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 Parent Company 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 Note 27.

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

A fair value measurement of a 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 Parent 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 parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the 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 parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Inventories

Inventories, which consist of gold and silver bullions, metal in-circuit, ore stockpile, and materials and supplies used in the Parent Company's operations, are physically measured or estimated and valued at the lower of cost and net realizable value (NRV). Cost is the purchase cost (including those incurred in bringing each product to its present location and condition) and is determined using the moving average method. 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

Gold and silver in bullion pertains to dore, a mixture of gold and silver bullion. Metals in-circuit pertain to ores that were already fed to the mill and have undergone crushing and milling but are still in process for subsequent smelting to produce dore bullion. Ore that have been mined but still needs to undergo milling are classified as ore stockpile.

Materials and Supplies

Materials and supplies inventories are held for use in production of gold and silver bullion. It comprises all costs of purchase and other costs incurred in bringing the materials and supplies to their present location and condition.

Materials and supplies inventories are written down if the cost of gold and inventory bullion is expected to exceed its NRV.

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.

Advances to Suppliers and Contractors
Advances to suppliers and contractors are noninterest-bearing down payments which are mainly for machinery and equipment, inventory and services purchased, are being offset against the actual billings as the machinery and equipment and goods are received, or services are rendered.

Investment in Subsidiaries
A subsidiary is an entity that is controlled by another entity. 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.

Investments in subsidiaries are accounted for under the cost method less any impairment losses. Cost method is a method of accounting for an investment whereby the investment is recognized at cost. The investor recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and its accounting policies conforms to those used by the Parent Company for like transactions and events in similar circumstances. Where necessary, adjustments are made to bring the accounting policies of the subsidiaries in line with those of the Parent Company.

Leases

Determination of Whether an Arrangement Contains a Lease
The Parent determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease Liabilities - Parent as a Lessee
At the commencement date of the lease, the Parent recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent and payments of penalties for terminating a lease, if the lease term reflects the Parent exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Parent applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases that are considered of low value lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Property, Plant, and Equipment
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, 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 difference 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 Parent Company transfers, from the revaluation surplus reserve to retained earnings, the amount corresponding to the difference, net of tax, between the depreciation and depletion 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.

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

Property, plant, and equipment is depreciated or depleted from the moment the assets are available for use and after the risks and rewards are transferred to the Parent Company. Depreciation and depletion cease 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 Parent 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' estimated 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.

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 the parent company statement of income. On disposal of the revalued asset, the relevant revaluation surplus, included in the reserve account, is transferred directly to retained earnings.

Fully depreciated property, plant, and equipment are retained in the accounts until these are no longer in use. When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Development Costs 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 , less any impairment in value. These costs are capitalized until assets are already available for use or when the Parent Company has already achieved commercial levels of production at which time, these costs are transferred 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.

Depreciation of equipment used in exploration are part of mine exploration costs.

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.

Mine 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.

Any proceeds from sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management shall be recognized in profit or loss.

<u>Deferred Exploration Costs</u>
Expenditures for mine exploration work prior to drilling are charged to the parent company 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 Parent Company 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.

<u>Other Noncurrent Assets</u>
Other noncurrent assets include input VAT, MRF, deposits, national transmission lines, and mining software of the Parent Company. These are carried at historical cost and classified as noncurrent since the Parent Company expects to utilize the assets beyond 12 months from the end of the reporting period.

Value-Added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Mining software consists of acquired computer software licenses and is 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 the assets' estimated useful lives of three years.

Impairment of Nonfinancial Assets

Nonfinancial 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 is 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 parent company statement of income.

Investment in Subsidiaries

The Parent Company determines at each end of the reporting period whether there is any objective evidence that its investment in subsidiaries is impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the fair value of the investment and the acquisition cost and recognizes the amount of difference in the parent company statement of income.

An assessment is made at each end of 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 investments' recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amounts of the investments are increased to their recoverable amounts. The increased amounts cannot exceed the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in the statement of income.

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

The Parent Company assesses at each reporting period whether there is an indication that property, plant and equipment, intangible assets, and nonfinancial other 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 cash generating units (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 (VIU) 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 group of assets. In assessing the VIU, 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 parent company 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, depletion and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company 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, depletion, and amortization charge are 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 Parent Company 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 Parent Company'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.

<u>Provisions</u>
General
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 parent company statement of income.

Where the Parent Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented on the parent company statement of income, net of any reimbursement.

Provision for Mine Rehabilitation and Decommissioning
Mine rehabilitation costs will be incurred by the Parent Company either while operating, or at the end of the operating life of, the Parent Company's facilities and mine properties. The Parent Company assesses its mine rehabilitation provision at each reporting date. The Parent Company recognizes a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming, and revegetating affected areas. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the mining operation's location.

When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognized as part of the related inventory item. Additional disturbances which arise due to further development/construction at the mine are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognized as part of an asset measured in accordance with PAS 16, *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statements of income. If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Parent Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. For mature mines, if the estimate for the revised mine assets net of rehabilitation provision exceeds the recoverable value, that portion of the increase is charged directly to expense. 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 statement of profit or loss as part of finance costs. For closed sites, changes to estimated costs are recognized immediately in the statement of profit or loss.

Retirement Benefits 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 parent company 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 parent company 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 Parent Company, nor can these be paid directly to the Parent Company. 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 Parent Company'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 (APIC). Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

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 of the Parent Company. Dividends for the period that are approved after the end of the reporting period are dealt with as an event after the reporting period.

Earnings Per Share

Basic
Basic earnings per share is calculated by dividing the net income 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 per share is calculated by dividing the net income attributable to ordinary stockholders of the Parent Company by the weighted average number of common shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all potentially dilutive common shares during the period.

Revenue Recognition from Mine Products
The Parent Company sends its unrefined dore to a refiner for processing into marketable metals. While the refiner has possession of the materials, control does not automatically transfer to the refiner, unless the Parent Company elects that the material is for sale to the refiner when a deal confirmation is drawn for the details of the sale (e.g. metal contents and the London Bullion Market Association (LBMA) prices to be applied), which confirmation is considered as the enforceable contract between them. Control passes to the buyer refiner upon its settlement of the metal credits to the Parent Company, at which point revenue is recognized.

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 parent company 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 Parent Company 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 the day-to-day operations of the Parent Company. These are recognized when incurred.

Other Income (Charges)
Other income and charges of the Parent Company include incidental income earned and expenses incurred arising from activities of the Parent Company 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 Parent Company 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 cost.

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 Parent Company during the period. All other borrowing costs are recognized in the parent company statement of income in the period in which these are incurred.

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 income 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 sufficient future taxable income will allow the deferred income 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 income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income 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 parent company statement of income.

Uncertainty over income tax treatments
The Parent Company assesses at the end of each reporting period whether it has any uncertain tax treatments by reviewing the assumptions about the examination of tax treatments by the taxation authority, determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and considering changes in relevant facts and circumstances. The Parent Company then evaluates how likely is it that a certain tax treatment will be accepted by the taxation authority. If it is probable that the taxation authority will accept a certain tax treatment, the Parent Company concludes that it has no uncertain tax treatment and will measure tax amounts in line with the income tax filings.

If it is not probable that the taxation authority will accept a certain tax treatment, the Parent Company measures tax amounts based on the 'most likely amount' method (better predicts uncertainty if the possible outcomes are binary or are concentrated on one value) or 'expected value' method (better predicts uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value). The Parent Company presents uncertain tax liabilities as part of current tax liabilities or deferred tax liabilities.

Operating segments
The Parent Company'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.

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 of the Parent Company who makes strategic decisions.

Foreign Currency-Denominated Transactions
Transactions in foreign currencies are initially recorded using the prevailing exchange rate 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.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. These are, however, disclosed in the notes to the parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed in the notes to the parent company 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 Parent Company's position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Parent Company's 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 parent company 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 Parent Company'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 parent company financial statements.

Assessment of Control over Subsidiaries
The Parent Company has wholly-owned subsidiaries. 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:

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

As at December 31, 2022, the Parent Company assessed that it has control over MORE and ISRI and has accounted for these as investments in subsidiaries.

Assessment of the Production Start Date
The Parent Company 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 Parent Company 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 of assets to be used for operations and depletion of capitalized mine development costs and mine and mining properties commences.

Determining Stage of Impairment
At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. Quantitative criteria may include downgrade in investment grade, defaulted assets, counterparties with objective evidence of impairment.

A significant increase in credit risk is also presumed if a debtor is more than 90 days past due in making a contractual payment. Qualitative criteria may include significant adverse changes in business, financial or economic conditions in which the counterparty operates, actual or expected restructuring.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Parent Company's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. An exposure will migrate through the ECL stages as asset quality deteriorates.

If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Significant Increase in Credit Risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Parent Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In making this assessment, the Parent Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Parent Company's debtors operate, information obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Parent Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Parent Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Parent Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Parent Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Parent Company considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Parent Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Parent Company has determined that its credit risk on its financial instruments has not significantly increased since origination as at December 31, 2022 and 2021, respectively.

Accounting 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 parent company financial statements within the next financial year are discussed below.

Provision for ECL on Trade and Other Receivables and Advances to Related Parties

The Parent Company uses the general approach model as the new impairment requirement of PFRS 9 based on ECL which replaces the PAS 39 incurred loss model. An assessment of the ECL relating to trade and other receivables and advances to related parties is undertaken upon initial recognition and at each financial year by examining the financial position of counterparties and related parties and the market in which they operate by applying the general approach of the ECL impairment model of PFRS 9. The general approach of the ECL impairment model involves exercise of significant judgment.

Key areas of judgment include: defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; debtor's capacity to pay, and incorporating forward-looking information in calculating ECL.

Total carrying value of trade and other receivables and advances to related parties amounted to ₱2.60 billion and ₱1.44 billion, net of allowance for impairment losses amounting to ₱1.67 million as at December 31, 2022 and 2021 (see Notes 5 and 13).

Valuation of Financial Instruments
The Parent Company carries certain financial assets (i.e., financial assets measured at FVOCI) at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (e.g., foreign exchange rates, interest rates, quoted equity prices), the amount of changes in fair value would differ if the Parent Company utilized a different valuation methodology.

Any change in fair value of these financial assets and financial liabilities is recognized in the parent company statements of income and in the parent company statements of comprehensive income.

The carrying values and corresponding fair values of financial assets and financial liabilities as well as the manner in which fair values were determined are discussed in Note 27.

Estimation of Allowance for Inventory Losses and Obsolescence
The Parent Company 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 original acquisition costs.

The Parent Company recorded reversal of provision for inventory losses and obsolescence amounting to nil, ₱1.71 million and nil, and provided an additional provision amounting to ₱34.60, nil and ₱15.77 million in 2022, 2021 and 2020, respectively (see Note 6). As at December 31, 2022 and 2021, the carrying amounts of inventories amounted to ₱1.22 billion and ₱0.91 billion, respectively, net of allowance for inventory losses and obsolescence of ₱74.02 million and ₱39.41 million, respectively, as at those dates (see Note 6).

Assessment of the Realizability of Nonfinancial Other Current Assets
A review to determine the realizability of the asset is made by the Parent Company on a continuing basis annually. The assessment as to the realizability of the nonfinancial other current assets is based on how the Parent Company can utilize these assets. As at December 31, 2022 and 2021, the aggregate carrying value of nonfinancial other current assets amounted to ₱264.90 million and ₱307.37 million, respectively (see Note 7).

Assessment of the Recoverability of Deferred Exploration Costs
The application of the Parent Company's accounting policy for deferred exploration 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 ore resources 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 how much ore reserves could eventually be developed to justify further investment in and capitalization of exploration expenditures. The capitalization 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 and when new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that recovery is unlikely, the amount capitalized is written off in profit or loss in the period when such new information becomes available.

Deferred exploration costs amounted to ₱1.51 billion and ₱1.28 billion as at December 31, 2022 and 2021, respectively (see Note 10).

Estimation of Fair Value, Useful Lives and Residual Values of Property, Plant and Equipment
The Parent Company 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.

