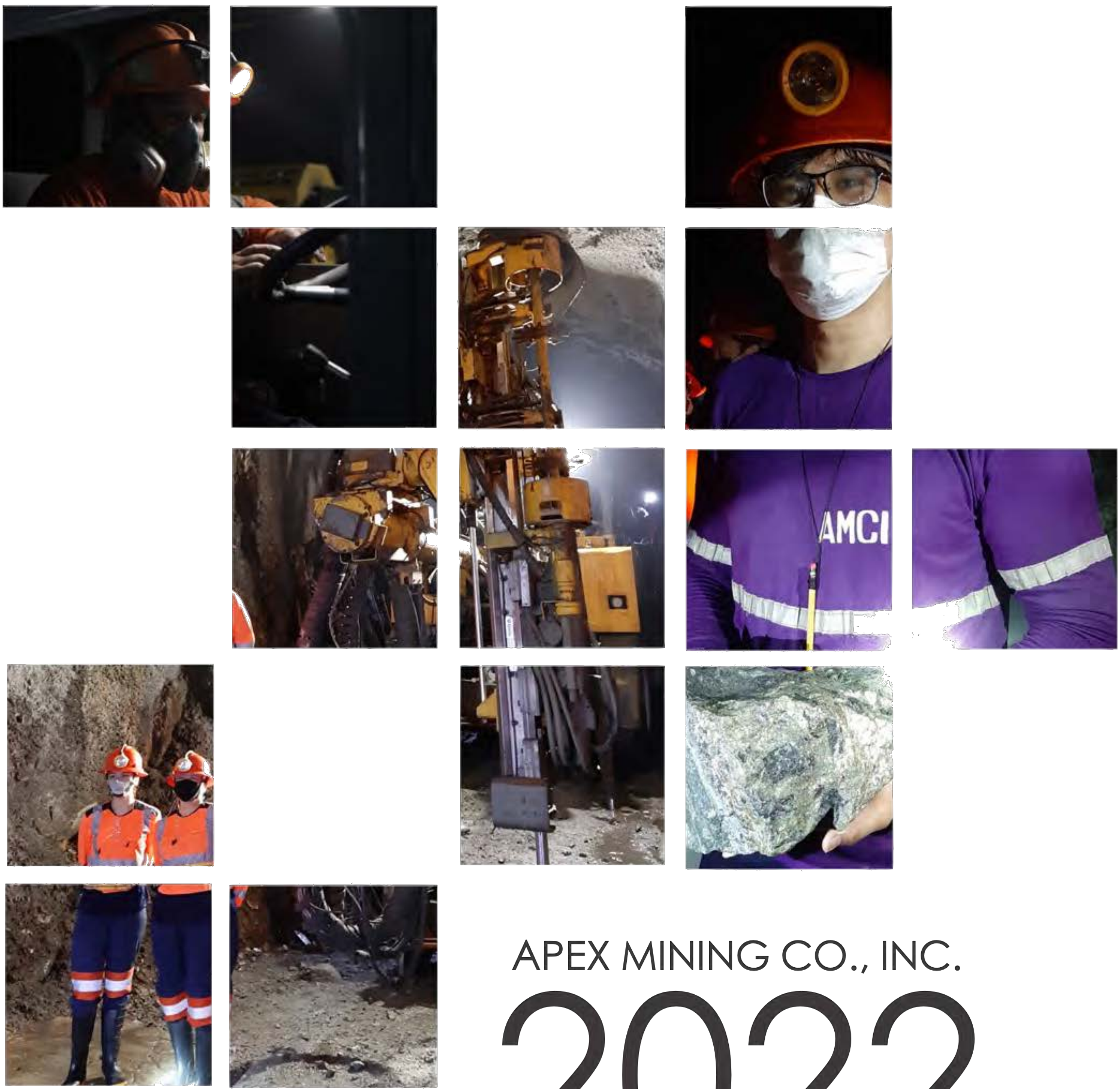
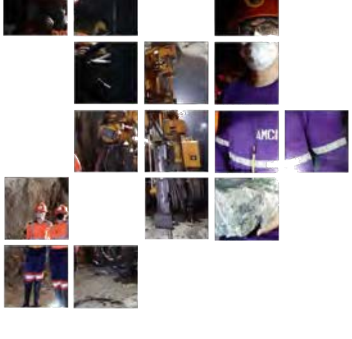


APEX MINING CO., INC.

2022 ANNUAL REPORT



ABOUT THE COVER

The year 2022 was focused on implementing strategies and activities that ensured the profitable performance of the company despite the lingering effects of the Covid-19 pandemic. The historical financial performance of the company shows that Apex Mining has avoided a dip despite the economic downturn during the pandemic. Still, Apex Mining found it prudent to fortify its fundamentals to further insulate the company from external shocks. Wise spending, efficient production planning and savvy mining operations operationalized within a consistent culture of safety all made for a successful 2022.

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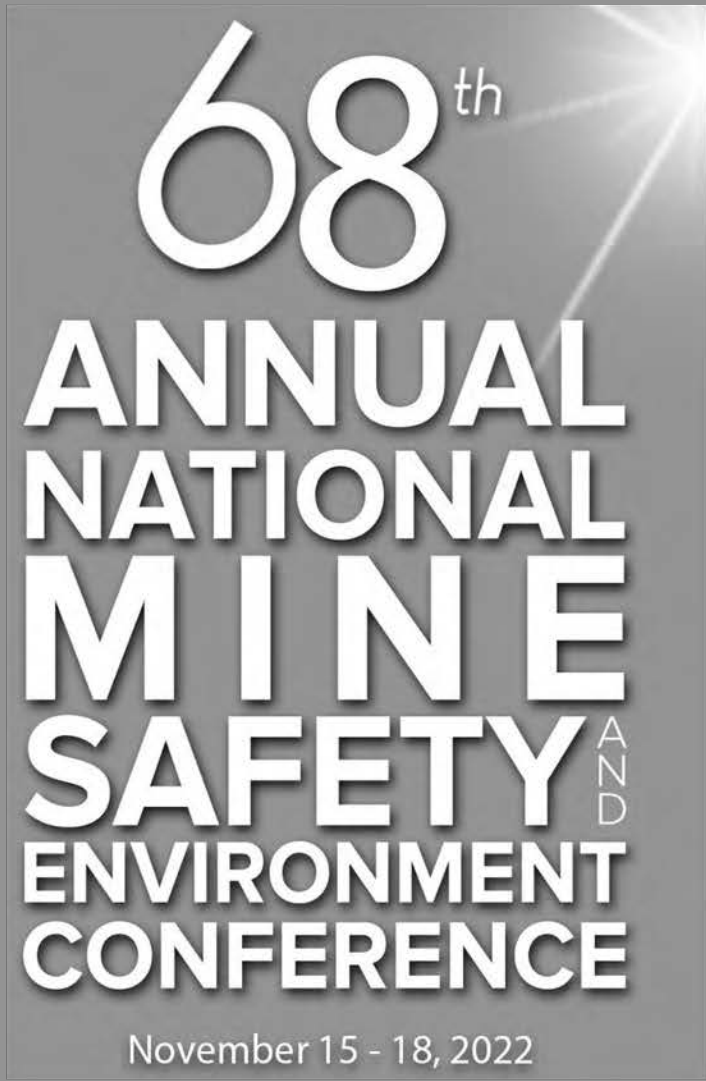
2022 HIGHLIGHTS

APEX MINING FETED BY DENR - MGB

Apex Mining was awarded the PMIEA Selection Committee Platinum Achievement Awardee in the underground mining operation category at the 2022 Presidential Mineral Industry Environmental Award (PMIEA), Best Mining Forest Contest (BMFC), and Safety Mines Award (SMA). It was also a runner-up in both the Safest Underground Mining Operation Award and the Safest Mineral Processing – Extraction Category Award.

Apex Mining's subsidiary, Itogon-Suyoc Resources (ISRI) won in the Safest Exploration, category B.

Apex Mining also repeated its grand slam feat in 2021 as the company won in all categories of the Best Mines Personality Awards: Mr Richie P. Ranjo, best underground safety inspector; Mr Wilfredo R. Lanit, Jr, best underground mine supervisor; and, Mr. Jimar A. Dublin, best underground miner.



COMPANY PROFILE

Apex Mining Co., Inc. is primarily in the business of mining and related activities. It debuted in the Philippine Stock Exchange in March 1974; its ticker symbol is APX.

APX owns and operates the Maco Gold Mine in Davao De Oro, located in Southern Mindanao. In 2015, it acquired its wholly-owned subsidiary, Itogon-Suyoc Resources Inc.. ISRI's two mines in Benguet are the Sangilo Mine Site in Itogon and the Suyoc Mine Site in Mankayan.

Monte Oro Resources & Energy, Inc. (MOREI), a wholly-owned subsidiary acquired in 2014, holds a 30% participating interest in Service Contract 72 (SC72) covering the Sampaguita natural gas field offshore northeast of Palawan. MOREI also has several mining interests and projects located in and outside the Philippines, as well as a 52% interest in a domestic company in solid waste disposal management.

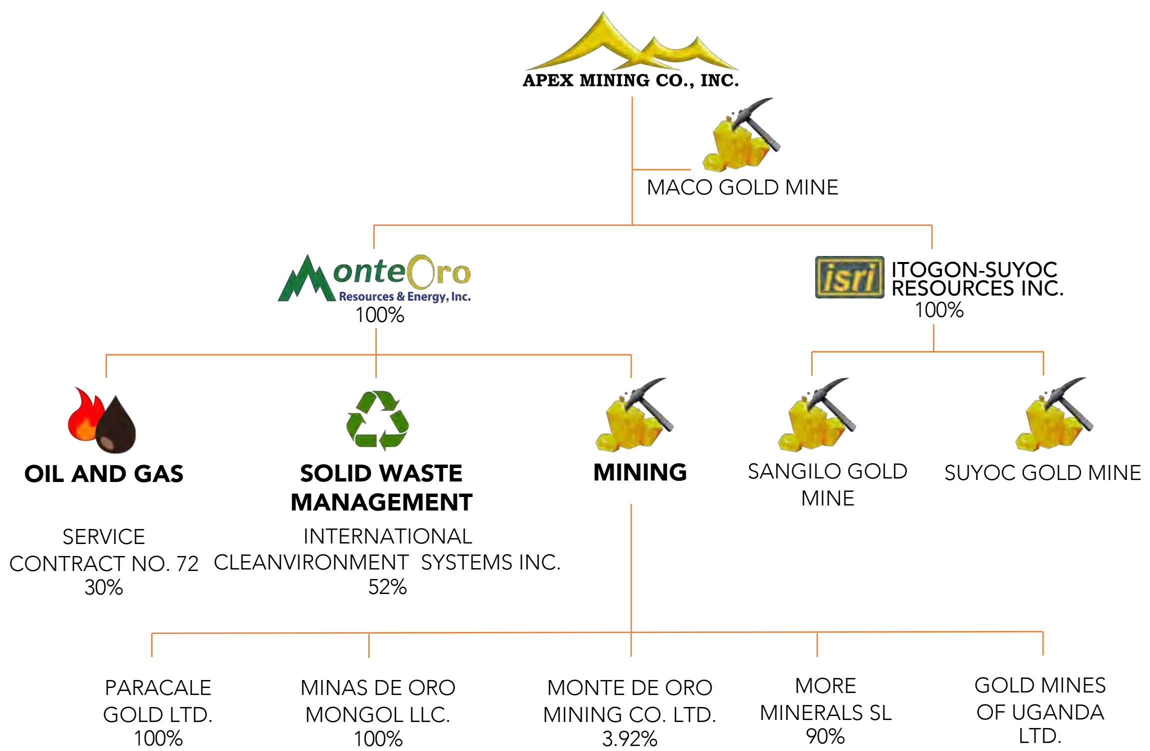
APX, registered with the Securities and Exchange Commission in February 1970, marked its 52nd year in 2022.

VISION AND MISSION

"To promote the well-being of all stakeholders by embracing safety as a way of life, achieving world class environment standards, and upholding a holistic approach to wellness.

This we do with care and sincere commitment to realize a sustainable, responsible, and globally recognized mining company."

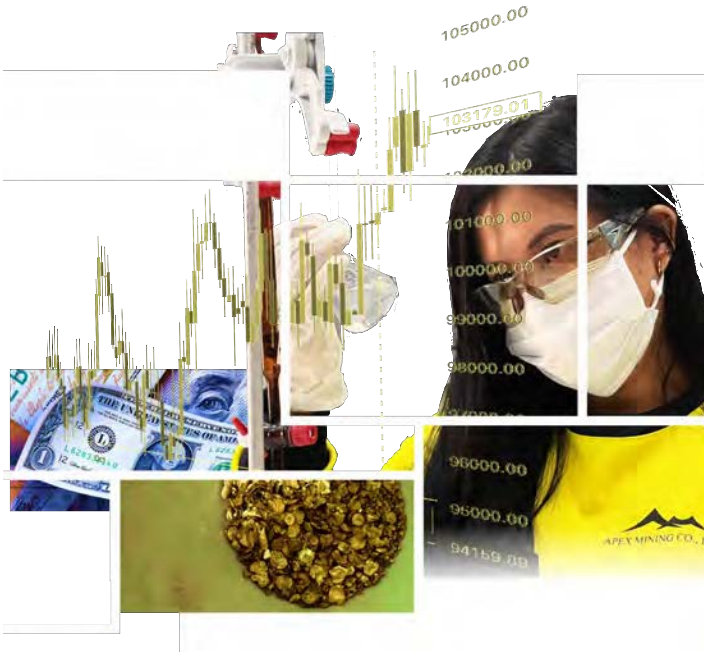
CORPORATE STRUCTURE



MESSAGE FROM THE CHAIRMAN

To all Shareholders,

Gold is a hedge against inflation because while global recession is showing its head, gold prices shine…



Here is a synopsis of 2022 vis a vis gold prices: the first half saw gold prices starting from $1810/oz then fluctuating from a low of $1790 to a high of $2040 per oz before settling at $1815. By the second half of the year, the troubles in the US economy started the roller coaster ride for the precious metals sector of the mining industry, with Federal Reserve Chairman Jerome Powell raising interest rates from below two percent (2%) to over four percent (4%) in an attempt to address high inflation. The move of siphoning off money from the system had the whole world reacting by raising interest rates. With the higher yields, money flowed out to treasuries and affected gold and silver prices that softened in the second half of 2022. Gold prices dropped in the second half, going down to as low as $1631 and hovering below $1750 for most of the period. Eventually, with the inflation reversing near the end of the year, the hawkish trend in interest rate hikes slowed down. Gold recovered and ended the year above $1800/oz.

In 2023, it looks like gold prices will be elevated and Apex Mining is poised to capitalize on this opportunity.

Keeping the growth trajectory consistent — that is the story of Apex Mining in 2022, as the investments in the expansion of our mines continues to bear fruit. Our Maco Mine registered an 11% increase in gold production while our Sangilo Mine improved their income streams and became a self-sustaining operation. The year was record-breaking for us as we breached the 100k oz production level. These production levels would be the new norm and hopefully metal prices will be favorable.

We congratulate our production team for delivering numbers that have never been experienced by our Company. They pushed both mine and mill to increase production and efficiencies which have been felt strongly in 2022. Our mine operations will be able to withstand any future price shocks as our cost per ounce goes down with our increasing production, improving efficiencies and prudent cost controls.

We build on the trajectory of 2022's growth by laying a solid groundwork for the future. In early December, we announced the acquisition of the operating interests in the former North Davao Mining Corporation (NDMC) from the Philippine Mining Development Corporation (PMDC). The mining tenement covers over 19,000 hectares surrounding our Maco Mine. This investment gives our Maco Mine valuable space to expand. Initially, a new Tailings Storage Facility will be constructed to ensure continuity in our 3,000 TPD Maco Mine expansion until 2032. As multiple vein structures that we had operated on continues into the NDMC tenement, these will be opened up and will add to the resource base of your Company. We expect these gold resources to be a valuable addition given their historical grades. The investment in NDMC offers more and I leave it to the President to discuss more details.

To our shareholders, thank you for your invaluable support to Apex Mining. And to our High-Performance Team, your Board of Directors is very proud of you – thank you for making the vision and mission of our company come alive through your hard work, commitment and dedication.

With our strategic expansion and investments, the future of Apex Mining is looking bigger and better. More importantly, it is still far from peaking. Hopefully, all of us will enjoy the fruits of this growth opportunity. To God be the blessings and to man be the hope of maximizing these gifts.

Jose Eduardo J. Alarilla
Chairman

THE PRESIDENT'S MESSAGE

Dear Shareholders,

In the normalizing year of 2022, the growth story that started in 2015 was felt clearly as Apex Mining experienced a banner year (recall that in 2021, we successfully pushed the growth of our business beyond the business unusual)...

OPERATIONS

In 2022, we felt the results of our expansion program on both Maco and Sangilo operations.

Apex Mining's consolidated gross revenues reached PHP 10.3 billion, growing 39 % year on year. Our Maco mine continues to deliver the majority of the numbers with gross revenues of PHP9.5 billion while ISRI contributed PHP 800 million. The net income grew 408 % from PHP 657 million in 2021 to PHP3.339 billion in 2022.

Our two mills treated 815,910 tonnes for Maco and 131,481 tonnes for ISRI with an average mill head grade of 3.96 gpt. The resulting gold and silver production for Maco were 91,072 oz of gold and 377,729 oz of silver. Our production of both metals registered increases YoY — gold at 23% and silver at 5%.

Total revenues for 2022 reached PHP 10.310 billion. Our total cost of production was PHP5.432 billion. The resulting net income was PHP3.339 billion, a growth of 408 % year on year.

ON TO 2023 AND BEYOND

Our future is looking rosier than ever with select expansion projects coming closer to fruition.

On 07 December 2022 your Company signed a Share Purchase Agreement for the whole of Asia Alliance Mining Resource Corp. (AAMRC). AAMRC signed a Joint Operating Agreement on 06 December 2022 with the Philippine Mineral Development Corp. (PMDC) for the former North Davao Mining Corp. (NDMC) mining tenement of over 19,000 hectares wholly surrounding the Maco tenement of Apex Mining in Davao de Oro.

This acquisition provides us the needed space for building another Tailings Storage Facility (TSF) and ensures the continuation of our expansion to 3000 TPD (and maintain that level of production till 2032). The added area also provides us with more room for the copper-gold porphyry deposits found within our existing mining tenement. The copper mill, another TSF and waste rock stockpile will be put up within the NDMC tenement areas should we proceed with development. This will officially bring us back to producing copper (which we used to do in the '70s).

