COVER SHEET

SEC Registration Number

4	0	6	2	1

COMPANY NAME

APEX MINING CO., INC. AND SUBSIDIARIES

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

3304B West Tower, Tektite Tower Exchange Road, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
Corpsec@apexmining.com	8706-2805	+639088937925

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,742 (As of March 31, 2024)	4/28	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Billy G. Torres	bgtorres@apexmining.com	8706-2805	+639088937925

CONTACT PERSON's ADDRESS

3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended: **December 31, 2023**
2. Date of this report: **April 15, 2024**
3. Commission Identification Number: **40621**
4. BIR Tax Identification No.: **000-284-138**
5. Exact Name of Registrant as specified in its charter**: APEX MINING CO., INC.**
6. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
7. Industry Classification Code: (SEC Use Only)
8. Address of registrant's principal office: **3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City**
   Postal Code: **1605**
9. Telephone number, including area code: **Tel. # (02) 8706-2805 Fax # 8706-2804**
10. Former name, former address and former fiscal year, if changed since last report. **N/A**
11. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common shares	**6,227,887,491**

12. Are any of the issuer's securities listed on a Stock Exchange? **Yes [X]** **No [ ]**

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Philippine Stock Exchange / Common shares

Part I – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

Corporate Information and Business Development

Apex Mining Co., Inc. (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 26, 1970 under the name Apex Exploration & Mining Company until 1978 when this was changed to its present name, Apex Mining Co., Inc.

The Parent Company was incorporated primarily to carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in gold, silver, copper, lead, zinc brass, iron, steel and all kinds of ores, metals and minerals.

The Parent Company currently operates the Maco Mines in Maco, Davao de Oro, Philippines. Its registered business and principal office address is 3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, Philippines.

On March 7, 1974, the Parent Company listed its shares in the Philippine Stock Exchange (PSE).

In 1991, the Parent Company ceased operation of the Maco mine due to the prolonged depressed gold price.

In 2005, Crew Gold Corporation (Crew Gold), a Canadian company, and its associated Philippine company, Mapula Creek Gold Corporation (Mapula), acquired 28% and 45% of the Parent Company's shares, respectively, from the Puyat group. In 2006, Crew Gold organized Teresa Crew Gold Philippines, Inc. (Teresa) as a subsidiary to support the rehabilitation of the Parent Company's mining properties and the refurbishing of the Maco mine's processing plant.

In January 2009, Teresa commenced operations of the Maco mine. In October 2009, Crew Gold sold its holdings in Teresa and Mapula to Mindanao Gold Ltd. (Mindanao Gold), a special purpose company owned by Abracadabra Speculative Ventures, Inc. (ASVI) of Malaysia.

In November 2011, Monte Oro Resources & Energy, Inc. (MORE), a Philippine company, acquired an initial 5% ownership in the Parent Company, the proceeds of which were used for capital expenditures for the existing mine and mill, and for exploration drilling program of the Maco mine properties. In December 2011, the Philippine Securities & Exchange Commission approved the merger of Teresa and the Parent Company, with the Parent Company as the surviving entity effective on January 1, 2012.

In October 2013, MORE management was voted to take over management of the operation of the Parent Company by the stockholders. In April 2014, MORE acquired substantial ownership in the Parent Company held by Mapula. At this point, MORE became the significant shareholder, controlling 46.5%, of the Parent Company.

In October 2014, the Parent Company acquired 100% ownership of MORE, and Prime Strategic Holdings, Inc. (PSHI) and other MORE shareholders used the proceeds of the sale of their shares in MORE to subscribe to new shares in the Parent Company and in the process acquire control of the Parent Company, diluting to a small minority the shareholdings of Mindanao Gold and Mapula.

In June 2015, the Parent Company acquired 98% of the shares of Itogon-Suyoc Resources, Inc. (ISRI), a Philippine mining company. The Parent Company acquired the remaining 2% of ISRI in August 2016.

In March 2022, PSHI completed a mandatory tender offer after acquiring the controlling interest of Devoncourt Estates, Inc. and Lakeland Village Holdings, Inc. (collectively holding 14.43% shares of the Parent Company) and bringing its total direct and indirect shareholdings with the Parent Company to 54.75%.

In February 2023, the Parent Company acquired Asia Alliance Mining Resources Corporation, a mining company which has interests, by virtue of a Notice of Award issued by the Philippine Mining Development Corporation as the highest bidder for the Joint Operating Agreement over copper mines and mining claims covering 20,237 hectares, situated in the Municipalities of Mabini, Maco and Maragusan, Davao de Oro covered by the North Davao Mining Corporation application FTAA-XI-14. Based on the Area Status and Clearance dated 10 February 2022 issued by the Department of Environment and Natural Resources Region XI, the mining claims area has been amended to 19,135.12 hectares.

Business of Issuer

Products
The Parent Company’s Maco mine and ISRI’s Sangilo mine produce bullions and buttons, respectively, containing gold and silver. All of the production of both mines are sold to Heraeus Ltd. in Hong Kong.

Competition
Competition among mining companies is inexistent as each mining company operates in its own individual areas or tenements granted to them by the Philippine government. The competition is in obtaining a mining license, such as Mineral Production Sharing Agreement (MPSA) from the government. A mining company with no MPSA, mining patents or other forms of tenement will not be able to operate.

Development Activities
Expenditures for the development activities by the Parent Company and in the last three calendar years and its percentage to revenue are shown in the following table:

Year	Development Cost	Revenue	Percentage
2023	₱1,109,745,206	₱10,696,327,705	10%
2022	1,104,213,106	9,043,767,122	12%
2021	906,021,877	7,410,310,716	12%

Sources of Materials and Supplies
Operating materials and supplies, and equipment and maintenance parts are provided by a number of suppliers both domestic and foreign.

Employees
Total manpower headcount as of December 31, 2023 is 1,630. The table below summarizes the distribution of the Parent Company's manpower count as to division and rank.

Division/Department	R&F	Supervisor	Manager	Total
Mine Division	542	149	10	701
Mill Division	126	36	5	167
Geology Division	96	51	5	152
PMES Division	96	32	5	133
Support Services & Admin	285	148	44	477
Total	1,145	416	69	1,630

Status of Operations

A. Mining Properties

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

As at December 31, 2023, the Parent Company holds valid and subsisting MPSA Nos. 225-2005-XI and 234-2007-XI, which have terms of 25 years from the effective date.

ISO Certification
The Parent Company's Maco Mines has three certifications:
- ISO 9001:2015 for Quality Management System
- ISO 14001:2015 for Environmental Management System, and
- ISO 45001:2018 Occupational Health and Safety

granted in March 2018 by Certification International. 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.

Itogon Mines
ISRI 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. Suyoc Mine continues its resource validation and exploration activities while doing some rehabilitation of its facilities.

ISO Certification
The Sangilo and Suyoc mines are ISO 14001:2015 certified for environmental management system granted by TUV Rheinland in April 2017. The scope of the certification for the Sangilo Mine is for exploration, mining and mine processing; while the Suyoc Mine is for mining exploration and project development.

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 40% interest in Bulawan Mineral Resources Corporation (BMRC). PGL has advances to, and an option to buy over the other 60% shareholdings, in BMRC.

The mine project of PGL is located in Jose Panganiban, Camarines Norte. BMRC handles all tenements while CRPI is the owner/operator of a 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 currently under continued care and maintenance.

Sierra Leone Project
The Gori Hills project located in the Republic of Sierra Leone in West Africa is owned 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, MOMCL received a notice that its tenement license was revoked by the National Mineral Agency.

MORE 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 MORE 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. As of the report date, the MA is not yet consummated by both parties. The two licenses of the 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.(NPGPL) in which the Parent Company has a 3.92% equity interest. The company’s operations remain suspended following dispute with the government on license terms.

Asia-Alliance Mining Resources, Corp.
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, over mining claims in Mabini, Maco and Maragusan, Davao De Oro.

B. Oil and Gas

Service Contract (SC)

MORE 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.

The Philippine government lifted its moratorium on oil and gas exploration in disputed areas of the West Philippine Sea in October 2020, allowing exploration activities to resume over the block. The consortium has 20 months or until June 2022 to drill two commitment wells under sub-phase 2. Failure to comply with the minimum work commitment for each sub-phase shall terminate the service contract. Any failure or delay in the performance of obligations and duties shall be excused to the extent attributable to force majeure. In 2021, the consortium started it preparations for the drilling of two commitment wells in the first half of 2022.

On April 6, 2022, 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.

On March 30, 2023, the DOE further affirmed that the entire period from when the force majeure was lifted to when it was re-imposed (October 14, 2020 to April 6, 2022) will be credited back to SC 72. Consequently, once the force majeure is lifted, Forum will have twenty (20) months to drill the two (2) commitment wells.

C. Others

Solid Waste Management

MORE 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 which agreement is yet to be put in operation.

ICSI was a subject of an agreement to sell between MORE and A. Brown Co., Inc. (ABCI) whereby MORE shall sell its 52% ownership in ICSI to ABCI payable within 12 months and which was further extended to May 31, 2021. The agreement to sell did not materialize until expiration of agreement in 2021.

<u>Government Regulations and Approvals</u>

Compliance with existing governmental regulations entails costs to the Parent Company and Subsidiaries (collectively referred to as the "Group") which are appropriately reflected either as expense or as capital asset based on the related financial reporting standards. Future and probable government regulations are considered but the effects cannot be determined until the specific implementing guidelines are known.

<u>Exploration and Development</u>

Exploration and development are undertaken in-house and overseen by the Parent Company's Vice President for Geology & Exploration, Dr. Eric S. Andal.

<u>Operations</u>

Geology and Exploration

For the year 2023, underground drilling activities in MPSA-225 focused on the vertical and lateral extensions of major vein and vein splays in the Maco Mine, namely, Masara, Masara Hanging Wall Split, Bonanza Hanging Wall Split (BWHS), Sandy, and Jessie. There are three (3) in-house diamond drill rigs and one (1) contract drilling, grossing a total of 14,732 meters in the whole year of 2023 distributed among forty-two (42) drill holes, thirty-four (34) of which were completed, six (6) were pre-terminated, and (2) were carried over to 2024.

Four (4) drilling programs are currently active in the Underground exploration; namely, (1) L485 SDN 15S targeting BBK, MAS, MAS HWS, and BHWS, (2) L515 Jessie 107S targeting lower Jessie vein extensions, (3) L485 MST2 21N targeting BBK and BNZ, and (4) L605 MAIHWS targeting SDN4, SDN MV and its splits at lower levels. The first three are operated by in-house drilling while the latter by contract drilling. Both in-house and contract utilize wireline drilling method for all its available rigs, with DE-140 rigs averaging 500 meters at HQ size drill rods, Diamec Smart-U4 rigs averaging 350 meters (NQ size), and Diamec Smart-U4 rig of contractor averaging 500 meters (HQ size).

For Surface drilling, a total of 6,070 drilling meters were accomplished. The 5,877 meters advance for SBF contract drilling deployed at Kaurangan area starting on June 2023, focusing on the generation of additional resource for the extension of the major veins and splays of Sandy vein, Sandy South Split and Ma. Inez, whereas the 193 meters advance for CS-140C in-house drilling deployed at the Mahayahay area to drill the high chargeability anomaly.

Mining Operations
The total mine production of Maco mine in 2023 was 844,112 tonnes with an average grade of 4.29 grams per tonne (gpt) compared to 802,502 tonnes with an average grade of 4.08 grams per tonne (gpt) in 2022.

Below is the summary of ore sources production and average grade of mined ore:

	2023			2022		
Ore sources	Tonnage	Gpt of gold	% to Total	Tonnage	Gpt of gold	% to Total
Ore development	**465,619**	**3.65**	**55%**	587,426	3.81	73%
Stoping	**203,662**	**5.40**	**24%**	106,199	4.37	13%
Conventional - Contract	**154,016**	**4.84**	**18%**	95,545	5.49	12%
Incidental ore	**20,815**	**3.60**	**3%**	13,333	3.44	2%
	844,112	**4.29**	**100%**	802,502	4.08	100%

In 2023 and 2022, off-vein mine development for access drives advanced 7,836 and 6,172 meters, respectively, while on-vein mine development for ore advanced 9,643 and 11,707 meters, respectively.

Mill Operations
Below is the summary of the mill production metrics in 2023 with comparative 2022 and 2021 figures.

	2023	2022	Change	2021	Change
Tonnage:					
Total	**823,427**	815,910	+1%	708,447	+15%
TPD	**2,402**	2,330	+3%	2,057	+13%
Mill head grade (gpt):					
Gold	**4.11**	3.96	+4%	3.74	+6%
Silver	**18.55**	19.51	-5%	20.85	-6%
Recovery percentage:					
Gold	**87.15**	87.92	-1%	87.35	+1%
Silver	**70.16**	73.80	-5%	75.69	2%
Ounces produced:					
Gold	**94,272**	91,072	+4%	74,334	+23%
Silver	**342,860**	377,729	-9%	358,672	+5%

Mineral Resource and Ore Reserves update
The estimated mineral resource for MPSA-225-2005-XI amounted to 11.35 million tonnes at a grade of 4.6 gpt, while the estimated ore reserves amounted to 5.75 million tonnes at a

grade of 4.9 gpt both from respective Competent Person (CP) reports dated May 2021 and June 2021, respectively.

The modifying factors that were applied are the dilution factor assigned per type of mining method (Long Hole, Cut & Fill, Shrinkage, Sub-level Caving), provision for pillar, and a block cut-off grade of 2.0 gpt. Meanwhile the mineral resource was estimated using a block cut-off grade of 1.5 gpt.

Below is the summary of the estimated mineral resources and ore reserves covering certain veins/areas of the Maco mine as reported by independent competent person compliant with the Philippine Mineral Reporting Code (PMRC). The ore reserves are derived from and not additional to the declared mineral resources.

Estimated Mineral Resources @ Cut-Off Grade of 1.5 gpt

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 2.0 gpt

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.

Community Development Projects Update

The Parent Company complied with and implemented the mandates provided under DENR Administrative Order (DAO) No. 2010-21, "Mandating the Contractor/Permit Holder/Lessee to allocate annually a minimum of one and a half percent (1.50%) of the Total Operating Cost (TOC) as the basis for funding the Social Development and Management Program (SDMP), provided further that the SDMP Fund shall be allocated by 75%, 15% and 10% for the Development of Host & Neighboring Community (DHNC); Information, Education and Communication (IEC); and the Development of Mine Technology & Geosciences (DMTG), respectively."

Actual and budgeted SDMP in 2023 and 2022, and the breakdown between DHNC, IEC and DMTG are shown below, in millions of PHP:

	Budgeted SDMP	Actual DHNC	Actual IEC	Actual DMTG	Actual SDMP
2023	**79.5**	**62.1**	**11.5**	**8.6**	**82.2**
2022	62.6	52.6	9.0	6.1	67.8

Environmental Protection and Enhancement Program (EPEP) Update

A total of ₱117.9 million was spent in the implementation of various EPEP activities during the year compared to the 2022 EPEP spending of ₱121.6 million. These activities were carried out to mitigate the negative impact of mining operations to the environment.

Below is the summary of the activity areas with corresponding costs.

Activity areas	**2023**
Land resources	₱ 92.2
Water resources and quality	20.9
Environmental research	0.7
Conservation values	0.3
Air quality	0.6
Noise monitoring	0.0
Multi-partite monitoring team/mine rehabilitation fund committee activity and other capital outlay	3.2
Total	**₱117.9**

Power Supply and Utilization Update

Below are the tables showing the summary of the utilization of power of the Parent Company for the years 2023 and 2022.