In 2019, the Parent Company revalued its property, plant and equipment. There were changes in the estimated fair values, useful lives and residual values of property, plant and equipment. Useful lives of certain property, plant and equipment were estimated to be longer than the original estimated useful lives as indicated in the independent appraiser's report dated June 26, 2019. The estimated useful lives are disclosed in Note 2 to the consolidated financial statements.

Property, plant, and equipment at fair value as at December 31, 2022 and 2021 has net book values amounting to ₱9.41 billion and ₱8.66 billion respectively, while property, plant, and equipment at cost has net book values as at December 31, 2022 and 2021 amounted to ₱9.11 billion and ₱8.28 billion, respectively (see Note 9). The estimated useful lives are disclosed in Note 2 to the parent company financial statements.

Estimation of Ore Reserves
Ore reserves are estimates of the amount of ore that can be economically extracted from the Parent Company's depletable mine and mining properties and are key inputs to estimation of provision for mine rehabilitation and decommissioning and, depletion and depreciation. The Parent Company estimates its ore reserves based on information compiled by a qualified external competent person relating to the geological and technical data on the size, depth, and shape of the ore body and suitable production techniques and recovery rates, which requires complex geological and mine engineering judgments to interpret and serves as bases for estimation. The estimation of ore reserves is further based upon assumptions needed for economic evaluation, such as operating costs, taxes, royalty, production data, foreign exchange rates, and commodity pricing, along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the ore reserve estimates may affect the carrying values of the depletable mine and mining properties, and depletion and depreciation charges.

The Parent Company estimates and reports ore reserves in line with the principles contained in the Philippine Mineral Reporting Code. On July 6, 2021, an ore reserves estimate with a cut-off date of May 31, 2021 was published by a competent person indicating an increase in ore reserves estimate and increasing its life of mine from 3 years to 10 years, replenished as exploration and mine development progresses. In 2022, the competent person certified that technical reports with effectivity of May 31, 2021 are still valid as of December 31, 2022. Hence, no change in depletion rate in 2022.

Depletable mine and mining properties, net of accumulated depletion, amounted to ₱1.95 billion as at December 31, 2022 and 2021 (see Note 9).

Estimation of Depletion Rate
Depletion rates used to amortize depletable mine and mining properties are annually assessed based on the latest estimate of recoverable ore reserves. The Parent Company estimates its ore 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 depletable mine and mining properties in 2022, 2021 and 2020 were 11%, 11% and 7%, respectively. Depletion costs amounted to ₱305.41 million, ₱204.44 million, ₱295.28, in 2022, 2021 and 2020, respectively. Depletable mine and mining properties, net of accumulated depletion, amounted to ₱1.95 billion as at December 31, 2022 and 2021 (see Note 9).

Estimation of Impairment of Nonfinancial Assets, including Investment in Subsidiaries, Property, Plant, and Equipment and Other Noncurrent Assets
The Parent Company evaluates whether investment in subsidiaries, property, plant, and equipment, and other nonfinancial 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 VIU or fair value, if said information is readily available. Estimation of VIU 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 Parent Company. 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 investment in subsidiaries, property, plant and equipment, and nonfinancial other noncurrent assets amounted to ₱17.52 billion and ₱14.53 billion as at December 31, 2022 and 2021, respectively (see Notes 8, 9, and 11).

These are subjected to impairment testing when impairment indicators are present. As at December 31, 2022 and 2021, allowance for impairment loss on property, plant and equipment amounted to ₱162.67 million (see Note 9). Write-off of property, plant, and equipment and other nonfinancial noncurrent assets recognized were nil in 2022, 2021 and 2020 (see Note 21).

Provision for impairment loss on input VAT amounted to nil, ₱143.10 million and nil in 2022, 2021 and 2020, respectively (see Notes 11 and 21) and written off input VAT amounted to nil, ₱43.52 million, and nil in 2022, 2021 and 2020 respectively (Notes 11 and 20).

As at December 31, 2022 and 2021, allowance for impairment loss on nonfinancial other noncurrent assets amounted to ₱143.10 million. (see Note 11).

Estimation of Provision for Retirement Benefits
The costs of defined retirement benefit 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 ₱64.16 million, ₱52.97 million, and ₱56.55 million in 2022, 2021 and 2020, respectively. Provision for retirement benefits amounted to ₱303.32 million and ₱292.06 million as at December 31, 2022 and 2021, respectively. Benefits paid in 2022 and 2021 amounted to ₱11.59 million and ₱14.74 million, respectively (see Note 14).

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 14.

Estimation of Provision for Mine Rehabilitation and Decommissioning
The Parent Company 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 parent company 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.

The Parent Company's revised Final Mine Rehabilitation and/or Decommissioning Plan (FMRDP) was approved on April 20, 2021, which consists of revised estimated mine life from 3 years to 10 years and discount rate compared to the original FMRDP that was approved on March 13, 2017.

Accretion expense amounted to ₱0.65 million, ₱0.68 million, and ₱1.32 million in 2022, 2021 and 2020, respectively (see Notes 15 and 24). Loss (Gain) on change in estimate of the provision for mine rehabilitation and decommissioning amounted to nil, (₱24.49 million) and ₱3.91 million in 2022, 2021 and 2020, respectively (see Note 15). As at December 31, 2022 and 2021, the provision for mine rehabilitation and decommissioning amounted to ₱13.79 million and ₱13.14 million, respectively (see Note 15).

Assessment on Provisions and Contingencies
The Parent Company 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 Parent Company's defense in these matters and is based upon an analysis of potential results. The Parent Company 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 28).

Assessment of Realizability of Deferred Income Tax Assets
The Parent Company 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 income will be available to allow all or part of the deferred income tax assets to be utilized.

As at December 31, 2022 and 2021, the Parent Company recognized deferred income tax assets amounting to ₱95.35 million and ₱95.78 million, respectively (see Note 25). As at December 31, 2022 and 2021, unrecognized deferred income tax assets on deductible temporary differences amounted to ₱381.46 million and ₱346.85 million, respectively (see Note 25).

4. Cash and cash equivalents

	2022	2021
Cash on hand	**₱1,658,207**	₱1,270,898
Cash with banks	**668,952,942**	1,097,994,246
Short-term deposits	**208,194,736**	208,236,788
	₱878,805,885	₱1,307,501,932

Cash with banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods, usually of up to three months, depending on the cash requirements of the Parent Company.

Interest income arising from cash with banks amounted to ₱3.06 million, ₱0.91 million, and ₱1.68 million in 2022, 2021 and 2020, respectively (see Note 21).

The Parent Company has foreign currency-denominated cash amounting to US$3.42 million and US$15.50 million as at December 31, 2022 and 2021, respectively (see Note 26).

5. Trade and Other Receivables

	2022	2021
Trade	**₱856,344,865**	₱–
Advances to officers and employees	**16,986,628**	11,332,580
Others	**15,403,297**	14,207,192
	888,734,790	25,539,772
Less allowance for ECL	**1,666,240**	1,666,240
	₱887,068,550	₱23,873,532

Trade receivables are noninterest-bearing and are generally on less than 15 days' terms. These are related to the gold and silver delivery agreements entered into by the Parent Company with Heraeus Limited (Heraeus), a refining company based in Hong Kong (see Note 28).

Advances to officers and employees pertain to cash advances that are subject to liquidation and/or salary deduction 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 provision for ECL amounted to ₱1.67 million as at December 31, 2022 and 2021. The Parent Company did not recognize any additional provision or reversal in 2022 and 2021.

The Parent Company has foreign currency-denominated trade and other receivables amounting to US$15.34 million and nil as at December 31, 2022 and 2021, respectively (see Note 26).

6. Inventories

	2022	2021
Gold and silver bullions - at cost	**₱193,285,047**	₱137,140,303
Metal in circuit - at cost	**59,228,500**	65,883,727
Ore stockpile - at NRV	**68,840,646**	29,383,665
Materials and supplies - at NRV	**893,869,214**	680,923,123
	₱1,215,223,407	₱913,330,818

Cost of inventories recognized as part of cost of production amounted to ₱1.76 billion, ₱1.28 billion, and ₱1.07 billion in 2022, 2021 and 2020 respectively (see Note 19).

Cost of materials and supplies recognized as part of general and administrative expense in 2022, 2021 and 2020 amounted to ₱2.39 million, ₱2.29 million, and ₱1.10 million, respectively (see Note 20).

Movements in allowance for inventory losses and obsolescence pertaining to materials and supplies are as follows:

	2022	2021
Beginning balances	**₱39,413,288**	₱41,119,145
Provision	**34,604,673**	–
Reversal	**–**	(1,705,857)
Ending balances	**₱74,017,961**	₱39,413,288

7. Other Current Assets

	2022	2021
Advances to suppliers and contractors	**₱237,161,753**	₱286,421,899
Prepayments	**5,469,420**	6,255,802
Others	**22,267,715**	14,694,979
	₱264,898,888	₱307,372,680

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

Prepayments include licenses and premiums on insurance policies covering the Parent Company's heavy equipment, vehicles, plant and employees.

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

8. Investment in Subsidiaries

	Nature of Business	% of Ownership **2022**	2021	Country of Incorporation	**2022**	2021
Subsidiaries:						
MORE	Mining	**100**	100	Philippines	**₱5,122,161,087**	₱5,122,161,087
ISRI	Mining	**100**	100	Philippines	**426,238,126**	426,238,126
					₱5,548,399,213	₱5,548,399,213

MORE holds various mining projects locally and abroad. It also has a 30% participating interest in a service contract for gas in the West Philippine Sea (Service Contract 72 covering the Sampaguita gas fields offshore northwest of Palawan), and a 52% equity in a solid-waste management company with a Build-Operate-Transfer Contract with the Philippine government.

The registered office address of MORE is at 3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

ISRI has two mining projects: the Sangilo mine, which commenced its commercial operations on July 31, 2020, located in Itogon, Benguet; and the Suyoc mine, which is undergoing resource validation, located in Mankayan, Benguet.

The registered office address of ISRI is at 3304D West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

Below is the relevant financial information of MORE and ISRI:

	December 31	
MORE and Subsidiaries	**2022**	2021
Current assets	**₱1,299,607,402**	₱1,275,021,252
Noncurrent assets	**1,604,264,574**	1,518,866,244
Current liabilities	**340,791,320**	237,034,661
Noncurrent liabilities	**6,790,201**	1,558,774
Equity	**2,556,290,455**	2,555,294,060
Cost and expenses	**(42,119,293)**	(38,396,811)
Other income (charges)	**35,152,453**	(1,197,757,458)
Net loss	**(6,966,840)**	(1,236,154,269)
Other comprehensive income	**–**	–
Total comprehensive loss	**(₱6,966,840)**	(₱1,236,154,269)

ISRI	December 31 **2022**	 2021
Current assets	**₱617,055,438**	₱367,638,586
Noncurrent assets	**1,810,101,004**	1,507,948,028
Current Liabilities	**1,930,512,826**	1,643,646,387
Noncurrent Liabilities	**379,714,425**	162,014,425
Equity	**116,929,196**	109,885,332
Revenue	**810,667,070**	450,995,752
Cost and expenses	**(774,246,719)**	(459,532,887)
Other income (expense)	**(7,550,220)**	1,513,077
Net income (loss)	**28,870,131**	(7,024,058)
Other comprehensive income	**2,797,760**	800,000
Total comprehensive income (loss)	**₱31,667,891**	(₱6,224,058)