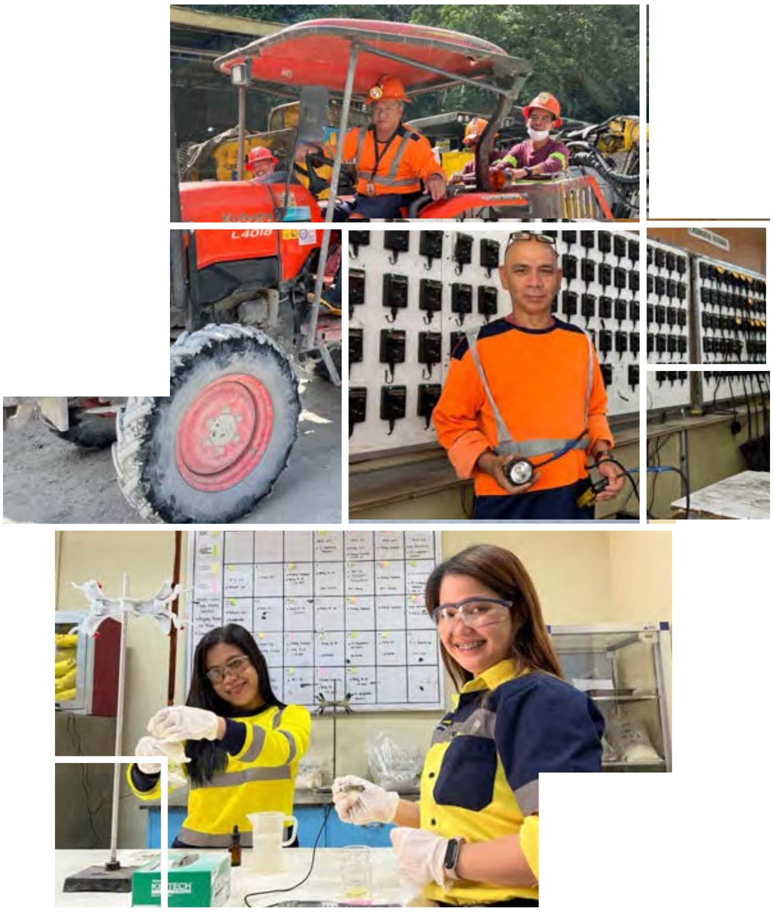
Some of our gold veins extend to the NDMC tenement and these we plan to develop and contribute to the expanding mill. This provides us with cash flows just a couple of years from the buy-out of AAMRC and also expand our gold resource base.

As to the other mineral assets found or yet to be discovered within the NDMC tenement, we will be doing an exploration program to determine potential commercial deposits that may become future mines.

GOOD CORPORATE CITIZENSHIP

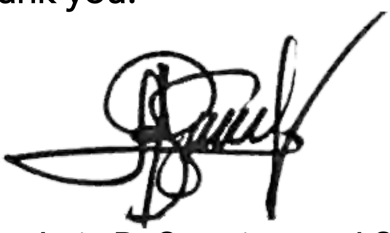
Our commitment to take care of the well-being of all our stakeholders remains constant. True to our promise of bringing growth and development to our host and neighboring communities, we spent PhP67.8 M under our Social Development and Management Program (SDMP) to fund a wide array of projects under three major areas: development of host and neighboring communities (DHNC), information, education and communication (IEC) campaigns, and development of mining technologies and geosciences (DMTG). We also extended help to rebuild two classrooms at the Baybay Elementary School in Siargao which was devastated by Typhoon Odette in late 2021. Indeed, the true spirit of *malasakit* knows no geographic boundaries.

In as much as we take care of our host and neighboring barangays, we also put the welfare of our own employees at the top of our list of priorities. We wrapped up 2022 with the inauguration of our employee accommodation facility in Barangay Nueva Visayas, Mawab, Davao de Oro and the blessing of our newly constructed training center at the level 4 of our Maco Mine. The accommodation facility we envision as the home away from of our employees while the training center will be a haven of new learning and upskilling for our High Performance team as well as community residents.



GRATITUDE

Our success in 2022 would not have been possible without the dedication, skill and hard work of the men and women of the Maco Mine Site. We are also grateful to our Board of Directors for their support and guidance.
Finally, thank you, dear shareholders, for betting on Apex Mining. Rest assured we shall pull all stops to make your investment grow.
Thank you.



Luis R. Sarmiento, ASEAN Eng
President and CEO

ORE MILLING PROCESS

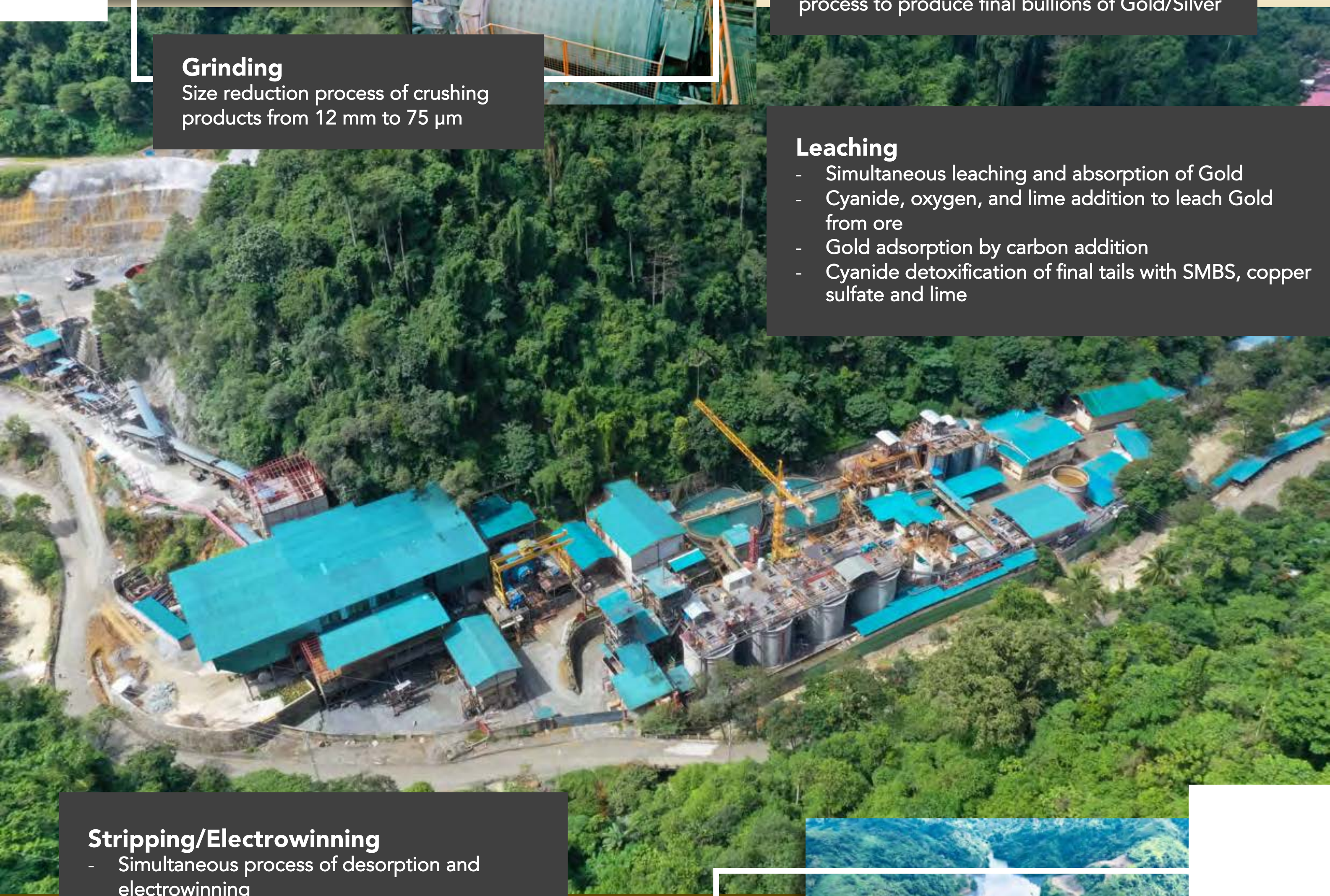
Run-of-Mine
Ore is transported from mine yard to mill yard

Crushing
Ore is fed to the crusher to reduce the size from 450mm to <12mm

Smelting
Smelting of sludge from Stripping process/EW process to produce final bullions of Gold/Silver

Grinding
Size reduction process of crushing products from 12 mm to 75 µm

Leaching
- Simultaneous leaching and absorption of Gold
- Cyanide, oxygen, and lime addition to leach Gold from ore
- Gold adsorption by carbon addition
- Cyanide detoxification of final tails with SMBS, copper sulfate and lime



Stripping/Electrowinning
- Simultaneous process of desorption and electrowinning
- Desorption of Gold from loaded carbon using hot eluting solution of cyanide, caustic soda, and water
- Electrowinning process to plate out Gold from solution to cathodes

Final Tails
Go to the Tailings Storage Facility

MINERAL RESOURCE AND ORE RESERVES UPDATE

Estimated Mineral Resources @ Cut-Off Grade of 1.5gpt

Category	Grade (gpt)	Tonnes	Estimated Gold (in ounces)
Inferred	4.8	3,195,000	493,000
Indicated	4.5	5,399,000	781,000
Measured	4.5	2,760,000	407,000
Total/Average	**4.6**	**11,354,000**	**1,681,000**

The above figures were lifted from the technical report duly notarized on June 29, 2021 on the exploration results and mineral resources covering veins in MPSA-225-2005-XI, prepared and submitted by Mr. Darwin Edmund L. Riguer, a registered Geologist with License No. 1684 and is an accredited CP on Exploration Results and Mineral Resource Estimation with the PMRC/Geological Society of the Philippines CP Registration No. 20-12-02.

Estimated Ore Reserves @ Cut-Off Grade of 2.0gpt

Category	Grade (gpt)	Tonnes	Estimated Gold (in ounces)
Probable	4.8	2,976,000	454,595
Proven	5.1	2,772,000	458,971
Total/Average	**4.9**	**5,748,000**	**913,566**

The above figures were lifted from the technical report duly notarized on July 6, 2021 on the 2021 report for economic assessment and ore reserve estimation of the gold vein deposits of Maco mines within MPSA-225-2005-XI prepared and submitted by Mr. Constancio A. Paye, Jr., a registered Mining Engineer with License No. 0001292 and is an accredited CP with PMRC with CP Registration No. EM 0001292-074/18.

MACO GOLD MINES

Apex Mining's Maco Mine Site, located in the municipalities of Maco and Mabini in Davao de Oro province in Southeastern Mindanao, Philippines is covered by Mineral Production Sharing Agreement (MPSA) No. 225-2005-XI (679.02 hectares) and MPSA 234-2007-XI (1,588 hectares).

ISO CERTIFICATION

Apex Mining is certified to ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health and Safety).

OPERATIONS REPORT

Tonnage, ore grade and metal recovery are determinants of production volume with more metals produced through higher tonnage, ore grade and recovery.

The Maco Mine adopts underground trackless and conventional mining methods and employs the carbon-in-leach gold extraction process.

MINING

The total mine production in 2022 was 802,502 tonnes with an average grade of 4.08 grams per tonne (gpt) compared to 675,427 tonnes with an average grade of 3.96 grams per tonne (gpt) in 2021.

In 2022 off-vein mine development for access drives advanced 6,172 while on-vein mine development for ore advanced 11,707.

MILLING

APX's production metrics showed positive growth in 2022.

Total tonnage was 815,910, up 15% from 2021's 708,447. The average TPD was 2,330, a 13% increase year over year.

Gold recovery increased by 1% to 87.92 while silver recovery was 73.80 or 2% below 2021's 75.69.

APX produced a total of 91,072 ounces of gold (23% higher than 2021's 74,334) and 377,729 ounces of silver (5% higher than 2021's 358,672).

GEOLOGY AND EXPLORATION

In 2022, underground exploration continued its target resource evaluation through diamond drilling focused within and near-mine extensions of the epithermal gold veins of the MPSA 225-Maco vein complex.

The drilling activity completed 27 underground drill holes and 6 surface drill holes with an aggregate drilling meterage of 14,991 drilling-meters. The drilling campaign confirmed the lateral and vertical continuity of the tested Maco vein systems, including BHWS, Masara, SDN, SDN2, SDN4, MAIHWS, MAIMV, Wagas, Bibak, Don Calixto, Saint Francis, Don Joaquin, Don Mario, and Don Fernando.

The confirmed vein continuity has validated the resource potential of the drilled Maco vein systems.

APX Board OKs Cash Dividend Policy

On August 12, 2022, the Board of Directors approved a new dividend policy to declare as cash dividend an amount equivalent to ten percent (10%) of the net income of the Group per its consolidated audited financial statement for each year provided there is sufficient unrestricted retained earnings to cover the cash dividends

For 2022, the Board of Directors approved the declaration of a regular cash dividend in the amount of Php0.01055 per common share. The cash dividend was paid on September 15, 2022 to stockholders of record holding shares of APX common stock at the close of business on August 30, 2022.

CORPORATE SOCIAL RESPONSIBILITY

In 2022, APX spent a total of P67.8 million to finance three major components of its Social Development and Management Program (SDMP)—development of host and neighboring communities (DHNC), information, education and communication (IEC) campaigns, and development of mining technologies and geosciences (DMTG). The total amount is higher than the budgeted allocation of P62.8 million.

DEVELOPMENT OF HOST AND NEIGHBORING COMMUNITIES (DHNC)

₱52.62 million

APX's priority Programs, Projects and Activities (PPAs) under the DHNC are health & medical assistance, educational support, livelihood, public infrastructure and socio-cultural and religious support.

HOST BARANGAYS:

Municipality of Maco:
Masara, Teresa, Mainit, Tagbaros, New Barili, New Leyte, and Elizalde

Municipality of Mabini:
Golden Valley

NEIGHBORING BARANGAYS:

Municipality of Maco: Panoraon, Gubatan, Panangan, Limbo, Calabcab, Malamodao, Panibasan, and Kinuban

INDIGENOUS PEOPLE:

Mansaka

HEALTH AND MEDICAL ASSISTANCE

₱8.48 million

APX supports the following health facilities:

(a) Maco Mine company clinic in Barangay Masara, Maco

(b) Elizalde Infirmary Clinic in Barangay Elizalde, Maco

(c) Municipal Health Center in Barangay Binuangan, Maco

(d) Municipal Health Center in Poblacion, Mabini

(e) the health centers of the 16 host and neighboring barangays

In 2022, APX also gave medicines, vitamins and medical supplies to partner agencies – Mines and Geosciences Bureau Employees Association-XI, Elizalde Infirmary Clinic, Municipal Health Office (Maco, Mabini & Mawab), Provincial Health Office of Davao de Oro and Environmental Management Bureau XI.

APX's assistance covers support to medical personnel (four medical personnel assigned at the Elizalde Infirmary Clinic), provision of medical apparatus (BP monitors, glucose meters, etc.), medical supplies (vitamins, face masks, alcohol, hand sanitizers and dressing kits) and other equipment (medical carts, refrigerator, printer, etc).

EDUCATIONAL SUPPORT

₱14.14 million

The educational enrichment activities of APX includes supporting the Adopt-A-School, Alternative Learning System and Brigada Eskwela programs of the Department of Education, providing tertiary scholarships, maintaining an industrial technician program, extending educational aid and partnering with TESDA (Technical Education and Skills Development Authority).

In 2022, APX continued its sponsorship of the ZRadio 88.5 FM for the programs of the Radio Z-eskwela of DepEd-Davao de Oro. The company also augmented the salaries of 15 local school board teachers of its adopted schools. APX's 15 adopted schools were provided assorted construction materials to help them prepare for face-to-face classes. Around 2,152 learners, from Kinder to grade 3, were given school bags and supplies plus hygiene kits. And following the resumption of face-to-face classes, APX provided transportation to the students residing in Sitio Biucadan of Brgy. Masara and Teresa. Thus, some 427 students were safely ferried from their homes to school and back home this school year.

APX also supported the Bayanihan Para Sa Karunungan Program that serves the GIDAS (geographically isolated and disadvantage areas) in Davao de Oro, providing 1,000 learners with workbooks and school supplies.

APX's tertiary scholarship and education aid initiatives helped deserving beneficiaries nurture a secure future: 299 ALS learners; six nursing students; 32 males at the Center for Industrial Technology and Enterprise (CITE); four females under the Hotel and Restaurant Services at the Banilad Center for Professional Development in Cebu City.

APX's collaboration with TESDA saw the rise of the Apex Community Technological Training and Assessment Center that will be offering driving courses.

LIVELIHOOD PROGRAMS

₱11.33 million

The end-goal of APX's livelihood programs is to help the host and neighboring barangays become empowered and self-reliant. Among the initiatives are:

1. organization/sponsorship of agri-based livelihood trainings and seminars (ex. beadscraft and kakanin-making, branding and labeling for tablea and chocolates, social media promotion)
2. provision of starter kits and start-up capital (ex. abaca seedlings for Teresa Upland Farmers' Association and assorted feeds for Barangay Tagbaros Fishponders Association)
3. development of the livelihood training center and demo farm (the facility was blessed in December 2022; continuous development of the diversified demonstration farm at Brgy Teresa, Maco, Davao de Oro)
4. manpower and upkeep for both the cacao processing and face mask production facilities at the Level 4 of the Maco Mine Site

PUBLIC INFRASTRUCTURE

₱2 million

In 2022, APX implemented nine projects geared towards improving public infrastructure including the construction of the Immaculate Conception Parish of Mary in Brgy Elizalde and provision of construction materials for the fencing of the Masara Integrated School (Brgy Masara), Candinuyan Elementary School and Golden Valley National High School (Brgy Golden Valley) and the barangay hall of Brgy Mainit.

SOCIO-CULTURAL AND RELIGIOUS SUPPORT

₱16.66 million

In 2022, APX's assistance focused on helping local government units, socio-civic institutions, IP organizations, religious groups, and other relevant entities fortify their capabilities to operate following the new normal brought about by the Covid-19 pandemic. Equipment and PPEs were given to all the host and neighboring barangays to allow them unhampered operations while still being protected from the threat of Covid.

APX also supported the delivery of Roman Catholic sacraments by sponsoring the Kasalan (28 couples married), Bunyagan (201 baptized) and Kumpirma (400 received confirmation) activity during the fiesta celebration of the Immaculate Conception Quasi-Parish of Elizalde.

APX also helped lay the groundwork for the proposed food hub shed in the Municipality of Mabini.

Following the devastation wrought by Typhoon Paeng, APX and the Davao de Oro provincial government brought 100 sacks of rice and 30 rolls of tents to Maguindanao to help affected citizens.

INFORMATION AND EDUCATION COMMUNICATION

₱9.02 million

Seeding of correct and credible information about responsible mineral development and the promotion of geosciences and related technologies is integral to the practice of responsible mining.