2023

COST CENTERS	PROJECTED 2023			ACTUAL 2023		
	kW-Hr	Php(6.44/kW-Hr)	%	kW-Hr	Php(5.57/kW-Hr)	%
	X 1,000	X 1,000		X 1,000	X 1,000	
Mine Operations Areas						
VENTILATION	43,721	281,565	37.57%	40,051	223,086	36.50%
DEWATERING	14,508	93,434	12.47%	22,137	123,305	20.17%
JUMBO DRILLS	7,338	47,259	6.31%	3,165	17,627	2.88%
COMPRESSORS	11,853	76,330	10.19%	5,014	27,925	4.57%
Mill Plant Area	35,779	230,416	30.75%	38,521	214,561	35.11%
Maintenance Areas	2,660	17,132	2.29%	420	2,341	0.38%
Admin, Office and Staff House	502	3,234	0.43%	420	2,341	0.38%
Annual kW-Hr	**116,362**	**749,370**	**100%**	**109,728**	**611,186**	**100%**

2022

COST CENTERS	PROJECTED 2022			ACTUAL 2022		
	kW-Hr	Php (4.68 /kW-Hr)	%	kW-Hr	Php 5.81/kW-Hr)	%
	x 1,000	x 1,000		x 1,000	x 1,000	
Mine Operation Areas						
VENTILATION	42,293	197,993	44.58%	39,329	228,499	39.50%
DEWATERING	13,530	63,341	14.26%	16,383	95,187	16.45%
JUMBO DRILLS	5,498	25,739	5.80%	2,965	17,229	2.98%
COMPRESSORS	8,338	39,035	8.79%	5,028	29,210	5.05%
Mill Plant Area	24,408	114,265	25.73%	34,781	202,079	34.93%
Maintenances Areas	359	1,679	0.38%	600.01	3,486	0.60%
Admin, Offices and Staff House	434	2,030	0.46%	484	2,814	0.49%
Annual kW-Hr	94,859	444,081	100.00%	99,570	578,504	100.00%

The Parent Company has several supply contract agreements with various industrial power companies.

Safety Development Update
The Safety Department of the Parent Company takes a proactive approach in ensuring that the well-being of all stakeholders is prioritized. This means a work place where no one gets hurt or injured and everyone goes home safe during operation of its business. Management plays a major role in the safety management system within the company. Programs are put in place to eliminate or minimize hazards and risks in the area, and all workers are encouraged to be responsible for their own safety and the safety of others.

The Parent Company had 5 non-lost time accidents; 1 lost time accident which is fatal; and 71 incidents of property damage in 2023, compared to 13, 1 and 113, respectively, in 2022.

Related Party Transactions
Please refer to Note 15 of the Notes to the Consolidated Audited Financial Statements as of December 31, 2023. Part III, Item 13 of this report also discusses related party transactions.

<u>Major Business Risks</u>
Regulatory Change
The Group may be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect the Group.

Mineral Resources or Mineral Reserves
The exploration for and development of mineral properties involve significant risks, which may not be completely eliminated even with a combination of careful evaluation, experience and knowledge. While the discovery of an ore body may result in substantial rewards, only a few properties explored are ultimately developed into producing mines.

The long-term viability of the company depends upon its ability to find or acquire, develop and commercially produce base metals and other minerals.

Exploration, Development and Operating Risks
Mining, exploration and development operations generally involve a high degree of risk. The operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious and base metals. This includes unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. The exact effect of these factors, if and when they become present, cannot be accurately predicted and the costs estimated with a high level of confidence, thus, involve risks.

Security Risks
The operation of the mines of the Group may also be affected by insurgency and peace and order conditions in the geographical area and the surrounding communities where the mines are located.

Price Risks
The Group's revenue is largely dependent on the world market prices for gold and silver and the factors affecting the behavior of these are beyond the Group's control. Production and operating costs are constantly being monitored to ensure that optimal use of the Group's assets is being done and to ensure that costs, on the aggregate and on a per unit basis, are kept at a minimum.

Foreign Exchange Rates
The Group has determined that the Philippine Peso to be its functional and presentation currency as it is the currency in which majority of its operations are denominated in. The Group, however, receives its revenues in USD and also has foreign currency-denominated financial assets and liabilities that if exposed to the fluctuations of the exchange rates, may positively or negatively impact the Group's consolidated statement of income.

Item 2. PROPERTIES

The Group owns mining facilities and administrative support facilities in its Maco mine site, Sangilo and Suyoc mine site and other support facilities in MORE offices. Machinery and equipment are acquired month to month as needed usually through direct cash purchase or under suppliers' credit terms.

In February 2023, the Parent Company acquired Asia Alliance Mining Resources Corporation, a mining company which has interests, by virtue of a Notice of Award issued by the Philippine Mining Development Corporation as the highest bidder for the Joint Operating Agreement over copper mines and mining claims covering 20,237 hectares, situated in the Municipalities of Mabini, Maco and Maragusan, Davao de Oro covered by the North Davao Mining Corporation application FTAA-XI-14. Based on the Area Status and Clearance dated 10 February 2022 issued by the Department of Environment and Natural Resources Region XI, the mining claims area has been amended to 19,135.12 hectares.

The principal office of the Parent Company in Pasig City is being leased with an annual rental fee of ₱3.1 million.

Item 3. LEGAL PROCEEDINGS

The Group is involved in various legal proceedings, claims and liabilities incidental to its normal business activities. The Group's management and legal counsel are of the opinion that the amount of the ultimate liability, if any, with respect to these will not have a material adverse effect on the financial position and performance of the Group.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF THE SECURITY HOLDERS

There are no matters submitted during the year 2023 covered by this 17-A report for submission to a vote of security holders except for the nomination of Joselito H. Sibayan despite exceeding the maximum cumulative nine-year term because of his insight and experience as an investment banker which the Company will need for its fundraising plans to support its expansion projects. Mr. Sibayan has continued to maintain his objectivity and independence in board deliberations despite his long tenure. The Company considers this as a meritorious justification for exceeding the 9-years term, subject to the approval of the stockholders.

Part II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant Common Equity and Related Stockholders Matters

Market Information
The Parent Company's common shares are traded in the Philippine Stock Exchange carrying the symbol "APX".

The high and low stock prices per share for each quarter in 2023 and 2022, and for the first quarter of 2024, were as follows:

		Listed Common Shares	
Year	Period	High	Low
2024	January 1 – March 31	₱3.10	₱2.41
2023	January 1 - March 31	2.24	1.81
	April 1 - June 30	3.27	2.08
	July 1 - September 30	3.05	2.32
	October 1 - December 31	3.13	2.20
2022	January 1 - March 31	2.05	1.45
	April 1 - June 30	1.74	1.36
	July 1 - September 30	1.86	1.42
	October 1 - December 31	1.41	1.95

Stockholders
As of December 31, 2023, the Parent Company has 2,744 shareholders with 6,227,887,491 total issued and outstanding common shares.

The top 20 stockholders of the Parent Company as of December 31, 2023 follows:

	Stockholder	Number of shares	% of ownership
1	Prime Strategic Holdings, Inc.	2,511,333,765	40.32
2	PCD Nominee Corp.*	1,338,954,968	21.50
3	Mindanao Gold Ltd.	597,051,165	9.59
4	Monte Oro Resources & Energy, Inc.	555,133,447	8.91
5	Lakeland Village Holdings, Inc.	474,613,599	7.62
6	Devoncourt Estates, Inc.	423,904,339	6.81
7	PCD Corporation (non-Filipino)	154,273,046	2,48
8	Mapula Creek Gold Corporation	115,326,533	1.85
9	Silverio Benny J. Tan	15,406,747	0.25
10	Jacinto C. Ng	14,725,217	0.24
11	Carousel Holdings, Inc.	3,070,000	0.05
12	Roel Z. Castro	1,174,753	0.02
13	Rexlon Industrial, Corp.	1,006,525	0.02
14	Michael Ray C. Aquino	727,000	0.01
15	Mamiko Mayama	723,000	0.01
16	Stephen A. Paradies	550,900	0.01
17	Lucio W. Yan and/or Clara Yan	485,525	0.01
18	Jalandoni, Jayme, Adams & Co., Inc.	484,892	0.01
19	Ignacio R. Ortigas	311,665	0.01
20	Ansaldo, Godinez & Co., Inc.	298,448	0.00

* Net of the shares actually lodged with the PCD but are presented separately in this list.

As of December 31, 2023, the public ownership level of the Parent Company is at 36.05%.

Dividends

In 2022, the Board of Directors approved a 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. Below are the dividends declared by the Parent Company in 2023 and 2022:

Board of Approval Date	Dividend per common share	Record Date	Payment Date
April 28, 2023	₱0.053621	May 15, 2023	June 5, 2023
August 12, 2022	₱0.010550	August 30, 2022	September 15, 2022

Recent Sales of Unregistered or Exempt Securities

No securities were sold by the Parent Company in the past three years ended December 31, 2023 which were not registered under the Securities Regulation Code. There was also no sale of reacquired securities during the same period.

Item 6. MANAGEMENT DISCUSSION ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS 2023, 2022 AND 2021

Consolidated Statement of Income

Consolidated Revenues

The consolidated revenues in 2023, 2022 and 2021 amounted to ₱12.1 billion, ₱10.3 billion and ₱7.4 billion, respectively, or an increase of ₱1.8 billion in 2023 compared to 2022, and ₱2.9 billion in 2022 compared to 2021. The consolidated revenues of the Group pertain to the Parent Company and ISRI revenues.

Information on the Group sales volume and realized prices for gold and silver in 2023, 2022 and 2021 is as follows:

	2023	2022	Change	2021	Change
Gold					
Volume sold in ounces	**106,495**	101,096	+5%	78,709	+28%
Realized price/ounce, in USD	**$1,962**	$1,797	+9%	$1,788	+1%
Silver					
Volume sold in ounces	**346,824**	382,345	-9%	359,533	+6%
Realized price/ounce, in USD	**$23.51**	$21.78	+2%	$24.46	-11%

Includes ounces produced and sold from Maco and Sangilo mine sites

The weighted average United States Dollar (USD) to Philippine Peso (PHP) foreign exchange rates on the Group revenues in 2023, 2022 and 2021 were ₱55.67, ₱54.77 and ₱49.56, to one USD, respectively.

An analysis of the consolidated revenue variance, which comprises of sales volume, price and exchange rate variances, between the comparative years ended December 31, 2023, 2022 and 2021 of the Group are as follows:

	2023 versus 2022 (in thousands of PHP)			2022 versus 2021 (in thousands of PHP)		
Variance	Gold	Silver	Total	Gold	Silver	Total
Volume (sold)	₱531,404	(₱42,373)	₱2,011,498	₱1,983,845	₱27,653	₱2,011,498
Price	962,403	32,862	(5,690)	45,093	(50,783)	(5,690)
Exchange rate	273,514	7,682	893,482	850,341	43,141	893,482
Consolidated revenue	₱1,767,321	(₱1,827)	₱1,765,494	₱2,879,279	₱20,011	₱2,899,290

A series of force majeure events occurred in Maco mine within the first quarter of 2023. A prolonged series of earthquakes and aftershocks occurred during the period which affected power supply to operations. The mine was also forced to do a series of safety inspections during the period of earthquake swarms. These forced intermittent work stoppages. Heavy and long periods of rainfall during the period created landslides to occur within the Davao de Oro province. All these disruptions totaled 5.74 workdays. Despite this, the Parent Company milled higher ore tonnages this the year at 823,427 tonnes (averaging at 2,402 tonnes per day) compared to 815,910 tonnes (averaging at 2,330 tonnes per day) in 2022.

The higher ore grades averaging 4.11 grams of gold per tonne contributed to the 5% higher gold sales to 106,495 ounces this year from 101,096 ounces last year. Silver sales, on the other hand, decreased by 9% to 346,824 ounces from 382,345 ounces.

Gold recovery is at 87.15%, slightly lower compared to last year's 87.92% recovery. Silver recovery decreased by 5% to 70.16% against last year's 73.80% recovery rate

ISRI milled a total of 138,361 tonnes at 3.32 gold grade per tonne and 85.72% gold recover during the year, slightly higher than 131,481 tonnes milled at 2.81 gold grade per tonne and 84.10% recovery, in 2022.

Metal prices averaging $1,962 per ounce for gold and $23.51 per ounce for silver established a new record for the Group's annual revenue of P12.1 billion in 2023. This was higher by 18% than the previous record revenue reported in 2022 of P10.3 billion from the average prices of $1,797 and $21.78 per ounce for gold and silver, respectively.

From the Mine Reserves and Resource Certifications of 2021, the Parent Company' Maco Mine has enough reserves and resources to continue at the targeted production rate of 3,000 tonnes per day until 2032. The exploration program for MPSA 225 continues to this day and once the updated third-party competent report on the results of exploration is completed, the Parent Company will disclose properly. The acquisition of the Asia Alliance Mining Resources Corporation gives the mine future gold resources as the extensions of existing mining veins spill over to the adjacent tenement. These gives our exploration team new ground to drill and validate.

The significant depreciation of the PHP against the USD resulted in a favorable exchange rate variance.

Consolidated Cost of Production
Consolidated cost of production incurred in 2023, 2022 and 2021, amounted to ₱6.3 billion, ₱5.4 billion and ₱4.3 billion, respectively. Costs of production for the unsold metal products of the Group were reported as inventories in the balance sheets as of December 31, 2023 and were charged to income statement upon sale in January 2024. A breakdown of the main components of consolidated cost of production is as follows:

- Materials used in mining and milling rose by 15% or ₱284.2 million in 2023 compared to 2022. The Group processed a total of 823,427 tonnes during the year which is 1% higher than the tonnage milled in the same period last year. Cost of materials used in mining and milling registered higher unit costs, both in local and imported materials, in 2023 due to inflation. Power cost, which also increased as a result of surge in coal and fuel prices worldwide, was higher by ₱147.4 million or 40% than the previous year.

  In 2022, materials used in mining and milling rose by ₱501.5 million compared to 2021. The Group processed a total of 815,910 tonnes which is 15% higher than the tonnage milled in 2021.

- Depreciation, depletion and amortization expense was slightly higher by 4% or ₱60.9 million in 2023 compared to 2022, and 25% or ₱275.1 million in 2022 compared to 2021 due to higher capital expenditures incurred in the past years for depreciable assets such as plant expansion, maintenance and infrastructure, as well as mine development which is subject to depletion. As at December 31, 2023, 2022 and 2021, the Group spent ₱2.90 billion, ₱2.23 billion and ₱1.75 billion in property plant and equipment.

- Personnel costs were higher by ₱159.9 million in 2023 compared to 2022 due to the adaption of updated pay grade scale, periodic adjustment of salary rates, and payment of new and additional benefits during the year. Additional contracted services were availed to support the increasing operating and expansion activities in Maco mine resulting in the increase of ₱103.7 million or 28% compared to 2022.

In 2022, personnel cost and contracted services went up by ₱93.4 million due to the payroll and additional benefits of full manpower operations at the sites compared to the same period in 2021 when the COVID-19 pandemic reached the mine site and temporarily reduced the mobility and number of the workforce.

- Indigenous People (IP) surface rights royalty & IP royalty, Social Development and Management Program (SDMP) expenses and taxes, licenses and permits, as a group, accounted for a 32% increase or ₱104.3 million in 2023 compared to 2022 and 4.5% or ₱52.7 million increase in 2022 compared to 2021 due to higher revenue and cost base being used in the computation of these costs.

- Repairs and maintenance increased by 80% or ₱50.3 million due to the increasing underground fleet and mill plant maintenance.