9. Property, Plant and Equipment

	2022							
	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:								
Balance at beginning of year	₱318,492,498	₱6,675,212,817	₱805,208,093	₱1,049,551,126	₱466,801,484	₱7,994,431,466	₱972,684,416	₱18,282,381,900
Additions	2,394,685	660,503,358	1,753,356	4,022,221	78,291,050	688,724,478	313,413,261	1,749,102,409
Capitalized borrowing cost (Note 16)	–	–	–	–	–	75,036,005	23,656,341	98,692,346
Capitalized depreciation (Note 22)	–	–	–	–	–	95,705,186	–	95,705,186
Reclassifications from construction in progress	36,570,674	146,641,344	981,922	196,919,866	707,558	–	(381,821,364)	–
Disposals and write-offs	–	–	(28,270,756)	–	(962,133)	–	–	(29,232,889)
Balances at end of year	357,457,857	7,482,357,519	779,672,615	1,250,493,213	544,837,959	8,853,897,135	927,932,654	20,196,648,952
Accumulated depreciation and depletion:								
Balances at beginning of year	168,818,066	4,257,060,085	589,832,885	689,118,805	273,931,099	3,482,055,622	–	9,460,816,562
Depreciation and depletion	19,295,986	681,853,484	48,409,250	79,933,451	53,137,698	305,413,553	–	1,188,043,422
Disposals and write-offs	–	–	(25,811,455)	–	(962,133)	–	–	(26,773,588)
Balances at end of year	188,114,052	4,938,913,569	612,430,680	769,052,256	326,106,664	3,787,469,175	–	10,622,086,396
Allowance for Impairment:	126,037	3,318,744	–	159,229,430	–	–	–	162,674,211
Net book values	₱169,217,768	₱2,540,125,206	₱167,241,935	₱322,211,527	₱218,731,295	₱5,066,427,960	₱927,932,654	₱9,411,888,345

	2021							
	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:								
Balance at beginning of year	₱ 304,155,564	₱6,073,032,020	₱776,220,581	₱1,048,965,018	₱404,895,111	₱7,219,282,360	₱754,402,315	₱16,580,952,969
Additions	12,507,609	579,932,222	28,987,512	–	51,841,590	621,776,072	229,869,569	1,524,914,574
Capitalized borrowing cost (Note 16)	–	–	–	–	–	97,084,828	23,267,240	120,352,068
Capitalized depreciation (Note 22)	–	–	–	–	–	56,288,206	–	56,288,206
Reclassifications from construction in progress	1,829,325	22,248,575	–	586,108	10,190,700	–	(34,854,708)	–
Disposals and write-offs	–	–	–	–	(125,917)	–	–	(125,917)
Balances at end of year	318,492,498	6,675,212,817	805,208,093	1,049,551,126	466,801,484	7,994,431,466	972,684,416	18,282,381,900
Accumulated depreciation and depletion:								
Balances at beginning of year	151,971,613	3,628,026,340	532,007,946	616,862,531	232,495,234	3,277,620,582	–	8,438,984,246
Depreciation and depletion	16,846,453	629,033,745	57,824,938	72,256,274	41,496,885	204,435,040	–	1,021,893,335
Disposals and write-offs	–	–	–	–	(61,019)	–	–	(61,019)
Balances at end of year	168,818,066	4,257,060,085	589,832,884	689,118,805	273,931,100	3,482,055,622	–	9,460,816,562
Allowance for impairment:								
Balances at beginning and end of year	126,037	3,318,744	–	159,229,430	–	–	–	162,674,211
Net book values	₱149,548,395	₱2,414,833,988	₱215,375,209	₱201,202,891	₱192,870,384	₱4,512,375,844	₱972,684,416	₱8,658,891,127

The latest revaluation was made in 2019. The Parent Company revalued its property, plant and equipment based on estimated fair values as indicated in the independent appraiser's report dated June 26, 2019. The assigned value was estimated using the cost approach method, which is based on economic principle that a buyer will pay no more for an asset that the cost to obtain an asset of equal utility, whether by purchase or by construction. The cost approach involves the appraiser coming up with the replacement cost less an allowance for accrued depreciation as evidenced by the observed condition in comparison with new units of like kind with consideration to physical deterioration and functional/economic factors.

As at May 24, 2019, management assessed that the current use the Parent Company's buildings and improvements, mining and milling equipment, power equipment, roads bridges and land improvements, and exploration equipment and others assumes its current use which amounted to ₱3.40 billion, is their highest and best use.

Accordingly, as of the date of the revaluation in 2019, the Parent Company recognized a net increase of ₱280.28 million which was directly credited to the revaluation surplus, net of piecemeal realization amounting to ₱87.91 million. In 2022 and 2021, ₱54.46 million and ₱95.93 million, respectively, were directly credited to the retained earnings for the piecemeal realization.

Construction in-progress consists mainly of expenditures and other construction projects such as Tailings Management Facility, drainage tunnels, etc. at different stages of completion as at December 31, 2022 and 2021.

Movement in revaluation surplus in equity is as follows:

	2022	2021
Balances at beginning of year	**₱280,481,927**	₱351,316,435
Effect of change in tax rate	–	25,094,032
Realized portion through depreciation, net of tax (Note 17)	**(54,456,091)**	(95,928,540)
Balance at end of year	**₱226,025,836**	₱280,481,927

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

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

	2022							
	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**
Cost:								
Balances at end of year	**₱300,624,423**	**₱7,833,843,369**	**₱783,543,751**	**₱1,216,203,304**	**₱606,009,121**	**₱8,853,897,135**	**₱927,932,654**	**₱20,522,053,758**
Accumulated depreciation and depletion:								
Balances at end of year	**₱192,607,894**	**5,424,419,507**	**633,872,347**	**797,689,612**	**412,800,447**	**3,787,469,175**	**–**	**11,248,858,982**
Allowance for impairment:								
Balances at end of year	**126,037**	**3,318,744**	**–**	**159,229,430**	**–**	**–**	**–**	**162,674,211**
Net Book Values	**₱107,890,492**	**₱2,406,105,118**	**₱149,671,404**	**₱259,284,262**	**₱193,208,675**	**₱5,066,427,960**	**₱927,932,654**	**₱9,110,520,565**

	2021							
	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
Cost:								
Balances at end of year	₱261,659,064	₱7,026,698,667	₱809,079,229	₱1,015,261,217	₱527,972,646	₱7,994,432,467	₱972,684,416	₱18,607,787,706
Accumulated depreciation and depletion:								
Balances at end of year	₱177,411,146	₱4,799,055,182	₱616,459,814	₱720,551,760	₱364,663,746	₱3,482,055,622	₱–	₱10,160,197,270
Allowance for impairment:								
Balances at end of year	126,037	3,318,744	–	159,229,430	–	–	–	162,674,211
Net Book Values	₱84,121,881	₱2,224,324,741	₱192,619,415	₱135,480,027	₱163,308,900	₱4,512,376,845	₱972,684,414	₱8,284,916,225

The cost of fully depreciated property, plant and equipment that are still being used amounted to ₱1.40 billion and ₱310.23 million as at December 31, 2022 and 2021, respectively.

The proceeds from the disposal of property, plant and equipment for 2022 and 2021 amounted to ₱2.14 million and ₱0.07 million, respectively. Net gain (loss) recognized from the disposal of property and equipment amounted to (₱0.32 million) and ₱3.48 thousand in 2022 and 2021, respectively (see Note 21).

The Parent Company capitalized borrowing cost amounting to ₱23.66 million and ₱23.27 million for construction in-progress, ₱75.04 million and ₱97.08 million for mine and mining properties in 2022 and 2021, respectively. The rate used to determine the amount of borrowing costs eligible for capitalization was 6.31% in 2022 and 2021, (see Note 16).

Breakdown of mine and mining properties and mine development cost is shown below:

	2022				
	Mine and mining properties	**Mine development cost**	**Mine rehabilitation asset**	**Mine rehabilitation asset - PPE**	**Total**
Cost:					
Balances at beginning of year	**₱5,406,836,498**	**₱2,562,295,018**	**₱23,509,181**	**₱1,790,769**	**₱7,994,431,466**
Additions	**–**	**688,724,478**	**–**	**–**	**688,724,478**
Transfers	**308,728,999**	**(308,728,999)**	**–**	**–**	**–**
Capitalized depreciation (Note 22)	**–**	**95,705.186**	**–**	**–**	**95,705,186**
Capitalized Borrowings (Note 16)	**–**	**75,036,005**	**–**	**–**	**75,036,005**
Balances at end of year	**5,715,565,497**	**3,113,031,688**	**23,509,181**	**1,790,769**	**8,853,897,135**
Accumulated depletion:					
Balances at beginning of year	**3,456,755,672**	**–**	**23,509,181**	**1,790,769**	**3,482,055,622**
Depletion	**305,413,553**	**–**	**–**	**–**	**305,413,553**
Balances at end of year	**3,762,169,225**	**–**	**23,509,181**	**1,790,769**	**3,787,469,175**
Net book values	**₱1,953,396,272**	**₱3,113,031,688**	**₱–**	**₱–**	**₱5,066,427,960**

	2021				
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	Mine rehabilitation asset - PPE	Total
Cost:					
Balances at beginning of year	₱4,905,825,018	₱2,288,157,392	₱23,509,181	₱1,790,769	₱7,219,282,360
Additions	–	621,776,072	–	–	621,776,072
Transfers	501,011,480	(501,011,480)	–	–	–
Capitalized depreciation (Note 22)	–	56,288,206	–	–	56,288,206
Capitalized Borrowings (Note 16)	–	97,084,828	–	–	97,084,828
Balances at end of year	5,406,836,498	2,562,295,018	23,509,181	1,790,769	7,994,431,466
Accumulated depletion:					
Balances at beginning of year	3,252,320,632	–	23,509,181	1,790,769	3,277,620,582
Depletion	204,435,040	–	–	–	204,435,040
Balances at end of year	3,456,755,672	–	23,509,181	1,790,769	3,482,055,622
Net book values	₱1,950,080,826	₱2,562,295,018	₱–	₱–	₱4,512,375,844

The Parent Company's asset retirement obligation (ARO) pertaining to mine rehabilitation assets have been fully depleted as at December 31, 2022 and 2021.

10. **Deferred Exploration Costs**

	2022	2021
Balances at beginning of year	**₱1,278,784,457**	₱1,118,564,105
Additions	**234,210,006**	160,220,345
Balances at end of year	**₱1,512,994,463**	₱1,278,784,450

Deferred exploration costs consist of expenditures related to the exploration activities covered by the Parent Company'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.

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.

There are no transfers from deferred exploration costs to mine and mining properties in 2022 and 2021.

11. **Other Noncurrent Assets**

	2022	2021
Advances to AARMC	**₱1,979,695,695**	₱–
Input VAT	**678,810,442**	424,385,333
Mine rehabilitation funds (MRF)	**27,829,598**	27,455,603
Deposits	**31,416,812**	31,110,492
Software	**21,840,898**	14,436,339
	2,739,593,445	497,387,767
Less: allowance for impairment loss	**143,098,681**	143,098,681
	₱2,596,494,764	₱354,289,086

On December 5, 2022, the Parent Company and AAMRC entered into Share Purchase Agreement (SPA) where the Parent Company will purchase 1,900,000,000 shares, representing 100% ownership, of AAMRC for \$81.50 million or ₱4.50 billion where \$5.5 million is payable upon signing of SPA and \$76.00 million shall be paid in 4 equal annual installment over the next 5 years. In 2022, the Parent Company advanced cash to stockholders of AAMRC amounting to ₱1.98 billion. On February 10, 2023, as a closing condition of SPA, the Deeds of Absolute Sale between the Parent Company and the stockholders of AAMRC were completed, and that the Parent Company took control of AAMRC on same date (see Note 1).

Input VAT represents VAT imposed on the Parent Company by its suppliers for the acquisition of goods and services, which the Parent Company applies for cash refund by regulatory agencies.

The Parent Company recognized impairment loss on input VAT amounting to nil, ₱143.10 million and nil in 2022, 2021 and 2020, respectively (Note 21). Written off input VAT amounted to nil and ₱43.52 million and nil in 2022, 2021 and 2020, respectively (Note 20).

As at December 31, 2022 and 2021, the Parent Company maintains MRFs consisting of monitoring trust, rehabilitation cash, environmental trust, and final rehabilitation and decommissioning funds as provided in its agreements entered into with the provincial government and the Mines and Geosciences Bureau (MGB). The funds are restricted for withdrawal unless approved by MGB. The funds are only 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.

Deposits pertain to security deposits for the use of the leases of equipment and office space rentals, which are recoverable through application against final billings from lessors. Deposits also include security deposits made to power suppliers of the Maco mine.