In 2022, APX broadcasted through RPFM 99.9 Radyo sa Masa and Hope Radio 107.1, both in Tagum city. Support was also provided to events spearheaded by industry organizations like the USEP Mining Engineering Society, Tindog ComVal Foundation, Inc., ARMOR XI, the Philippine Society of Mining Engineers, and the Society of Filipino Forester. There were also community activities anchored on global celebrations such as the mangrove planting and clean-up drive during Earth Day and tree planting and river clean up during Women's Month.

DEVELOPMENT OF MINING TECHNOLOGY AND GEOSCIENCES (DMTG)

₱6.10 million

APX contributes to the advancement and greater mainstreaming of mining technology and geosciences by supporting advance and undergraduate research studies and providing CAPEX support to select mining and geosciences institutions.

Together with the Red Cross Davao de Oro chapter, a first aid training for host barangays was conducted. Educational tours were hosted for students of the Caraga State University and Mapua University. Two geologists were also supported for the Petrological and Mineral Study of Maco Mine Deposits at the National Institute of Geology – UP Diliman.

ENVIRONMENTAL SUSTAINABILITY

As a responsible miner, Apex Mining implements environment-focused initiatives as part of its commitment to sustainability.

In 2022, the company spent P121.6 million under its Environmental Protection and Enhancement Program (EPEP) to ensure that land, water and air resources impacted by mine and milling operations are responsibly managed.

LAND RESOURCES

Greening activities

APX grew a total of 74, 237 assorted seedlings in its central nursery and two mangrove satellite nurseries in Bongabong (Pantukan) and Bucana (Maco), Davao de Oro. In line with its support to the propagation of bamboo, APX established a 13.69 has-bamboo plantation with 6,102 seedlings between August and December 2022. An additional 11.68 has was planted with 6,067 seedlings of was fast-growing species, bamboo, endemic species and dipterocarp species. Under the National Greening Program, APX donated 23,813 assorted seedlings to farmers and government agencies.

In 2022, APX participated in the Adopt-a-Continuous Ambient Air Quality Monitoring Station (CAAQMS) Program of the Environmental Management Bureau under which Apex Mining shall procure equipment for ambient air quality monitoring

To protect the forests within its tenement and surrounding areas, the company deployed monitoring and surveillance personnel. In 2022 no illegal forest activities were monitored within the APX tenement (with a total land area of 2,259.13 has).

Underground Rehabilitation and Backfilling

A total of 53,316 tons were backfilled to different areas in the UG. Backfilling is a standard in rehabilitating underground mines.

Waste Management

In 2022, APX generated the following waste:

(a) 20% solid waste (5,490 kilos of biodegradables were turned into vermicompost or mulch to augment mine rehabilitation activities);
(b) 7% recyclables (279,402 kilos of scrap iron and recyclable materials was sold to a third-party buyer);
(c) 40% reusable; and,
(d) 33% residuals (a total of 12,503 kls. of residuals were disposed).

"OUR COMMITMENT TO TAKE CARE OF THE WELL-BEING OF ALL OUR STAKEHOLDERS REMAINS CONSTANT."

- LUIS R. SARMIENTO, ASEAN ENG
PRESIDENT AND CEO

WATER RESOURCES

Water Management

As part of its sustainability thrust, APX recycles water for its day-to-day operations. Clear water is discharged from the tailings storage facility (TSF) through its toe drain. The discharged water or excess water is then recycled and delivered back to the Mill Plant for use in operations.

In 2022, a total of 7,673,003 cubic meters of water utilized for domestic, industrial and UG (underground) use.

AIR

Air Quality

As part of our mitigation efforts to control dust emission during prolonged dry season, APX conducts road spraying using water tank truck to suppress dust particles from moving vehicles and equipment's within the minesite access roads. Ambient air sampling is also conducted in eight air sampling locations within the minesite to measure dust particles.

To ensure that all its stationary pollution sources emission are to be monitored, the company installs and maintains its Pollution Control Device.

In 2022, a third-party stack sampler was also contracted by the company to conduct stack sampling in all pollution sources to determine/measure the amount of gas and particle emissions.

All these mitigations had a positive impact in company's operations. In fact, all of the parameters measured were within the DENR standards.

Energy

APX consumed 58,672 MWh of electricity from renewable sources which is 59% of the total 98,396 MWh electricity consumption. To further optimize its energy mix, APX maintained an 11MW contracted capacity for FDC (4MW) and PSALM (7MW) in 2022.

Energy consumption increased in 2022, corresponding to the increase of power demand by the mill and mine operations.

ITOGON-SUYOC RESOURCES, INC.

APX acquired Itogon-Suyoc Resources, Inc. (ISRI) in June 2015, becoming the assignee-company of all mining assets of the former Itogon-Suyoc Mines, Inc. (ISMI) —the Sangilo Mine in Itogon and the Suyoc Mine in Mankayan, both located in Benguet Province, and the Benit Claim in Labo, Camarines Norte.

SANGILO MINE

In 2022, the Sangilo Mine was in the upgrading stage of its Mill plant. The Mine was able to produce an average 440tpd. It is ISO 14001:2015 (Environmental Management System)-certified by TUV Rheinland. The scope of the certification is exploration, mining and processing of gold and silver ore for Sangilo & Suyoc minesite.

In March 2022, ISRI was presented with the Safety Seal by the Department of Labor and Employment – Cordillera Administrative Region.

₱5.489M | **SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM**

Host Barangays: **Ampucao & Poblacion**
Neighboring Barangays: **Tinongdan, Dalupirip, Ucab, Gumatdang, Loacan**

ISRI actively contributes to the social development by undertaking community activities/services like financial assistance for health concerns, facilities and medical professionals, access and support to local schools, livelihood programs for local residents, assistance to socio cultural activities, and assistance to infrastructure development and facilities improvement.

Among its community development initiatives in 2022 were: financial assistance/sponsorship to various community activities like barangay fiesta & IP celebration, various donations to organizations of senior citizen, various electrical supplies & trash bins for various elementary schools, and road signages to Brgy Virac.

₱41.4M | **ENVIRONMENTAL PROTECTION**

ISRI manifests its commitment to sustainable environmental management and protection campaign through programs and projects like reforestation, TSF raising and enhancement project, slope stabilization, regular road backfilling and grading, regular water sampling, construction of filtration and settling pond at L1300 drain tunnel, clean-up of Ambalanga River, hauling/treatment of residual and hazardous waste, implementation of stack emission test, ambient air quality monitoring and work environment monitoring.

One of the tree species ISRI propagates in its nursery is the Benguet Pine, coffee, rain trees, rambutan, avocado, and other flowering and ornamental plants, with 3,011 seedlings of Benguet Pine, Coffee, and Bamboo donated to several reforestation programs in 2022.

P20.59M | BIG BROTHER SMALL BROTHER

ISRI collaborates with small scale miners through its Big Brother Small Brother (BBSB) program. Under this scheme, ISRI's partner-organization (usually a cooperative/association of small scale miners) mines in designated areas within ISRI's tenements, with small miners also undergoing ISRI's standard miners' underground orientation, including safety, security and ISO compliance.

In 2022, ISRI renewed its agreement with the Dalicno Small Scale Miners Association (DaSSMA).

Under the BBSB, ISRI remitted P20,594,388 to DaSMMA in 2022.

SUYOC MINE

The Suyoc Mine is still under resource validation — exploration work, surface mapping and target verification using diamond drilling for further confirmation of mineral resources and ore reserves continued all throughout 2022. It is ISO 14001:2015 (environmental management system)-certified by the TUV Rheinland (scope: mining exploration and project development).

P196K | COMMUNITY DEVELOPMENT PROGRAMS

Host Barangays: **Suyoc, Guinaoang and Taneg**
Neighboring Barangays: **Bakun**

In 2022, Suyoc Mine's community development programs included providing financial assistance to health facilities/workers, subsidizing the day care worker for the educational support programs and promoting organic farming and composting. During the 2-yr exploration period, it spent an additional amount of Php 788,000 on top of the CDP as part of its Corporation Social Responsibility to its host barangays and neighboring communities, including the Municipality of Mankayan.

P401K | ENVIRONMENT WORK PROGRAM

At the Suyoc minesite the environmental work programs focused on land resource and hydrology and water quality management. Suyoc Mine's nursery propagated pine trees and coffee seedlings for planting in its tenements and donation to local communities. It adopted a reforestation site at Sitio Elizabeth (7 hectares) planted to pine and guava trees.

MONTE ORO RESOURCES & ENERGY INC.

Monte Oro Resources & Energy, Inc. (MOREI) has projects in oil and gas, mining, and solid waste management, both locally and abroad. MOREI is a wholly-owned subsidiary of APX.

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MINING

PARACALE GOLD PROJECT

MOREI wholly owns Paracale Gold Limited (PGL) — an Isles of Man company.

PGL, in turn, wholly owns Coral Resources Philippines, Inc. (CRPI) and has a 40% interest in Bulawan Mineral Resources Corporation (BMRC).

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PGL's mine project is located in Jose Panganiban and Paracale, Camarines Norte. BMRC handles 8 tenements directly and through Royalty with Purchase Agreement. The tenements are in various stages of application. CRPI is the owner/operator of a mineral processing plant.

PGL allows the conduct of small-scale mining through a Minahang Bayan involving the Mambulao Miner Mining & Quarrying Services (MMMQS) as proponent

In 2022, PGL continued working on the processing and approval of pending exploration permit applications.

MONGOLIA PROJECT

In 2022, the Khar At Uui Gold Project in Mongolia remained under continued care and maintenance.

The Khar At Uui Gold Project is registered under the joint venture company Erdeneminas LLC, 51% of which is owned by Minas de Oro Mongol LLC (Minas), a wholly-owned subsidiary of MOREI, and 49% by Erdenejas LLC, a Mongolian exploration company.

An interested investor signified their interest to take over the joint venture company but as of November 2022, Erdenejas has not given feedback on this said investor.

SIERRA LEONE PROJECT

The Gori Hills project located in the Republic of Sierra Leone in West Africa is owned by MOREI through Monte Oro Mining Co., Ltd. (MOMCL) which holds the tenements for the project and MORE Minerals SL (MMSL), previously engaged in artisanal mining and gold trading.

Following the revocation of the tenement license in 2021 and the subsequent awarding of the concerned tenement to another company in 2022, MOREI was offered another area in the Tongkalili district.

MOREI has an interest in Gold Mines of Uganda Ltd. (GMU) in the form of advances made to this company. GMU owns significant gold related assets and gold resources in Uganda. GMU and MOREI has a Memorandum of Agreement whereby both parties agree to combine their mineral interest in Africa and work towards creating a mining company that will be listed and marketed to international investors, and to enable GMU raise capital funding through the listing. While the MA was not consummated by both parties in 2021, GMU Ltd Shares Certificate #10 of 44,680,000 Ordinary Shares of USD 0.001/share were issued to the name of GCM Nominees Ltd. in 2022. GCM Nominees Ltd. issued a Declaration of Trust confirming it holds 16,810,000 shares for MOREI. The LME listed shell company underwent the listing in accord with the signed HoT (which has a timeframe to raise fund by Jan 2023).

OIL AND GAS

SERVICE CONTRACT 72

MOREI has a 30% participating interest in Service Contract 72 (SC 72), a service contract for gas located in the West Philippine Sea covering the Sampaguita offshore gas field northwest of Palawan. Forum (GSEC 101) Ltd. (Forum) holds the remaining 70% participating interest and is the operator of the SC.

In the first quarter of 2022, the consortium embarked on meeting the deadline for the drilling operations. Preparations were underway, including the ordering of long lead items and the mobilization of geophysical ship for site survey purposes. However, in mid-April 2022, the activities had to be stopped upon orders of the government, again due to geopolitical issues involving the area.

SOLID WASTE MANAGEMENT

INTERNATIONAL CLEANVIRONMENT SYSTEMS, INC.

MOREI owns 52% of International Cleanvironment Systems, Inc. (ICSI) which has a Build-Operate-Transfer contract with the Philippine government through the DENR to manage, rehabilitate and introduce ecologically friendly technologies for waste disposal, recycling and energy generation. This agreement is yet to be put in operation.

ICSI was the subject of an agreement to sell between MOREI and A. Brown Co., Inc. (ABCI) whereby MOREI shall sell its 52% ownership in ICSI to ABCI payable within 12 months and which was further extended to May 31, 2021. In 2021, this agreement expired without materializing.

2022 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

APEX MINING CO., INC.

Statement of Management's Responsibility for Financial Statements

The management of **Apex Mining Co., Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 Group's financial reporting process.

The Board of Directors reviews and approves the consolidated 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 consolidated financial statements of the Group 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
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

Apex Mining Co., Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2022 and 2021
and Years Ended December 31, 2022,
2021 and 2020

and

Independent Auditor's Report

SGV
Building a better working world

A member firm of Ernst & Young Global Limited

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Apex Mining Co., Inc.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Deferred Exploration Costs

As at December 31, 2022, the carrying value of the Group's deferred exploration costs amounted to ₱1.99 billion, net of allowance for impairment losses of ₱578.76 million. Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceed the recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the mineral ore resources and reserves. We considered this as a key audit matter because of the materiality of the amounts involved, and the significant management judgment required in assessing whether there is any indication of impairment.

The Group's disclosure about deferred exploration costs is included in Note 11 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether there is any indication that deferred exploration costs may be impaired. We reviewed the summary of the status of the exploration projects as at December 31, 2022. We inspected the licenses/permits of the exploration projects to determine that the period for which the Group has the right in the specific area has not expired, will not expire in the near future, and will be renewed accordingly. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alexis Benjamin C. Zaragoza III.

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. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱1,003,743,722**	₱1,436,715,112
Trade and other receivables (Note 5)	**1,004,173,611**	26,207,449
Inventories (Note 6)	**1,604,851,580**	1,152,153,737
Advances to related parties (Note 15)	**2,304,109**	2,304,109
Other current assets (Note 7)	**683,392,869**	343,605,424
	4,298,465,891	2,960,985,831
Assets held-for-sale (Note 8)	**48,506,850**	–
Total Current Assets	**4,346,972,741**	2,960,985,831
Noncurrent Assets		
Property, plant and equipment (Note 10)	**11,291,389,138**	10,291,585,141
Deferred exploration costs (Note 11)	**1,992,199,559**	1,709,559,269
Financial assets measured at fair value through other comprehensive income (FVOCI) (Note 9)	**6,000,000**	4,000,000
Intangible assets (Note 12)	**21,886,838**	14,788,790
Other noncurrent assets (Note 13)	**3,000,322,463**	677,839,850
Total Noncurrent Assets	**16,311,797,998**	12,697,773,050
TOTAL ASSETS	**₱20,658,770,739**	₱15,658,758,881
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	**₱1,317,740,957**	₱1,154,330,208
Advances from related parties (Note 15)	**916,012,000**	916,012,000
Loans payable - net of noncurrent portion (Note 18)	**4,370,197,906**	2,315,484,534
Income tax payable	**230,396,710**	355,482,968
Total Current Liabilities	**6,834,347,573**	4,741,309,710
Noncurrent Liabilities		
Loans payable - net of current portion (Note 18)	**1,850,134,467**	2,252,225,636
Provision for retirement benefits (Note 16)	**303,321,394**	292,055,276
Provision for mine rehabilitation and decommissioning (Note 17)	**18,509,231**	17,854,413
Deferred income tax liabilities - net (Note 27)	**81,084,024**	87,791,518
Total Noncurrent Liabilities	**2,253,049,116**	2,649,926,843
Total Liabilities	**9,087,396,689**	7,391,236,553
Equity Attributable to Equity Holders of the Parent Company		
Issued capital stock (Note 19)	**6,227,887,491**	6,227,887,491
Additional paid-in capital (APIC) (Note 19)	**634,224**	634,224
Treasury shares (Note 19)	**(2,081,746,680)**	(2,081,746,680)
Revaluation surplus on property, plant and equipment (Note 10)	**226,025,835**	280,481,926
Remeasurement loss on financial asset at FVOCI (Note 9)	**(341,842,240)**	(343,842,240)
Remeasurement gain on retirement plan (Note 16)	**57,113,285**	26,132,299
Currency translation adjustment on foreign subsidiaries	**(10,441,321)**	(1,708,473)
Retained earnings (Note 19)	**7,464,658,813**	4,128,503,222
	11,542,289,407	8,236,341,769
Non-controlling Interests (Note 19)	**29,084,643**	31,180,559
Total Equity	**11,571,374,050**	8,267,522,328
TOTAL LIABILITIES AND EQUITY	**₱20,658,770,739**	₱15,658,758,881

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
REVENUES			
Gold	**₱9,853,786,554**	₱6,974,507,445	₱5,924,012,213
Silver	**455,813,826**	435,803,270	393,665,353
	10,309,600,380	7,410,310,715	6,317,677,566
COST OF PRODUCTION (Note 21)	**(5,432,218,065)**	(4,259,853,938)	(3,470,277,662)
EXCISE TAXES	**(402,910,300)**	(296,639,050)	(265,565,506)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 22)	**(224,808,188)**	(211,296,582)	(162,904,407)
FINANCE COSTS (Note 26)	**(170,235,086)**	(165,097,803)	(202,418,118)
OTHER CHARGES - net (Note 23)	**(45,619,909)**	(1,325,813,136)	(12,382,889)
INCOME BEFORE INCOME TAX	**4,033,808,832**	1,151,610,206	2,204,128,984
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 27)			
Current	**(711,392,182)**	(626,071,910)	(732,417,474)
Deferred	**17,034,490**	131,716,674	60,839,262
	(694,357,692)	(494,355,236)	(671,578,212)
NET INCOME	**₱3,339,451,140**	₱657,254,970	₱1,532,550,772
Net income (loss) attributable to:			
Equity holders of the Parent Company	**₱3,341,547,056**	₱803,055,743	₱1,532,853,728
Non-controlling interests	**(2,095,916)**	(145,800,773)	(302,956)
	₱3,339,451,140	₱657,254,970	₱1,532,550,772
BASIC/DILUTED EARNINGS PER SHARE (Note 20)	**₱0.59**	₱0.14	₱0.27

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱3,339,451,140**	₱657,254,970	₱1,532,550,772
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Item that will be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign subsidiaries	**(8,732,848)**	(4,390,559)	(117,789)
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on financial asset at FVOCI (Note 9)	**2,000,000**	800,000	(1,300,000)
Remeasurement gain on retirement plan, net of tax (Note 16)	**30,980,986**	45,375,821	1,787,257
	24,248,138	41,785,262	369,468
TOTAL COMPREHENSIVE INCOME	**₱3,363,699,278**	₱699,040,232	₱1,532,920,240
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**₱3,365,795,193**	₱844,841,005	₱1,533,223,196
Non-controlling interests	**(2,095,915)**	(145,800,773)	(302,956)
	₱3,363,699,278	₱699,040,232	₱1,532,920,240