- Bullion refining and transportation charges increased by 2% or ₱1.5 million in 2023 compared to 2022 andby 33% or ₱23.1 million in 2022 compared to 2021 due to the volume and frequency differences of shipments.

- Insurance expense is lower by ₱14.5 million in 2023 compared to 2022 and higher by ₱11.8 million in 2022 versus 2021, mainly due to the changes in insurable properties such as inclusion of newly acquired equipment and exclusion of fully depreciated equipment.

Consolidated Excise Taxes
Consolidated excise taxes are excise taxes on the market value of metals produced which amounted to ₱478.6 million, ₱402.9 million and ₱296.6 million in 2023, 2022 and 2021, respectively. The increase in the excise tax in 2023 and 2022 is attributable to the increase in revenue which is used as tax base in the computation of 4% excise tax due.

Consolidated General and Administrative Expenses
Consolidated general and administrative (G&A) expense in 2023, 2022 and 2021 amounted to ₱359.0 million, ₱223.9 million and ₱211.3 million, respectively. The individual contribution to the consolidated G&A expenses of the Group in each reporting year in millions of PHP are as follows:

	2023	2022	2021
Parent Company	**₱165.3**	₱149.7	₱155.1
MORE and Subsidiaries	**44.8**	41.6	38.3
ISRI	**43.7**	33.6	17.9
	₱253.8	₱224.9	₱211.3

G&A expenses were higher in 2023 compared to 2022 and 2021 due to the increase in manpower in the head office to provide corporate technical services.

Consolidated Finance Costs
Consolidated finance costs in 2023, 2021 and 2020 of the Group amounted to ₱559.3 million ₱170.2 million and ₱165.1 million, respectively. The higher finance cost in 2023 versus

2022 versus 2021 was primarily due to new loan availment with a local bank, partly being cushioned by the effect of quarterly loan amortization payments and higher capitalization of borrowing costs based on the weighted average cost computed this year. Interest on financial liability in the amount of ₱191.3 Million was also recognized in relation to the asset acquisition of AAMRC in accordance with the generally accepted accounting principle reporting guidelines.

Consolidated Other Income (Charges)
The consolidated finance cost and other income/charges of the Group which is primarily from the recognition of temporary impairment of assets, ISRI's sale of rights and interest over Exploration Permit 21-2022-V, previous years' tax losses and provision for recoverability of input tax amounted to ₱351.4 million charges and ₱19.5 million income in 2023 and 2022, respectively. In 2021, the Group recognized a ₱1.2 billion provision for impairment of property and equipment and deferred exploration costs of non-operating local and foreign non-operating subsidiaries or subsidiaries under care and maintenance status, of Monte Oro Resources & Energy, Inc. ("MORE").

Consolidated Provision for Income Tax
The Group's current income tax were at ₱766.3 million, ₱711.4 million and ₱626.1 million in 2023, 2022 and 2021, respectively. The significant portion of current income tax is attributable to the Parent Company being subjected to the regular corporate income tax (RCIT) rate. In 2022, the Parent Company availed the option to use the optional standard deduction (OSD) as its method of deduction.

The benefit from deferred income tax came from the utilization of the carryover net operating loss and the tax credits from MCIT payments in prior periods.

Consolidated Net Income
The consolidated net income of the Group was ₱3.4 billion in 2023, or 1% higher from the ₱ 3.3 million consolidated net income in 2022. In 2021, the Group reported a consolidated net income of ₱657 million after recognizing a provision for impairment loss on various assets of MORE.

The Parent Company net income in 2023 amounted to ₱3.5 billion compared to the ₱3.3 billion and ₱1.8 billion net income in 2022 and 2021, respectively.

Consolidated Other Comprehensive Income (Loss)
Re-measurement gains/losses on retirement plan in 2022, 2021 and 2020 amounted to ₱39.6 million gain, ₱31.0 million and ₱45.4 million loss, respectively, which arises out of the change in the assumptions used by an independent, third-party actuary.

<u>Consolidated Statement of Financial Position</u>
Consolidated Current Assets
Total consolidated current assets increased by 6% or ₱242.6 million to ₱4.6 billion as of December 31, 2023 from ₱4.3 billion as of December 31, 2022 essentially due to the following:

- Cash of the Group rose by ₱338.3 million to ₱1.3 billion from ₱1.0 billion as of December 31, 2022 due to the net cash inflow of ₱3.6 billion from operating activities, despite expenditures for capital assets, mine development and explorations costs aggregating to ₱1.7 billion, and settlements of maturing term loan amortization, dividend payment, and acquisition of AAMRC, with an aggregate amount of ₱1.5 billion, during the year.

- Trade and other receivables decreased by ₱94.1 million to ₱910.0 million as of December 31, 2023 compared to December 31, 2022 mainly due to the timing of the shipment, sales and collection of proceeds from the refiner/customer. Consequently, inventories decreased by ₱312.1 million as of December 31, 2023 versus the comparative balance as of December 31, 2022 due to the timing of shipment of bullion produced. Bullion produced during the month are usually sold near the end of the month but the proceeds are received a number of days in the following month.

- 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 was collected in 2023.

  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.

Consolidated Noncurrent Assets
Total consolidated noncurrent assets increased by ₱6.2 billion to ₱22.5 billion as of December 31, 2023 from ₱16.3 billion as of December 31, 2022 due to the acquisition of AAMRC, advances for royalties, purchase of new equipment and continuous exploration and development activities of both Maco and Sangilo mines. Additions to deferred exploration cost include the fair value of mining rights in North Davao Project amounting to ₱3.97 billion to which the Group has interest through the acquisition of AAMRC's 100% equity interest. The fair value of the mining rights is determined using market approach based on yardstick and area-based multiples as valuation basis.

Consolidated Current Liabilities
Consolidated current liabilities were higher by ₱1.04 billion to ₱7.9 billion as of December 31, 2023 from ₱6.83 billion as of December 31, 2022 mainly because of the recognition of financial liability from the acquisition of AAMRC, higher purchase of local and imported goods and services near end of the period, net of the decrease due to the repayment of short-term loans.

Consolidated Noncurrent Liabilities
The Group's consolidated noncurrent liabilities increased by ₱2.3 billion to ₱4.6 billion as of December 31, 2023 compared to December 31, 2022 due to the recognition of financial liability from the acquisition of AARMC, net of quarterly loan amortization payments and reclassification to current portion of a bank term loan.

Consolidated Equity
Consolidated equity increased by ₱3.0 billion contributed by the total comprehensive income registered in 2023.

Key Performance and Financial Soundness Indicators
Tonnes Mined and Milled
Tonnage, ore grade and metal recovery determine production volume. The higher the tonnage, ore grade and recovery, the more metals are produced.

Please refer to the "Operations" section of Part I, Item I of this report for details on tonnes mine and milled, and production highlights.

Financial Ratios
Management has identified the following financial ratios as significant in assessing the Group's performance:

Financial Ratio	Formula	December 31 **2023**	December 31 2022
Gross profit margin	Gross profit / Revenue	**47.42%**	47.31%
Return on assets	Net income / Total assets	**14.1%**	20.5%
Return on equity	Net income / Total equity	**20.2%**	24.4%
Current ratio	Current assets / Current liabilities	**0.6 : 1**	0.6: 1
Debt-to-equity ratio	Total debt / Total equity	**0.8 : 1**	0.7 : 1
Asset-to-equity ratio	Total assets / Total equity	**1.7 : 1**	1.5 : 1
Debt service coverage ratio	EBITDA / Loan principal plus interest payments	**4.3x**	5.1x

The gross profit margin in 2023 is slightly higher compared to 2022 due higher realized metal prices.

The lower return on assets and return on equity in 2023 is due to faster growth of assets compared to the increase in equity due to net income earned.

Debt-to-equity ratio remained at the same level due to the increase of total debts the Group during the period due to the new loan availment, despite the quarterly amortization of term loans. Asset-to-equity ratio also increased this year compared to prior period due to faster growth in the Group's total asset as compared to the changes in stockholders' equity account.

The current ratio in 2023 remained at the same level compared to 2022 due to lower trade payables resulting from near year-end purchases.

Debt service coverage ratio decreased despite higher Parent Company's EBITDA due to higher interest payments in 2023 compared to 2022.

Material Event/s and Uncertainties

To the best of the Company's knowledge, there are:

a. no known trends, events or uncertainties that would have any material impact on liquidity and revenue of the Company, except for climate change related risks such as landslides which may cause disruptions in the Maco operations;
b. no known events which may trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;
c. no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period except for the corporate guarantee issued by the Company to secure a bank loan of ISRI, share purchase agreement and domestic standby letter of credit with the sellers for the acquisition of Asia-Alliance Mining Resources Corporation;
d. no material commitments for capital expenditures, general purpose of such commitments, and expected sources of funds for such expenditures.
e. no significant elements of the items of income and expenses in the financial performance of the Company other than those described in the Company's audited financial statements.
f. no seasonal aspects of the Company's operations that have a material effect on the Company's financial statements. There is no one period materially significant, whether higher or lower, than the periods during the year.

Item 7. FINANCIAL STATEMENTS

The audited consolidated financial statements are presented in Part V, Exhibits and Schedules.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

INFORMATION ON INDEPENDENT ACCOUNTANTS AND OTHER RELATED MATTERS

External Audit Fees and Services

Audit and Audit-Related Fees

In 2023 and 2022, the audit was basically engaged for the purposes of the external auditor expressing an opinion on the financial statements of the Company and its Subsidiaries. In addition, the audit included providing assistance to the Company in the preparation of its income tax return in as far as ensuring the agreement of the reported income and costs and expenses with the recorded amounts in the books. The procedures conducted include those that are necessary under Philippine Financial Reporting Standards. This, however, did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses.

The total Group audit fees for the foregoing services were ₱8.5 million and ₱7.7 million in 2023 and 2022, respectively.

<u>Tax Fees</u>
Professional fees paid for tax services amounting to ₱4.7 million were paid in 2023 and ₱3.3 in 2022.

<u>All Other Fees</u>
There were no other services rendered by external auditors other than the audit services and tax advisory services mentioned above.

<u>Audit Committee's Approval Policies and Procedures</u>
Prior to the commencement of the work of external auditors, the external auditors present their audit program and schedule to the Company's Board Audit Committee. The external auditors then present the audited financial statements of the Company to the Audit Committee after the completion of the audit.

<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>
There were no changes in and/or disagreements with independent accountants/external auditors on accounting and financial disclosure and no change in the Company's independent accountants during the two most recent fiscal years and subsequent interim periods.

Part III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

The names and positions of all directors and executive officers of the Company are as follows:

Name	Position	Age
Directors		
Jose Eduardo A. Alarilla	Chairman of the Board	73
Luis R. Sarmiento	Director	66
Stephen A. Paradies	Director	68
Michael Ray Aquino	Director	57
Roel Z. Castro	Director	57
Joselito H. Sibayan	Independent Director	65
Valentino S. Bagatsing	Independent Director	65
Officers		
Jose Eduardo A. Alarilla	Chairman of the Board	73
Luis R. Sarmiento	President & CEO	66
Gil A. Marvilla*	SVP for Project Development	74
Billy G. Torres	VP Finance, Treasurer and Compliance Officer	40
Rodulfo A. Palma	VP-Legal and Mine Compliance & Risks	55
Eric C. Andal	VP for Geology & Exploration	48
Emelita C. Fabro	VP-Corporate Administration	62
Silverio Benny J. Tan	Corporate Secretary	67
Jonas S. Khaw	Asst. Corp Secretary	45

**until January 23, 2023*

The directors of the Company have terms of office for one year or until their successors are elected and qualified.

Profile

Below is the profile of each of the Company's directors and officers.

Jose Eduardo J. Alarilla, Chairman of the Board

Jose Eduardo J. Alarilla is the Chairman of Mega Equipment International Corp.; Vice Chairman of Bloomberry Resorts Corporation, a publicly-listed company; President and CEO of Mega Subic Terminal Services, Inc.; and President of Manila Holdings and Management, Inc., LVHI, DEI, Eiffle House, Inc., Alpha Allied Holdings Ltd. and Sureste Properties, Inc. He is also a Director of Bloomberry Resorts and Hotels, Inc., MORE and International Cleanvironment Systems, Inc. He holds a Bachelor of Science in Mechanical Engineering from De La Salle University and Masters in Business Management from the Asian Institute of Management.

Luis R. Sarmiento, Director; President & CEO

Luis R. Sarmiento was elected as President & CEO of the Parent Company on June 28, 2019, after having been previously appointed as Senior EVP & COO on October 1, 2018. He was also elected as President of ISRI and MORE on June 28, 2019. Prior to joining the Parent Company, he was the President of Orica Explosives Philippines, Inc., He was also the President of Orica Nitrates, Inc. and a Director of Nitro Asia Company, Inc. A licensed mining engineer, Mr. Sarmiento served as President of the Philippine Mine Safety and Environment Association, President of the Philippine Association of Industrial Explosive, Inc., and Director of the Chamber of Mines of the Philippines. He was conferred as Outstanding Mapuan Awardee in the field of Mining Engineer in 2005., as Outstanding Mining Engineer Awardee by the Philippine Society of Mining Engineer in 2008, and as Outstanding Mining Engineer of the Year Awardee by the Professional Regulation Commission in 2012. Mr. Sarmiento is a graduate of Mapua Institute of Technology with a degree of Bachelor in Science in Mining Engineering in 1979.

Stephen A. Paradies, Director

Mr. Paradies is a Director of International Container Terminal Services, Inc. (ICTSI), a publicly listed company. He is also a Director of Sureste Properties Inc. ICTSI Warehousing, Inc. and Sociedad Puerto Industrial Aguadulce S.A. Mr. Paradies was formerly the Senior Vice President-Treasurer of Aboitiz & Company, Inc.; a Trustee of Bloomberry Cultural Foundation, Inc.; a Director of Union Properties, Inc.; Prime Metro BMD Corp., and Chairman of NapaGapa Beverages, Inc. and MORE Electric & Power Corporation.
Mr. Paradies received his Bachelor of Science degree, major in Business Management, from the Santa Clara University, California, USA.

Joselito H. Sibayan, Independent Director

Joselito H. Sibayan became Independent Director of the Company in June 2014. He is the President and CEO of Mabuhay Capital Corporation, a firm which provides financial advisory services and capital raising solutions to its clients. Prior to forming Mabuhay Capital, he was Vice-Chairman of Investment Banking-Philippines; Philippine Country

Manager for Credit Suisse First Boston; and Director of Philippine Postal Savings Bank. He has spent almost three decades in investment banking. He is concurrently a Director of ABCI, a publicly-listed company. He obtained his Masters degree from the University of California in Los Angeles and his BS Chemical Engineering from De La Salle University-Manila.

Valentino S. Bagatsing, Independent Director

Valentino S. Bagatsing is the President and Chief Executive Officer of Investment & Capital Corporation of the Philippines (ICCP). He is an Independent Director of Mapfre Insular Insurance Corporation. He was previously a Principal Investment Officer for the International Finance Corporation (IFC), the private sector investment arm of the World Bank Group. He worked at the World Bank group from June 2006 to April 2019. He has also served various senior capacities in Investment, Mortgage and Commercial banking in the Philippines (1993-2006) and in the United States (1982-1992). A Certified Public Accountant, Mr. Bagatsing earned his MBA in Finance at the McLaren School of Business, University of San Francisco and his accounting degree at San Beda College, Manila. He is also a member of the Society of Fellows of the Institute of Corporate Directors (ICD) and the Financial Executives Institute of the Philippines (FINEX).