Mining software consists of acquired computer software licenses and is capitalized on the basis of the costs incurred to acquire and bring to use the said software. Movement of software for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Cost:		
Balances at beginning of year	**₱66,818,674**	₱53,195,555
Additions	**14,358,394**	13,623,119
	81,177,068	66,818,674
Accumulated amortization:		
Balances at beginning of year	**52,382,335**	51,468,655
Amortization (Note 22)	**6,953,835**	913,680
	59,336,170	52,382,335
Net book values	**₱21,840,898**	₱14,436,339

12. Trade and Other Payables

	2022	2021
Trade	**₱531,362,864**	₱320,167,288
Nontrade	**315,040,733**	316,468,142
Accrued employee benefits	**109,858,585**	102,963,569
Accrued expenses	**109,776,804**	123,330,660
Payables to government agencies	**40,987,427**	37,164,559
Retention payable	**14,147,891**	17,842,078
Dividends payable (Note17)	**5,578,782**	–
Others	**30,702,524**	40,924,842
	₱1,157,455,610	₱958,861,138

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

Nontrade payables include payables for royalties and surface rights to the indigenous people in the Parent Company's Maco mine tenements (see Note 28), and other payables that are incurred outside the Parent Company's operations.

Accrued employee benefits pertain to accrued leave and other benefits that are monetized to employees, and unclaimed salaries and wages.

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

Payables to government agencies include accruals for withholding taxes and excise taxes due from the Parent Company's Maco mine operations.

Retention payable pertain to withheld amounts from billings for services availed or product purchases pending the completion of certain specified conditions.

Dividends payable refers to dividends declared but not yet paid (see Note 17).

Other payables pertain to accrued interest and short-term cash advances by the Parent Company necessary to support its operations.

13. **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 Parent, including holding companies and subsidiaries, are related parties of the Parent. Associates and individuals owning, directly or indirectly, voting power that gives them significant influence over the Parent, its key management personnel, directors and officers, and key management personnel. 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 on the legal form.

Transactions with related parties in the normal course of business are as follows:

Category	Relationship with the Company	Year	Volume/ Amount	Outstanding Balance	Terms	Conditions
Cash advances to:						
ISRI	Subsidiary	**2022**	**₱213,559,321**	**₱1,485,313,033**	Due and demandable	Unsecured, Cash-settled
		2021	₱423,750,848	₱1,271,753,712		
Coral Resources Philippines, Inc. (CRPI)	Indirect Subsidiary	**2022**	**74,539,623**	**218,764,134**	Due and demandable	Unsecured, Cash-settled
		2021	55,382,174	144,224,511		
Bulawan Mineral Resources Corp. (BMRC)	Indirect Subsidiary	**2022**	**–**	**5,308,816**	Due and demandable	Unsecured, Cash-settled
		2021	–	5,308,816		
2022			**₱288,098,944**	**₱1,709,385,983**		
2021			₱479,133,022	₱1,421,287,039		

Category	Relationship with the Company	Year	Volume/ Amount	Outstanding Balance	Terms	Conditions
Cash advances from:						
MORE	Subsidiary	**2022**	**(₱434,527,527)**	**₱710,883,890**	Due and demandable	Unsecured,
		2021	₱70,047,103	₱1,145,411,417		Cash-settled
Prime Strategic Holdings, Inc. (PSHI)	Stockholder	**2022**	–	**916,012,000**	Due and demandable	Unsecured,
		2021	(60,000,000)	916,012,000		Cash-settled
2022			**(₱434,527,527)**	**₱1,626,895,890**		
2021			₱10,047,103	₱2,061,423,417		

a. Advances from MORE pertain to funds obtained by the Parent Company for its working capital requirements.

b. Advances from PSHI (formerly known as Prime Metroline Holdings, Inc) pertain to advances obtained by the Parent Company for its working capital requirements.

c. Material related party transactions refer to any related party transaction/s, either individually or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Parent Company's total consolidated assets based on its latest audited financial statements.

Trustee Bank

The Parent Company's retirement fund is being held by a trustee bank. The carrying amounts of the Parent Company's retirement fund as at December 31, 2022 and 2021 amounted to ₱15.21 million and ₱15.24 million, respectively, while the fair values amounted to ₱15.06 million and ₱15.21 million, respectively.

The Company's Multiemployer Retirement Plan is a noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Retirement Committee is responsible for investment strategy of the plan.

As at December 31, 2022 and 2021, the retirement fund consists of investments in government bonds, cash and short-term deposits, equity instruments and others which accounts for 74.86% and 77.47%, 24.84% and 22.13%, and 0.30% and 0.40%, respectively, of its composition (see Note 14). There were no transactions made between the Parent Company and the retirement fund in both years.

Compensation of Key Management Personnel

The Group considers all employees holding executive positions up to the Chairman of the Board as key management personnel. There were no stock options granted to the key management personnel in 2022, 2021 and 2020. Other long-term benefits granted to key management personnel amounting to ₱33.66 million in 2022 and ₱26.37 million in 2021. The Group paid salaries and other short-term benefits to key management personnel amounting to ₱88.82 million, ₱83.98 million, and ₱69.48 million in 2022, 2021 and 2020, respectively.

14. **Provision for Retirement Benefits**

The Parent Company 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:

	2022	2021	2020
Current service cost (Note 23)	**₱50,311,628**	₱41,623,130	₱43,257,274
Interest cost - net (Note 24)	**13,851,257**	11,351,567	13,296,284
	₱64,162,885	₱52,974,697	₱56,553,558

Changes in defined benefits liability and fair value of plan assets in 2022 and 2021 are as follows:

2022	**Defined benefits liability**	**Fair value of plan assets**	**Net defined benefits liability**
At January 1	**₱307,264,529**	**₱15,209,253**	**₱292,055,276**
Net interest (Note 24)	**14,626,929**	**775,672**	**13,851,257**
Current service cost (Note 23)	**50,311,628**	**–**	**50,311,628**
Benefits paid from book reserve	**(11,588,786)**	**–**	**(11,588,786)**
Remeasurement of actuarial losses (gains):			
Experience	**24,293,498**	**–**	**24,293,498**
Changes in financial assumptions			
Changes in demographic assumptions	**(66,527,797)**	**–**	**(66,527,797)**
Remeasurement gain - return on plan assets	**–**	**(926,318)**	**926,318**
	(42,234,299)	**(926,318)**	**(41,307,981)**
At December 31	**₱318,380,001**	**₱15,058,607**	**₱303,321,394**

2021	Defined benefits liability	Fair value of plan assets	Net defined benefits liability
At January 1	₱329,552,347	₱ 15,235,639	₱314,316,708
Net interest (Note 24)	11,947,280	595,713	11,351,567
Current service cost (Note 23)	41,623,130	–	41,623,130
Benefits paid from book reserve	(14,735,034)	–	(14,735,034)
Remeasurement of actuarial losses (gains):			
Experience	(20,123,373)	–	(20,123,373)
Changes in financial assumptions	(40,999,821)	–	(40,999,821)
Changes in demographic assumptions	–	–	–
Remeasurement gain - return on plan assets	–	(622,099)	622,099
	(61,123,194)	(622,099)	(60,501,095)
At December 31	₱307,264,529	₱15,209,253	₱292,055,276

Changes in defined benefits cost recognized in OCI in 2022 and 2021 are as follows:

	2022	2021
At January 1	**₱26,132,299**	(₱19,243,522)
Actuarial gain - defined benefit obligation	**42,234,299**	61,123,194
Remeasurement loss- plant asset	**(926,318)**	(622,099)
Income tax effect	**(10,326,995)**	(15,125,274)
At December 31	**₱57,113,285**	₱26,132,299

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

	2022	2021
Cash and short - term deposits	**74.86%**	77.47%
Debt instruments - government bonds	**24.84%**	22.13%
Others	**0.30%**	0.40%
	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:

	2022	2021
Discount rate	**7.25%**	5.10%
Salary increase rate	**5.00%**	5.00%
Expected average remaining life	**12.0**	12.0
Mortality rate	**2017 PICM**	2017 PICM
Disability rate	**The Disability Study, Period 2 Benefit 5**	The Disability Study, Period 2 Benefit 5

The sensitivity analyses based on reasonably possible changes in significant assumptions used in determining the retirement benefits liability as at the end of the reporting period, assuming all other assumptions were held constant, are shown below:

	Increase (decrease)	**2022**
Discount rates	**8.25%**	**(₱24,105,358)**
	(6.25%)	**₱28,098,654**

	Increase (decrease)	2021
Discount rates	6.10%	(₱28,513,190)
	(4.10%)	₱33,806,765

	Increase (decrease)	**2022**
Salary increase rate	**6.00%**	**₱30,061,535**
	(4.00%)	**(₱26,177,383)**

	Increase (decrease)	2021
Salary increase rate	6.00%	₱35,032,941
	(4.00%)	(₱30,060,411)

The latest available actuarial valuation report of the Parent Company was obtained in March 4, 2023 representing information as at December 31, 2022.

The maturities of the undiscounted benefit payments as at December 31, 2022 and 2021 are shown below:

	2022	2021
Less than one year	**₱66,874,740**	₱40,923,980
More than one year to five years	**107,560,250**	88,517,468
More than five years to 10 years	**202,682,294**	164,267,341
	₱377,117,284	₱293,708,789

15. **Provision for Mine Rehabilitation and Decommissioning**

The Parent Company's full provision for the future costs of rehabilitating the Maco mine are as follows:

	2022	2021
Balance at beginning of year	**₱13,139,988**	₱36,946,374
Accretion (Note 24)	**654,818**	680,003
Effect of change in estimate (Note 21)	**–**	(24,486,389)
Balance at end of year	**₱13,794,806**	₱13,139,988

The Parent Company's FMRDP on its existing MPSAs was approved by the MGB on March 13, 2017 and revised FMRDP was approved on April 20, 2021. The revised FMRDP incorporated the latest ore reserves estimate which indicates that the mine life was extended from 3 years to 10 years. 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.

Actual costs will, however, 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. Discount rate as of December 31, 2022 and 2021 is 4.98%. The change in mine life and discount rate resulted to gain on change in estimate amounting to nil and ₱24.49 million in 2022 and 2021, respectively (Note 21).

16. **Loans Payable**

	2022	2021
Philippine National Bank (PNB)	**₱2,094,052,618**	₱2,714,716,805
Bank of Commerce (BOC)	**1,908,080,000**	–
Rizal Commercial Banking Corporation (RCBC)	**900,000,000**	922,500,000
Union Bank of the Philippines (UBP)	**543,466,080**	509,990,000
	5,445,598,698	4,147,206,805
Less current portion	**3,970,464,232**	2,052,281,169
Noncurrent portion	**₱1,475,134,466**	₱2,094,925,636

PNB
PNB has granted the Company the following facilities:

- On November 26, 2016, Credit Facilities consisting of Letters of Credit, Trust Receipts (TR) and Settlement Risk Lines totaling ₱500.00 million expiring on July 31, 2017. PNB granted renewal and increase of the Credit Facilities to ₱2.00 billion with a new expiry date of July 31, 2023.

  As at December 31, 2022 and 2021, the Parent Company has no outstanding unsecured TRs for its importation of machinery and equipment using the standard credit terms with PNB of 180 days.

- On October 24, 2017, another unsecured Term Loan Facility of up to ₱2.50 billion with tenor of seven years with equal quarterly principal repayment was obtained to refinance the Parent Company's short-term loans.

  The Loan Agreement for this Term Loan Facility was signed by the parties on December 4, 2017, and on December 15, 2017, the Parent Company drew the full amount with the interest rate set at 6.00% per annum. As part of its affirmative covenants, the Parent Company used the proceeds to pay off the obligations with BDO Unionbank, Inc. and to finance the construction of the three (3) kilometer drainage system in Maco Mine. In addition, the Parent Company at all times must maintain a consolidated Debt Service Coverage Ratio (DSCR), of at least 1.2x and a consolidated Debt-to-Equity Ratio (DER) of 70:30.

  The Parent Company has an outstanding unsecured promissory note equivalent to ₱803.57 million and ₱1.16 billion as at December 31, 2022 and 2021, respectively.