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

	Attributable to Equity Holders of the Parent Company									
	Capital stock (Note 19)	Additional paid-in capital (Note 19)	Revaluation surplus (Note 10)	Treasury shares (Note 19)	Remeasurement loss on financial asset at FVOCI (Note 9)	Remeasurement gain (loss) on retirement plan (Note 16)	Currency translation adjustment on foreign subsidiaries	Retained earnings (deficit) (Note 19)	Non-controlling interests (Note 19)	Total
Balances at December 31, 2019	₱6,227,887,491	₱634,224	₱449,332,647	(₱2,081,746,680)	(₱343,342,240)	(₱21,030,779)	₱2,799,875	₱1,598,648,999	₱177,284,288	₱6,010,467,825
Net income	–	–	–	–	–	–	–	1,532,853,728	(302,956)	1,532,550,772
Other comprehensive income	–	–	–	–	(1,300,000)	1,787,257	(117,789)	–	–	369,468
Total comprehensive income	–	–	–	–	(1,300,000)	1,787,257	(117,789)	1,532,853,728	(302,956)	1,532,920,240
Transfer of portion of revaluation surplus Realized through depreciation, depletion and disposal, net of tax (Note 10)	–	–	(98,016,212)	–	–	–	–	98,016,212	–	–
Balances at December 31, 2020	₱6,227,887,491	₱634,224	₱351,316,435	(₱2,081,746,680)	(₱344,642,240)	(₱19,243,522)	₱2,682,086	₱3,229,518,939	₱176,981,332	₱7,543,388,065

	Attributable to Equity Holders of the Parent Company									
	Capital stock (Note 19)	Additional paid-in capital (Note 19)	Revaluation surplus (Note 10)	Treasury shares (Note 19)	Remeasurement gain (loss) on financial assets at FVOCI (Note 9)	Remeasurement gain (loss) on retirement plan (Note 16)	Currency translation adjustment on foreign subsidiaries	Retained earnings (deficit) (Note 19)	Non-controlling interests (Note 19)	Total
Balances at December 31, 2020	₱6,227,887,491	₱634,224	₱351,316,435	(₱2,081,746,680)	(₱344,642,240)	(₱19,243,522)	₱2,682,086	₱3,229,518,939	₱176,981,332	₱7,543,388,065
Net income	–	–	–	–	–	–	–	803,055,743	(145,800,773)	657,254,970
Other comprehensive income	–	–	–	–	800,000	45,375,821	(4,390,559)	–	–	41,785,262
Total comprehensive income	–	–	–	–	800,000	45,375,821	(4,390,559)	803,055,743	(145,800,773)	699,040,232
Transfer of portion of revaluation surplus realized through depreciation, depletion and disposal, net of tax (Note 10)	–	–	(95,928,540)	–	–	–	–	95,928,540	–	–
Effect of change in tax rate (Note 10)	–	–	25,094,031	–	–	–	–	–	–	25,094,031
Balances at December 31, 2021	₱6,227,887,491	₱634,224	₱280,481,926	(₱2,081,746,680)	(₱343,842,240)	₱26,132,299	(₱1,708,473)	₱4,128,503,222	₱31,180,559	₱8,267,522,328

	Attributable to Equity Holders of the Parent Company									
	Capital stock (Note 19)	**Additional paid-in capital** (Note 19)	**Revaluation surplus** (Note 10)	**Treasury shares** (Note 19)	**Remeasurement gain (loss) on financial assets at FVOCI** (Note 9)	**Remeasurement gain (loss) on retirement plan** (Note 16)	**Currency translation adjustment on foreign subsidiaries**	**Retained earnings (deficit)** (Note 19)	**Non-controlling interests** (Note 19)	**Total**
Balances at December 31, 2021	**₱6,227,887,491**	**₱634,224**	**₱280,481,926**	**(₱2,081,746,680)**	**(₱343,842,240)**	**₱26,132,299**	**(₱1,708,473)**	**₱4,128,503,222**	**₱31,180,559**	**₱8,267,522,328**
Net income	–	–	–	–	–	–	–	**3,341,547,056**	**(2,095,916)**	**3,339,451,140**
Other comprehensive income	–	–	–	–	**2,000,000**	**30,980,986**	**(8,732,848)**	–	–	**24,248,138**
Total comprehensive income	–	–	–	–	**2,000,000**	**30,980,986**	**(8,732,848)**	**3,341,547,056**	**(2,095,916)**	**3,363,699,278**
Dividends	–	–	–	–	–	–	–	**(59,847,556)**	–	**(59,847,556)**
Transfer of portion of revaluation surplus realized through depreciation, depletion and disposal, net of tax (Note 10)	–	–	**(54,456,091)**	–	–	–	–	**54,456,091**	–	–
Effect of change in tax rate (Note 10)	–	–	–	–	–	–	–	–	–	–
Balances at December 31, 2022	**₱6,227,887,491**	**₱634,224**	**₱226,025,835**	**(₱2,081,746,680)**	**(₱341,842,240)**	**₱57,113,285**	**(₱10,441,321)**	**₱7,464,658,813**	**₱29,084,643**	**₱11,571,374,050**

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,033,808,832**	₱1,151,610,206	₱2,204,128,984
Adjustments for:			
Depreciation, depletion and amortization (Notes 24)	**1,367,207,185**	1,113,940,488	1,022,906,256
Finance costs (Note 26)	**170,235,086**	165,097,803	202,418,118
Provision of allowance for losses and obsolescence (Note 6)	**45,612,203**	–	–
Movement in provision for retirement benefits (Note 16)	**38,722,842**	26,888,096	29,093,557
Unrealized foreign exchange loss (gain)	**662,554**	19,265,729	6,577,521
(Gain) loss on change in estimate on provision for mine rehabilitation and decommissioning (Notes 10, 17 and 23)	–	(24,486,390)	3,911,192
Interest income (Note 23)	**(3,221,594)**	(972,760)	(1,756,452)
Loss (gain) on sale of property, plant and equipment	**316,444**	(3,476)	–
Provisions for impairment losses on:			
Deferred exploration costs (Notes 11 and 23)	–	578,755,160	–
Property, plant and equipment (Notes 10 and 23)	–	341,464,705	–
Intangible asset (Notes 12 and 23)	–	192,202,964	–
Input VAT (Notes 13 and 23)	–	143,098,681	–
Advances for land acquisition (Notes 13 and 23)	–	93,530,149	–
Operating income before working capital changes	**5,653,343,552**	3,800,391,355	3,467,279,176
Decrease (increase) in:			
Trade and other receivables	**(977,966,162)**	224,709,660	(21,850,558)
Other current assets	**(339,787,445)**	(340,329,195)	(56,676,977)
Inventories	**(498,310,046)**	(159,439,591)	(151,811,674)
Increase (decrease) in:			
Trade and other payables	**168,219,573**	146,264,103	(162,860,784)
Advances from related parties	–	(60,000,000)	(63,500,000)
Net cash generated from operations	**4,005,499,472**	3,611,596,332	3,010,579,183
Interest paid	**(298,746,674)**	(298,066,313)	(372,901,144)
Income taxes paid	**(836,478,440)**	(553,360,256)	(537,667,599)
Interest received (Note 23)	**3,221,594**	972,760	1,756,452
Net cash flows from operating activities	**2,873,495,952**	2,761,142,523	2,101,766,892
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (Notes 10)	**(2,229,580,078)**	(1,750,325,890)	(1,347,417,177)
Proceeds from disposal (acquisition) of equity instrument	–	–	63,500,000
Acquisition of intangible assets (Note 12)	**(14,358,393)**	(13,623,119)	(1,073,500)
Decrease (increase) in:			
Deferred exploration costs (Note 11)	**(331,147,140)**	(292,192,881)	(254,670,970)
Other noncurrent assets	**(2,322,482,615)**	16,483,655	3,551,563
Proceeds from disposal of property plant and equipment	**2,142,857**	68,374	–
Net cash flows used in investing activities	**(4,895,425,369)**	(2,039,589,861)	(1,536,110,084)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of loans (Note 18)	**2,573,497,673**	82,305,263	1,139,817,342
Payment of loans (Note 18)	**(945,485,592)**	(774,834,079)	(972,663,722)
Dividend paid	**(54,268,774)**	–	–
Net cash flows (used in) from financing activities	**1,573,743,307**	(692,528,816)	167,153,620
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(448,186,110)**	29,023,846	732,810,428
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**15,214,720**	7,781,334	(38,572,514)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,436,715,112**	1,399,909,932	705,672,018
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,003,743,722**	₱1,436,715,112	₱1,399,909,932

See accompanying Notes to Consolidated Financial Statement

APEX MINING CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate Information
Apex Mining Co., Inc. (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 26, 1970, primarily to carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in gold, silver, copper, lead, zinc, brass, iron, steel, and all kinds of ores, metals and minerals. The Parent Company's shares are listed in the Philippine Stock Exchange (PSE) carrying the trading symbol "APX". The Parent Company is 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. 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 and its subsidiaries' (collectively referred to as the "Group") operations are as follows:

a. Mining

Maco Mines
The Parent Company's Maco Mine holds valid and subsisting Mineral Production Sharing Agreements (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 mine 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 13).

Itogon and Suyoc Mines
ISRI, an entity incorporated in the Philippines, is the holder of four (4) Patented Mineral Claims covering the Sangilo Mine in Itogon, Benguet and MPSA No. 152-2000-CAR covering the Suyoc Mine in Mankayan, Benguet.

The Sangilo Mine has completed the rehabilitation and refurbishment of its mining and milling facilities and declared the commencement of its commercial operations on July 31, 2020 at 200 tonnes per day (TPD), while the Suyoc Mine continues its resource validation and exploration.

On May 19, 2022, Sangilo Mine was granted an amended Environmental Compliance Certificate (ECC) with increased operating capacity of 500 tonnes per day (TPD).

Both the Sangilo and the Suyoc mine are ISO 14001-2015 certified for environmental management system granted by TÜV Rheinland Philippines Inc., valid until March 30, 2023. The certification for the Sangilo mine is for exploration, mining, and processing of gold and silver ore; while the certification for the Suyoc mine is for mining exploration and project development activities.

Paracale Gold Project
MORE wholly owns Paracale Gold Limited (PGL), an Isles of Man company which wholly owns Coral Resources Philippines, Inc. (CRPI) and has a 100% interest in Bulawan Mineral Resources Corporation (BMRC).

The mine project of PGL is located in Jose Panganiban, Camarines Norte. BMRC handles all tenements, while CRPI is the owner/operator of the mineral processing plant. BMRC holds 25 tenements in various stages of application. It is currently working on the processing and approval of pending applications, plus alternative options such as Special Mines Permits and ores from legal small-scale mining operations.

Mongolia Project
The Khar At Uui Gold Project is registered under the joint venture company Erdeneminas LLC, which is owned 51% by Minas de Oro Mongol LLC (Minas), a wholly-owned subsidiary of MORE, and 49% by Erdenejas LLC, a Mongolian exploration company. The project is under continued care and maintenance.

Sierra Leone and Uganda Projects
The Gori Hills Project located in the Republic of Sierra Leone in West Africa is owned 90% by MORE through Monte Oro Mining Co., Ltd. (MOMCL) which holds the tenements for the project, and MORE Minerals SL (MMSL), previously engaged in artisanal mining and gold trading. In 2021, it received a notice that its tenement license was revoked by the National Mineral Agency.

MORE has an interest in the Gold Mines of Uganda Ltd. (GMU) in the form of advances made to this company. GMU owns significant gold related assets and gold resources in Uganda. GMU and MORE has a Memorandum of Agreement (MA) whereby both parties agreed to combine their mineral interests in Africa and work towards creating a mining company that will be listed and marketed to international investors, and to enable GMU raise capital funding through the listing. As of the report date, the MA is not yet consummated between both parties.

The two licenses of Uganda project were renewed last September 9, 2020 with a tenure of 3 years subject to a 4-year extension.

Myanmar Project
The Modi Tuang Gold Project is located in the Yementhin Township, Mandalay Division, south east of Mandalay and north of Yangon, Myanmar. The Project is controlled by National Prosperity Gold Production Group Ltd. (NPGPGL) in which the Company has a 3.92% equity interest. As at December 31, 2022, the operations are suspended due to dispute with the Myanmar government on the license terms.

b. Oil and Gas

On April 6, 2022, Forum (GSEC 101) Ltd. (Forum) received a directive from the DOE to put on hold all exploration activities for SC 72 until such time that the Security, Justice, and Peace Coordinating Cluster (SJPCC) has issued the necessary clearance to proceed. Forum immediately complied with the directive by suspending its activities in SC 72.

In its April 8, 2022 reply to the DOE, Forum expressed willingness to resume activities immediately. However, Forum also stated that if no written confirmation from the DOE is received by April 10, 2022 that Forum can resume its activities on April 11, 2022, Forum will consider the suspension of work issued by the DOE to be indefinite and a force majeure event that will entitle Forum to be excused from the performance of its respective obligations and to the extension of the exploration period under SC 72.

In the absence of any letter from the DOE informing Forum to resume operations, Forum submitted a letter to the DOE on April 11, 2022 affirming a declaration of force majeure under SC 72 beginning April 6, 2022. Forum then undertook the termination of its service and supply agreements with several contractors. In the same letter, Forum stated that it is entitled to an extension of the period for exploration under SC 72 due to the recent declaration of force majeure.

On October 11, 2022, in response to Forum's letter dated April 11, 2022, the DOE granted the following:

i. Declaration of force majeure for SC 72 from April 6, 2022 until such time as the same shall be lifted by the DOE;
ii. The total expenses that were incurred as a result of the DOE directive to suspend SC 72 activities will be part of the approved recoverable costs, subject to DOE audit, and
iii. The suspension has nullified all the work done since the lifting of force majeure on October 14, 2020. Hence, SC 72 shall, in addition to the period in item 1 above, be entitled to an extension of the exploration period corresponding to the number of days that the contractors actually spent in preparation for the activities that were suspended by the suspension order issued by the DOE on April 6, 2022 (the Extension).

On November 22, 2022, Forum filed a reply letter with respect to item iii, seeking confirmation that the Extension will also cover all the time spent on all activities that are related or connected to, in support of, or necessary or desirable to enable Forum to perform its obligations and work commitments under SC 72. These include the time spent in planning the procurement of goods and services, securing permits and approvals, coordination with JV partners and the DOE, the time spent by external consultants doing work on behalf of SC 72, etc. Total cancellation fees capitalized as deferred oil and gas exploration cost as a result of the force majeure declaration amounted to ₱13.8 million.

c. Solid Waste Management

MORE owns 52% of International Cleanvironment Systems, Inc. (ICSI) which has a Build-Operate-Transfer (BOT) contract with the Philippine government through the Department of Environment and Natural Resources (DENR) to manage, rehabilitate, and introduce ecologically friendly technologies for waste disposal, recycling and energy generation which agreement is yet to be put in operation. As of date, ICSI has not yet commenced its commercial operation.

Authorization to issue the Consolidated Financial Statements
The accompanying consolidated financial statements of the Group 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 Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for property, plant, and equipment, which are carried at revalued amounts, and for financial assets measured at FVOCI. The consolidated 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 consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31, 2022 and 2021. 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.

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

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

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

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

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

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

			Effective percentage of ownership	
	Nature of business	Country of incorporation	**2022**	2021
ISRI	Mine exploration and development, and gold trading	Philippines	**100.00**	100.00
MORE	Mine and oil exploration and development	Philippines	**100.00**	100.00
MORE's Subsidiaries:				
Minas	Mine exploration and development, and gold trading	Mongolia	**100.00**	100.00
PGL	Mine exploration and development	Isle of Man	**100.00**	100.00
CRPI*	Mine exploration and development	Philippines	**100.00**	100.00
BMRC*	Mine exploration and development	Philippines	**100.00**	100.00
MMSL	Mine exploration and development, and gold trading	Sierra Leone	**90.00**	90.00
MOMCL	Mine exploration and development, and gold trading	Sierra Leone	**90.00**	90.00
ICSI	Solid waste management	Philippines	**52.00**	52.00

**Indirect ownership through PGL*

<u>Changes in Accounting Policies and Disclosures</u>

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Group 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 Group:

- 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 Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group 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 Consolidated Financial Statements
The Group has elected to present all items of recognized income and expenses in two statements: a statement displaying components of profit or loss in the consolidated statements of income and a second statement beginning with profit or loss and displaying components of OCI in the consolidated statements of comprehensive income.

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

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement 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 Group classifies all other liabilities as noncurrent.

Deferred 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 Group's business model for managing them. The Group 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 Group'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 market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As at December 31, 2022 and 2021, the Group 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 Group. The Group 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 Group 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 Group 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 Group 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 Group 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 Group's financial assets at amortized cost include cash with banks and cash equivalents, trade and other receivables, advances to related parties, advance to GMU, mine rehabilitation fund (MRF), and nontrade receivable under "Other noncurrent assets".

Financial Assets Designated at FVOCI (Equity Instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings and 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 Group's trade and other payable, 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 Group 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 Group 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 Group applies the simplified approach in calculating ECLs, as permitted by PFRS 9. Therefore, the Group 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 Group 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 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 Group 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 Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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 Group 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 group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash 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 Group 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 Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. 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 Group's continuing involvement is the amount of the transferred asset that the Group 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 Group'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 consolidated 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 consolidated statements of financial position. When the loan is repaid, the related unamortized debt issuance costs at the date of repayment are charged in the consolidated statements of income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Fair Value Measurement
An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 29.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the measurement as a whole:
- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Business Combinations using the Acquisition Method
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the Group elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

As part of a business combination, the Group assesses whether there are any operating lease contracts of the acquiree that may be onerous that is, where the lease premiums being paid on that contract exceed the current market rate for such lease arrangements. Those mineral reserves, resources and exploration potential that can be reliably measured are recognized separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognized separately, but instead are subsumed in goodwill. If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value, and any resulting gain or loss is recognized in the consolidated statement of income. It is then considered in the determination of goodwill or gain from acquisition.

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

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

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

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

Inventories
Inventories, which consist of gold and silver bullions, gold buttons, metals in-circuit, ore stockpile, and materials and supplies used in the Group's operations are physically measured or estimated and valued at the lower of cost and 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 are yet 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 comprise 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.

Leases
Determination of Whether an Arrangement Contains a Lease
The Group 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 – Group as a Lessee
At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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 Group 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 Group 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.

Assets Held-for-Sale and Discontinued Operations
The Group classifies noncurrent assets and disposal groups as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held-for-sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or,
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

If the criteria for held for sale is no longer met, the Group shall cease to classify the asset (or disposal group) as held for sale. The Group shall measure a non-current asset (or disposal group) that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:
- its carrying amount before the asset (or disposal group) was classified as held for sale or as held for distribution to owners, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset (or disposal group) not been classified as held for sale or as held for distribution to owners, and
- its recoverable amount at the date of the subsequent decision not to sell or distribute

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

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

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

Each year, the Group transfers, from the revaluation surplus reserve to retained earnings, the amount corresponding to the difference, net of tax, between the depreciation 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.