Michael Ray B. Aquino, Director

Mr. Michael Ray B. Aquino is the Vice President for Security of Bloomberry Resorts and Hotels Inc. with responsibility over facility security in Solaire Resort and Casino. He started as Deputy Director in 2013 and went up through the organization to his current position in 2019. He is actively involved in coordination and government relations relating to the corporate social responsibility projects of Bloomberry Cultural Foundation, Inc. Mr. Aquino was an officer in the Philippine National Police (PNP) and its predecessor agency the Philippine Constabulary, after his graduation from the Philippine Military Academy (PMA) in 1988. Among the positions he held in the PNP was Chief Operations Division of the Presidential Anti-Organized Crime Task Force and Deputy Director of PNP Intelligence Group. Mr. Aquino has a Bachelor of Science from PMA, a Master in Government Management from the Pamantasan ng Lungsod ng Maynila, and has units towards Master of Business Management from the University of the Philippines in Visayas- Cebu.

Roel Z. Castro, Director (from July 12, 2023)

Mr. Roel Z. Castro is the President and Chief Operating Officer of MORE Electric and Power Corporation. Previously, he was the President and CEO of ABrown Company Inc. (ABCI), President of Palm Thermal Consolidated Holdings Corp., Palm Concepcion Power Corp., Peakpower Energy Inc. and Hydro Link Power Corp. He was a former director in Apex Mining Co., Inc.. He finished BS Agricultural Business from UP Los Baños and Master's Degree at Asian Institute of Management.

Gil A. Marvilla, SVP for Project Development (until January 23, 2023)

A Certified Public Accountant, Gil A. Marvilla's experience in the mining industry spans several decades. His professional expertise in mining was also involved in several mining projects of Brixton Energy & Mining Corporation and Lascogon Mining Corporation. At one time, he was the Country Manager for Philex Mining's project in Madagascar. He also served as the Country Manager of Monte Oro Mining Co., Ltd. based in Sierra Leone, in

Africa; Chief Finance Officer of MORE; and Managing Director and VP for Finance & Administration in PT Brown Indonesia and ABCI. He retired last January 23, 2023.

Billy G. Torres, VP-Finance, Treasurer and Compliance Officer

A Certified Public Accountant, Mr. Billy G. Torres worked as a senior associate auditor of Isla Lipana & Co. before moving to Apex Maco mines as Comptrollership Head in 2012. He received his Bachelor of Science in Accountancy from Polytechnic University of the Philippines with Latin honors. He is concurrently the Treasurer of MORE and ISRI.

Rodulfo A. Palma, VP – Legal, Mine Compliance and Risks

Rodulfo A. Palma was an officer of the Natural Resources Development Corporation when he moved in 2003 to the Philippine Mining Development Corporation, both are GOCC attached to the DENR. He left PMDC in 2009 to engage in law practice and has provided consulting works for firms engaged in mineral exploration and development, agribusiness development and export, before he joined Apex in 2013 as Legal Officer for Maco. Operations. From 2016 up to now, he is the President of the Alliance of Responsible Miners of Region XI, and the current President of the Compostela Valley Provincial Business Chamber, and Business Chamber of Maco, Inc. He has finished Bachelor of Arts major in Public Administration and Bachelor of Laws.

Eric S. Andal, VP for Geology & Exploration

Dr. Eric S. Andal completed his Undergraduate and Master's degree at the National Institute of Geological Sciences of the University of the Philippines-Diliman and his doctoral degree in Geology, specializing in Geochemistry, at the Graduate School of Natural Science and Technology of Kanazawa University in Ishikawa, Japan. In 2006 he joined Philex Mining Corporation as Senior Geologist and was assigned as Project Manager for Lascogon Mining Corporation and later concurrently as Exploration Project Manager of Silangan Mindanao Mining Co. Inc., both subsidiaries of Philex.. In 2010 he worked with Atok Big-Wedge Company, Inc. as Exploration Geologist engaged in evaluation of local and foreign projects prior to joining Monte Oro Resources and Energy, Inc. (MOREI) as Head of the Exploration Group in Sierra Leone, West Africa. He was later assigned to MOREI's Special Projects team overseeing Paracale Gold Limited, and later Itogon-Suyoc Resources, Inc. where he served as Assistant Vice President for Operations.

Emelita C. Fabro, VP – Corporate Administration

Emelita Cruz Fabro began her career in the broadcasting industry and in the academe before moving to Vietnam to work in an NGO. Her involvement in this organization lead to her to a PR role in 2006 for a Canadian Mining company, Olympus Pacific Minerals. In 2009 she returned to the Philippines and joined the Parent Company with a role in the Administration, Community Relations and HR. She later became the HR and Administration Group Manager for Silangan Mindanao Mining Co., Inc. She is a graduate of Bachelor of Mass Communication in Pamantasan ng Lungsod ng Maynila where she also took Masteral Units in Communication and in Education.

Silverio Benny J. Tan, Corporate Secretary

Silverio Benny J. Tan holds a Bachelor of Laws degree, *cum laude*, from the University of the Philippines College of Law and a Bachelor of Arts Major in Political Science, *cum laude*, from the University of the Philippines College Iloilo. He placed third in the 1982 Philippine Bar exams. He is an of counsel of, and was a Partner in the law firm of Picazo Buyco Tan

Fider & Santos, and at one time its Managing Partner. He is a Director and Corporate Secretary of Razon & Co. Inc., Prime Strategic Holdings Inc., Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., and Trident Water Company Holdings Inc.. He is also a Director of MORE Electric and Power Corporation, Celestial Corporation, Skywide Assets Ltd., and Dressline Holdings Inc. and its subsidiaries and affiliates. He is the Corporate Secretary of Bloomberry Resorts Corporation (BLOOM), a publicly-listed company, Manila Water Company Inc. (MWC), another publicly listed company, Sureste Properties, Inc., Bloomberry Resorts and Hotels Inc., Lakeland Village Holdings Inc., Devoncourt Estates Inc., OSA Industries Philippines Inc., Pilipinas Golf Tournaments, Inc., Bloomberry Cultural Foundation Inc., MORE and ISRI; and Assistant Corporate Secretary of International Container Terminal Services, Inc. (ICTSI), a publicly-listed company.

Jonas S. Khaw, Asst. Corp. Secretary

Atty. Khaw is a partner in the law firm Picazo Buyco Tan Fider & Santos. He is the corporate secretary of Medco Holdings, Inc. and assistant corporate secretary of Bloomberry Resorts Corporation. Atty. Khaw holds a Juris Doctor and Bachelor of Science in Management Engineering degrees both from the Ateneo de Manila University.

Significant Employees

There is no particular employee of the Company not an executive officer expected to make a significant contribution to the business on his own.

Family Relationships

There are no family relationships among officers and directors of the Company and its Subsidiaries.

Involvement in Certain Legal Proceedings

To the knowledge and information of the Company, none of its present members of the Board of Directors and officers are presently or during the last five years involved in any material proceeding, involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere. To the knowledge and information of the Company, none of the members of its Board of Directors and officers has been convicted by final judgment of any offense punishable by laws of the Republic of the Philippines or of the laws of any other country.

Item 10. EXECUTIVE COMPENSATION

The officers of the Company are considered regular employees and are remunerated with a compensation package consisting of a 13-month base pay. They also receive whatever, if any, that the Board of Directors may approve and extend to its managerial, supervisory and R&F employees.

The aggregate compensation paid or incurred in 2023 and 2022, and estimated to be paid in 2024 to the Officers and members of the Board of Directors of the Company are as follows (in millions):

CEO and Four Most Highly Compensated Officers as a Group

Year	Salary
2024 (Estimated)	₱46.1
2023	43.5

2022	49.1

Aggregate Compensation of All Officers and Directors as a Group

Year	Salary
2024 (Estimated)	₱52.1
2023	54.1
2022	62.3

The aggregate compensation for the CEO and four most highly compensated officers as a group paid in 2023 and 2022 are for Luis R. Sarmiento (CEO), Rodulfo A. Palma, Eric C. Andal, Emelita C. Fabro and Billy G. Torres.

Compensation of Members of the Board of Directors
The members of the Board of Directors of are paid ₱118,000 as per diem for every board meeting (whether regular or special, face-to-face or electronic/virtual) and ₱59,000 as per diem for the Committee meeting (whether regular or special, face-to-face or electronic/virtual) of the board as passed and approved during the annual stockholders meeting held on April 28, 2023. Apart from the foregoing, there are no arrangements regarding their compensation (whether direct or indirect) being as members of the Board of Directors.

Employment Contracts and Termination of Employment and Change-In-Control Arrangements
The contractual relationship between the officers and the Parent Company are as that of an employer-employee. The remuneration the officers received from the Parent Company is solely in the form of salaries and, if any, bonuses.

Warrants and Options Outstanding: Repricing
The directors and officers of the Group do not hold any outstanding warrants or options.

Item 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

As of December 31, 2023, the following beneficially owns at least five percent (5%) of the issued and outstanding common shares of the Parent Company:

Name of Record Owner	Name of Beneficial Owner	Citizenship	No. of Shares	%
Prime Strategic Holdings, Inc.	Enrique K. Razon Jr.	Filipino	2,511,333,765	40.32
Mindanao Gold Ltd.	Mindanao Gold Ltd.	Malaysian	597,051,165	9.59
MORE	MORE	Filipino	555,133,447	8.91
Lakeland Village Holdings, Inc.*	Lakeland Village Holdings, Inc.	Filipino	474,613,599	7.62
Devoncourt Estates, Inc.*	Devoncourt Estates, Inc.	Filipino	423,904,339	6.81

**On March 24, 2022, Prime Strategic Holdings, Inc. ("PSHI") completed the mandatory tender offer for common shares of the Company as a result of its subscription of shares in Lakeland Village Holdings, Inc. and Devoncourt Estates, Inc. which increases the direct and indirect shareholdings of PSHI to approximately 54.75% of the total issued and outstanding shares of the Company.*

Except for the beneficial owners mentioned above, there is no other person or group known to the Company to be the beneficial owner of more than 5% of its voting securities. There is also no voting trust agreement involving shares of the Company.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The number of voting common shares beneficially owned or controlled, directly and indirectly, by the members of the board of directors and named officers as of December 31, 2023 follows:

Name of Beneficial Owner	Citizenship	No. of Shares	%
Jose Eduardo J. Alarilla*	Filipino	1	0.00
Luis R. Sarmiento	Filipino	1	0.00
Stephen A. Paradies	Filipino	550,900	0.01
Joselito H. Sibayan	Filipino	299	0.00
Valentino S. Bagatsing	Filipino	1	0.00
Michael Ray C. Aquino	Filipino	727,000	0.01
Roel C. Castro	Filipino	1,174,753	0.02
Billy G. Torres	Filipino	–	–
Rodulfo A. Palma	Filipino	–	–
Eric S. Andal	Filipino	–	–
Emelita C. Fabro	Filipino	–	–
Silverio Benny J. Tan	Filipino	15,406,747	0.25
Jonas S. Khaw	Filipino	–	–

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacted with companies that are considered related parties. A summary of the more significant transactions with related parties is shown in Note 15 of the audited consolidated financial statements for the year ended December 31, 2023.

Other than the corporate guarantee issued by the Company over the bank loan of ISRI, there have been no guarantees provided for any related party receivables and payables. For the years ended December 31, 2023 and 2022, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examining the financial position of the related parties and the market in which the related parties operate.

Part IV – CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

As a publicly-listed Philippine corporation, the Company conforms to the corporate governance rules, requirements, and regulations of the SEC, PSE and all pertinent government regulatory bodies.

The Parent Company filed a copy of its 2022 Integrated Annual Corporate Governance Report (I-ACGR) to the Philippine SEC on May 30, 2023 and is posted in the Company website. The I-ACGR for 2023 will be filed with the SEC before May 31, 2023 as required by SEC Memorandum Circular 13.

Part V – EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

A. Exhibits
   i. Audited Consolidated Financial Statements and Notes for the year ended December 31, 2023
   ii. Supplementary Schedules

B. Reports on SEC Form 17-C in 2023

Date Filed	Particulars
January 23	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
February 10	Substantial Acquisition (Amendment)
March 16	Notice of Annual Stockholders' Meeting
March 22	Annual Report
March 24	Material Information/Transactions
April 3	Press Release: Apex Mining Posts P3.339 Billion Net Income in 2022
April 28	Declaration of Cash Dividends
April 28	Results of Annual Stockholders' Meeting
April 28	Results of Organizational Meeting of the Board of Directors
May 11	Press Release: P2.6B Gross Revenues for Apex Mining in Q1 2023
July 12	Clarification of News Reports
July 13	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
August 14	Press Release: Apex Mining 1H2023 Gross Revenues Hit P5.7B
December 21	Change in Shareholdings of Directors and Principal Officers

SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April 15, 2024.

By:

LUIS R. SARMIENTO
President & CEO

BILLY G. TORRES
VP-Finance, Treasurer and Compliance Officer

SILVERIO BENNY J. TAN
Corporate Secretary

SUBSCRIBED AND SWORN to before this APR 1 5 2024, affiant(s) exhibiting to me their respective Passports, to wit:

Names	Passport No	Date and Place of Issue
Luis R. Sarmiento	P8005871B	10/27/2021 DFA Manila
Silverio Benny J. Tan	P4294418B	01/04/2020 DFA NCR East
Billy G. Torres	P6369014A	03/10/2018 DFA NCR North

MANDALUYONG CITY

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Book No. 158
Series of 2024

ATTY. JAMES K. ABUGAN
Notary Public
APPT. NO. 0442-23 Until 12-31, 2024
IBP No. 400022 Jan. 04, 2024 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VII-0020184 until 4/14/2025
TIN No.116-239-956
PTR No. 5420882 01/03/2024
Rm. 314 J&B Bldg., 251 EDSA,
Mandaluyong City Tel. No.(02)854-523-21

Annex A: Sustainability Report Disclosures

Contextual Information

Company Details	
Name of Organization	Apex Mining Co., Inc. (APX)
Location of Headquarters	3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City
Location of Operations	Maco, Davao de Oro
Report Boundary: Legal entities included in this report	Head Office, Pasig City Maco Gold Mine, Davao de Oro
Business Model, including Primary Activities, Brands, Products, and Services	Exploration, mining, and production of gold and silver bullions
Reporting Period	01 January to 31 December 2023
Highest Ranking Person responsible for this report	Luis R. Sarmiento, ASEAN Eng President and CEO

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
APX's sustainability report is based on the framework of the Global Reporting Initiative (GRI) standards. Emerging as highly critical are the following: economic, social, corporate governance, employee health and safety, and environmental management. APX started the process of identifying the topics most material to its business operation and stakeholders in 2019.