  As at December 31, 2022 and 2021, all loan covenants are complied with.

- On September 13, 2019, another unsecured Term Loan Facility of up to ₱2.00 billion with tenor of eight (8) years with equal quarterly principal repayment was obtained to finance the Parent Company's capital expenditures.

  On September 26 and December 12, 2019, Parent Company drew the first and second tranches, respectively, amounting to ₱500.0 million each with the interest rate of 6.5% per annum which will both mature on September 12, 2027. The third and fourth tranches were fully drawn in May and June 2020, respectively, amounting to ₱500.0 million each with the same interest rate.

  The Parent Company has to use the proceeds of the loan exclusively for capital expenditures and must maintain at all times a consolidated DSCR of at least 1.2x and a consolidated DER of 70:30 at all times until payment in full of all amounts due to PNB.

The Parent Company has an outstanding unsecured promissory note equivalent to ₱1.29 billion and ₱1.55 billion as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, all loan covenants are complied with.

BOC
As at December 31, 2022, the Parent Company has outstanding unsecured promissory notes amounting to $34.00 million or ₱1.91 billion with maturity date on May 31, 2023, carrying an interest rate of 8.69% per annum.

RCBC
As at December 31, 2022, the Parent Company has outstanding unsecured promissory notes amounting to ₱900.00 million with maturity date on March 8, 2023, carrying an interest rate of 5.75% per annum. While as at December 31, 2021 ₱922.5 million unsecured promissory notes carrying an interest rate of 5.75% per annum matured on March 22, 2021.

On March 8, 2023, the Parent Company was granted to rollover with partial payment on its unsecured promissory note for ₱900.0 million maturing on September 9, 2023, bearing an interest rate of 7.45% per annum.

UBP
As at December 31, 2021, the Parent Company has outstanding US$6.84 million, US$1.62 million and US$1.22 million unsecured promissory note equivalent to ₱543.47 million with maturity date of February 15 and May 17 and May 17, 2023, respectively, bearing the interest rate of 6.50%.

On February 15, 2023, the Parent Company was granted to rollover its unsecured promissory note for US$6.16 million maturing on August 14, 2023 bearing an interest rate of 6.50%.

The Parent Company's availment and payment of loans and equipment financing as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	Availment	**Payment**	Availment	Payment
PNB	**₱–**	**₱657,282,226**	₱–	₱617,754,079
BOC	**1,931,064,000**	**–**	–	–
RCBC	**–**	**–**	–	–
UBP	**–**	**–**	–	–
	₱1,931,064,000	**₱657,282,226**	₱–	₱617,754,079

Interest expenses incurred in 2022 and 2021 in relation to the availed loans are as follows:

	2022	2021
PNB	**₱148,118,930**	₱191,089,973
BOC	**13,360,625**	–
RCBC	**52,734,688**	53,127,031
UBP	**28,952,575**	28,493,120
	243,166,818	272,710,124
Capitalized borrowing costs (Note 9)	**(98,692,346)**	(120,352,068)
Interest on loans payable (Note 24)	**₱144,474,472**	₱152,358,056

The Parent Company capitalized borrowing costs amounting to ₱98.69 million and ₱120.35 million related to expenditures for mine development, and construction in progress in 2022 and 2021, respectively. The rate used to determine the amount of borrowing costs eligible for capitalization was 6.31% in 2022 and 2021 (see Note 9).

17. Capital Stock

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, 2022 and 2021.

Record of Registration of Securities with the SEC

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.

In accordance with Revised SRC Rule 68, Annex 68-K, below is a summary of a Parent Company's track record of registration of securities:

SEC ordered 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 million	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, 2012	Issuance of additional shares	2.8 billion	75.56 million	3.70
July 13, 2012	Issuance of additional shares	2.8 billion	198.05 million	4.40
July 16, 2012	Debt-to-equity conversion transaction	2.8 billion	72.91 million	4.40
July 20, 2012	Debt-to-equity conversion transaction	2.8 billion	37.29 million	4.40
August 27, 2013	Issuance of additional shares	2.8 billion	93.87 million	2.79
September 20, 2012	Declassification of shares	2.8 billion	–	–

SEC ordered rendered effective or permitted to sell	Event	Authorized capital stock balance	Issued shares	Issue/offer price
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 Company has no records on the number of issued shares for the transaction.*

As at December 31, 2022 and 2021, the Parent Company has 2,745 and 2,749 stockholders, respectively.

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

	2022		2021	
	Shares	**Amount**	Shares	Amount
Issued and outstanding shares at beginning and end of year	**6,227,887,491**	**₱6,227,887,491**	6,227,887,491	₱6,227,887,491

APIC
The balance at the beginning and end of 2022 and 2021 amounted to ₱15.94 million.

Retained earnings
Movement in the retained earnings is as follows:

	2022	2021
Balance at beginning of year	**₱5,423,860,726**	₱ 3,506,360,199
Net income	**3,305,555,466**	1,821,571,987
Dividends	**(65,704,214)**	–
Realization of revaluation surplus (Note 9)	**54,456,091**	95,928,540
Balance at end of year	**₱8,718,168,069**	₱5,423,860,726

Dividends
On August 12, 2022, the Parent Company declared a regular cash dividend amounting to ₱65.70 million equivalent to ₱0.01055 per common share. From the cash dividend declared, ₱60.12 million was paid on September 15, 2022 to stockholders of record holding shares of common stock at the close of business on August 30, 2022. Dividend payable as of December 31, 2022 amounted to ₱5.58 million.

18. Basic/Diluted Earnings Per Share

Basic earnings per share is calculated by dividing the net earnings 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 per share for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Net income shown in the parent company statements of income	**₱3,305,555,466**	₱1,821,571,987
Weighted average number of common shares for basic and diluted earnings per share	**6,227,887,491**	6,227,887,491
Basic and diluted earnings per share	**₱0.53**	₱0.29

19. **Cost of Production**

	2022	2021	2020
Materials and supplies (Note 6)	**₱1,756,806,888**	₱1,280,711,250	₱1,070,827,546
Depreciation, depletion and amortization (Note 22)	**1,092,338,236**	965,605,129	1,021,751,310
Personnel costs (Note 23)	**673,635,750**	571,484,770	529,105,421
Contracted services	**397,039,449**	346,723,087	230,703,163
Utilities	**307,884,668**	210,694,330	233,373,311
Taxes, permits, and licenses	**113,361,650**	102,632,298	82,720,300
Surface rights to indigenous people (IP) (Note 28)	**93,814,724**	70,260,235	64,269,853
Bullion refining and transportation charges	**87,735,499**	69,998,995	58,654,361
Community development expenses	**71,382,088**	42,322,703	76,946,691
Insurance	**53,664,284**	44,929,101	36,493,259
Royalties to IP (Note 28)	**44,903,380**	29,980,618	28,043,908
Data and communication	**14,302,694**	10,343,569	7,160,190
Professional fees	**13,749,932**	14,202,336	10,433,115
Employee activities	**7,808,151**	10,654,824	4,692,011
Repairs and maintenance	**5,452,454**	16,449,436	4,413,272
Transportation and accommodation	**4,653,010**	830,717	1,285,806
Donations and contributions	**3,294,313**	18,361,517	7,101,139
Rent (Note 28)	**2,691,566**	2,346,244	1,878,993
Representation and entertainment	**1,106,990**	720,994	424,013
	₱4,745,625,726	₱3,809,252,153	₱3,470,277,662

IP surface rights and fees pertain to expenses incurred for amounts due to IPs near the Parent Company's mining tenements.

The amounts were distributed as follows:

	2022	2021	2020
Mining	**₱1,443,686,082**	₱1,084,460,994	₱886,820,243
Milling	**802,252,452**	653,872,727	609,328,403
Compliance	**428,169,649**	326,470,693	316,343,312
Mine overhead	**2,071,517,543**	1,744,447,739	1,657,785,704
	₱4,745,625,726	₱3,809,252,153	₱3,470,277,662

20. **General and Administrative Expenses**

	2022	2021	2020
Personnel costs (Note 23)	**₱48,574,890**	₱40,320,160	₱65,702,420
Professional fees	**35,102,405**	30,625,945	19,441,454
Taxes, licenses, and permits	**26,921,293**	21,681,851	18,919,208
Depreciation and amortization (Note 22)	**6,953,835**	913,680	482,837
Transportation and accommodation	**4,997,913**	1,409,322	1,079,947
Rent (Note 28)	**4,986,839**	4,721,576	3,887,922
Contracted services	**3,080,557**	788,500	239,536
Representation and entertainment	**2,466,848**	701,760	642,314
Materials and supplies (Note 6)	**2,390,715**	2,291,263	1,103,931
Employee activities	**1,942,963**	96,394	9,150
Insurance	**1,546,986**	638,034	548,392
Donations and contributions	**1,532,490**	3,611,382	79,068
Repairs and maintenance	**1,054,777**	132,758	141,956
Utilities	**1,490,862**	774,834	987,533
Data and communication	**840,124**	913,605	628,371
Write off of input VAT (Note 11)	**–**	43,517,532	–
Others	**5,864,300**	1,952,173	3,015,360
	₱149,747,797	₱155,090,769	₱116,909,399

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

21. **Other Charges - net**

	2022	2021	2020
Provision for tax losses	**(₱65,997,927)**	₱–	₱–
Foreign exchange gains (loss) - net	**(11,672,754)**	(8,765,859)	23,958,451
Interest income (Note 4)	**3,057,501**	908,785	1,681,095
Gain (loss) on disposal of fixed asset (Note 9)	**(316,444)**	3,476	–
Provision for impairment of input VAT (Note 11)	**–**	(143,098,682)	–
Gain (loss) on change of estimate on provision for mine rehabilitation (Note 15)	**–**	24,486,389	(3,911,192)
Proceeds on insurance claim of damaged property	**–**	–	13,006,911
Miscellaneous	**–**	–	(56,081,793)
	(₱74,929,624)	(₱126,465,891)	(₱21,346,528)

22. **Depreciation, Depletion and Amortization**

	2022	2021	2020
Property, plant and equipment (Note 9)	**₱1,092,338,236**	₱965,605,129	₱1,021,751,310
Other noncurrent assets (Note 11)	**6,953,835**	913,680	482,837
	₱1,099,292,071	₱966,518,809	₱1,022,234,147

The amounts were distributed as follows:

	2022	2021	2020
Cost of production (Note 19)	**₱1,092,338,236**	₱965,605,129	₱1,021,751,310
General and administrative expenses (Note 20)	**6,953,835**	913,680	482,837
	₱1,099,292,071	₱966,518,809	₱1,022,234,147

The Parent Company capitalized depreciation, depletion, and amortization costs amounting to ₱95.71 million and ₱56.29 million as part of mine development costs in 2022 and 2021, respectively (Note 9).

23. **Personnel Costs**

	2022	2021	2020
Salaries and wages	**₱671,899,012**	₱570,181,800	₱551,550,567
Retirement benefits cost (Note 14)	**50,311,628**	41,623,130	43,257,274
	₱722,210,640	₱611,804,930	₱594,807,841

The amounts were distributed as follows:

	2022	2021	2020
Cost of production (Note 19)	**₱673,635,750**	₱571,484,770	₱529,105,421
General and administrative expenses (Note 20)	**48,574,890**	40,320,160	65,702,420
	₱722,210,640	₱611,804,930	₱594,807,841

24. **Finance Costs**

	2022	2021	2020
Interest on loans payable (Note 16)	**₱144,474,472**	₱152,358,056	₱184,571,614
Net interest cost on retirement benefits (Note 14)	**13,851,257**	11,351,567	13,296,284
Accretion expense (Note 15)	**654,818**	680,003	1,317,696
	₱158,980,547	₱164,389,626	₱199,185,594

25. **Income Taxes**

In 2022, the Parent Company availed the option to use the optional standard deduction (OSD) as its method of deduction, as reflected in its income tax returns.

The Parent Company's provision for income tax in 2022, 2021 and 2020 is presented below. The provision for current income tax in 2022, 2021 and 2020 pertains to RCIT.