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

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

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 use, less any impairment in value. These costs are capitalized until assets are already available for use or when the Group has already achieved commercial levels of production at which time, these costs are moved to mine and mining properties.

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

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

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

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

Intangible Assets
Intangible assets, which consist of acquired computer software licenses and other licenses, are capitalized on the basis of the costs incurred to acquire and bring to use the said software. These costs are amortized on a straight-line basis over their estimated useful lives of 3 to 25 years.

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

Other Noncurrent Assets
Other noncurrent assets include cash advances to third parties, input VAT, deposits, MRF, national transmission lines, and advances for royalties of the Group. These are carried at historical cost and classified as noncurrent since the Group expects to utilize these 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.

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 consolidated statement of income.

Property, Plant and Equipment, Intangible Assets, and Nonfinancial Other Noncurrent Assets
The Group assesses at each reporting date 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 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 groups of assets. In assessing 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 consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, depletion and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation, depletion and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

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

- such costs are expected to be recouped in full through successful exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations, in relation to the area, are continuing, or planned for the future.

Investment in an Associate
Associates are entities over which the Group is able to exert significant influence. Significant influence is the power to participate in the financial and reporting policy decisions of the investee, but has no control or joint control over those policies.

The consideration made in determining significant influence is similar to those necessary to determine control activities. The Group's investments in an associate is accounted for using the equity method, less any impairment in value, in the consolidated statement of financial position. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of income reflects the Group's share of the results of operations of the associates. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate. The aggregate of the Group's share in profit or loss of an associate is shown in the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associate.

Interest in Joint Arrangements

PFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint Operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Group recognizes its:
- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

Provisions

General

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the consolidated statement of income.

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

Provision for Mine Rehabilitation and Decommissioning

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group 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 Group 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 profit or loss as part of finance costs. For closed sites, changes to estimated costs are recognized immediately in 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 consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can these be paid directly to the Group. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Equity

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

Treasury Shares

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

Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the consolidated 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 consolidated net income attributable to ordinary stockholders of the Group 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 it 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 deal confirmation of is drawn, at which point revenue is recognized.

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

Costs and Expenses
Costs 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. Costs and expenses are recognized in the consolidated statement of income in the period these are incurred.

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

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

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

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

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

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

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

Income Taxes

Current Income Tax

Current income 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 consolidated statement of income.

Uncertainty over income tax treatments

The Group 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 Group 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 Group 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 Group 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 Group presents uncertain tax liabilities as part of current tax liabilities or deferred tax liabilities.

Operating Segments

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

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

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

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

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

Foreign Currency-Denominated Transactions

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

Contingencies

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

Events after the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

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

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

Determination and Classification of a Joint Arrangement
Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement. Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement.

Specifically, the Group considers:
- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  a. The legal form of the separate vehicle
  b. The terms of the contractual arrangement
  c. Other facts and circumstances (when relevant)

This assessment often requires significant judgment, and a different conclusion on joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment for each assessment.

Assessment of the Production Start Date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to the following:
- the level of capital expenditure compared to construction cost estimates;
- completion of a reasonable period of testing of the property, plant and equipment;
- ability to produce ore in saleable form; and
- ability to sustain ongoing production of ore.

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

Despite the foregoing, the Group 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 Group 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 Group 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 Group has determined that its credit risk on its financial instruments has not significantly increased since origination as at December 31, 2022 and 2021, respectively.

<u>Accounting Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainties at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Provision for ECL on Trade and Other Receivables, Advances to Related Parties, Advances to GMU, Advances for Land Acquisition and Nontrade Receivable
The Group uses the general approach model as impairment requirement of PFRS 9 based on ECL. An assessment of the ECL relating to trade and other receivables, advances to related parties, advances to GMU and nontrade receivable under "Other noncurrent asset" is undertaken upon initial recognition and each financial year by examining the financial position of the related party and counter party and the market in which the related party and counter party operate 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, advances to related parties, advances to GMU, and nontrade receivable amounted to ₱1.20 billion and ₱207.73 million, as at December 31, 2022 and 2021, respectively. These are net of allowance for impairment losses amounting to ₱115.52 million as at December 31, 2022 and 2021 (see Notes 5, 13, and 15).

Valuation of Financial Instruments
The Group 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 Group utilized a different valuation methodology.

Any change in fair value of these financial assets and financial liabilities is recognized in the consolidated statements of income and in the consolidated 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 29.

Valuation of Financial Assets at FVOCI
The Group carries its equity financial assets at FVOCI. Fair value measurement requires the use of accounting estimates and judgment. At initial recognition, the fair value of unquoted financial assets measured at FVOCI is based on the latest available transaction price. The amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any change in fair value of its financial assets at FVOCI is recognized in the consolidated statements of comprehensive income.

As at December 31, 2022 and 2021, the Group has net cumulative unrealized loss on financial assets at FVOCI amounting to ₱341.84 million and ₱343.84 million, respectively. As at December 31, 2022 and 2021, the fair value of the Group's financial assets at FVOCI amounted to ₱6.00 million and ₱4.00 million, respectively (see Note 9).

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

The Group recorded reversal of provision for inventory losses and obsolescence amounting to nil, ₱1.71 million, and nil, and recognized additional provision amounting to ₱45.61 million, 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 ₱1.60 billion and ₱1.15 billion, respectively, net of allowance for inventory losses and obsolescence amounting to ₱85.03 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 Group on a continuing basis yearly. The assessment as to the realizability of the nonfinancial other current assets is based on how the Group can utilize these assets. As at December 31, 2022 and 2021, the aggregate carrying value of nonfinancial other current assets amounted to ₱683.39 million and ₱343.61 million, respectively (Note 7).

Assessment of the Recoverability of Deferred Exploration Costs
The application of the Group's accounting policy for deferred exploration costs requires judgment in determining whether future economic benefits are likely, either from future exploitation or sale, or where activities have reached a stage that permits a reasonable assessment of the existence of mineral 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.

In 2022, 2021 and 2020, the Group recognized provision for impairment losses amounting to nil, ₱578.76 million and nil, respectively (see Note 23). Deferred exploration costs amounted to ₱1.99 billion and ₱1.71 billion as at December 31, 2022 and 2021, respectively, net of allowance for impairment amounting to ₱578.76 million as at December 31, 2022 and 2021 (see Note 11).

Estimation of Fair Values, Useful Lives and Residual Values of Property, Plant and Equipment
The Group estimates the fair values, useful lives and residual values of property, plant and equipment based on the results of assessment of independent appraisers. Fair values 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.

In 2022, 2021 and 2020, the Group recorded provision for impairment losses on property plant and equipment amounting to nil, ₱341.46 million and nil, respectively (see note 23). Property, plant and equipment at fair value as at December 31, 2022 and 2021 has net book values amounting to ₱11.29 billion and ₱10.29 billion, respectively, while property, plant and equipment at cost as at December 31, 2022 and 2021 amounted to ₱10.99 million and ₱9.92 billion, respectively (see Note 10). The estimated useful lives are disclosed in Note 2 to the consolidated financial statements.

Estimation of Ore Reserves
Ore reserves are estimates of the amount of ore that can be economically extracted from the Group's depletable mine and mining properties and are key inputs to estimation of provision for mine rehabilitation and decommissioning and, depletion and depreciation. The Group 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 Group 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 cutoff date of May 31, 2021 was published by a competent person indicating an increase in ore reserves estimate and increasing its life on 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 ₱2.70 billion and ₱2.87 billion as at December 31, 2022 and 2021, respectively (see Note 10).

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 Group estimates its ore reserves in accordance with local regulatory guidelines provided under the Philippine Mineral Reporting Code, duly reviewed and certified by an external mining engineer.

Depletion rates used to amortize depletable mine and mining properties in 2022, 2021 and 2020 were 11%, 11%, and 15%, respectively. Depletion costs amounted to ₱520.38 million, ₱295.28 million, and ₱349.13 million, in 2022, 2021 and 2020, respectively. Depletable mine and mining properties, net of accumulated depletion amounted to ₱2.71 billion and ₱2.88 billion as at December 31, 2022 and 2021, respectively (see Note 10).

Estimation of Impairment of Nonfinancial Assets, including Property, Plant and Equipment, Intangible Assets, and Other Noncurrent Assets
The Group evaluates whether property, plant and equipment, intangible assets, and nonfinancial other noncurrent assets have suffered any impairment either annually or when circumstances indicate that related carrying amounts are no longer recoverable. The recoverable amounts of these assets have been determined based on either VIU or fair value, if said information is readily available. Estimation of VIU requires the use of estimates on cost projections, non-proprietary club shares, gold and silver prices, foreign exchange rates and mineral reserves, which are determined based on an approved mine plan, fluctuations in the market and assessment of either internal or third-party geologists, who abide by certain methodologies that are generally accepted within the industry. Fair value is based on the results of assessment done by independent appraisers engaged by the Group. The approach utilizes prices recently paid for similar assets with adjustments made to the indicated market price to reflect condition and utility of the appraised assets relative to the market comparable.

Aggregate net book values of property, plant and equipment, intangible assets, and nonfinancial other noncurrent assets amounted to ₱14.31 billion and ₱10.98 billion as at December 31, 2022 and 2021, respectively (see Notes 10, 12, and 13).

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 ₱504.14 billion (see Note 10). Impairment loss recognized in 2022, 2021 and 2020 amounted to nil, ₱341.46 and nil, respectively (see Note 23).

As at December 31, 2022 and 2021, allowance for impairment loss on intangibles assets amounted to ₱192.20 million (see Note 12). Impairment loss recognized in 2022, 2021 and 2020 amounted to nil, ₱192.20 and nil, respectively (Note 23).

As at December 31, 2022 and 2021, allowance for impairment loss on nonfinancial other noncurrent assets amounted to ₱236.63 million. Impairment loss recognized in 2022, 2021 and 2020 amounted to nil, ₱236.63 and nil, respectively (see Note 23). In 2022 and 2021, the Parent Company written off input VAT classified under other noncurrent assets amounted to nil, ₱45.26 million and nil in 2022, 2021, and 2020, respectively (Note 22).

Estimation of Provision for Retirement Benefits
The costs of defined benefit retirement as well as the present value of the provision for retirement benefits are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality

rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, retirement benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at each end of the reporting period.

Retirement benefits costs amounted to ₱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 and as at December 31, 2022 and 2021, respectively. Benefits paid in 2022, 2021 and 2020 amounted to ₱11.59 million, ₱14.74 million, and ₱27.46 million, respectively (see Note 16).

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

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

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

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 ₱1.05 million and ₱0.46 million in 2022 and 2021, respectively (see Notes 17 and 26). Gain on change in estimate of provision for mine rehabilitation amounted to ₱0.39 million, ₱24.49 million and nil in 2022, 2021 and 2020, respectively (see Note 23). As at December 31, 2022 and 2021, the provision for mine rehabilitation and decommissioning amounted to ₱18.51 million and ₱17.85 million, respectively (see Note 17).

Assessment on Provisions and Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with in-house and outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently assessed that these proceedings will not have a material adverse effect on its financial position.

It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 30).

Assessment of Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income taxes assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

As at December 31, 2022 and 2021, the Group recognized deferred tax asset related to retirement benefits, unrealized foreign exchange losses, and provision for mine rehabilitation amounting to ₱95.35 million and ₱95.78 million, respectively. As at December 31, 2022 and 2021, unrecognized deductible temporary differences amounted to ₱1.81 billion and ₱1.85 billion, respectively (see Note 27).

4. Cash and cash equivalents

	2022	2021
Cash on hand	**₱2,652,588**	₱2,298,397
Cash with banks	**792,854,346**	1,226,179,927
Short-term deposits	**208,236,788**	208,236,788
	₱1,003,743,722	₱1,436,715,112

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 Group.

Interest income arising from cash with banks and short-term deposits amounted to ₱3.22 million, ₱0.97 million, and ₱1.76 million in 2022, 2021 and 2020, respectively (see Note 23).

The Group has foreign currency-denominated cash amounting to US$3.68 million and US$17.08 million as at December 31, 2022 and 2021, respectively (see Note 28).

5. Trade and Other Receivables

	2022	2021
Trade	**₱964,971,564**	₱–
Advances to officers and employees	**19,418,369**	12,352,565
Others	**41,773,506**	35,844,712
	1,026,163,439	48,197,277
Less provision for ECL	**21,989,828**	21,989,828
	₱1,004,173,611	₱26,207,449

Trade receivables are noninterest-bearing and are generally on less than 15 days' terms. These are related to precious metal refining and transportation agreement entered into by the Group with Heraeus Limited (Heraeus), a refining company based in Hong Kong (see Note 30).

The Group has foreign currency-denominated trade and other receivables amounting to US$17.29 million and nil as at December 31, 2022 and 2021, respectively (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 on other receivables amounted to ₱21.99 million as at December 31, 2022 and 2021. The Group did not recognize any additional provision or reversal in 2022 and 2021.

6. **Inventories**

	2022	2021
Gold and silver bullions and buttons - at cost	**₱356,237,346**	₱178,551,633
Metals in-circuit - at cost	**71,814,120**	65,883,727
Ore stockpile - at cost	**68,988,472**	29,458,578
Materials and supplies - at NRV	**1,107,811,642**	878,259,799
	₱1,604,851,580	₱1,152,153,737

Cost of inventories recognized as part of cost of production amounted to ₱1.94 billion, ₱1.38 billion, ₱1.07 billion in 2022, 2021 and 2020, respectively (see Note 21).

Cost of materials and supplies recognized as part of general and administrative expenses in 2022, 2021 and 2020 amounted to ₱6.76 million, ₱5.19 million, and ₱1.96 million, respectively (see Note 22).

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	**45,612,203**	–
Reversal	–	(1,705,857)
Ending balances	**₱85,025,491**	₱39,413,288

The Group recognized a provision for allowance of inventory losses and obsolescence in 2022 and 2021 amounting to ₱45.61 million and nil, respectively, which was lodged under materials and supplies of cost of production and a reversal of allowance for inventory losses and obsolescence in 2022 and 2021 amounting to nil and ₱1.71 million, respectively.

7. **Other Current Assets**

	2022	2021
Advances to suppliers and contractors	**₱616,399,943**	₱308,733,324
Prepayments	**39,874,388**	19,158,664
Others	**27,118,538**	15,713,436
	₱683,392,869	₱343,605,424

Advances to suppliers and contractors comprise mainly of advance payments made by the Group relating to the services, materials, and supplies necessary in the operations. These are 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 Group's heavy equipment, vehicles, plant and employees.

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

8. Assets Held-for-Sale

On May 27, 2022, Forum, on behalf of the SC 72 Joint Venture, and Nido Petroleum Philippines Pty Ltd ("Nido"), technical operator of SC 54 and SC 6B, signed a Term Sheet wherein Nido agreed to purchase most of the SC 72 long lead items (LLIs) such as wellheads, casings and accessories, conductor, drill bits, etc. for US$2.9 million, to be paid in tranches within 12 months. The LLIs are currently stored in Singapore and Batam, Indonesia. On June 10, 2022, a Sale and Purchase Agreement (SPA) was executed with Nido to formalize the transaction. Nido paid the first tranche amounting to US$400 thousand in mid-June 2022. The second and third tranches amounting to US$500 thousand each were paid on September 7 and October 7, 2022, respectively. The balance of US$ 1.5 million is payable on or before June 10, 2023. Until such is fully paid, the ownership of the LLIs will remain with the SC 72.

On November 25, 2022, Forum submitted a request to the DOE for approval to sell the LLIs, and which the latter approved on December 15, 2022. The proceeds from the sale of the LLIs will be deducted from the SC 72 historical costs, subject to DOE's validation.

As at December 31, 2022, MORE's 30% share in LLIs amounting to ₱48.50 million are classified as "Assets held-for-sale" in the consolidated statement of financial position (see Note 11), while initial payments received amounting to ₱23.42 million were recorded as part of "Trade and Other Payables".

9. Financial Assets Measured at FVOCI

Rollforward analysis of equity securities for the years ended December 31, 2022 and 2021 follow:

	2022	2021
Cost	**₱347,842,240**	₱347,842,240
Change in fair value of equity instrument financial assets:		
At the beginning of the year	**(343,842,240)**	(344,642,240)
Changes of fair value recognized in OCI	**2,000,000**	800,000
At the end of the year	**(341,842,240)**	(343,842,240)
	₱6,000,000	₱4,000,000

As at December 31, 2022 and 2021, financial assets at FVOCI pertains to MORE's investment in National Prosperity Gold Production Group Ltd. (NPGPGL) and ISRI's investment in Baguio Country Club (BCC) golf shares.

NPGPGL is a private entity in Myanmar, in which the Group holds a 3.92% ownership interest costing ₱344.64 million as at December 31, 2022 and 2021. The operations of NPGPGL were suspended due to dispute with the Myanmar government on the license terms. In 2018, the Group recognized remeasurement loss on the financial asset at FVOCI amounting to ₱344.64 million, thus as at December 31, 2022 and 2021, the fair value of the financial asset at FVOCI for MORE's investment in NPGPGL amounted to nil. No dividend was recognized by MORE from NPGPGL in 2022 and 2021.

As at December 31, 2022 and 2021, the fair value of the financial asset at FVOCI of ISRI's investment in BCC shares amounted to ₱6.00 million and ₱4.00 million, respectively.