[1] See *GRI 102-46*(2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (in thousands)	Units
Direct economic value generated (revenue)	10,696,328	PhP
Direct economic value distributed:		
a. Operating costs	5,718,026	PhP
b. Employee wages and benefits	774,456	PhP
c. Payments to suppliers	5,013,775	Php
d. Interest payments to loan providers	543,075	PhP
e. Taxes paid to government	1,538,432	PhP
f. Investments in community (e.g. donations, CSR)	238,108	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
APX's operations provide employment opportunities: • direct employment to the host and neighboring communities • indirect employment through various contractors and suppliers APX's operations generate business for other enterprises. APX pays taxes to the local and national governments. APX provides funds for community development and environmental protection and enhancement. APX has a dividend policy, which started in 2022.	employees, host and neighboring communities, suppliers, contractors, and local and national government, stockholders	APX practices sustainable and responsible mining. Its mission is to promote the well-being of stakeholders by embracing safety as a way of life, achieving world-class environment standards, and upholding a holistic approach to wellness. APX has a strategic business plan anchored on APX's core values: 1. rapid growth of resources is assured 2. outstanding mining image is maintained 3. optimal production is achieved 4. adequate fund is properly secured 5. outstanding external relationships are sustained 6. indigenous peoples' good relations are maintained 7. all risks are identified and managed

		8. five-star systems is supported 9. world standard environmental practices 10. high performance, one team is demonstrated
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
General threats: • dip in world market prices of gold and silver • destructive weather conditions that may or may not be caused by climate change • legislation prejudicial to the mining sector COVID-19 threat: • restricted mobility • overwhelmed healthcare system	employees, stockholders, lenders, suppliers, host communities and neighboring communities	• Annual business and strategic planning. • Monthly management review of performance against targets and objectives. • Monitoring of production and operating costs. • Regular virtual meetings between Management and Board of Directors to ensure continuous operations. • APX maintains its security on high alert status, ensures sufficient security forces manning the tenements, and coordinates with the Armed Forces of the Philippines (AFP). • Implements regular identification, monitoring and reporting of safety hazards and risks, including threats of unfavorable weather conditions. • Conformance to LGU health advisories and protocols, IATF-EID guidelines and protocols and company containment team policies and guidelines.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
High prices of gold and silver in world market.	employees, host communities, suppliers, contractors, and local and national government, stockholders	• Periodic review of short and long term plans to optimize the opportunity of high gold and silver prices. • APX has a short-term gold forward agreement available with refiner/buyer as

		protection against gold price volatility.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	Enterprise Risk Management (ERM) Committee: • composed of members of the Board of Directors (BOD) • ensures that effective and integrated risk management process is in place • periodically revisits risk management strategies to anticipate emerging or changing material exposures The Resident Manager of Maco (or his designate) and the VP for Geology & Exploration regularly report business risks, including climate-related risks that pose material adverse effects to Maco's operations, to the BOD.
a) Describe management's role in assessing and managing climate-related risks and opportunities	Management adheres to best practices in risk management: • to ensure safe workplace for employees • to protect APX properties • to ensure business continuity • to protect host and neighboring communities
Strategy Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Short-term climate-related risks: heavy rains, floods, landslides, and forest fire. Negative impact: reduced revenue due to business interruption, increased costs, higher cost of capital, and non-availability of insurance, suspension/limited operations
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Hazards and risks normally encountered in exploration, development, and production of precious metals (unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, and other conditions involved in the drilling and removal of material) could damage or destroy the mines and other infrastructure.

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

[3] For this disclosure, impact refers to the impact of climate-related issues on APX.

	Power shortages and outages may lead to increase in generator use and/or shutdown of operations. Supply chain disruptions may result in delivery delays of supplies, equipment, and services.
a) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2ºC or lower scenario	APX has a Central Safety, Health and Environment Committee (CSHEC): • composed of department heads from key functional areas of APX's operation, and Employees' Representatives • headed by a Chairman as Chief Risk Manager • has oversight responsibilities regarding risk management. • the Incident Command System (ICS) is activated during emergency
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	The CSHEC reviews the risk management strategies in view of emerging risk exposures. Management evaluates the risk management plan proposed by CSHEC. CSHEC monitors the implementation of approved strategies and activities.
b) Describe the organization's processes for managing climate-related risks	The CSHEC meets monthly to identify, assess, and report on the different safety and climate-related risks which would impact the mining operations, or have already taken place: • risks are rated as to priority - high, medium, and low • high risks are immediately discussed and control measures are set-up • committee reports are submitted to top management and disseminated to all departments for information and action
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	• The risk management processes are integrated into the organization. APX is certified ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health and Safety).
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Below are the metrics to assess the magnitude of climate-related impacts on its operations: • hours of generator use • number of days of operations interruption due to climate-related risks • rainfall, flooding and landslide alerts • delays in deliveries/number of times that stock outs were experienced • safe man hours
b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Constant monitoring and reporting of resource utilization and consumption aims to produce optimal resource efficiencies and safe man hours.
	Constant monitoring of logistics and supply chain performance aims to produce an optimal and efficient model to secure reliable supply and inventory of materials and parts.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	**Quantity**	**Units**
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers*.	5.46	%

**Local suppliers are those selling locally produced materials and services Davao region within the geographical site of APX.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management approach**
In 2023, APX procured PhP 2.B (5.46% of its total purchases) from local suppliers, including cooperatives in the Masara Line. APX assists cooperatives in developing their own business and community based livelihood. APX creates equal employment opportunities and skills	local suppliers, end-users, buyers	Sustain operations capital thru the support of the SDMP fund. APX prioritizes purchases from cooperatives and local suppliers.

enhancement for the members of its host and neighboring communities.		
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Sustainability and technical capability of local suppliers to produce and provide services. Limited capitalization and financial capability. Quality consistency. Limited human resources and decreased production capacity due to COVID-19 quarantine restrictions. Limited production equipment and capacity. Logistics and trucking	end-users, community based suppliers, manufacturers and buyers	Continued assistance to cooperatives and similar organizations to improve their production facilities and capabilities. Alternative local non-cooperative suppliers were considered such as Activated Carbon manufacturers and service providers for metal fabrication. Forecasting and purchasing plans consider production and delivery lead-times, (e.g. timber). Renewal of Supply Agreement for fast moving consumables e.g. Bearings, Laboratory supplies. Maximize use of APX trucks for the regular trips and disrupted supply from Tagum Warehouse to the mine site.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
Livelihood opportunities	Cooperatives and other socio-civic organizations in both host and neighboring communities.	Support local livelihood programs through the SDMP.

Anti-corruption

Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%

Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

Employee Code of Conduct was discussed during employee onboarding.

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management approach**
APX's Code of Conduct: • printed brochures and electronic version (on Apex website) • disseminated to all employees across the organization. The members of the Board of Directors are veteran businessmen and experienced chief executives of utmost integrity. The Directors attend Corporate Governance seminars every year.	employees, suppliers, contractors	Year-round campaign to remind employees of key policies and ensure that awareness remains high: • anti-corruption policies and procedures are discussed during employee on-boarding • channels to reach employees: pep talks, meetings, email blasts, website and social media • policies on Related Party Transactions (RPT) and Conflict of Interest (COI) Disclosure Policies are communicated to all vendors through Dun & Bradstreet • any material infraction in the Code of Conduct and Ethics is reported and discussed during the Board meetings.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
a. Company reputation - if the corruption incident is made public. b. Financial loss to APX – if the incident involves purchases. c. Demoralization among employees - if the incident is not immediately addressed.	employees, suppliers, contractors	The HR Dept. monitors the employees' compliance to the Code of Conduct & Ethics. In 2023: • zero cases of corruption • 85 Code violations investigated: - 24 absences without leave - 10 property damages - 2 pilferage - 3 safety disobedience - 36 negligence

		- 8 insubordination - 2 dishonesty
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
APX is always seeking better ways to communicate its anti-corruption policies to the employees and other relevant stakeholders.	employees, suppliers, contractors	Maximize the use information communication technology. More pep talks to remind employees of the Code of Conduct Policy.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
There were no incidents of corruption in 2023.	none	Institutional policies: • Code of Business Conduct and Ethics • Conflict of Interest Policy • Fair Dealings/ Insider Trading Policy • Material Related Party Transactions
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

Financial loss Substandard material deliveries Penalties for violations of law	employees, suppliers, contractors	Strict implementation of penalties and sanctions for violators. Vision- Mission-Goal and The Malasakit Values orientation. Policies disseminated to accredited suppliers and those applying for accreditation: • Conflicts of Interest • Disclosure Agreements • Related Party Transaction • Data Privacy Act • No Gift Giving Policy
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
Zero-tolerance for corruption can lead to: • more stringent safety and security procedures • conduct of investigation and interrogation for speculative or unconfirmed information.	employees, suppliers, contractors	Review of policies and procedures during management meetings, IMS committee and management reviews, and monthly CSHEC meetings.

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	78,200*	MWh
Energy consumption (gasoline)	0	MWh
Energy consumption (LPG)	none	GJ
Energy consumption (diesel)	887	MWh
Energy consumption (electricity)	109,736	MWh

**By sourcing energy through Power Sector Assets and Liabilities Management (PSALM).*

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
APX practices efficient use of all energy resources. In 2023, APX consumed 78,200 MWh of electricity from renewable sources, which is 71 % of the total 109,736.00 MWh electricity consumption. Energy consumption increased in 2023, corresponding to the increase of power demand by the Mill and Mine Operations.	energy suppliers, host and neighboring communities	APX appointed an energy conservation czar and energy conservation coordinators in each department. The Enercon czar is tasked to develop action plans to optimize energy cost. APX's standard energy-saving programs: • turning-off lights, computers, and air-conditioning units when not in use • generator sets are used as standby units during unexpected power outages and scheduled repairs only
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Unavailability of cheap sources of power and fuel. Alternative energy sources may entail higher cost, and untested networks or systems.	energy suppliers, host and neighboring communities	APX extensively evaluates suppliers' systems before securing long-term contracts. APX continuously implements cost reduction initiatives through its Integrated Management System's Energy Conservation Program (EnerCon).
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
With so many suppliers, APX can negotiate for favorable terms for power and fuel supplies. Negotiated contracts plus internal generator capability allow APX to optimize its energy mix.	energy suppliers, host and neighboring communities	APX maintained an 11MW contracted capacity for FDC (4MW) and PSALM (8MW) in 2023 1st half and 14MW contracted capacity for FGEN (6MW) and PSALM(8MW) in 2nd half. APX also intensified its drive to increase the share of

		renewable energy in its energy mix through an agreement with Lopez-led First Gen Corporation. As First Gen's first Directly-Connected Customer (DCC) in the region, Apex Mining will be sourcing energy from First Gen's Mt. Apo Geothermal Power Plant in Kidapawan, Cotabato.

Water consumption within the organization

Disclosure	**Quantity**	**Units**
Water withdrawal	33,090,124.07	Cubic meters
Water consumption	1,549,952.57	Cubic meters
Water recycled and reused	256,671.07	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management approach**
In 2023, APX consumed a total of 1,549,952.57 cubic meters of water for domestic, industrial and UG (underground) use.	employees, host and neighboring communities	Water-saving initiatives: • faucet and gate are installed in all outlets and controlled by a maintenance plumber during non-peak hours to ensure that the supply of water will be supervised and will be made available only when needed • catch basins and reservoirs • drainage of clean excess water directly back to bodies of water • regular monitoring of water discharge through the flowmeter device and bucket method
Water naturally flowing in the underground mines is pumped out to allow underground mining: • In 2023, 33,090,124.07 cubic meters of water	employees, host and neighboring communities	APX constructed dewatering sumps for excess water coming from underground. The pumped-out water passes through the constructed series of underground silt traps to allow

was pumped out to prevent flooding of the underground mine.		settlement of suspended solids, then in a large settling pond located at the main portal, and finally released to the river.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Underground operations may develop leakage that can lead to soil and groundwater contamination.	employees, host and neighboring communities	Mitigations: • contaminated water from underground passes through silt traps and sumps before being discharged • bund walls in critical areas at the Mill Plant may contain possible spillage
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
APX recycles water for its day-to-day operations.	employees, host and neighboring communities	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.

Materials used by the organization

Disclosure	**Quantity**	**Units**
Materials used by weight or volume		
a. Renewable (Water)	256,671.07	Cubic meters
b. non-renewable (Sodium Cyanide)		
• Sodium Cyanide	1,471,000	Kg
• Activated Carbon	84,275	Kg
• Lime	935,000	Kg
Percentage of recycled input materials used to manufacture the organization's primary products and services (water)	2	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management approach**

Interruption of milling and mining operations.	employees, host and neighboring communities, suppliers	Enhancement and protection of watershed and tributaries. Secure short- and long-term supply agreements for reagents. Optimum use of materials used in the operation.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Depleted water supply during the dry season. Shortage in supply due to market demand.	employees, host and neighboring communities, suppliers	Regular monitoring of water level and identification of alternative water sources. Secure short- and long-term supply agreements for reagents. Maintain 3-month inventory level.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
Process improvement to reduce materials consumption and increase gold and silver recovery.	operations, host and neighboring communities, suppliers	The Corporate Technical Services (CTS) identifies potential new or emerging technologies, equipment or processes that can be implemented in the mine to improve output. The CTS attends fora, conferences and similar events to keep abreast of the latest innovations in the mining industry.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Two (02)	#
Habitats protected or restored	1. Mangrove Forests in Bucana, Maco (3 ha) 2. Bongabong, Pantukan (7 ha)	ha

IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	1. Kalantas (*Toona calantas Merr.*) 2. Yakal (*Shorea astylosa*) 3. Apitong (*Dipterocarpus grandiflorus*) 4. Red Lauan (*Shorea negrosensis*) 5. White Lauan (*Shorea contorta*) 6. Mayapis (*Shorea palosapis*) 7. Almaciga (*Agathis philippinensis*) 8. Narra (*Pterocarpus indicus*) 9. Batikuling (*Litsea leytensis*) 10. Alupag (*Euphoria didyma*) 11. Pahutan (*Mangifera monandra*) 12. Antipolo (*Artocarpus blancoi*) 13. Tree Fern (*Cyathea contaminans*) 14. Kalingag (*Cinnamomum mercadoi*) 15. Dawn Bat (*Eonycteris robusta*) 16. Philippine Sailfin Lizard (*Hydrosaurus pustulatus*)	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management approach**
Possible disturbance of the natural habitats of the native wildlife and loss of flora and fauna.	host and impact communities	Conducted Progressive rehabilitation on buffer zone, open and grassland, kaingin, and secondary growth forest areas. Over time, these areas will enhance the wildlife.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

[4] International Union for Conservation of Nature

Top three risks: • wildlife hunting • slash-and-burn farming • illegal cutting of trees by the neighboring communities	employees, regulatory bodies (ex. Department of Environment and Natural Resources -Mines and Geosciences Bureau), and host and neighboring communities	APX's biodiversity conservation efforts: • guard against illegal activities within the tenement to preserve the foraging and roosting sites of avifaunal species (in partnership with the DENR-MGB) • information education campaign (IEC) on the protection of wildlife and other identified man-made illegal activities (e.g. kaingin, poaching and illegal cutting of trees) directed at employees and the residents of the host and neighboring communities. • has a deputized DENRO personnel who has a special order from the DENR assign to monitor and apprehend illegal activities within the tenement.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
APX implements biodiversity-focused programs as part of its Annual Environmental Protection and Enhancement Plan (AEPEP).	employees, regulatory bodies (ex. Department of Environment and Natural Resources -Mines and Geosciences Bureau), host and neighboring communities	• Ensuring compliance to all existing laws and regulations related to biodiversity conservation and protection. • Planting of Native and Endemic Plant species within the tenement area. • Regular monitoring of Existing Flora and Fauna species within the tenement area.