	2022	2021	2020
Current	**(₱699,216,822)**	(₱626,059,642)	(₱732,366,867)
Deferred	**7,940,256**	21,962,161	60,866,870
	(₱691,276,566)	(₱604,097,481)	(₱671,499,997)

Reconciliation between the provision for income tax computed at the statutory income tax rate and the provision for income tax as shown in the parent company statements of income follows:

	2022	2021	2020
Provision for income tax computed at statutory income tax rate of 25% in 2022 and 2021 and 30% in 2020	**(₱999,208,006)**	(₱606,417,367)	(₱675,686,459)
Effect of change in tax rate	–	43,125,443	–
Add (deduct) tax effects of:			
Changes in unrecognized deferred income tax assets	**(8,651,168)**	(35,348,206)	3,682,133
Nondeductible expense	**(126,453,531)**	(5,556,524)	–
Interest income subjected to final tax	**764,375**	99,173	504,329
OSD	**456,492,633**	–	–
Provision for tax losses	**(14,220,869)**	–	–
Provision for income tax	**(₱691,276,566)**	(₱604,097,481)	(₱671,499,997)

Details of the unrecognized deductible temporary differences as at December 31, 2022 and 2021 are as follows:

	2022	2021
Allowance for impairment losses on:		
Property, plant and equipment	**₱162,674,211**	₱162,674,211
Inventory losses and obsolescence	**74,017,961**	39,413,288
Receivables	**1,666,240**	1,666,240
Input VAT	**143,098,681**	143,098,681
	₱381,457,093	₱346,852,420

The Parent Company has recognized deferred income tax liabilities and assets as at December 31, 2022 and 2021 on the following:

	2022	2021
Deferred income tax assets:		
Provision for retirement benefits	**₱75,830,349**	₱73,013,819
Unrealized foreign exchange loss	**16,070,272**	19,485,691
Provision for mine rehabilitation and decommissioning cost	**3,448,702**	3,284,997
	95,349,323	95,784,507
Deferred income tax liabilities:		
Revaluation surplus on property, plant and equipment	**(75,341,945)**	(93,493,975)
Unrealized foreign exchange gain	**(33,675,203)**	(13,571,618)
	(109,017,148)	(107,065,593)
Net deferred income tax liabilities	**(₱13,667,825)**	(₱11,281,086)

Former President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Parent Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%; and
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

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

Financial Risk Management Objectives and Policies

The Parent Company's financial instruments consist mainly of cash with banks, receivables, trade and other payables, which arise directly from its operations, advances to and from related parties, MRF classified under "Other noncurrent 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 Parent Company.

The main risks arising from the Parent Company'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 fulfil 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 fulfil their obligations on maturity periods or due to adverse market conditions.

The Parent Company has a concentration of credit risk on its trade receivables, included as part of trade and other 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 highly traded commodities that has a readily available market.

The maximum exposure to credit risk of the Parent Company's financial assets (cash with bank, trade and other receivables, advances to related parties and MRF classified under "other current assets") is equal to the carrying amounts of the said financial assets as at December 31, 2022 and 2021.

The table below shows the credit quality of the Parent Company's financial assets based on their historical experience with the corresponding debtors.

Credit risk under general and simplified approach

	2022				
	General Approach			**Simplified**	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
Cash and cash equivalents					
Cash with banks	**₱668,952,942**	**₱–**	**₱–**	**₱–**	**₱668,952,942**
Short-term deposit	**208,194,736**	**–**	**–**	**–**	**208,194,736**
Receivables:					
Trade	**856,344,865**	**–**	**–**	**–**	**856,344,865**
Others	**14,795,694**	**–**	**1,666,240**	**–**	**16,461,934**
Advance to related parties	**1,709,385,983**	**–**	**–**	**–**	**1,709,385,983**
MRF classified under "Other noncurrent assets"	**27,829,598**	**–**	**–**	**–**	**27,829,598**
	₱3,485,503,818	**₱–**	**₱1,666,240**	**₱–**	**₱3,487,170,058**

	2021				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash and cash equivalents					
Cash with banks	₱1,097,994,246	₱–	₱–	₱–	₱1,097,994,246
Short-term deposit	208,236,788	–	–	–	208,236,788
Receivables:					
Trade	–	–	–	–	–
Others	11,954,102	–	1,666,240	–	13,620,342
Advance to related parties	1,421,873,889	–	–	–	1,421,873,889
MRF classified under "Other noncurrent assets"	27,455,603	–	–	–	27,455,603
	₱2,767,514,628	₱–	₱1,666,240	₱–	₱2,769,180,868

Simplified Approach
Set out below is the information about the credit risk exposure on the Parent Company's trade receivables using simplified approach (provision matrix):

	2022							
			Days Past Due					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**121-182 days**	**>182 days**	**Total**
Expected credit loss rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	
Estimated total gross carrying amount at default	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱856,344,865**
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**

	2021							
			Days Past Due					
	Current	<30 days	30-60 days	61-90 days	91-120 days	121-182 days	>182 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

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

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

The table below summarizes the maturity profile of the Parent Company's financial liabilities based on contractual undiscounted payments and financial assets used to manage liquidity risk as at December 31, 2022 and 2021.

2022	**Total**	**On demand**	**Less than three months**	**Three to 12 months**	**More than 12 months**
Trade and other payables					
Trade	**₱531,362,864**	**₱531,362,864**	**₱–**	**₱–**	**₱–**
Nontrade	**315,040,733**	**315,040,733**	**–**	**–**	**–**
Payable to employees	**109,858,585**	**109,858,585**	**–**	**–**	**–**
Accrued expenses	**109,776,804**	**109,776,804**	**–**	**–**	**–**
Retention fees	**14,147,891**	**14,147,891**	**–**	**–**	**–**
Dividends payable	**5,578,782**	**5,578,782**	**–**	**–**	**–**
Others	**30,702,524**	**30,702,524**	**–**	**–**	**–**
Advances from related parties	**1,626,895,890**	**1,626,895,890**	**–**	**–**	**–**
Loans payable	**5,445,598,698**	**–**	**1,438,808,592**	**2,531,655,640**	**1,475,134,466**
	₱8,188,962,771	**₱2,743,363,803**	**₱1,438,808,592**	**₱2,531,655,640**	**₱1,475,134,466**

2022	**Total**	**On demand**	**Less than three months**	**Three to 12 months**	**More than 12 months**	**ECL**
Cash and cash equivalents						
Cash on hand	**₱1,658,207**	**₱1,658,207**	**₱–**	**₱–**	**₱–**	**₱–**
Cash in banks	**668,952,942**	**668,952,942**	**–**	**–**	**–**	**–**
Short term deposits	**208,194,736**	**208,194,736**	**–**	**–**	**–**	**–**
Trade and other receivables						
Trade	**856,344,865**	**856,344,865**	**–**	**–**	**–**	**–**
Others	**16,461,934**	**14,795,694**	**–**	**–**	**–**	**1,666,240**
Advances to related parties	**1,709,385,983**	**1,709,385,983**	**–**	**–**	**–**	**–**
MRF classified under "Other noncurrent assets"	**27,829,598**	**27,829,598**	**–**	**–**	**–**	**–**
	₱3,488,828,265	**₱3,487,162,025**	**₱–**	**₱–**	**₱–**	**₱1,666,240**

2021	Total	On demand	Less than three months	Three to 12 months	More than 12 months
Trade and other payables					
Trade	₱320,167,288	₱320,167,288	₱–	₱–	₱–
Nontrade	316,468,142	316,468,142	–	–	–
Accrued expenses	123,330,660	123,330,660	–	–	–
Payable to employees	102,963,569	102,963,569	–	–	–
Retention fees	37,164,559	37,164,559	–	–	–
Others	17,842,078	17,842,078	–	–	–
Advances from related parties	2,061,423,417	2,061,423,417	–	–	–
Loans payable	4,147,206,805	–	1,426,280,952	626,000,217	2,094,925,636
	₱7,126,566,518	₱2,979,359,713	₱1,426,280,952	₱626,000,217	₱2,094,925,636

2021	Total	On demand	Less than three months	Three to 12 months	More than 12 months	ECL
Cash and cash equivalents						
Cash on hand	₱1,270,898	₱1,270,898	₱–	₱–	₱–	₱–
Cash in banks	1,097,994,246	1,097,994,246	–	–	–	–
Short term deposits	208,236,788	208,236,788	–	–	–	–
Trade and other receivables						
Trade	–	–	–	–	–	–
Others	13,620,342	11,954,102	–	–	–	1,666,240
Advances to related parties	1,421,287,039	1,421,287,039	–	–	–	–
MRF classified under "Other noncurrent assets"	27,455,603	27,455,603	–	–	–	–
	₱2,769,864,916	₱2,768,198,676	₱–	₱–	₱–	₱1,666,240

Foreign Currency Risk

The Parent Company is exposed to currency risk arising from the effect of fluctuations in foreign currency exchange rates, on commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the Parent Company's functional currency.

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

The Parent Company's foreign currency-denominated financial instruments as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	US$	**Php**	US$	Php
Financial Assets				
Cash and cash equivalents	**$3,422,416**	**₱191,022,127**	$15,501,559	₱790,424,493
Trade receivables	**15,342,558**	**856,344,865**	–	–
	$18,764,973	**₱1,047,366,992**	$15,501,559	₱790,424,493
Financial Liability				
Trade payables	**$–**	**₱–**	$919,952	₱46,908,352
Loans payable	**43,684,000**	**₱2,438,222,460**	10,000,000	509,900,000
	43,684,000	**2,438,222,460**	10,919,952	556,808,352
Net financial (liability) asset	**($24,919,027)**	**(₱1,390,855,468)**	$4,581,607	₱233,616,141

As at December 31, 2022 and 2021, the closing exchange rates based on the Philippine Dealing and Exchange Corporation of Philippine peso to US$1.00 were ₱55.82 and ₱50.99, respectively.

The sensitivity to a reasonable possible change in the US$ exchange rate, with all other variables held constant, of the Parent Company's income (loss) before income tax (due to changes in fair value of monetary assets and liabilities) as at December 31, 2022 and 2021 are as follows:

		Change in foreign exchange	Effect in income (loss) before tax
US$	**2022**	**₱1.14**	**(₱28,359,098)**
		(1.02)	**25,356,355**
	2021	₱1.01	₱4,622,933
		(1.38)	(6,316,483)

There is no other impact on the Parent Company's equity other than those already affecting the parent company statements of comprehensive income.

Commodity Price Risk
The Parent Company is exposed to the risk of fluctuations in prevailing market commodity prices on the gold and silver it produces. The Parent Company'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 LBMA AM or PM fix, depending on the price trend which may indicate as more favorable to the Parent Company.

Assuming all other variables remain constant, the impact of the change in metal prices is relative to the financial statements, for 2022 and 2021 as follows:

	Change in gold metal price	Effect on income (loss) before tax
2022	**Increase by 15%**	**₱1,356,565,068**
	Decrease by 15%	**(1,356,565,068)**
2021	Increase by 13%	₱848,240,935
	Decrease by 13%	(848,240,935)

Capital Management

The primary objective of the Parent Company'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 Parent Company's shares, requisites for actual listing and trading of additional shares, if any, and required minimum debt to base equity ratio for the Parent Company's loan covenants. Capital pertains to equity, excluding reserve from revaluation of property, plant and equipment, and advances from related parties.

The Parent 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 Parent Company may issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2022 and 2021.

The Parent Company considers the following as its core economic capital:

	2022	2021
Capital stock	**₱6,227,887,491**	₱6,227,887,491
APIC	**15,941,675**	15,941,675
Retained earnings	**8,718,168,069**	5,423,860,726
	₱14,961,997,235	₱11,667,689,892

The Parent Company has no externally imposed capital requirements.

27. Fair Value Measurements

Property, Plant, 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.