10. 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:								
Balances at beginning of year	₱479,969,832	₱7,044,963,130	₱732,155,665	₱1,055,257,227	₱502,436,257	₱9,276,643,700	₱1,606,306,411	₱20,697,732,222
Additions	12,998,232	754,091,292	1,753,356	4,022,221	81,997,478	893,136,467	481,581,032	2,229,580,078
Capitalized borrowing cost (Note 18)	–	–	–	–	–	99,461,795	33,562,214	133,024,009
Capitalized depreciation	–	–	–	–	–	151,560,118	–	151,560,118
Change of estimate on provision for mine rehabilitation and decommissioning (Notes 17 and 23)	–	–	–	–	–	(393,950)	–	(393,950)
Reclassifications from construction in-progress	36,570,674	146,641,344	981,922	196,919,866	707,558	–	(381,821,364)	–
Disposals and write-off	–	–	(28,270,756)	–	(962,133)	–	–	(29,232,889)
Balances at end of year	529,538,738	7,945,695,766	706,620,187	1,256,199,314	584,179,160	10,420,408,130	1,739,628,293	23,182,269,589
Accumulated depreciation and depletion:								
Balances at beginning of year	211,328,558	4,520,913,622	588,443,275	692,948,606	307,504,583	3,580,869,521	–	9,902,008,165
Depreciation and depletion	93,541,684	714,525,464	48,409,250	80,766,537	53,880,195	520,383,827	–	1,511,506,958
Disposals and write-off	–	–	(25,811,455)	–	(962,133)	–	–	(26,773,588)
Balances at end of year	304,870,242	5,235,439,086	611,041,070	773,715,143	360,422,645	4,101,253,348	–	11,386,741,535
Allowance for impairment:								
Balances at beginning and end of year	286,367	3,318,744	–	159,229,430	425,535	–	340,878,840	504,138,916
Net book values	₱224,382,129	₱2,706,937,936	₱95,579,117	₱323,254,741	₱223,330,980	₱6,319,154,782	₱1,398,749,453	₱11,291,389,138

	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:								
Balances at beginning of year	₱368,773,040	₱6,387,522,719	₱703,168,153	₱1,054,671,119	₱438,663,957	₱8,370,874,407	₱1,377,601,753	₱18,701,275,148
Additions	33,442,476	635,191,836	28,987,512	–	53,707,517	682,779,432	316,217,117	1,750,325,890
Capitalized borrowing cost (Note 18)	–	–	–	–	–	131,301,373	23,267,240	154,568,613
Capitalized depreciation	–	–	–	–	–	91,941,072	–	91,941,072
Change of estimate on provision for mine rehabilitation and decommissioning (Notes 17 and 23)	–	–	–	–	–	(252,584)	–	(252,584)
Reclassifications from construction in-progress	77,754,316	22,248,575	–	586,108	10,190,700	–	(110,779,699)	–
Disposals and write-off	–	–	–	–	(125,917)	–	–	(125,917)
Balances at end of year	479,969,832	7,044,963,130	732,155,665	1,055,257,227	502,436,257	9,276,643,700	1,606,306,411	20,697,732,222
Accumulated depreciation and depletion:								
Balances at beginning of year	173,891,152	3,822,962,775	530,618,337	619,152,014	265,399,197	3,285,587,734	–	8,697,611,209
Depreciation and depletion	37,437,406	697,950,847	57,824,938	73,796,592	42,166,405	295,281,787	–	1,204,457,975
Disposals and write-off	–	–	–	–	(61,019)	–	–	(61,019)
Balances at end of year	211,328,558	4,520,913,622	588,443,275	692,948,606	307,504,583	3,580,869,521	–	9,902,008,165
Allowance for impairment:								
Balances at beginning of year	126,037	3,318,744	–	159,229,430	–	–	–	162,674,211
Impairment	160,330	–	–	–	425,535	–	340,878,840	341,464,705
Balances at end of year	286,367	3,318,744	–	159,229,430	425,535	–	340,878,840	504,138,916
Net book values	₱268,354,907	₱2,520,730,764	₱143,712,390	₱203,079,191	₱194,506,139	₱5,695,774,179	₱1,265,427,571	₱10,291,585,141

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 May 24, 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 than 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 of the Group on the Parent Company's buildings and improvements, mining and milling equipment, power equipment, roads bridges and land improvements and exploration equipment and others, which amounted to ₱3.40 billion, is their highest and best use.

Accordingly, as of the date of the revaluation in 2019, the Group 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 (see Note 19).

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	**₱280,481,926**	₱351,316,435
Effect of change in tax rate	**–**	25,094,031
Realized portion through depreciation, net of tax (Note 19)	**(54,456,091)**	(95,928,540)
Balance at end of year	**₱226,025,835**	₱280,481,926

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**
At cost:								
Balances at end of year	**₱485,806,649**	**₱8,447,823,258**	**₱783,543,751**	**₱1,227,834,220**	**₱635,018,895**	**₱10,420,408,130**	**₱1,526,185,020**	**₱23,526,619,924**
Accumulated depreciation and depletion:								
Balances at end of year	**324,500,020**	**5,738,936,700**	**633,872,347**	**805,360,954**	**428,536,281**	**4,101,253,348**	**–**	**12,032,459,651**
Allowance for impairment:								
Balances at end of year	**286,367**	**3,318,744**	**–**	**159,229,430**	**425,535**	**–**	**340,878,840**	**504,138,916**
Net book values	**₱161,020,262**	**₱2,705,567,813**	**₱149,671,404**	**₱263,243,836**	**₱206,057,079**	**₱6,319,154,782**	**₱1,185,306,180**	**₱10,990,021,357**

	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 cost:								
Balances at end of year	₱436,237,743	₱7,547,090,622	₱809,079,229	₱1,026,892,133	₱553,275,993	₱9,276,643,699	₱1,392,863,138	₱21,042,082,557
Accumulated depreciation and depletion:								
Balances at end of year	235,057,573	5,080,900,395	616,459,814	727,390,016	379,657,083	3,580,869,521	–	10,620,334,402
Allowance for impairment:								
Balances at end of year	286,367	3,318,744	–	159,229,430	425,535	–	340,878,840	504,138,916
Net book values	₱200,893,803	₱2,462,871,483	₱192,619,415	₱140,272,687	₱173,193,375	₱5,695,774,178	₱1,051,984,298	₱9,917,609,239

The cost of fully depreciated property, plant and equipment that are still being used amounted to ₱1.40 billion and ₱400.49 million as at December 31, 2022 and 2021, respectively.

In 2021, the tenement applications related to mine project of PGL located in Jose Panganiban, Camarines Norte were adversely affected by the freeze on issuance of new mining licenses by the Philippine government. The Group deems it prudent to provide for the impairment of the related mineral processing plant assets. In 2022 and 2021, the Group recognized impairment losses on property, plant and equipment amounting to nil and ₱341.46 million, respectively (Note 23).

The Group capitalized borrowing cost amounting to ₱33.56 million and ₱23.27 million for construction in-progress, ₱99.46 million and ₱131.30 million for mine development costs in 2022 and 2021, respectively. The rate used by the Parent Company to determine the amount of borrowing costs eligible for capitalization was 6.31% in 2022 and 2021. The rate used by ISRI was 8.78% and 8.64% in 2022 and 2021 (see Note 18).

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

	2022				
	Depletable				
	Mine and mining properties	**Mine rehabilitation assets**	**Subtotal**	**Mine development cost**	**Total**
Cost:					
Balances at beginning of year	**₱6,428,328,998**	**₱29,653,624**	**₱6,457,982,622**	**₱2,818,661,078**	**₱9,276,643,700**
Additions	**39,945,274**	**–**	**39,945,274**	**853,191,193**	**893,136,467**
Capitalized depreciation	**–**	**–**	**–**	**151,560,118**	**151,560,118**
Capitalized borrowing costs	**–**	**–**	**–**	**99,461,795**	**99,461,795**
Transfers	**308,728,999**	**–**	**308,728,999**	**(308,728,999)**	**–**
Change in estimate	**–**	**(393,950)**	**(393,950)**	**–**	**(393,950)**
Balances at end of year	**6,777,003,271**	**29,259,674**	**6,806,262,945**	**3,614,145,185**	**10,420,408,130**
Accumulated depletion:					
Balances at beginning of year	**3,555,174,077**	**25,695,444**	**3,580,869,521**	**–**	**3,580,869,521**
Depletion	**519,711,631**	**672,196**	**520,383,827**	**–**	**520,383,827**
Balances at end of year	**4,184,530,618**	**26,367,640**	**4,101,253,348**	**–**	**4,101,253,348**
Net book values	**₱2,702,117,563**	**₱2,892,034**	**₱2,705,009,597**	**₱3,614,145,184**	**₱6,319,154,782**

	2021				
	Depletable				
	Mine and mining properties	Mine rehabilitation assets	Subtotal	Mine development cost	Total
Cost:					
Balances at beginning of year	₱5,596,022,642	₱29,906,208	₱5,625,928,850	₱2,744,945,557	₱8,370,874,407
Additions	–	–	–	682,779,432	682,779,432
Capitalized depreciation	–	–	–	91,941,072	91,941,072
Capitalized borrowing costs	–	–	–	131,301,373	131,301,373
Transfers	832,306,356	–	832,306,356	(832,306,356)	–
Change in estimate	–	(252,584)	(252,584)	–	(252,584)
Balances at end of year	6,428,328,998	29,653,624	6,457,982,622	2,818,661,078	9,276,643,700
Accumulated depletion:					
Balances at beginning of year	3,260,287,784	25,299,950	3,285,587,734	–	3,285,587,734
Depletion	294,886,293	395,494	295,281,787	–	295,281,787
Balances at end of year	3,555,174,077	25,695,444	3,580,869,521	–	3,580,869,521
Net book values	₱2,873,154,921	₱3,958,180	₱2,877,113,101	₱2,818,661,078	₱5,695,774,179

The carrying amount of the Parent Company's asset retirement obligation (ARO) pertaining to mine rehabilitation assets amounted to nil as at December 31, 2022 and 2021.

As at December 31, 2022 and 2021, the carrying amount of ISRI's ARO amounted to ₱2.89 million and ₱3.96 million, respectively.

11. Deferred Exploration Costs

	2022	2021
Balances at beginning of year	**₱2,288,314,429**	₱1,996,121,548
Additions	**331,147,140**	292,192,881
Transfers (Note 8)	**(48,506,850)**	–
	2,570,954,719	2,288,314,429
Less allowance for impairment losses	**578,755,160**	578,755,160
	₱1,992,199,559	₱1,709,559,269

Deferred exploration costs consist of expenditures related to the exploration activities covered by the Group's mining tenements. Additions to deferred exploration costs include those incurred on service contracts for the exploration of the mines, drilling activities, and other direct costs related to exploration activities. 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.

The Group transferred certain tangible assets from deferred exploration costs to assets held-for-sale amounting to ₱48.51 million and nil in 2022 and 2021, respectively (see Note 8).

The Gori Hills project located in the Republic of Sierra Leone in West Africa is owned through MOMCL which holds the tenements for the project. In 2021, it received a notice that its tenement license was revoked by the National Mineral Agency. In 2021, BMRC tenement applications were adversely affected by the freeze on issuance of new mining licenses by the Philippine government. In 2022 and 2021, the Group recognized an allowance for impairment losses on deferred exploration costs amounting to nil and ₱578.76 million, respectively (Note 23).

12. Intangible Assets

		2022	
	Franchise	**Computer Software**	**Total**
Cost:			
Balances at beginning of year	**₱192,202,964**	**₱69,177,910**	**₱261,380,874**
Additions	–	**14,358,393**	**14,358,393**
Balances at end of year	**192,202,964**	**83,536,303**	**275,739,267**
Accumulated amortization:			
Balances at beginning of year	–	**54,389,120**	**54,389,120**
Amortization (Note 24)	–	**7,260,345**	**7,260,345**
Balances at end of year	–	**61,649,465**	**61,649,465**
Allowance for impairment:			
Balances at beginning and end of year	**192,202,964**	–	**192,202,964**
Net book values	**₱–**	**₱21,886,838**	**₱21,886,838**

	2021		
	Franchise	Computer Software	Total
Cost:			
Balances at beginning of year	₱–	₱55,554,791	₱55,554,791
Additions	–	13,623,119	13,623,119
Reclassifications	192,202,964	–	192,202,964
Balances at end of year	192,202,964	69,177,910	261,380,874
Accumulated amortization:			
Balances at beginning of year	–	52,965,535	52,965,535
Amortization (Note 24)	–	1,423,585	1,423,585
Balances at end of year	–	54,389,120	54,389,120
Allowance for impairment:			
Balances at the beginning of year	–	–	–
Additions (Note 23)	192,202,964	–	192,202,964
Balances at end of year	192,202,964	–	192,202,964
Net book values	₱–	₱14,788,790	₱14,788,790

Franchise pertains to ICSI's cost of franchise for the implementation of the Solid Waste Management Project which was reclassified as intangible asset in 2021. As at December 31, 2022, the BOT contract with the Philippine government is not yet implemented. The Group deems it prudent to provide for the impairment of this asset.

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

13. **Other Noncurrent Assets**

	2022	2021
Advances to AAMRC	**₱1,979,695,695**	₱–
Input VAT	**911,293,703**	553,128,465
Advance to Gold Mines of Uganda Ltd. (GMU)	**113,390,835**	103,277,975
Advances for land acquisition	**93,530,149**	93,530,149
Nontrade receivable	**75,939,753**	75,939,753
Deposits	**31,416,812**	31,110,492
MRF	**27,829,598**	27,455,603
Advances for royalties	**2,084,893**	2,084,893
Others	**1,769,855**	27,941,350
	3,236,951,293	914,468,680
Less allowance for impairment losses	**236,628,830**	236,628,830
	₱3,000,322,463	₱677,839,850

On December 5, 2022, the Parent Company and AAMRC entered into Share Purchase Agreement (SPA) where the Parent Company will purchase 1,900,000 shares, representing 100% ownership, of AAMRC for \$81.50 million or ₱4.50 billion where \$5.50 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 Group by its suppliers for the acquisition of goods and services, which the Group applies for cash refund by regulatory agencies.

The Group recognized impairment loss on input VAT amounting to nil, ₱143.10 million and nil in 2022, 2021 and 2020, respectively (Note 23). The Group written off input VAT in amounting to nil, ₱45.26 million and nil in 2022, 2021 and 2020, respectively (Note 22).

Advance to GMU pertains to US$2.03 million noninterest-bearing advances to cover exploration activities of GMU. The amount is expected to be converted into investment in the future.

Advances for the land acquisition consists of advance payments made to various land owners aggregating for the purchase of land to be used in the Group's project to construct and operate a sanitary landfill in relation to BOT contract with the Philippine government, which is not yet implemented. Hence, these advances were impaired. Recognized impairment loss relating to advances for land acquisition amounting to nil, ₱93.53 million and nil was recognized in 2022, 2021 and 2020, respectively (see Note 23).

Nontrade receivable refers to the advances from stockholders with minority interest.

As at December 31, 2022 and 2021, the Group maintains MRFs consisting of monitoring trust, rehabilitation cash, environmental trust and final rehabilitation and decommission funds as provided in its agreements entered into with the provincial government and the 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 supplier of the Maco mine.

Advances for royalties arose due to the agreement entered into by BMRC which required the latter to pay in advance the royalties accruing for the Paracale Gold Project.

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

14. Trade and Other Payables

	2022	2021
Trade	**₱558,316,122**	₱402,985,985
Nontrade	**315,040,733**	316,073,995
Accrued expenses	**143,635,916**	172,393,860
Accrued employee benefits	**109,919,002**	103,118,337
Payables to government agencies	**58,748,195**	66,123,209
Retention payable	**14,147,891**	17,842,078
Dividends Payable (Note 19)	**5,578,782**	–
Others	**112,354,316**	75,792,744
	₱1,317,740,957	₱1,154,330,208

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 30) and other payables that are incurred outside the Group's operations.

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

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

Payables to government agencies include accruals for 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 19).

Other payables pertain to short-term cash advances by the Group necessary to support its operations, and the initial payment made by Nido in relation to the sale and purchase agreement of certain tangible items of SC72 (see Note 8).

15. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Group, including holding companies and subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, voting power that gives them significant influence over the Group, 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 as follows:

Category	Relationship	Year	Volume/ Amount	Outstanding balance	Terms	Conditions
Cash advances to:						
MORE Coal	With common stockholders	**2022**	**₱–**	**₱1,186,593**	Due and demandable	Unsecured, cash-settled
		2021	₱–	₱1,186,593	Due and demandable	
MORE Oil & Gas	With common stockholders	**2022**	**–**	**603,126**	Due and demandable	Unsecured, cash-settled
		2021	–	603,126	Due and demandable	
MORE Reedbank	With common stockholders	**2022**	**–**	**514,390**	Due and demandable	Unsecured, cash-settled
		2021	–	514,390	Due and demandable	
		2022	**₱–**	**₱2,304,109**		
		2021	₱–	₱2,304,109		

Category	Relationship	Year	Volume/ Amount	Outstanding balance	Terms	Conditions
Cash advances from:						
PSHI	Parent	**2022**	**₱–**	**₱916,012,000**	Due and demandable	Unsecured,
		2021	(₱60,000,000)	₱916,012,000	Due and demandable	not guaranteed

a. Advances to related parties pertain to funds obtained for its working capital requirements.

b. Advances from PSHI pertain to advances obtained by the Parent Company and MORE 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 Group's total consolidated assets based on its latest audited financial statements.

Trustee Bank
The Group's retirement fund pertains only to the Parent Company's retirement fund that is being held by a trustee bank. The carrying amounts of the Parent Company's retirement fund amounted to ₱15.21 million and ₱15.24 million, respectively, while the fair values amounted to ₱15.10 million and ₱15.21 million, respectively, as at December 31, 2022 and 2021 (see Note 16).

The Group'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. The Parent Company made no contributions to the fund in 2022 and 2021 (see Note 16). 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 and ₱26.37 million in 2022 and 2021, respectively. 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.

16. Provision for Retirement Benefits

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

The following tables summarize the components of retirement benefits costs and liability recognized in the Parent Company's statements of comprehensive income and Parent Company's statements of financial position, respectively.

The details of retirement benefits costs follow:

	2022	2021	2020
Current service cost (Note 25)	**₱50,311,628**	₱41,623,130	₱43,257,274
Interest cost - net (Note 26)	**13,851,257**	11,351,567	13,296,284
	₱64,162,885	₱52,974,697	₱56,553,558

2022	**Defined benefits liability**	**Fair value of plan assets**	**Net defined benefit liability**
At January 1	**₱307,264,529**	**₱15,209,253**	**₱292,055,276**
Net interest (Note 26)	**14,626,929**	**775,672**	**13,851,257**
Current service cost (Note 25)	**50,311,628**	**–**	**50,311,628**
Benefits paid	**(11,588,786)**	**–**	**(11,588,786)**
Remeasurement of actuarial losses (gains):			
Experience	**24,293,498**	**–**	**24,293,498**
Changes in financial assumptions	**(66,527,797)**	**–**	**(66,527,797)**
Remeasurement loss - 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 benefit liability
At January 1	₱329,552,347	₱15,235,639	₱314,316,708
Net interest (Note 26)	11,947,280	595,713	11,351,567
Current service cost (Note 25)	41,623,130	–	41,623,130
Benefits paid	(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)
Remeasurement loss - 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 (loss) - defined benefit obligation	**42,234,299**	61,123,194
Remeasurement gain - plan 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 on 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

17. Provision for Mine Rehabilitation and Decommissioning

The Parent Company and ISRI's full provision for the future costs of rehabilitating the Maco and Sangilo mines are as follows:

	2022	2021
Balance at beginning of year	**₱17,854,413**	₱42,135,633
Accretion (Note 26)	**1,048,768**	457,754
Effect of change in estimate (Notes 10 and 23)	**(393,950)**	(24,738,974)
Balance at end of year	**₱18,509,231**	₱17,854,413

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 23).

As at December 31, 2022 and 2021, ISRI's provision for mine rehabilitation and decommissioning amounting to ₱4.92 million and ₱4.71 million, respectively, representing the present value of rehabilitation costs relating to the Sangilo mine, which is expected to be incurred up to 2039.