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	15,286.79	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	50,084.18	Tonnes CO_2e
Energy indirect (Scope 3)	103.91	Tonnes CO_2e
Emission of ozone-depleting substances (ODS)	0	Tonnes CO_2e

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
APX emitted a total of 65,474.88 Tonnes CO2e of GHG in 2023.	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	APX's GHG Reduction Plan is currently being implemented and will be evaluated after three years to determine significant results. APX's mitigation activities: • limit the use of ozone-depleting substances in all activities and equipment • pollution control devices • regular maintenance servicing of equipment
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Can contribute to climate change, respiratory diseases and air pollution.	employees, host and neighboring communities, and government agencies	Implementation of GHG action plan: • use of Adblue to reduce harmful emissions of nitrogen oxides (NOx) of new equipment • new equipment purchased have engines that are Euro IV to V • use of inverter type air-conditioning units • turning-off of lights, computers, and air-conditioning units when not in use • using of LED lighting system.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**

Reduction of GHG emissions through the effective implementation of GHG reduction programs/ projects and policies.	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	APX's Action Plan to reduce its GHG emissions includes both short- and long-term efforts: • maintain existing reduction measures using energy and cost-saving technologies • improve the productivity of logistical facilities and equipment • implement low-carbon mine design and processes • use low-carbon transport management system • audit energy and GHGs tracking systems • forest rehabilitation, protection, and management • energy conservation education and promotion • community energy planning • energy efficiency financing assistance program.

Air Pollutants

Disclosure	**Quantity**	**Units**
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg

SOURCE	PARAMETERS			
	Particulate Emissions	**Sulfur Oxide**	**Nitrogen Oxide**	**Carbon Monoxide**
Furnace 1	117.1	24.5	32.9	263.4
Furnace 2	73	15.2	32.2	238.7
DENR standard	**150 ug/Ncm**	**700 ug/Ncm**	**500 ug/Ncm**	**500 ug/Ncm**
REMARKS	**PASSED**			

SOURCE	PARAMETERS			
	Particulate Emissions	**Sulfur Oxide**	**Nitrogen Oxide**	**Carbon Monoxide**
Boiler (200BHP)	33.4	9.9	12.4	104.1
Regeneration kiln	58.8	3.9	9.3	51.6
DENR standard	**150 ug/Ncm**	**700 ug/Ncm**	**2,000 ug/Ncm**	**500 ug/Ncm**
REMARKS	**PASSED**			

**All Stand-bu generators were exempted from Source Emission Testing as per DENR -EMB MC 2022-003).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management approach**
APX ensures that its air emissions are within the regulatory limits set by the DENR.	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	APX's strategies in managing air pollution: • water spraying on haul roads • silt scraping • installation and maintenance of tire wash • installation and maintenance of dust boxes (dust collector system at prep. lab.) • motor vehicle maintenance • observance of speed limits • air quality monitoring • tree planting along barangay and mine access roads.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Can lead to air pollution and potential health risks.	employees, host and neighboring communities	APX installed Pollution Control Devices (PCD) and conducted regular PMS for every stationary source within its operation. The company also provides special PPE to workers who are directly involved in air pollution-mitigation tasks.

What are the opportunity/ies identified?	Which stakeholders are affected?	Management approach
Conduct regular monitoring of air emissions to better assess the effectiveness of its efforts to maintain good air quality in the mine site and in the surrounding communities.	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	APX commissioned a third-party environmental service provider to conduct source emission testing on its pollution sources.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	68,361	kg
Reusable	2,893.12	kg
Recyclable	6,147.88	kg
Composted	14,262	kg
Incinerated	0	kg
Residuals/Landfilled	45,058	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
APX has an effective solid waste management system in place. In 2023: • 21% of solid waste were composted. • 9% were recycled. • 4% were reused. • 66% residuals.	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	Proper waste disposal: • biodegradables were turned into vermicompost or mulch to augment mine rehabilitation activities • recyclables were sold to third-party buyers • residual waste were temporarily stored at the Maco Sanitary Landfill. For 2023 a total of 39,017 kls. of residuals were disposed. • hired a Waste Management personnel (waste segregator) to properly quantify, through actual weighing, the solid waste generated by the mine site.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Generation of solid waste	employees, regulatory bodies (ex. Department of	Solid waste management program.

	Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
APX recycles and reuses materials that are still in good condition.	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau)	Rock bolts and worn-out pipes are recycled and reused for ongoing engineering projects.
APX seeks to contribute to the decrease in the amount of waste being landfilled and generate income at the same time.		APX sells the scrap waste to third-party buyers to divert waste from the scrap yard and the MRF. In 2023, a total of 567,461.00 kilos of scrap iron and recyclable materials was sold to a third-party buyer.

Hazardous Waste

Disclosure	**Quantity**	**Units**
Total weight of hazardous waste generated		
Used batteries	8.097	MT
Oil contaminated materials	24.8	MT
Pathological waste	0.8	MT
Used oil	115.20	MT
Waste with cyanide	735,500	MT
Total quantity of used oil transported*	50.00	MT
Total quantity of Oil contaminated materials transported*	20.00	MT

**For 2023, only used oil and oil contaminated materials were transported to accredited third-party transporters and treaters; other hazardous wastes were stored until they reach the required quota.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
APX's operation generates hazardous waste.	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and	Hazardous waste management strategies: • three-chamber oil-water separator facility and temporary used oil storage area at mechanical shops • assay laboratory chemical waste treatment

	neighboring communities	• hazardous waste segregation • temporary hazardous waste storage facility • engagement of a DENR-accredited hazardous waste transporter and treater • cyanide neutralization process (the treatment of Sodium Metabisulfite or SMBS at tailings hopper before pumping at the TSF for final disposal
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Hazardous wastes are a health risk to people and a threat to the surrounding flora and fauna.	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	Hazardous waste management mitigation measures: • process optimization • use of new emission-control technologies
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
APX generates income from used batteries and used oil. Lessen storage of hazardous materials.	employees, accredited buyers, host and neighboring communities	APX is exploring the use of environment-friendly and biodegradable materials to reduce its generation of hazardous waste. APX has contracted a government-accredited third-party transporter and treater for the disposal of hazardous waste (ex. oil and used lead acid batteries).

Effluents

Disclosure	Quantity	Units
Total volume of water discharges (OWS)	1,095	Cubic meters
Percent of wastewater recycled (Toe Drain)	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach

In 2023, APX generated 735,500 tons of mill tailings slurry and stored in its tailings storage facility (TSF).	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	APX ensures water resource efficiency by: • managing and reducing the amount of water discharged • recycling of wastewater from the TSF for milling operations • monitoring the volume of water discharged through the flowmeter device installed in the TSF toe drain and through the bucket method (for other discharge outlets). In 2023, the volume of water recycled from the toe drain back to the mill plant was approximately 375,105 cu.m. (100% the total volume of wastewater treated from the Tailings Management Facility).
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
In the future, stricter government regulations on the quality of water discharges by mining companies may be imposed, which may incur additional cost.	regulatory bodies: (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	APX continuously monitors its water discharge parameters and improves existing practices through new technologies and better controls. Maintains existing structures such as oil/water separator facility, settling ponds, polishing pond and earth sumps to mitigate the impact of water pollution to nearby bodies of water.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
Continuous improvement in managing its natural resources and hazardous wastes.	employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and neighboring communities	APX has a Water Treatment Facility equipped with a settling pond and an oil-water separator installed in significant discharge points such as mechanical repair bays and used oil storage facilities. It also has a tailings storage facility or TSF (a containment facility for wastewater

		discharges from milling operations).

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management approach**
An NOV (Notice of Violation) lodged against APX can lead to a negative perception about the company among its stakeholders.	employees, host and neighboring communities	APX diligently complies with all relevant environmental regulations, such as the permit conditions, the implementation of environment programs and other related concerns.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Can lead to penalties, suspension and even closure if issues and concerns are not resolved.	Employees, host and neighboring communities	APX keeps abreast with the latest on relevant government laws and regulations through research, attendance to relevant training and coordination with concerned govt. agencies.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
Strict compliance to the government's environmental regulations ensures that APX is able to maintain its good reputation and promote responsible mining. Non-issuance of NOVs by regulatory bodies ensures that APX's operations run smoothly.	Employees, regulatory bodies (ex. Department of Environment and Natural Resources - Mines and Geosciences Bureau), host and	APX presents its environmental initiatives and programs through its AEPEP.

	neighboring communities	

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data (as of December 31, 2022)

Disclosure	Quantity	Units
Total number of employees[5]	1,630	person
a. Number of female employees	136	person
b. Number of male employees	1,494	person
Attrition rate[6]	6.90%	%
Ratio of lowest paid employee against minimum wage	0	%
Total number of workers through contractors	1,540	person
a. Number of female workers	114	person
b. Number of male workers	1,426	person

Employee Benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	30	511
PhilHealth	Y	6	206
Pag-ibig	Y	41	599
Parental leaves	Y	4	2
Vacation leaves	Y	136	1494
Sick leaves	Y	5	206
Medical Benefits (aside from PhilHealth)	Y	42	732
Housing assistance (aside from Pag-ibig)	Y	20	60
Retirement fund (aside from SSS)	Y	0	19
Work from home (20 employees)	Y	0	0

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach

[5] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[6] Attrition rate = (no, of new hires – no. of turnover)/(average of total no, of employees of previous year and total no. of employees of current year)

<table>
<tr><td>APX provides competitive salary and benefits packages.

In 2023, APX provided productive employment to 1,630 people.</td><td>APX enhances its competitive salary and benefits packages with the following:
medical, dental and hospitalization
meal allowance for supervisors and rice allowance for rank & file employees
free uniform for surface and underground employees
mobile phone allowance ranging from P500 to P2,000 per month
medicine & laboratory reimbursement annually of up to 8,000 per month
hospitalization benefit according to job level which ranges from P100k to P250k; this includes employee’s dependents, too
St. Peter Life Plan in case of employee death
mortuary fund benefit
performance incentives
perfect attendance incentives
Mitigation measures against COVID-19:
APX has a DOH-accredited molecular laboratory and a 50-bed isolation facility for COVID – 19 cases
continuous monitoring of health of employees
RTPCR is still conducted to symptomatic employees</td></tr>
<tr><td>What are the risk/s identified?</td><td>Management approach</td></tr>
<tr><td>a. Employee attrition in 2023 was 6.90%</td><td>The company implements employee training programs and engagement programs
Supervisory Development Program
SDP1 - 31
SDP2 - 29
SDP3 – 20
Managers and Supervisors Orientation- 31
Customer Care- 69
Mental Health Awareness Program that includes a 24/7 hotline and counselors (by appointment)
Work Attitude and Values Enhancement Programs
Supervisory Bridge Program for Managers
Kapehan sa Underground</td></tr>
<tr><td>What are the opportunity/ies identified?</td><td>Management approach</td></tr>
</table>

APX provides employment opportunities to its host and neighboring communities.	APX provides scholarship programs and skills training to residents of its host and neighboring communities. Upon completion of the program or training, they are hired either directly by APX or indirectly through contractors when their particular skill set is required by APX.

Employee Training and Development

Disclosure	**Quantity**	**Units**
Total training hours provided to employees	51,796	Hours
a. Female employees	1,304	Hours
b. Male employees	50,492	Hours
Average training hours provided to employees	37.56	Hours
a. Female employees	16.3	hours/employee
b. Male employees	38.87	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Training opportunities to employees: technical operations of equipment; development of soft skills; continuing education for professional/licensed employees.	In 2023, APX provided 51,796 hours of training to its employees.
What are the risk/s identified?	**Management Approach**
Technical employees are not familiar with latest technology.	• Performance monitoring • Skills effectiveness assessments • Skill Trainings Tests
What are the opportunity/ies identified?	**Management approach**
Performance evaluation Recognition of exemplary work	• Annual performance reviews done every November • Exemplary employees are sent to attend national trainings and visit supplier factories abroad • 360-degree performance review of candidates who are up for promotion. • Special recognitions: Safest Underground Worker, Honesty and Perfect Attendance; PEAR (Policy on Employee Academic Recognition Award); Five Stars Award

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
APX is a non-unionized company. Nevertheless, the company maintains an open-line of communication with its employees as a tool for a healthy labor-management relation. Apex Mining won the 2023 Outstanding Labor Management Cooperation (LMC) for Industrial Peace Award and a Special Awardee of the 2023 Outstanding Grievance Machinery for Industrial Peace given by the National Conciliation and Mediation Board. The company's thrust of building a solid foundation of labor management within the inherently Filipino value of *malasakit* won the nod judges of this prestigious search.	The company strengthens its relationship with its employees through the Labor Management Cooperation Council called AMCINERO. Employee representatives elected from each cluster represent their fellow employees in dialogues and help the company in formulating policies. This is also in compliance with the MGB mandate.
What are the risk/s identified?	**Management approach**
Labor relations that are not effectively managed may escalate into conflict between the management and the workers. This, in turn, may negatively impact operation and may entail cost.	The company has an Industrial Relations Office that handles disputes among workers and grievances raised by them, as well. This ensures that workers have an avenue where their concerns are raised and addressed. The company also has its designated counselor who handles counselling in relation to work and family problems that might affect their work. New policies are communicated to employees through several channels, such as email, bulletin boards, and pep talks. New policies are implemented two (2) weeks after these have been cascaded to give more time for feedback from employees.

What are the opportunity/ies identified?	Management approach
The company provides opportunities for employees to share their thoughts and insights for the improvement of its operations. There is consultation and participation of workers in the discussion of policies and welfare.	Through the AMCINERO, the APX is able to encourage the involvement of its employees in decision- and policymaking.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of females in the workforce	136	8.34%
% of males in the workforce	1,494	91.65%
Number of employees from indigenous communities and/or vulnerable sector*	221	13.55%

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
The high percentage of male versus female employees is not unique to APX. Rather, it is a function of the mining industry's nature to be typically male-dominated and not due to a preference for a specific gender. The distribution in number and percentage is a natural consequence of the open selection process.	APX is an equal employment opportunity employer. The principle of non-discrimination is also applied in the promotion of employees.
What are the risk/s identified?	**Management approach**
There is no significant risk identified.	APX maintains an equal opportunity and treatment to all nurturing a work environment that is free from any form of discrimination.
What are the opportunity/ies identified?	**Management approach**
Proposed answer: Employing people from all walks of life, regardless of gender, religion, physical abilities and the like can provide APX with a wider talent, labor and expertise base.	The company's inclusive policy applies to its talent acquisition, learning & education, career development planning, employee welfare, compensation & benefits, and other aspects of human resource management & development.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Total Man-Hours	8,684,755	Man-hours
No. of work-related injuries/illnesses	5	Cases
No. of work-related fatalities	1	Cases
No. of safety drills	12	Cases