			Fair Value Measurement		
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Property, plant, and equipment	**2022**	**₱9,411,888,345**	**₱–**	**₱–**	**₱9,411,888,345**
(Note 9)	2021	₱8,658,891,127	₱–	₱–	₱8,658,891,127

Cash and Cash Equivalents, Trade and Other Receivables, Advances to Related Parties, Trade and Other Payables, Accrued Liabilities, Payable to Employees, Retention Fees, and Advances from Stockholders

The carrying amounts of these financial instruments approximate their fair values due to their short-term nature and maturities.

MRF classified under "Other Noncurrent Assets", Loans Payable

The carrying amounts of these financial instruments approximate their fair values. The effect of discounting on these financial instruments is not considered significant.

28. **Significant Agreements, Provisions and Contingencies**

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 ICC of Maco, Davao de Oro and the 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 for surface rights and for royalties to the ICCs. The payment for surface rights is at 1% percent of the gross production of the Parent Company derived from the Maco mine. The payment for royalty is based on 1% of gross income.

On December 13, 2012, Maco Ancestral Domain, Inc. (MADCI) versus Apex Mining Co., Inc. denominated as NCIP Case No. R-XI-0037-12 was filed by MADCI a member of the ICC, joined by Sumpaw ng Inangsabong Mansaka, Inc. (SIMI) as intervenor, and Mantakadong Mansaka Indigenous Peoples Ancestral Domain, Inc. (MMIPADMA), as complainant-intervenor, also members of the ICC.

On December 5, 2018, the NCIP ruled its lack of jurisdiction on the case but encouraged the parties to pursue and clarify their interests in the regular court. On February 27, 2019, MADCI and MMIPADMA reorganized to form a new Parent named Mansaka Ancestral Domain Management of Maco, Incorporated.

On February 14, 2019, the ICC of Maco represented by the Indigenous Political Structure (IPS) of Maco agreed upon the terms for payment of royalties January 2019 onwards. Wherein, royalties payments is equivalent to 1% of Gross Income (Sales less Cost of Sales).

In 2022, 2021 and 2020 royalties to IP recognized under “Cost of Production” amounted to ₱44.9 million, ₱29.98 million, and ₱28.04 million, respectively (see Note 19).

In 2022, 2021 and 2020 surface rights to IP recognized under “Cost of Production” amounted to ₱93.81 million, ₱70.26 million, and ₱64.27 million, respectively (see Note 19).

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 Parent Company’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 Parent Company’s mineral properties covered by Exploration Permits (EPs), Exploration Permit Applications (EPAs) or Applications for Production Sharing Agreements (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 has 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, 2014, the MGB has started accepting mining applications for EPs and Financial or Technical Assistance Agreements pursuant to DENR Administrative Order No. 2014-11.

On July 3, 2018, the moratorium on the acceptance and processing and/or approval of applications for EP for metallic and non-metallic minerals under DENR Memorandum Order No. 2016-01, re: Audit of all Moratorium on New Mining Projects were lifted pursuant to DENR Administrative Order No. 2018-13.

Executive Order (EO) 130
On April 14, 2021, EO 130 was issued institutionalizing and implementing reforms in the Philippine Mining Sector, providing policies and guidelines to ensure environmental protection and responsible mining in the utilization of mineral resources. EO 130 lifted the moratorium on new mining agreements imposed by President Benigno Aquino III in 2012. The Government may now enter into new mineral agreements, subject to compliance with the Philippine Mining Act of 1995 and other applicable laws, rules, and regulations. Management believes that EO 130 has no impact on the Parent Company's current operations since its mining properties are already covered by existing mineral permits and agreements with the government.

DENR DAO No. 2021-40
On December 23, 2021, DENR issues Department Administrative Order (DAO) No. 2021-40 which lifted the four-year-old ban on the open-pit method of mining for copper, gold, silver, and complex ores in the country. DAO No. 2021-40 has no impact on the Parent Company's current operations since its mining method is underground mining and already permitted.

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 ₱7.68 million, ₱7.07 million, and ₱5.77 million in 2022, 2021 and 2020, respectively (see Notes 19 and 20).

Refining and Transportation Agreement with Heraeus
On April 1, 2021, the Parent Company renewed its Refining and Transportation Agreement, covering its gold and silver bullion production with Heraeus valid until March 31, 2023.

Under the agreement, should the Parent Company elect to sell the refined gold and silver to Heraeus, the Parent Company may request for settlement of the payable metals initially at ninety-five percent (95%) of their provisional values with the remaining balance to be paid after determination of the final metal contents less charges for refining and transportation.

The prices for all sales are based on quoted metal prices in LBMA for gold and silver.

Provisions and Contingencies
The Parent Company is involved in certain legal, contractual, and regulatory matters that require the recognition of provisions for related probable claims against the Parent Company. The management and the Parent Company's legal counsel reassess their estimates on an annual basis to consider new relevant information. The disclosure of additional details beyond the present disclosures may seriously prejudice the Parent Company's position and negotiation strategies with respect to these matters. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*, only a general description is provided.

29. **Operating Segments**

The Parent Company has only one operating segment which is the mining business. There is no geographical segment since its business is located in the Philippines.

30. Earnings before Interests, Taxes, Depreciation, Depletion and Amortization (EBITDA)

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.

The Parent Company's EBITDA amounted to ₱5.26 billion, ₱3.56 billion, and ₱3.47 billion in 2022, 2021 and 2020, respectively.

31. Supplemental Disclosure to Statements of Cash Flows

The following table summarizes the changes in liabilities from financing activities in 2022 and 2021:

	January 1, 2022	**Availments**	**Payments**	**Foreign exchange loss**	**Transfers**	**December 31, 2022**
Current Liabilities:						
Bank loans	**₱2,052,281,169**	**₱1,931,064,000**	**(₱657,282,226)**	**₱24,610,119**	**619,791,170**	**₱3,970,464,232**
Noncurrent Liabilities:						
Bank Loans	**2,094,925,636**	**–**	**–**	**–**	**(619,791,170)**	**1,475,134,466**
	₱4,147,206,805	**₱1,931,064,000**	**(₱657,282,226)**	**₱24,610,121**	**–**	**₱5,445,598,699**

	January 1, 2021	Availments	Payments	Foreign exchange loss	Transfers	December 31, 2021
Current Liabilities:						
Bank loans	₱2,020,843,547	₱–	(₱617,754,079)	₱31,437,622	₱617,754,079	₱2,052,281,169
Noncurrent Liabilities:						
Bank Loans	2,712,679,715	–	–	–	(617,754,079)	2,094,925,636
	₱4,733,523,262	₱–	(₱617,754,079)	₱31,437,622	₱–	₱4,147,206,805

The Parent Company had no non-cash investing and financing activities in 2022, 2021 and 2020 which were considered in the preparation of the parent company statements of cash flows.

32. Supplementary Tax Information Required Under Revenue Regulations (RR) No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes, duties and license fees paid or accrued during the calendar year.

The Parent Company reported and/or paid the following types of taxes in 2022:

a. VAT

a. Output VAT

The National Internal Revenue Code of 1997 provides for the imposition of VAT on sales of goods and services. In accordance with Republic Act 9337, the Company's sales are subject to zero-rated output VAT. The Company declared zero-rated VAT sales, which arise from one hundred percent (100%) export sales of gold and silver bullion, pursuant to BOI certification received by the Company as a new producer of gold, silver bullion, copper concentrates with gold, silver, zinc and lead values on a non-pioneer status.

b. Input VAT

The Parent Company's input VAT came from prior and current year purchases as follows:

Balance as of January 1, 2022	₱302,400,691
Deferred input VAT, January 1, 2022	121,991,288
Add current year's domestic purchases/payments for:	
Capital goods not subject to amortization	191,813
Capital goods subject to amortization	47,028,592
Importation of Goods Other than Capital Goods	84,832,954
Goods and services	200,750,712
Output VAT - offset	(214,286)
Deferred input VAT, December 31, 2022	(79,197,091)
Denied VAT – taxable years 2014, 2015, 2016, and 2019	(19,489,297)
Allowance for Impairment of year 2018-2019 VAT not applied for refund	(58,675,378)
Balance as of December 31, 2022	₱599,619,998

b. Importations

The total dutiable value and the amount of custom duties and tariff fees paid and accrued for the year ended December 31, 2022 follows:

Landed cost of imports	₱1,059,092,401
Amount paid for customs duties and tariff fees	22,012,584
	₱1,081,104,985

c. Excise tax

Excise taxes for the year ended December 31, 2022, resulting from the sales of gold and silver amounted to ₱372,823,668 of which, ₱14,449,230 were accrued on December 31, 2022.

d. Documentary stamp tax

Documentary stamp taxes paid for the year ended December 31, 2022, pertaining to renewals/roll-over of bank loans amounted to ₱14,787,052.

e. Other taxes and licenses

All other local and national taxes paid for the year ended December 31, 2022 consist of:

Municipal taxes	₱109,497,979
Mayor's permit	9,743,941
Real property tax	2,955,066
Occupation Tax	191,625
Community tax	21,000
Registration fees	500
Others	3,085,779
	₱125,495,890

The above local and national taxes are lodged under taxes, licenses and permits account in cost of production and general and administrative expenses in the statements of comprehensive income.

f. Withholding taxes
Withholding taxes paid and accrued and/or withheld for the year ended December 31, 2022 consist of:

	Paid	Accrued	Total
Expanded withholding tax	₱40,544,935	₱5,746,573	₱46,291,508
Withholding tax on compensation	34,377,911	6,657,014	41,034,925
Final withholding tax	28,672,262	2,395,590	31,067,852
	₱103,595,108	₱14,799,177	₱118,394,285

g. Income Taxes
The Parent Company has paid income taxes for the year ended December 31, 2022, amounted to ₱805,782,805 of which ₱340,332,775 is payment for December 31, 2022.

h. Tax cases
The Company has no outstanding tax cases in any other court or bodies outside of the BIR as of December 31, 2022.

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Apex Mining Co., Inc. as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 21, 2023.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has two thousand seven hundred forty-nine (2,745) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

AZ Zaragoza

Alexis Benjamin C. Zaragoza III
Partner
CPA Certificate No. 109217
Tax Identification No. 246-663-780
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109217-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-129-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9566023, January 3, 2023, Makati City

March 21, 2023

SGV
Building a better working world

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

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited, in accordance with Philippine Standards on Auditing, the parent company financial statements of Apex Mining Co., Inc. as at and for the years December 31, 2022 and 2021, included in this Form 17-A and have issued our report thereon dated March 21, 2023. 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 Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

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Alexis Benjamin C. Zaragoza III
Partner
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Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-129-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9566023, January 3, 2023, Makati City

March 21, 2023

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Apex Mining Co., Inc. (the Parent Company) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 21, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Parent Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Parent Company's financial statements as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

AZ Zaragoza

Alexis Benjamin C. Zaragoza III
Partner
CPA Certificate No. 109217
Tax Identification No. 246-663-780
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109217-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
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BIR Accreditation No. 08-001998-129-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9566023, January 3, 2023, Makati City

March 21, 2023

APEX MINING CO., INC.