18. Loans Payable

	2022	2021
Philippine National Bank (PNB)	**₱2,868,786,293**	₱3,135,220,170
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
	6,220,332,373	4,567,710,170
Less current portion	**4,370,197,906**	2,315,484,534
Noncurrent portion	**₱1,850,134,467**	₱2,252,225,636

PNB
PNB has granted the Parent Company and ISRI 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.

  In May 2019, the ISRI was granted by PNB various credit facilities such as Omnibus Line in the principal amount of ₱200.00 million and Counterparty Line (FX Line) in the principal amount of ₱2.00 million for Pre-settlement Risk Line and ₱100.00 million for Settlement Risk Line.

  The ISRI has outstanding unsecured TRs amounting to ₱142.43 million and ₱106.12 million for its importation of machinery and equipment using the standard credit terms with PNB of 180 days as at as at December 31, 2022 and 2021, respectively.

- 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 ₱500.00 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 ₱500.00 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.

- On November 23, 2018, PNB granted ISRI a Term Loan Facility of up to ₱550.00 million with tenor of five (5) 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 second 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. Included within the agreement signed by ISRI, are the affirmative covenants to use the proceeds of the loans exclusively for capital expenditures and general corporate requirements, to maintain consolidated DSCR of 1.2x starting on the first quarter after one year from commercial operations date and every quarter thereafter and at all times maintain a consolidated DER of not more than 70:30.

  ISRI has an outstanding unsecured promissory note equivalent to ₱157.30 million and ₱314.38 million as at December 31, 2022 and 2021, respectively.

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

- In May 2022, the Philippine National Bank granted ISRI an unsecured term loan facility of up to ₱500.00 million to finance Sangilo mine's 400 TPD development program.

  The ₱500.00 million term loan facility is repayable in equal quarterly installments over five years, with interest based on the 5-year Business Valuator Accredited for Litigation (BVAL) as displayed on the PDEX page, plus a minimum spread of 2% per annum, reckoned from the date of the relevant drawdown.

  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. Principal repayment will start on October 27, 2022, and every quarter thereafter up to June 28, 2027. Included within the agreement signed by ISRI, are the affirmative covenants to use the proceeds of the loans exclusively for capital expenditures and general corporate requirements, to maintain consolidated DSCR of 1.2x starting on the first quarter after one year from commercial operations date and every quarter thereafter and at all times maintain a consolidated DER of not more than 70:30.

  ISRI has an outstanding unsecured promissory note equivalent to ₱475.00 million as at December 31, 2022.

  As at December 31, 2022, 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, 2022, 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%

As at December 31, 2021, the Parent Company has outstanding US$6.84 million, US$1.80 million and US$1.36 million unsecured promissory notes equivalent to ₱510.00 million with maturity date of February 21 and May 24 and May 24, 2022, respectively, bearing the interest rate of 5.75%.

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 Group's availment and payment of loans as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	Availment	**Payment**	Availment	Payment
PNB	**₱–**	**₱907,994,534**	₱82,305,263	₱774,834,079
BOC	**2,573,497,673**	**–**	–	–
RCBC	**–**	**22,500,000**	–	–
UBP	**–**	**14,991,058**	–	–
	₱2,573,497,673	**₱945,485,592**	₱82,305,263	₱774,834,079

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

	2022	2021
PNB	**₱193,311,182**	₱226,236,944
BOC	**13,360,625**	–
RCBC	**52,734,688**	53,127,031
UBP	**28,952,575**	28,493,120
Subtotal	**288,359,070**	307,857,095
Capitalized borrowing costs (Note 10)	**(133,024,009)**	(154,568,613)
Interest on loans payable (Note 26)	**₱155,335,061**	₱153,288,482

The Group capitalized borrowing costs related to construction in-progress and mine development cost amounting to ₱133.02 million and ₱154.56 million in 2022 and 2021, respectively. The rate used by the Parent to determine the amount of borrowing costs eligible for capitalization was 6.31% in 2022 and 2021. The rate used by ISRI was 8.78% and 8.64% in 2022 and 2021 (see Note 10).

19. **Equity**

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

Issue	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders of securities as at December 31		
				2022	2021	2020
Common shares	12,800,000,000	₱1.00 par value	January 12, 2015	**2,745**	2,749	2,479

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

	2022		2021	
	Shares	**Amount**	Shares	Amount
Issued and subscribed shares at beginning and end of year	**6,227,887,491**	**₱6,227,887,491**	6,227,887,491	₱6,227,887,491
Treasury shares	**(555,132,448)**	**(2,081,746,680)**	(555,132,448)	(2,081,746,680)
Outstanding shares at end of year	**5,672,755,043**	**₱4,146,140,811**	5,672,755,043	₱4,146,140,811

APIC

There were no movements in APIC. As at December 31, 2022 and 2021, APIC amounted to ₱634,224.

Retained earnings

Movements in the retained earnings are as follows:

	2022	2021
Balance at beginning of year	**₱4,128,503,222**	₱3,229,518,939
Net income attributable to the equity holders of the Parent Company	**3,341,547,056**	803,055,743
Dividends	**(59,847,556)**	–
Realization of revaluation surplus (Note 10)	**54,456,091**	95,928,540
Balance at end of year	**₱7,464,658,813**	₱4,128,503,222

Dividends

On August 12, 2022, the Parent Company declared a regular cash dividend amounting to ₱59.85 million equivalent to ₱0.01055 per common share. From the cash dividend declared, ₱54.27 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 (see Note 14).

NCI

NCI consists of the following:

	2022	2021
NCI on net assets of:		
ICSI	**₱63,984,260**	₱64,107,381
Minas	**(22,133,536)**	(22,133,536)
MMSL	**(3,229,100)**	(2,832,248)
MOMCL	**(9,536,981)**	(7,961,038)
	₱29,084,643	₱31,180,559

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

Statements of comprehensive loss for the years ended December 31, 2022 and 2021:

	2022	2021
General and administrative expenses	**₱256,500**	₱360,676
Other charges	–	285,733,113
Loss before tax	**256,500**	286,093,789
Provision for income tax	**–**	–
Net loss	**₱256,500**	₱286,093,789
Attributable to:		
Equity holders of the Parent Company	**₱133,380**	₱148,768,770
Non-controlling interests	**123,120**	137,325,019

Statements of financial position as at December 31, 2022 and 2021:

	2022	2021
Current assets	**₱135,044,426**	₱135,050,426
Noncurrent assets	–	–
Current liabilities	**(2,030,417)**	(1,779,917)
Noncurrent liabilities	**(1,012,495)**	(1,012,495)
Total equity	**132,001,514**	132,258,014
Attributable to:		
Equity holders of the Parent Company	**68,640,787**	68,774,167
Non-controlling interests	**63,360,727**	63,483,847

20. 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 three years ended December 31, 2022, 2021 and 2020 when there were no potentially dilutive common shares during the respective periods are as follows:

	2022	2021	2020
Net income attributable to the equity holders of the Parent Company	**₱3,341,547,05**	₱803,055,743	₱1,532,853,728
Weighted average number of common shares for basic and diluted earnings per share	**5,672,755,043**	5,672,755,043	5,672,755,043
Basic and diluted earnings per share	**₱0.59**	₱0.14	₱0.27

21. Cost of Production

Consolidated costs of production pertaining to the Parent Company and ISRI's cost of production are as follows:

	2022	2021	2020
Materials and supplies (Note 6)	**₱1,943,164,992**	₱1,383,256,812	₱1,070,827,546
Depreciation, depletion and amortization (Note 24)	**1,359,247,975**	1,112,394,669	1,021,751,310
Personnel costs (Note 25)	**778,129,759**	663,484,216	529,105,421
Contracted services	**366,790,796**	360,270,500	230,703,163
Utilities	**362,095,990**	251,137,322	233,373,311
Repairs and maintenance	**62,419,287**	30,590,569	4,413,272
Taxes, permits, and licenses	**115,085,283**	103,920,465	82,720,300
Surface rights to indigenous people (IP) (Note 30)	**93,814,724**	70,260,235	64,269,853
Bullion refining and transportation charges	**93,055,419**	69,998,995	58,654,361
Community development expenses	**71,382,088**	68,373,360	76,946,691
Insurance	**64,662,541**	52,892,123	36,493,259
Royalties to IP (Note 30)	**44,903,380**	29,980,618	28,043,908
Data and communication	**37,998,928**	10,343,570	7,160,190
Professional fees	**13,749,932**	14,202,336	10,433,115
Rent (Note 30)	**8,854,498**	8,180,094	1,878,993
Employee activities	**7,808,151**	10,654,825	4,692,011
Transportation and accommodation	**4,653,018**	830,718	1,285,806
Donations and contributions	**3,294,313**	18,361,517	7,101,139
Representation and entertainment	**1,106,991**	720,994	424,013
	₱5,432,218,065	₱4,259,853,938	₱3,470,277,662

The amounts were distributed as follows:

	2022	2021	2020
Mining	**₱2,480,089,638**	₱1,207,618,795	₱886,820,243
Milling	**1,378,179,107**	749,156,119	609,328,403
Compliance	**677,589,837**	1,956,899,149	1,657,785,704
Mine overhead	**896,359,483**	346,179,875	316,343,312
	₱5,432,218,065	₱4,259,853,938	₱3,470,277,662

22. General and Administrative Expenses

	2022	2021	2020
Personnel costs (Note 25)	**₱84,214,714**	₱71,900,061	₱91,401,823
Write off of input VAT (Note 13)	**–**	45,259,705	–
Professional fees	**38,505,412**	33,833,144	24,737,720
Taxes, licenses and permits	**33,151,771**	22,771,807	19,507,683
Transportation and accommodation	**7,568,973**	2,807,746	1,351,710
Depreciation and amortization (Note 24)	**7,959,210**	1,545,819	1,154,946
Materials and supplies (Note 6)	**6,757,968**	5,189,436	1,958,949
Rent (Note 30)	**6,364,596**	5,576,677	4,465,285
Utilities	**4,211,494**	1,621,785	4,434,102
Representation and entertainment	**3,508,342**	1,039,516	719,170
Insurance	**1,687,761**	700,693	584,005
Repairs and maintenance	**1,558,371**	589,635	225,439
Community development expenses	**17,811**	16,283	96,336
Others	**29,301,765**	18,444,275	12,267,239
	₱224,808,188	₱211,296,582	₱162,904,407

Others pertain to contracted services, donations and contributions, data and communications, marketing charges, and miscellaneous expenses and employee activities.

23. Other Income (Charges) - net

	2022	2021	2020
Provision for tax assessments	**(₱65,997,927)**	₱–	₱–
Foreign exchange gains (losses) - net	**15,214,720**	(2,958,848)	17,721,593
Interest income (Note 4)	**3,221,594**	972,760	1,756,452
Gain (loss) on change of estimate on provision for mine rehabilitation and decommissioning (Notes 17)	**–**	24,486,390	–
Provision for impairment losses on:			
Deferred exploration costs (Note 11)	**–**	(578,755,160)	–
Property, plant and equipment (Note 10)	**–**	(341,464,705)	–
Intangible asset (Note 12)	**–**	(192,202,964)	–
Input VAT (Note 13)	**–**	(143,098,681)	–
Advances for land acquisition (Note 13)	**–**	(93,530,149)	–
Proceeds from insurance	**–**	–	13,006,911
Miscellaneous	**1,941,704**	738,221	(44,867,845)
	(₱45,619,909)	(₱1,325,813,136)	(₱12,382,889)

24. Depreciation, Depletion and Amortization

	2022	2021	2020
Property, plant and equipment (Note 10)	**₱1,359,946,840**	₱1,112,516,903	₱1,021,855,190
Intangible asset (Note 12)	**7,260,345**	1,423,585	1,051,066
	₱1,367,207,185	₱1,113,940,488	₱1,022,906,256

The amounts were distributed as follows:

	2022	2021	2020
Cost of production (Note 21)	**₱1,359,247,975**	₱1,112,394,669	₱1,021,751,310
General and administrative expenses (Note 22)	**7,959,210**	1,545,819	1,154,946
	₱1,367,207,185	₱1,113,940,488	₱1,022,906,256

The Group capitalized depreciation, depletion, and amortization costs amounting to ₱151.56 million and ₱91.94 million as part of mine development costs in 2022 and 2021, respectively (see Note10).

25. Personnel Costs

	2022	2021	2020
Salaries and wages	**₱474,747,043**	₱387,173,367	₱406,466,606
Other employee benefits	**337,285,802**	306,587,780	170,783,364
Retirement benefits cost (Note 16)	**50,311,628**	41,623,130	43,257,274
	₱862,344,473	₱735,384,277	₱620,507,244

The amounts were distributed as follows:

	2022	2021	2020
Cost of production (Note 21)	**₱778,129,759**	₱663,484,216	₱529,105,421
General and administrative expenses (Note 22)	**84,214,714**	71,900,061	91,401,823
	₱862,344,473	₱735,384,277	₱620,507,244

26. Finance Costs

	2022	2021	2020
Interest on loans payable (Note 18)	**₱155,335,061**	₱153,288,482	₱187,608,168
Net interest cost on retirement benefits (Note 16)	**13,851,257**	11,351,567	13,296,284
Accretion expense (Note 17)	**1,048,768**	457,754	1,513,666
	₱170,235,086	₱165,097,803	₱202,418,118

27. Income Tax

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. On the other hand, ISRI and MORE used itemized deduction.

The Group's provision for income tax in 2022, 2021 and 2020 are presented below. Provision for current income tax in 2022, 2021 and 2020 pertain to RCIT and MCIT for each year.

	2022	2021	2020
Current	**₱711,392,182**	₱626,071,910	₱732,417,474
Deferred	**(17,034,490)**	(131,716,674)	(60,839,262)
	₱694,357,692	₱494,355,236	₱671,578,212

Reconciliation between the provision for income tax computed at the statutory income tax rate and the provision for deferred income tax as shown in the consolidated statements of comprehensive 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	**(₱1,008,452,208)**	(₱287,902,552)	(₱671,794,852)
Effect of change in tax rate	–	74,182,253	–
Changes in unrecognized deferred income tax assets	**9,864,953**	(258,365,012)	27,526,992
Add (deduct) tax effects of:			
Optional Standard Deduction	**456,492,633**	–	–
Nondeductible expenses	**(133,414,210)**	(6,133,940)	(1,710,972)
Expired NOLCO	**(16,574,060)**	(16,328,121)	(25,869,568)
Provision for tax losses	**(14,220,869)**	–	–
Applied NOLCO	**11,553,965**	–	–
Interest income subjected to final tax	**548,395**	243,190	526,935
Expired MCIT	**(156,291)**	(51,054)	(256,747)
	(₱694,357,692)	(₱494,355,236)	(₱671,578,212)

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

	2022	2021
Unrealized foreign exchange losses	**₱92,120,952**	₱92,120,952
Allowance for impairment losses on:		
Deferred exploration cost	**578,755,160**	578,755,160
Property, plant and equipment	**504,138,916**	504,138,916
Intangibles	**192,202,964**	192,202,964
Input VAT	**143,098,681**	143,098,681
Advances for land acquisition	**93,530,149**	93,530,149
Inventory losses and obsolescence	**85,025,490**	39,413,288
Receivables	**21,989,828**	21,989,828
NOLCO	**96,343,121**	181,342,461
Provision for mine rehabilitation and decommissioning cost of a subsidiary	**360,751**	360,751
MCIT	**146,493**	219,166
	₱1,807,712,505	₱1,847,172,316

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

	2022	2021
Deferred income tax liabilities:		
Fair value increment on deferred exploration cost and mine and mining properties	**₱60,625,997**	₱74,951,658
Revaluation surplus on property, plant and equipment	**75,341,945**	93,493,974
Unrealized foreign exchange gain	**40,465,405**	15,130,391
	176,433,347	183,576,023
Deferred income tax assets:		
Provision for retirement benefits	**(75,830,349)**	(73,013,818)
Unrealized foreign exchange loss	**(16,070,272)**	(19,485,690)
Provision for mine rehabilitation and decommissioning cost	**(3,448,702)**	(3,284,997)
	(95,349,323)	(95,784,505)
Net deferred tax liabilities	**₱81,084,024**	₱87,791,518

The Company's NOLCO incurred before taxable year 2020 can be claimed as deductions from the regular taxable income for the next three (3) consecutive taxable years from the year incurred. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As at December 31, 2022, the Group's NOLCO that can be claimed as deduction from future taxable income are as follows:

Year incurred	Year of expiration	NOLCO
2020	2025	₱26,036,583
2021	2026	42,793,779
2022	2025	27,512,759
		₱96,343,121

The movements of NOLCO are as follows:

	2022	2021
Balance at beginning of the year	**₱181,342,460**	₱203,861,166
Additions	**27,512,759**	42,793,779
Expirations	**(66,296,239)**	(65,312,485)
Applications	**(46,215,859)**	–
Balance at end of the year	**₱96,343,121**	₱181,342,460

The Group's MCIT that can be claimed as deduction against future taxable liabilities as follows:

Year incurred	Year of expiration	MCIT
2020	2023	₱37,955
2021	2024	24,920
2022	2025	83,618
		₱146,493

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

	2022	2021
Balance at beginning of the year	**₱219,166**	₱257,952
Additions	**83,618**	24,920
Expirations	**(156,291)**	(51,054)
Effect of change in tax rate	**–**	(12,652)
Balance at end of the year	**₱146,493**	₱219,166

The movements of the Group's NOLCO per subsidiary are as follows:

	Parent	MORE	CRPI	BMRC	ISRI	Total
Balance at beginning of year	₱–	₱45,663,479	₱79,066,088	₱10,397,034	₱46,215,859	₱181,342,460
Additions	–	3,035,994	22,799,824	1,676,941	–	27,512,759
Expirations	–	(8,467,794)	(50,805,729)	(7,022,716)	–	(66,296,239)
Applications	–	–	–	–	(46,215,859)	(46,215,859)
Balance at end of year	₱–	₱40,231,679	₱51,060,183	₱5,051,259	₱–	₱96,343,121

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

	Parent	MORE	CRPI	BMRC	ISRI	Total
Balance at beginning of year	₱–	₱217,211	₱1,955	₱–	₱–	₱219,166
Additions	–	83,618	–	–	–	83,618
Expirations	–	(156,291)	–	–	–	(156,291)
Balance at end of year	₱–	₱144,538	₱1,955	₱–	₱–	₱146,493

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 Group:

- 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.

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

Financial Risk Management Objectives and Policies
The Group's financial instruments consist mainly of cash with banks, receivables, trade and other payables, which arise directly from its operations, advances to and from stockholders and related parties, advance to GMU, nontrade receivable, MRF, financial asset at FVOCI, and loans payable. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Group.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, 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 Group 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 a highly traded commodity that have readily available markets.