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Safety is very much ingrained in APX's corporate DNA, counting it among the cornerstones in promoting the well-being of all its stakeholders. APX has a Comprehensive Safety Program: • Mines and Geo-sciences Bureau issued Certificate of Approval No. SHP-2023-XI-003 to APX's submitted Annual Safety and Health Program CY 2023 • policies and guidelines against COVID-19 were formulated and implemented following IATF guidelines (April – December 2023), Apex Mining Co., Inc. achieved 6.689 million manhours without LOST TIME ACCIDENT. • In 2023, April- December 2023, APX attained 6,689,000 manhours without Lost-Time Accident as reflected in its Monthly General Accident Report submitted timely to Mines and Geo-Sciences Bureau (MGB) During the 69th Annual National Mine Safety and Environment Conference (ANMSEC) held in Baguio City from November 14-17, 2023, APX participated in various event competitions and received awards from the Philippine Mine Safety and Environment Association (PMSEA) in: • Hand Mucking – 2nd Runner-up For the lone work-related fatality, APX provided all the statutory benefits due to the victim, which included immediate hospitalization prior to his demise, funeral and burial, and other financial assistance. Typical of its commitment to the value of *malasakit*, APX also went the extra mile by extending assistance in terms of	The Comprehensive Safety Program is comprised of the following: 1. Leadership and Administration, and Organizational Rules 1.1. MGB-approved Safety and Health Program for CY 2023 was cascaded during the monthly department safety meeting. 1.2. Re-cascaded the PPE policy during pep talks and departmental safety meetings. 1.3. Re-orientation of department coordinators. 1.4. Cascaded and implemented the new COVID-19 prevention protocol. 1.5. Released and cascaded various guidelines: • Free medicine for leptospirosis • Assessment and learning session for managers • Review of Operational Control Procedures • Selection of Safest Employees including its contractors • Mandatory 8-Hour Safety Awareness seminars for supervisors, surface and underground workers • ISO internal audit 1.6. Requested the following permits from MGB: • Construction Extension of Bibak Substation • Construction Extension of Additional CIL Tank • Construction Extension of Goldroom • Construction Extension of Fire Assay • Construction Extension of Explosive Magazine at L700 • Construction of compressor foundation of roofing at Mill area

logistics and food to the family of the employee.	• Construction of roofing at Central Engineering Shop • Construction concrete flooring at MCO extension located at L4 • Construction substation of AMCI Accommodation at Barangay Nueva • Construction construct fuel tank farm shed fronting the power plat at L4 • Construction Oil water separator at Central Engineering Shop • Construction Mill Maintenance, electrical and operation office • Construction Retaining wall at SMBS mill area • Construction Perimeter Fence, Gate, Pathway and structure extension at MCO • Construction Slope stabilization at Bunlang Batching Plant • Construction Chamber Shed • Construction Masara Tailings Dam and Temporary Facilities • Construction additional 2.5 MVA transformer at L870 • Construction Upgrading of main power substation capacity from 22MVA to 35 MVA • Construction substation 69KV at L840 • Construction Power Substation at L496 • Installed Electrical and Mechanical new assay Lab • Operate newly installed underground substation @ L435 BNZ. • Operate compressor at Mill area • Operate Plant and substation at Masarita Main Substation 1.7. Audit plan 1.8. Annual physical examinations 1.9. Refresher course for all light vehicles and heavy equipment operators 1.10. Consultation for inputs for the next annual safety and health program

	1.11. Renewal of permit of Safety Inspectors 1.12. Renewal of permit to operate for power generating sets, pressure vessels, thermal heater, steam boiler and power substation. 2. Safety Meetings • Weekly Mill Coordination Meeting • Twice a Month Operations Meeting • Weekly Mine Coordination Meeting • Monthly Central Safety, Health and Environment Council (CSHEC) Meeting 3. Management and Employees Training/Seminars • External – 21 different training/seminars from various fields in project management, emergency response/first aid, occupational medicine in the COVID-era, human resource management, logistics and supply chain, electrical installation protocols and procedures, supervisory development, pollution control, and occupational safety-related subjects • Internal – 80 various trainings/seminars in skills development, attitude and behavioral identifications and improvements, supervisory development, safety officers' training on explosives and explosive accessories, rescue techniques and procedures 4. Good Housekeeping • Weekly regular housekeeping activity • Daily collection of garbage • Regular waste segregation and monitoring

	• Daily/Weekly/Monthly inspection of working areas • Dust suppression activities for all mine road networks during the summer months 5. Health Control and Services • COVID-19 measures - Ocular inspection of APX Molecular Laboratory - Monitoring of COVID-19 positive employees - Occupational medicines vs COVID-19 - Vaccine booster shots to employees - Regular maintenance of Isolation Facility • Blood donation program • Deworming activities • Flu vaccination • Dispensing of vitamins and selected maintenance drugs • Free treatment of employees with TB; community monitoring of TB and dispensing of anti-TB drugs • Evaluation and interpretation of Annual Physical Examinations for employees • Vaccination shots for anti Hepatitis B • Physical Fitness Program: Biggest Loser, a weight reduction competition. • Daily OPD consultation and prescription 6. Personal Protective Equipment (PPE) Regular issuance/replacement of various PPEs: • Alarms • Chemical resistant apron • Welding apron • Strap binders • BP apparatus • Reflectorized vests • Fire extinguisher • Hard hat

	• Chemical mask cartridge • Chemical respirator • Chin strap • Working gloves • Disposable chemical resistant cover-all • Full face crash helmet • Gas detectors • Ear muff/plug • Early warning device • Rescuer's helmet • Rescuer's uniform/PPE • Illuminated exit signs • KN95 face mask • Face shield w/ visor • 2" diameter x 30m fire hose • High temperature gloves • Chemical gloves • Welding mask • Welding gloves • Eye protection device • Fall protection device • Reflectorized pants • Raincoats • Safety shoes • Safety boots • Whistle • Rescue material • High temperature suit • Smoke tube • Reflectorized sweatshirt • Caution tape • Danger tape • Traffic cones • Signages 7. Monitoring and Reporting • Incident/Accident Reporting, Investigation and Analysis - Monthly submission of general accident report to MGB and DOLE - Monthly in-house investigation presided by a Committee - Summary of personal injury (6 cases) • Inspections

	- Daily inspection by Safety officers
	- Weekly group inspection by supervisors and managers
	- Monthly safety audit/inspection
	- MGB-initiated inspection
	    o Quarterly safety and health
	    o Annual safety and health
	    o Annual electrical and mechanical installation
	    o Annual explosives inventory
	
	8. Emergency Response and Preparedness Program
	• Emergency drill
	    - Suspected Covid-19 Case (January 2023)
	    - Earthquake, Chemical spill and radiation emergency (February 2023)
	    - Earthquake, Dam Breach (February 2023)
	    -
	    - Typhoon, landslide and flashflood (April 2023)
	    - Fire (March, June, September, December 2023)
	    - Vehicular accident (July, November 2023)
	    - Landslide and flashflood (August 2023)
	    - Tailings pipe leak (October 2023)
	    - Actual Series of Earthquake (March 2023)
	• Inspection/audit/installation/refill of First Aide kits
	• Inspection/audit/installation/replacement of Fire Extinguishers
	• Inspection/audit/testing of Fire Hydrant and Hoses

	- Regular/ocular inspection of ANFO magazine - Monthly audit of ERT tools and equipment - ERT Refresher Course training (12 trainings) 9. General Promotion - Attendance to the 69th ANMSEC and participated the following event competition: - Hand Mucking (2nd runner-up) - Installation/maintenance/replacement of safety signages/convex mirrors 10. Other activities - Random alcohol testing of employees (mandatory testing of workers involved in accident/incidents) - Monthly sampling of drinking water sources - Servicing of gas detectors, light meters, and alcohol testers 11. Budget Utilization (Php 63,011,000) - Leadership and Administration (Php 61,500.00) - Organizational Rules and Policy (Php 28,000.00) - Management and Employee Training (Php 4864,277) - Good Housekeeping (Php 260,000) - Health Control and Services (Php 15,516,149) - PPEs (Php 38,101,225) - Monitoring and Reporting (Php 732,083) - Emergency Preparedness and Response Plan (Php 1096,413) - Occupational Safety and Health Management (Php Php 2,185,512) - Other activities (Php 165,841)
What are the risk/s identified?	**Management approach**

<table>
<tr><td>The risks associated with its operations are classified into four types:
1. <u>Chemical</u>
- This includes excessive airborne concentrations of acids/mist, solvents/vapors/gases, dust/particulates, heavy metals or fumes.
2. <u>Physical</u>
- This includes noise, inadequate illumination, extreme temperatures, radiation, extreme pressure, vibration, poor ventilation.
3. <u>Biological</u>
- This includes bacteria, virus, fungi, molds, and microorganisms.
4. <u>Ergonomic</u>
- This includes improperly designed tools or work areas, improper lifting or reaching, poor visual conditions, and repeated motion in an awkward position.</td><td>APX applies the Hazard Identification, Risk Assessment and Control (HIRAC) and Job Hazard Analysis (JHA) in its operations.

Hazard control measures are:
1. <u>Elimination</u>
- The hazard is eliminated through design.
2. <u>Substitution</u>
- The hazard is prevented or minimized by using a different equipment or tool.
3. <u>Engineering controls</u>
- The hazard is prevented or minimized through isolation and guarding.
4. <u>Administrative controls</u>
- The hazard is prevented or minimized through training and work scheduling. This prevents mistakes caused by lack of knowledge or adequate rest.
5. <u>PPE</u>
- The hazard is prevented or minimized through the use of PPEs. This is considered as a last resort by APX.

For cases of human negligence or non-compliance, APX issues a disciplinary action.</td></tr>
<tr><td>What are the opportunity/ies identified?</td><td>Management approach</td></tr>
<tr><td>1. Improvement of the Comprehensive Safety Program through continuous training and consultation during the formulation of the Annual Safety & Health Program (ASHP) in participation of workers' representatives.
2. Enhanced employee credentials leading to higher job category (3 Safety Officers were actually transferred to another department with higher job category).</td><td>In 2023, APX provided a total of 101 training activities on health, safety, and 21 disaster preparedness (first aid, basic firefighting, emergency medical responder, safety awareness, mountain search rescue, ambulance operation, blasting, refresher course for operators, and supervisor development program, mine rescue.</td></tr>
</table>

COVID-19 RESPONSE AND PROTOCOL

Disclosure	Quantity	Units
Positive	0	Person
Recovered	0	Person

Mortality	0	Person

Vaccination	Quantity	Units
Vaccinated (Full-dose; Regular Employee)	1,631	Person
Unvaccinated	3	Person
Adverse Effect	0	Person
Mortality	0	Person
Total Adherence to Vaccination (Regular Employee)	99.82%	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Policies and guidelines to mitigate the negative impact of COVID-19 were implemented in accordance with the guidelines set by Company's COVID Management Team (CMT), the Local & National IATF and the regulatory agencies. These policies and guidelines were reviewed and updated as the situation evolved.	employees, suppliers	APX coordinated with LGUs, MHOs and other government agencies for the proper guidance and updates in implementing measures to contain the transmission of COVID-19 virus. APX, in coordination with the MHO, conducted booster vaccination programs against Covid. APX also maintains a DOH-accredited molecular laboratory and a dedicated 50-bed isolation facility.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Immergence of new Covid-19 variants Increase in active cases of COVID-19 patients	employees, contractors, suppliers, and host and neighboring communities	APX, in coordination with the MHO, conducted booster vaccination programs against Covid. APX is still observing the minimum health protocols (wearing of face masks, social distancing, hand hygiene, and proper ventilation).
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**

Screening of employees to prevent the spread of Covid-19 in the workplace Continuing operations despite COVID restrictions brought about by COVID-positive employees Creating vaccination program against COVID-19	employees, contractors, suppliers, and host and neighboring communities	APX implemented the following: • implementation of COVID-19 protocols • RT-PCR swab testing of Suspect and Probable cases of COVID-19 • isolation of confirmed cases • prompt contact tracing • monitoring symptoms from closed contacts COVID-19 vaccination program including administration of booster shots in partnership with the MHO

Labor Laws and Human Rights

Disclosure	**Quantity**	**Units**
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	**Y/N**	**If Yes, cite reference in APX policy**
Forced labor	Y	Republic Act 9208 (Anti-Trafficking in Persons Act) Philippine Constitution (Sec. 18.(2), Article III of the Constitution) - prohibition on involuntary servitude
Child labor	Y	Anti-Child Labor Policy Republic Act 7658 (An Act Prohibiting the Employment of Children below 15 Years of Age in Public and Private Undertakings) Republic Act 9231 (Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act)
Human Rights	Y	Philippine Constitution (Article III “Bill of Rights” of the Constitution) Anti-Sexual Harassment in the Workplace Policy, including the amendment to Republic Act 7677 (Safe Streets and Public Spaces Act) Republic Act 11313 (Bawal Bastos Law)
Security of Tenure	Y	Labor Code of the Philippines Book 6 Article 279

What is the impact and where does it occur? What is the organization’s involvement in the impact?	**Management approach**

APX's Code of Business Conduct and Ethics is aligned with the Philippines' labor laws and human rights policies. APX was recognized by the Department of Labor and Employment (DOLE) Region XI as a Lifetime awardee of "Child Labor-Free Establishment"	APX's Code of Business Conduct and Ethics is implemented in conjunction with other company policies and Philippine labor laws. APX treats all employees equally, recognizing the diversity (age, gender, ancestry, culture, religion, education, physical and mental abilities) of its workforce.
APX has one active labor case as of December 2023, involving illegal dismissal (ongoing; started in 2021).	The AMCINERO foster harmonious relationship between employees and management. In cases of violations, APX continues to execute administrative proceedings affording due process to erring employees. It also respects the right of the dismissed employee to file a labor case.
What are the risk/s identified?	**Management approach**
Non-utilization of the grievance channels by the employees will limit APX's capability to resolve their concerns – potentially leading to a high attrition and low employee morale.	Employee Welfare Office under the Human Resources (HR) Department: • venue where employees raise their concerns and arrange for dialogues and consultations • counseling sessions are also done to ensure emotional and psychological stability of the concerned employee Grievance Committee: • composed of representatives from Human Resources, Legal, and concerned Department Managers • implements provisions of the Grievance Policy • ensures a transparent and respectful process of addressing grievances

People intentionally ignoring the policies and violating the rules.	APX follows due process for cases of policy violations: • serving the twin notices: notice to explain and schedule of hearing and notice of decision • violators are sanctioned based on the Employee's Code of Discipline after Whistleblowers are protected by APX's Whistleblower Protection policy.
What are the opportunity/ies identified?	**Management approach**
There are no significant opportunities identified.	

Supply Chain Management
Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

YES

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in APX policy
Environmental performance	Y	APX Supplier Accreditation List of requirements – provided thru D&B. APX vendor accreditation policy – PRO OCP-01 rev.02 (Nov.2023).
Forced labor (RA 10364)	Y	
Child labor (RA 9231)	Y	
Human Rights (UDHR)	Y	
Gender Law (RA 9710)	Y	
PWD (RA 7677)	Y	
Bribery and corruption	Y	
List of SDMP project	Y	Social Development Program activities conducted by the company, as approved by the MGB and crafted in consultation with the community stakeholders.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Damage to company reputation and administrative cost from the imposed penalties. Non-compliance occurs during Procurement transactions and negotiations affecting buyer-supplier relationship.	Provide preventive policies as part of the accreditation process such as: • accomplishment of COI disclosure and RPT form. • supplier compliance to PO Terms & Conditions.

	• supplier compliance to regulatory requirements, APX Code of Business Conduct and Ethics. • supplier annual performance evaluation
What are the risk/s identified?	**Management approach**
Monitoring and re-validation of supplier disclosure and compliance to the said sustainability topic.	Suppliers and contractors are required to submit the updated disclosure of the RA's provided in the sustainability topics during renewal of accreditation.
What are the opportunity/ies identified?	**Management approach**
Improve the validation and monitoring of supplier compliance on sustainability topic.	Renewal of Service Agreement with Dun & Bradstreet to reflect in the assessment report the Supplier Sustainability practices.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	**Location**	**Vulnerable groups (if applicable)***	**Does the particular operation have impact on indige-nous people (Y/N?)**	**Collective or individual rights that have been identified that or particular concern for the community**	**Mitigating measures (if negative) or enhancement measures (if positive)**
Mining operations	Masara, Maco, Davao de Oro	PWDs, financially disadvantaged, IPs (indigenous peoples)	Yes	Right to work Right to a healthy environment	APX employs 221 individuals belonging to indigenous communities. To mitigate the impact of air emissions to the surrounding

					communities, APX implemented the following control measures: • road watering/ spraying using water tanker truck at mine access road during prolonged dry season to control dust emissions brought about by moving vehicles and equipment • regular preventive maintenance schedule (PMS) of service vehicles, equipment and stationary air pollution sources (e.g. generator sets and boilers) • installed air pollution control devices (e.g. lead fume scrubber, acid scrubber and dust collector system) at the mill plant, assay and sample Prep laboratory • conducted enrichment planting and tree planting within the Tenement. Finally, the generated hazardous waste from the operations

					were safely stored at the Hazardous waste storage facility located within the vicinity of APX. To comply with government regulations, APX hired a third-party accredited transporter and treater (Arc Merchandising) to properly handle the transporting, disposal, and treatment of hazardous waste. In 2023, a total of 115.20 MT of used oil and 24.8 MT of oil contaminated materials were treated and disposed.
Underground mining operation	Masara, Maco, Davao de Oro	children and youth, elderly, PWDs, financially disadvantaged	Yes	Right to a healthy environment	Wastewater discharge is monitored in various strategic locations inside the tenement to ensure that it is within the Department of the Environment and Natural Resources' (DENR) standards. Provision of Settling ponds, Silt traps, Earth sumps and OWS facility was implemented to ensure compliance to Phil. Clean Water Act of 2004.
Milling operations	Masara, Maco, Davao de Oro	Children and youth, elderly, PWDs,	Yes	Right to a healthy environment	APX engaged the expertise of Engineering Development

		financially disadvantaged			Corporation of the Philippines (EDCOP) in the design, engineering, construction surveillance and monitoring of a multi-million Tailings Containment Dam in the mine site. The Tailings Dam is closely monitored by APX and EDCOP to ensure that its construction and operation is in accordance to the national and global standards.