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2022

APEX MINING CO., INC.
3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

Unappropriated Retained Earnings, *as of December 31, 2021, as reflected in audited financial statements*		₱5,423,860,726
Prior year adjustments		–
Unappropriated Retained Earnings, *as adjusted to available for dividend distribution, beginning*		5,423,860,726
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	₱3,305,555,466	
Less: Non-actual/unrealized income net of tax	–	
Unrealized foreign exchange gain(loss) - net (except those attributable to cash and cash equivalents)	–	
Deferred income tax assets	(95,349,323)	
Equity in net income of associate/joint venture	–	
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	3,210,206,143	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	54,456,091	
Adjustment due to deviation from PFRS/GAAP – loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Subtotal	54,456,091	
Net income actually incurred during the period	3,264,662,234	
Add (Less):		
Dividend declarations during the period	(65,704,214)	
Additional paid-in capital	–	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Effects of change in accounting policy	–	
Treasury shares	–	
Equity Restructuring	–	
Subtotal	(65,704,214)	3,198,958,020
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		₱8,622,818,746

SCHEDULE II
APEX MINING CO., INC.
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2022

Ratio	Formula		Current Year	Prior Year
Current Ratio	Total Current Assets divided by Total Current Liabilities		0.64	0.62
	Total Current Assets	4,346,972,741		
	Divide by: Total Current Liabilities	6,834,347,573		
	Current Ratio	0.64		
Acid test ratio	Quick assets *(Total Current Assets less Inventories and Other Current Assets)* divided by Total Current Liabilities		0.30	0.31
	Total Current Assets	4,346,972,741		
	Less: Inventories	1,604,851,580		
	Other current assets	683,392,869		
	Quick assets	2,058,728,292		
	Divide by: Total Current Liabilities	6,834,347,573		
	Acid test ratio	0.30		
Solvency ratio	Net Income (Loss) After Tax Plus Depreciation, Amortization and Depletion divided by Total Liabilities		0.52	0.24
	Net Income (Loss) After Tax	3,339,451,140		
	Add: Depreciation, Amortization and Depletion	1,367,207,185		
	Net Income (Loss) After Tax, Depreciation, Amortization and Depletion	4,706,658,325		
	Divide by: Total Liabilities	9,087,396,689		
	Solvency ratio	0.52		
Debt-to-equity ratio	Total Liabilities divided by Total Equity *(Excluding Cumulative Translation Adjustment and Treasury Shares)*		0.67	0.71
	Total Liabilities	9,087,396,689		
	Divide by: Total Equity			
	Total Equity	11,571,374,050		
	Less: Cumulative translation adjustment	10,441,321		
	Add: Treasury Shares	2,081,746,680		
	Subtotal	13,663,562,051		
	Debt-to-equity ratio	0.67		
Asset-to-equity ratio	Total Assets divided by Total Equity *(Excluding Cumulative Translation Adjustment and Treasury Shares)*		1.51	1.51
	Total Assets	20,658,770,739		
	Divide by: Total Equity			
	Total Equity	11,571,374,050		
	Less: Cumulative translation adjustment	10,441,321		
	Add: Treasury Shares	2,081,746,680		
	Subtotal	13,663,562,051		
	Asset-to-equity ratio	1.51		

Ratio	Formula		Current Year	Prior Year
Interest rate coverage ratio	Earnings Before Interest and Taxes divided by Interest Expense		24.70	7.98
	Net Income (Loss) Before Tax	4,033,808,832		
	Add: Finance Charges	170,235,086		
	Earnings Before Interest and Taxes	4,204,043,918		
	Divide by: Finance Charges	170,235,086		
	Interest rate coverage ratio	24.70		
Return on equity	Net Income (Loss) After Tax divided by Total Equity *(Excluding Cumulative Translation adjustment and Treasury Shares)*		24.44%	6.35%
	Net Income (Loss) After Tax	3,339,451,140		
	Divide by:			
	Total Equity	11,571,374,050		
	Less: Cumulative translation adjustment	10,441,321		
	Add: Treasury Shares	2,081,746,680		
	Total Equity	13,663,562,051		
	Return on equity	24.44%		
Return on assets	Net Income (Loss) After Tax divided by Total Assets		18.39%	4.20%
	Net Income (Loss) After Tax	3,339,451,140		
	Divide by: Average Total Assets			
	Assets at beginning of the year	15,658,758,881		
	Assets at end of the year	20,658,770,739		
	Average Total Assets	18,158,764,810		
	Return on assets	18.39%		
Net profit margin	Net Income (Loss) After Tax divided by Total Revenue		32.39%	8.87%
	Net Income (Loss) After Tax	3,339,451,140		
	Divide: Total Revenue	10,309,600,380		
	Net profit margin	32.39%		
Operating profit margin	Net Income (Loss) Before Interest and Tax divided by Total Revenue		40.78%	17.77%
	Net Income (Loss) Before Tax	4,033,808,832		
	Add: Finance Cost	170,235,086		
	Net Income (Loss) Before Interest and Tax	4,204,043,918		
	Divide: Total Revenue	10,309,600,380		
	Operating profit margin	40.78%		
Gross profit margin	Gross Profit Tax *(Total Revenues less Cost of Sales)* divided by Total Revenue		47.31%	42.51%
	Total Revenues	10,309,600,380		
	Less: Cost of Sales	(5,432,218,065)		
	Gross Profit	4,877,382,315		
	Divide: Total Revenue	10,309,600,380		
	Net profit margin	47.31%		

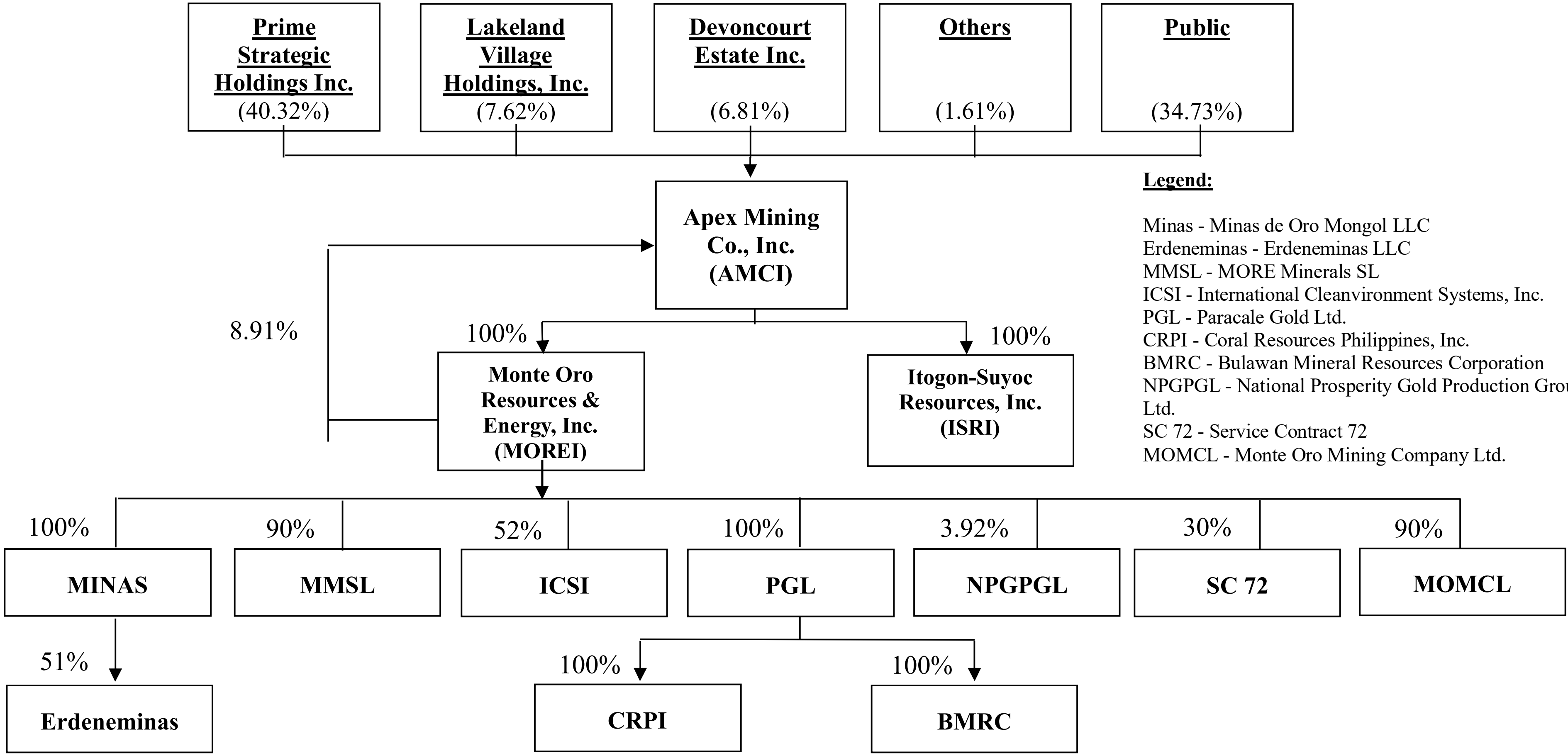
<u>**SCHEDULE III**</u>

APEX MINING CO., INC.

A MAP SHOWING THE RELATIONSHIP BETWEEN THE PARENT COMPANY AND ITS SUBSIDIARIES

PURSUANT TO REVISED SRC RULE 68, AS AMENDED

DECEMBER 31, 2022



<u>Legend:</u>

Minas - Minas de Oro Mongol LLC
Erdeneminas - Erdeneminas LLC
MMSL - 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.
SC 72 - Service Contract 72
MOMCL - Monte Oro Mining Company Ltd.

SCHEDULE A

APEX MINING CO., INC.
FINANCIAL ASSETS
DECEMBER 31, 2022
(Amounts in Thousands, Except Number of Shares)

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (figures in thousands)	Income received and accrued

NOT APPLICABLE

SCHEDULE B

APEX MINING CO., INC.
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written off	Current	Not Current	Balance at end period
			NOT APPLICABLE				

SCHEDULE C

APEX MINING CO., INC.
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Amounts in Thousands)

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written off	Current	Not Current	Balance at end period
ISRI	₱1,271,754	₱248,454	₱–	₱–	₱1,520,208	₱–	₱1,520,208
CRPI	144,225	74,539	–	–	218,764	–	218,764
BMRC	5,309	–	–	–	5,309	–	5,309
	₱1,421,288	₱322,993	₱–	₱–	₱1,744,281	₱–	₱1,744,281

SCHEDULE D

APEX MINING CO., INC.
LONG-TERM DEBT
DECEMBER 31, 2022
(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"
Term Loan Facility	₱2,500,000[1]	₱357,143	₱446,429
Term Loan Facility	2,000,000[2]	262,648	1,028,706
Term Loan Facility	550,000[3]	157,300	–
Term Loan Facility	500,000[4]	100,000	375,000

Note:

1. On October 24, 2017 PNB granted AMCI an unsecured Term Loan Facility of up to ₱2.50 billion with tenor of seven years with equal quarterly principal repayment was obtained to refinance the Parent Company's short-term loans. Interest is set at 6.00% per annum
2. On September 13, 2019, PNB granted AMCI a Term Loan Facility of up to ₱2.00 billion with tenor of eight years with equal quarterly principal repayment was obtained to finance the Parent Company's capital expenditures. On September 26 and December 12, 2019, Parent Company drew the first and second tranches amounting to ₱500.00 million each with the interest rate of 6.5% per annum. In 2020, the Parent Company drew the third to sixth tranches amounting to ₱500.0 million each with the same interest rate of 6.5% per annum.
3. On November 23, 2018, PNB granted ISRI a Term Loan Facility of up to ₱550.00 million with tenor of five years with equal quarterly principal repayment to finance ISRI's 200-tonne per day development program. The Loan Agreement for this facility was signed by the parties on November 23, 2018, and on November 27, 2018, ISRI drew the initial amount of ₱300.00 million with the interest rate set at 9.75% per annum. The 2nd drawdown amounting to ₱125.00 million with the interest rate set at 8.26% per annum was made on May 31, 2019. On September 12, 2019, ISRI drew the remaining ₱125.00 million with the interest rate set at 6.94% per annum. Principal repayment started on July 27, 2020 and every quarter thereafter up to October 27, 2023.
4. In May 2022, the Philippine National Bank granted ISRI a Term Loan Facility of up to ₱500.00 million with tenor of five years with equal quarterly principal repayment to finance ISRI's 400-tonne per day development program. The Loan Agreement for this facility was signed by the parties on May 24, 2022 and on June 28, 2022, ISRI drew the total amount of ₱500.00 million with the interest rate set at 8.52% per annum.

SCHEDULE E

APEX MINING CO., INC.
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2022

Name of Related Party	Balance at beginning of period	Balance at end of period
	NOT APPLICABLE	

SCHEDULE F

APEX MINING CO., INC.
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022
(Amounts in Thousands)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
ISRI	Debt Security – Debenture	₱632,300	₱632,300	Unconditionally and irrevocably, jointly and severally

APEX MINING CO., INC.
CAPITAL STOCK
DECEMBER 31, 2022

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	6,227,887,491	–	3,964,985,150	50,274,918	2,212,627,423