The maximum exposure to credit risk of the Group's financial assets (cash with banks, cash equivalents, trade and other receivables, advances to related parties, advance to GMU, nontrade receivable, MRF, and financial asset measured at FVOCI) is equal to the carrying amounts of the financial assets, as at December 31, 2022 and 2021.

The table below shows the credit quality of the Group'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 with banks and cash equivalents	**₱1,001,091,134**	**₱–**	**₱–**	**₱–**	**₱1,001,091,134**
Receivables:					**–**
Trade	**964,971,564**	**–**	**–**	**–**	**964,971,564**
Others	**19,783,678**	**–**	**21,989,828**	**–**	**41,773,506**
Advances to related parties	**2,304,109**	**–**	**–**	**–**	**2,304,109**
Other noncurrent assets:				**–**	
Advance to GMU	**113,390,835**	**–**	**–**	**–**	**113,390,835**
Nontrade receivable	**75,939,753**	**–**	**–**	**–**	**75,939,753**
MRF	**27,829,598**	**–**	**–**	**–**	**27,829,598**
Financial asset measured at FVOCI	**6,000,000**	**–**	**341,842,240**	**–**	**347,842,240**
	₱2,211,310,671	**₱–**	**₱363,832,068**	**₱–**	**₱2,575,142,739**

	2021				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash with banks and cash equivalents	₱1,434,416,715	₱–	₱–	₱–	₱1,434,416,715
Receivables:					
Trade	–	–	–	–	–
Others	13,377,244	–	21,989,828	–	35,367,072
Advances to related parties	2,304,109	–	–	–	2,304,109
Other noncurrent assets:					
Advance to GMU	103,277,975	–	–	–	103,277,975
Nontrade receivable	75,939,753				75,939,753
MRF	27,455,603	–	–	–	27,455,603
Financial asset measured at FVOCI	4,000,000	–	344,640,000	–	348,640,000
	₱1,660,771,399	₱–	₱366,629,828	₱–	₱2,027,401,227

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

	2022							
			Days 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	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**

	2021							
			Days 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	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

Liquidity Risk
Liquidity risk is the risk that Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group manages its liquidity based on business needs, tax, capital or regulatory considerations, if applicable, in order to maintain flexibility. The Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings.

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

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

2022	**On demand**	**Less than three months**	**Three to 12 months**	**More than 12 months**	**Total**
Trade and other payables					
Trade	**₱558,316,122**	**₱–**	**₱–**	**₱–**	**₱558,316,122**
Nontrade	**35,791,446**	**–**	**–**	**–**	**35,791,446**
Accrued expenses	**107,844,470**	**–**	**–**	**–**	**107,844,470**
Retention fees	**14,147,891**	**–**	**–**	**–**	**14,147,891**
Payables to employees	**109,919,002**	**–**	**–**	**–**	**109,919,002**
Dividends Payable	**5,578,782**	**–**	**–**	**–**	**5,578,782**
Others	**79,138,964**	**–**	**–**	**–**	**79,138,964**
Advances from related parties	**916,012,000**	**–**	**–**	**–**	**916,012,000**
Loans payable	**–**	**–**	**4,370,197,906**	**1,850,134,467**	**6,220,332,373**
	₱1,849,664,606	**₱–**	**₱4,370,197,906**	**₱1,850,134,467**	**₱8,069,996,979**

2022	**On demand**	**Less than three months**	**Three to 12 months**	**More than 12 months**	**ECL/ Remeasure-ment loss on FVOCI**	**Total**
Cash and cash equivalents	**₱1,003,743,722**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,003,743,722**
Receivables:	**–**	**–**	**–**	**–**	**–**	
Trade	**964,971,564**	**–**	**–**	**–**	**–**	**964,971,564**
Others	**19,783,678**	**–**	**–**	**–**	**21,989,828**	**41,773,506**
Advances to related parties	**2,304,109**	**–**	**–**	**–**	**–**	**2,304,109**
Other noncurrent assets:	**–**	**–**	**–**	**–**	**–**	
Advance to GMU	**113,390,835**	**–**	**–**	**–**	**–**	**113,390,835**
MRF	**–**	**–**	**–**	**27,829,598**	**–**	**27,829,598**
Nontrade receivable	**75,939,753**	**–**	**–**	**–**	**–**	**75,939,753**
Financial asset measured at FVOCI	**6,000,000**	**–**	**–**	**–**	**341,842,240**	**347,842,240**
	₱2,186,133,661	**₱–**	**₱–**	**₱27,829,598**	**₱363,832,068**	**₱2,577,795,327**

2021	On demand	Less than three months	Three to 12 months	More than 12 months	Total
Trade and other payables					
Trade	₱402,985,983	₱–	₱–	₱–	₱402,985,983
Nontrade	59,267,226	–	–	–	59,267,226
Accrued expenses	113,126,634	–	–	–	113,126,634
Retention fees	17,842,078	–	–	–	17,842,078
Payables to employees	103,118,337	–	–	–	103,118,337
Others	75,792,748	–	–	–	75,792,748
Advances from related parties	916,012,000	–	–	–	916,012,000
Loans payable	–	–	2,315,484,534	2,252,225,636	4,567,710,170
	₱1,688,145,006	₱–	₱2,315,484,534	₱2,252,225,636	₱6,255,855,176

2021	On demand	Less than three months	Three to 12 months	More than 12 months	ECL/ Remeasure-ment loss on FVOCI	Total
Cash and cash equivalents	₱1,436,715,112	₱–	₱–	₱–	₱–	₱1,436,715,112
Receivables:						
Trade	–	–	–	–	–	–
Others	13,377,244	–	–	–	21,989,828	35,367,072
Advances to related parties	2,304,109	–	–	–	–	2,304,109
Other noncurrent assets:						
Advance to GMU	103,277,975	–	–	–	–	103,277,975
MRF	–	–	–	27,455,603	–	27,455,603
Nontrade receivable	75,939,753	–	–	–	–	75,939,753
Financial asset measured at FVOCI	4,000,000	–	–	–	–	4,000,000
	₱1,635,614,193	₱–	₱–	₱27,455,603	₱–	₱1,685,059,624

Foreign Currency Risk
The Group 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 Group's functional currency.

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

The Group foreign currency-denominated financial instruments as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	US$	**Php**	US$	Php
Financial Assets				
Cash and cash equivalents	**$3,678,026**	**₱205,289,011**	$17,076,056	₱870,861,783
Trade receivables	**17,288,750**	**964,971,564**	–	–
	20,966,776	**1,170,260,575**	17,076,056	870,861,783
Financial Liabilities				
Trade payables	**3,747,858**	**209,186,678**	4,359,078	212,073,791
Loans payable	**14,176,382**	**791,254,788**	24,477,802	1,248,343,423
	17,924,240	**1,000,441,466**	28,836,880	1,460,417,214
Net financial asset (liabilities)	**$3,042,536**	**₱169,819,109**	($11,760,824)	(₱589,555,431)

As at December 31, 2022 and 2021, the exchange rate based on the Philippine Dealing and Exchange Corporation of the Philippine peso to US$1.00 was ₱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 Group's income 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 rates	Effect in income before tax
US$	**2022**	**₱1.14**	**(₱3,462,557)**
		(0.26)	**802,546**
	2021	₱0.94	₱7,170,553
		(0.26)	2,004,555

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

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

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

	Change in gold metal price	Effect on income before tax
2022	**Increase by 13%**	**₱1,280,992,252**
	Decrease by 13%	**(₱1,280,992,252)**
2021	Increase by 13%	₱906,685,968
	Decrease by 13%	(₱906,685,968)

Capital Management

The primary objective of the Group's capital management is to maintain a strong credit rating in order to support its business, maximize stockholder value, comply with capital restrictions and requirements as imposed by regulatory bodies, including limitations on ownership over the Group's shares, requisites for actual listing and trading of additional shares, if any, and required minimum debt to base equity ratio for the Group's loan covenants. Capital pertains to equity, excluding reserve from revaluation of property, plant and equipment, and advances from related parties.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2022 and 2021.

The Group considers the following as its core economic capital:

	2022	2021
Issued capital stock	**₱6,227,887,491**	₱6,227,887,491
APIC	**634,224**	634,224
Treasury shares	**(2,081,746,680)**	(2,081,746,680)
	₱4,146,775,035	₱4,146,775,035

The Group has no externally imposed capital requirements.

29. Fair Value Measurements

AFS Financial Assets/Financial Asset at FVOCI

The quoted equity instruments designated at FVOCI/AFS financial assets as at December 31, 2022 and 2021 are classified under Level 1 of the fair value hierarchy since these are based on quoted market prices. Unquoted equity instruments are classified under Level 3 of the fair value hierarchy since these are based on significant unobservable inputs.

Property, Plant, and Equipment
The fair value of property, plant and equipment is calculated using the cost approach 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)
Financial asset measured at FVOCI (Note 9)	**2022**	**₱6,000,000**	**₱6,000,000**	**₱–**	**₱–**
	2021	₱4,000,000	₱4,000,000	₱–	₱–
Property, plant, and equipment (Note 10)	**2022**	**₱11,291,389,138**	**₱–**	**₱–**	**₱11,291,389,138**
	2021	₱10,291,585,141	₱–	₱–	₱10,291,585,141

Cash and Cash Equivalents, Trade and Other Receivables, Advances to Related Parties, Trade and Other Payables, Accrued Liabilities, Payable to Employees, Retention Fees, Nontrade Receivable
The carrying amounts of these financial instruments approximate their fair value due to the short-term nature and maturity.

MRF, Advance to GMU, 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.

30. Significant Agreements, Provisions and Contingencies

Parent Company

a. *Agreement with Indigenous Cultural Communities (ICC) and National Commission on Indigenous Peoples (NCIP) pursuant to Republic Act 8371*
On June 16, 2004, the Parent Company, together with the 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 group 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 sale).

In 2022, 2021, and 2020 royalties to IP recognized under “Cost of Production” amounted to ₱44.90 million, ₱29.98 million, and ₱28.04 million, respectively (see Note 21).

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 21).

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

On March 7, 2013, the MGB recommended to the DENR the lifting of DENR Memorandum Order No. 2011-01 on the suspension of acceptance of all types of mining applications. Effective March 18, 2013, the MGB has started accepting mining applications for EPs and Financial Technical Agreement Assistance pursuant to DENR Administrative Order No. 2014-11.

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.

c. *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 Group’s current operations since its mining properties are already covered by existing mineral permits and agreements with the government.

d. *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 Group's current operations since its mining method is underground mining and already permitted.

e. *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 ₱15.22 million, ₱13.76 million, and ₱6.34 million in 2022, 2021 and 2020, respectively (see Notes 21 and 22).

f. *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.

g. *Provisions and Contingencies*
The Group is involved in certain legal, contractual and regulatory matters that require the recognition of provisions for related probable claims against the Group. The management and the Group'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 Group'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.

MORE

h. *Heads of Agreement with Forum*
In 2007, MORE entered into a Heads of Agreement with Forum to execute a joint operating agreement (JOA) on GSEC 101 upon the DOE's consent to the assignment, transfer and conveyance to MORE of 30% participating interest in GSEC 101 which has since then been converted to SC 72. The Heads of Agreement provides that MORE shall pay 30% of all costs and expenses (on an accrual basis) of the joint operations under the JOA.

On October 5, 2015, the DOE approved the assignment, transfer and conveyance, of the 30% participating interest in SC 72 to MORE. Consequently, MORE and Forum as parties constituting the consortium, have embarked on the finalization of the on-going JOA on SC 72.

31. Operating Segments

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

Net income (loss) for the year is measured consistent with consolidated net income (loss) in the consolidated statements of income.

EBITDA is measured as net income excluding interest expense, interest income, benefit from (provision for) income tax, depreciation and depletion of property, plant and equipment, amortization of intangible assets and effects of non-recurring items.

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

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

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

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

			2022		
	Mining	**Oil and gas**	**Solid waste management**	**Eliminations**	**Total**
Revenue					
External customer	**₱10,309,600,380**	**₱–**	**₱–**	**₱–**	**₱10,309,600,380**
Inter-segment	–	–	–	–	–
Consolidated revenue	**₱10,309,600,380**	**₱–**	**₱–**	**₱–**	**₱10,309,600,380**
Results					
EBITDA	**₱5,627,418,390**	**(₱8,892,012)**	**(₱256,500)**	**₱–**	**₱5,618,269,878**
Interest income (expense) - net	**172,643,407**	**(2,408,321)**	–	–	**170,235,086**
Income tax expense	**689,042,647**	**5,315,045**	–	–	**694,357,692**
Depreciation and depletion	**1,366,528,169**	**679,016**	–	–	**1,367,207,185**
Non-recurring items	**47,018,775**	–	–	–	**47,018,775**
Consolidated net income (loss)	**₱3,352,185,392**	**(₱12,477,752)**	**(₱256,500)**	**₱–**	**₱3,339,451,140**
Consolidated total assets	**₱17,619,854,336**	**₱2,903,871,977**	**₱41,514,277**	**₱–**	**₱20,658,770,739**
Consolidated total liabilities	**₱8,736,772,257**	**₱347,581,520**	**₱3,042,912**	**₱–**	**₱9,087,396,689**

	2021				
	Mining	Oil and gas	Solid waste management	Eliminations	Total
Revenue					
External customer	₱7,410,310,715	₱–	₱–	₱–	₱7,410,310,715
Inter-segment	–	–	–	–	–
Consolidated revenue	₱7,410,310,715	₱–	₱–	₱–	₱7,410,310,715
Results					
EBITDA	₱1,547,566,226	(₱18,570,027)	(₱360,676)	₱–	₱1,528,635,523
Interest income (expense) - net	(167,503,073)	2,405,270	–	–	(165,097,803)
Income tax expense	(492,893,150)	(1,462,086)	–	–	(494,355,236)
Depreciation and depletion	1,114,373,260	(432,772)	–	–	1,113,940,488
Non-recurring items	(1,045,924,003)	5,789,114	(285,733,113)	–	(1,325,868,002)
Consolidated net income (loss)	₱955,619,260	(₱12,270,501)	(₱286,093,789)	₱–	₱657,254,970
Consolidated total assets	₱11,246,686,352	₱4,277,022,103	₱135,050,426	₱–	₱15,658,758,881
Consolidated total liabilities	₱7,321,801,568	₱66,642,573	₱2,792,412	₱–	₱7,391,236,553

The total revenue from an external customer, attributable to the Philippines, which is the Group's country of domicile, amounted to ₱10.31 billion and ₱7.41 billion in 2022 and 2021, respectively arising from the sale of gold and silver bullion.

32. 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 (Gain)**	**December 31, 2022**
Current Liabilities:					
Bank loans	**₱2,315,484,534**	**₱2,073,497,673**	**(₱43,394,423)**	**₱24,610,122**	**₱4,370,197,906**
Noncurrent Liabilities:					
Bank loans	**2,252,225,636**	**500,000,000**	**(902,091,169)**	**–**	**1,850,134,467**
	₱4,567,710,170	**₱2,573,497,673**	**(₱945,485,592)**	**₱24,610,122**	**₱6,220,332,373**

	January 1, 2021	Availments	Payments	Foreign exchange Loss (Gain)	December 31, 2021
Current Liabilities:					
Bank loans	₱2,201,741,649	₱82,305,263	₱–	₱31,437,622	₱2,315,484,534
Noncurrent Liabilities:					
Bank loans	3,027,059,715	–	(774,834,079)	–	2,252,225,636
	₱5,228,801,364	₱82,305,263	(₱774,834,079)	₱31,437,622	₱4,567,710,170

The Group had non-cash investing and financing activities in 2022, 2021 and 2020, which were considered in the preparation of the consolidated statements of cash flows, as follows:

	2022	2021	2020
Investing activities:			
Addition to property, plant and equipment pertaining to capitalized mine rehabilitation cost (Note 10)	**₱393,950**	₱–	₱641,125

THE BOARD OF DIRECTORS

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JOSE EDUARDO J. ALARILLA
Chairman

WALTER W. BROWN
Chairman Emeritus

LUIS R. SARMIENTO, ASEAN Eng
President and CEO




JOSELITO H. SIBAYAN
Independent Director

VALENTINO S. BAGATSING
Independent Director

MICHAEL RAY B. AQUINO
Director

STEPHEN A. PARADIES
Director

ATTY. SILVERIO BENNY J. TAN
Corporate Secretary

THE EXECUTIVE OFFICERS

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JOSE EDUARDO J. ALARILLA
Chairman

LUIS R. SARMIENTO, ASEAN Eng
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BILLY G. TORRES
Vice President, Finance, Treasurer & Compliance Officer

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EMELITA C. FABRO
Vice President, Corporate Administration

ATTY. RODULFO A. PALMA
Vice President, Legal, Mine Compliance & Risks

ATTY. SILVERIO BENNY J. TAN
Corporate Secretary

ATTY. JONAS S. KHAW
Assistant Corporate Secretary

IN MEMORIAM

RICHARD C. LICANG
RCL was Vice President/Resident Manager of the Maco Mine Site.
He passed away on 23 October 2022.

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SUYOC GOLD MINE

Mankayan, Benguet

PARACALE GOLD PROJECT

Jose Panganiban, Camarines Norte

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BANKERS

Philippine National Bank
Rizal Commercial Banking Corporation
Union Bank of the Philippines

AWARDS

This CERTIFICATE of
SAFETY MILESTONE AWARD
is given to
APEX MINING COMPANY, INC.
for achieving Seven Million Five Hundred Forty-Nine
Thousand Seven Hundred Sixty-Eight (7,549,768) Man-
hours worked without Lost Time Accidents (LTAs) within
Republic of the Philippines
Municipality of Maco
Province of Davao de Oro
OFFICE OF THE MUNICIPAL TREASURER
OFFICE OF THE MUNICIPAL MAYOR
PLAQUE OF RECOGNITION
APEX MINING COMPANY, INC.
The Presidential Mineral Industry
Environmental Award Selection Committee
presents this
2022 Platinum Achievement Award
Underground Mining Operation Category
to
Apex Mining Company, Inc.
Safest Mineral Processing - Extraction Category Award Runner-Up
Apex Mining Company, Inc.
Safest Underground Mining Operation Award, Runner-Up
Apex Mining Company, Inc.
Best Safety Underground Inspector
Best Underground Mine Supervisor
Best Underground Miner

Apex Mining also repeated its grand slam feat in 2021 as the company won in all categories of the Best Mines Personality Awards:

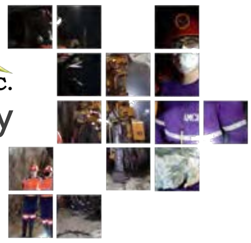
Mr. Richie P. Ranjo
Best Underground Safety Inspector

Mr. Wilfredo R. Lanit, Jr.
Best Underground Mine Supervisor

Mr. Jimar A. Dublin
Best Underground Miner

APEX MINING CO., INC.

#MineResponsibility



PUSONG MINERO