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displace persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	**Quantity**	**Units**
FPIC process is still undergoing	0*	#
CP secured	1	#

**FPIC process was completed for MPSA 225 and MPSA 234 in 2004.*

What are the risk/s identified?	**Management approach**
The absence of an FPIC from the community, LGU, IPs, and other stakeholders is a violation of RA 7942 and will compromise APX's operations and reputation.	APX went through the FPIC process with all stakeholders before it started its operations in 2006. The company received proper consent to operate with the signing of the Memorandum of Agreement with the stakeholders.
What are the opportunity/ies identified?	**Management approach**

APX's collaboration with the communities where it operates -- from the planning of development programs, projects and activities to its implementation, monitoring and evaluation -- deepens their sense of belongingness and ownership of the projects. This, in turn, encourages them to give their full support to APX's operation.	APX ensures strict compliance to all regulatory and statutory laws by integrating them into its Mission, Vision and Work Culture.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study? (Y/N)
Customer Satisfaction	Excellent	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
APX deals with only one buyer of the gold and silver bullions it produces.	A quarterly survey is being conducted for the customer satisfaction as part of the requirements of APX's Integrated Management System. APX is covered by a refining and transportation agreement renewable every two years.
What are the risk/s identified?	**Management approach**
Non-renewal of refining and transportation agreement with current buyer.	There are other available refiners/customers who may accept, refine and buy APX's product since gold and silver are high demand commodities.
What are the opportunity/ies identified?	**Management approach**
None	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
The bullions are shipped to only one buyer.	

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

What are the risk/s identified?	Management approach
Government agencies changing reportorial requirements.	Closely coordinate with the government agencies to address deficiencies that may arise from the changes in the reportorial requirements.
What are the opportunity/ies identified?	**Management approach**
None	

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
APX deals with only one buyer of the bullions that it produces.	
What are the risk/s identified?	**Management approach**
N/A	
What are the opportunity/ies identified?	**Management approach**
N/A	

Customer privacy

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
APX deals with only one buyer of the bullions that it produces.	
What are the risk/s identified?	**Management approach**
N/A	

What are the opportunity/ies identified?	Management approach
N/A	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
APX deals with only one customer	
What are the risk/s identified?	**Management approach**
N/A	
What are the opportunity/ies identified?	**Management approach**
N/A	

SUSTAINABLE DEVELOPMENT

Product of Service Contribution to UN SDGs
Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Gold and Silver Bullions	#8 Decent Work and Economic Growth #9 Industry, Innovation, and Infrastructure	The mining process, if done haphazardly, will negatively affect the people, the environment and the planet, as a whole. In the case of APX's operations, the production of gold and silver bullions requires opening of underground tunnels, removal of ores from the source and milling them until the metals are extracted. APX conscientiously practices responsible and sustainable mining practices to ensure that the natural ecosystems are always protected amidst the company's conduct of business. Management ensures resources are available and deployed to minimize the impact of APX's operation on the environment and the lives of the people living in its host and neighboring communities. It strictly complies with existing mining laws and ordinances and regularly coordinates with the relevant government agencies for monitoring, reporting and other administrative tasks. APX's annual Social Development and Management Plan (SMDP), designed and revised every year in consultation with relevant stakeholders (local government units, regulators and community stakeholders) is responsive to the needs of its host and neighboring communities, particularly in livelihood generation (education, skills training, and the like). The company's scholars, upon completion of their respective courses, are employed by the company either directly (if organic positions are open) or indirectly (through its contractors and 3rd party suppliers/vendors). APX's work with small scale or artisanal miners also ensures that small scale miners, while not employed by APX, are able to work and earn a decent living. Since 2019, APX's subsidiary, Itogon-Suyoc Resources, Inc (ISRI) has also been ramping up with collaboration with the small-scale miners in its tenements. APX also explores cutting edge and new technologies that help make mining technologies	

		and processes more green. This, aside from its host of modern solutions to waste disposal, processing of water effluents and the like.

**None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

APEX MINING CO., INC. Maco, Compostela Valley	Title of Manual: Quality, Environment, Safety and Health(QESH) Management System	Doc. No.:	PRO-OCP-01
		Rev. No.	01
	Title of Document: SUPPLIER / VENDOR / CONTRACTOR ACCREDITATION	Effective Date:	October 1, 2017
		Page No.	

Document Revision History

Rev. No.	Date Effective	Section	Description of Revision
00	6/01/2017	All	New
01	10/01/2017	1	Revision of the entire OCP to exclude "Suppliers Performance Evaluation"
			To mention the engagement with a third party for the accreditation pre-qualification process
			To include in the OCP the classification of suppliers as small and large business company

1. **Title:**

   SUPPLIER/VENDOR/CONTRACTOR ACCREDITATION

2. **Objective:**

   2.1 To establish guidelines in the accreditation process of suppliers, vendors and contractors of materials, supplies and services.

   2.2 To ensure that the Company transacts only with legitimate, reputable and dependable suppliers, vendors and contractors.

   2.3 To ensure that the established procurement controls are fully implemented and enforced.

3. **Scope:**

   3.1 Accreditation process shall apply to all current and aspiring suppliers, vendors and contractors of materials, supplies and services whether small or large business companies.

   3.2 This covers a third party pre-qualification process to be conducted by Dun & Bradstreet.

   3.3 This covers the use of SAP Business One software which will be used as a tool in the procurement process.

4. **Responsibility:**

   4.1 Procurement department as process owner is responsible in ensuring that this Operational Control Procedure (PRO-OCP-01) is being implemented and enforced.

   4.2 Dun & Bradstreet is responsible in processing the pre-qualification documents submitted by the suppliers, vendors and contractors and assessing their capabilities.

   4.3 Purchasing Manager is responsible in the approval of accreditation.

5. **Reference:**
   PRO-F-01 Suppliers' Accreditation Form

6. **Record:**
   System records for list of accredited suppliers

7. Instruction Details:

Suppliers, vendors and contractors

1) Suppliers, vendors and contractors both current or with active transaction with the company and those aspiring to be accredited, be it small or large business must submit the fully accomplished Supplier Accreditation Form (PRO-F-01) along with the following documents to Dun & Bradstreet through its website for pre-qualification.

   Accreditation documents:

   a) BIR Certificate of Registration (BIR 2303)*
   b) SEC Registration for corporations
   c) DTI Registration
   d) Business Permit (City or Municipal)
   e) Applicable permit to purchase, import and supply hazardous materials and supplies:
      - EMB (CCO) for sodium cyanide
      - PDEA for precursor chemicals
      - PNP permit for explosives, explosive accessories and nitric acid and other nitrate
      - PNRI for radioactive materials
   f) Company profile
   g) Audited financial statement of the past three (3) years
   h) Product portfolio

   For small time business, only the BIR Certificate of Registration is required.

   Procurement Department reserves the right to require additional and/or updated documents whenever this may be deemed necessary.

2) Small business companies are those that have a capitalization of one million and below.

3) Dun & Bradstreet shall review all submitted documents for authenticity and completeness of such permit/s. Should there be submitted permits or company documents that are found not authentic, such application for accreditation shall automatically be denied.

4) Dun & Bradstreet determines the category of such supplier, whether small or large business company.

5) Dun & Bradstreet will endorse to the Purchasing Manager those suppliers, vendors and contractors who passed the pre-qualification.
6) Procurement Manager will then approve the accreditation of those suppliers, vendors and contractor who passed the pre-qualification and send out a letter advising that they are now accredited to the company, tag them as accredited in the Vendor Integrity Access System (VIA) and may start business.

7) The accomplished form shall also be signed by the Procurement Manager and will be filed along with the pertinent permit/s and other documents.

8) Purchasing Admin Assistant shall be responsible in compiling the documents and data encoding and maintenance of the supplier master using SAP Business One.

8. Document Control

Prepared by:	**LUNINGNING M. DE LUNA** Sr. Purchasing Officer	Document Controller/ Process Owner
Reviewed by:	**NOEL G. TAN** Department Manager	Department Manager

8.1 DOCUMENT APPROVAL

APPROVED BY:

Gil A. Marvilla
SVP/Resident Manager
Date: ________

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, 2023 and 2022, 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
P5730156A

Luis R. Sarmiento
President & Chief Executive Officer
P8005871B

Billy G. Torres
VP Finance & Treasurer
P6369014A

Signed this 15th of April, 2024

SUBSCRIBED AND SWORN to before me this APR 1 5 2024 day of
MANDALUYONG CITY
affiant exhibiting to me his
No.: ______ as competent proof of his identity.

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SERIES OF 2024

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IBP No. 400022 Jan. 04, 2024 Rizal Chapter
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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

APEX MINING CO., INC. AND SUBSIDIARIES

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

3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,744	5/31	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Billy G. Torres	bgtorres@apexmining.com	8706-2805	+639088937925

CONTACT PERSON's ADDRESS

3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

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

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

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2023 and 2022, 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, 2023, and notes to the consolidated financial statements, including material accounting policy information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 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, 2023, the carrying value of the Group's deferred exploration costs amounted to ₱6.33 billion, net of allowance for impairment losses of ₱0.61 billion. 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, 2023. 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.

Acquisition of Asia Alliance Mining Resources Corporation (AAMRC)

On February 10, 2023, the Parent Company entered into Deeds of Absolute Sale with the previous shareholders of AAMRC and acquired 1,900,000 shares, representing 100% equity interest in AAMRC, including all rights, title and interest over North Davao Project, for a total consideration of US$81.50 million. The transaction was accounted for as an asset acquisition. We considered this as a key audit matter due to the materiality of the transaction and in so far as it required significant management judgment and estimate regarding allocation of the purchase price to the assets acquired and liabilities assumed. This exercise also require management to determine the fair value of the assets acquired and liabilities assumed, including intangible asset acquired which relies on valuation techniques, at the date of acquisition.

The Group's disclosure about the acquisition is included in Note 1 to the consolidated financial statements.

Audit Response

We have read the share purchase agreement and deeds of absolute sale to obtain understanding of the transactions and the key terms. We assessed whether the appropriate accounting treatment has been applied to this transaction. We involved our internal specialist to assist us in reviewing the valuation methodologies used by management and the external valuation expert in the determination of fair value of the mining rights. We assessed the reasonableness of the assumptions used such as metal prices and valuation bases by comparing the assumptions to external sources and market data. We have also assessed the competence and relevant experience of the experts engaged by management. We assessed the appropriateness and completeness of the disclosures pertaining to the asset acquisition provided in the notes to the consolidated financial statements.

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, 2023 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, 2023 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 Jose Pepito E. Zabat III.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
Tax Identification No. 102-100-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-060-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082041, January 6, 2024, Makati City

April 15, 2024

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

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱1,342,059,132**	₱1,003,743,722
Trade and other receivables (Note 5)	**910,065,661**	1,004,173,611
Inventories (Note 6)	**1,292,697,855**	1,604,851,580
Advances to related parties (Note 15)	**2,304,109**	2,304,109
Other current assets (Note 7)	**1,042,456,267**	683,392,869
	4,589,583,024	4,298,465,891
Assets held-for-sale (Note 8)	**–**	48,506,850
Total Current Assets	**4,589,583,024**	4,346,972,741
Noncurrent Assets		
Property, plant and equipment (Note 10)	**13,083,989,196**	11,291,389,138
Deferred exploration costs (Note 11)	**6,325,385,582**	1,992,199,559
Financial assets measured at fair value through other comprehensive income (FVOCI) (Note 9)	**7,000,000**	6,000,000
Intangible assets (Note 12)	**16,018,607**	21,886,838
Other noncurrent assets (Note 13)	**3,044,535,604**	3,000,322,463
Total Noncurrent Assets	**22,476,928,989**	16,311,797,998
TOTAL ASSETS	**₱27,066,512,013**	₱20,658,770,739

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	**₱1,768,200,799**	₱1,317,740,957
Financial liability - current (Note 1)	**836,661,303**	–
Advances from related parties (Note 15)	**916,012,000**	916,012,000
Loans payable - net of noncurrent portion (Note 18)	**4,083,966,092**	4,370,197,906
Income tax payable	**271,130,169**	230,396,710
Total Current Liabilities	**7,875,970,363**	6,834,347,573
Noncurrent Liabilities		
Financial liability - net of current portion (Note 1)	**3,008,811,659**	–
Loans payable - net of current portion (Note 18)	**1,141,057,584**	1,850,134,467
Provision for retirement benefits (Note 16)	**405,128,596**	303,321,394
Provision for mine rehabilitation and decommissioning (Note 17)	**19,196,681**	18,509,231
Deferred income tax liabilities - net (Note 27)	**10,179,459**	81,084,024
Total Noncurrent Liabilities	**4,584,373,979**	2,253,049,116
Total Liabilities	**12,460,344,342**	9,087,396,689
Equity Attributable to Equity Holders of the Parent Company		
Issued capital stock (Note 19)	**6,227,887,491**	6,227,887,491
Treasury shares (Note 19)	**(2,081,746,680)**	(2,081,746,680)
Additional paid-in capital (APIC) (Note 19)	**634,224**	634,224
Revaluation surplus on property, plant and equipment (Note 10)	**190,678,741**	226,025,835
Remeasurement loss on financial asset at FVOCI (Note 9)	**(340,842,240)**	(341,842,240)
Remeasurement gain on retirement plan (Note 16)	**17,496,386**	57,113,285
Currency translation adjustment on foreign subsidiaries	**270,115**	(10,441,321)
Retained earnings (Note 19)	**10,598,965,204**	7,464,658,813
	14,613,343,241	11,542,289,407
Non-controlling Interests (Note 19)	**(7,175,570)**	29,084,643
Total Equity	**14,606,167,671**	11,571,374,050
TOTAL LIABILITIES AND EQUITY	**₱27,066,512,013**	₱20,658,770,739

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUES			
Gold	**₱11,621,108,228**	₱9,853,786,554	₱6,974,507,445
Silver	**453,986,367**	455,813,826	435,803,270
	12,075,094,595	10,309,600,380	7,410,310,715
COST OF PRODUCTION (Note 21)	**(6,348,914,480)**	(5,432,218,065)	(4,259,853,938)
EXCISE TAXES	**(478,617,442)**	(402,910,300)	(296,639,050)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 22)	**(253,808,256)**	(224,808,188)	(211,296,582)
FINANCE COSTS (Note 26)	**(559,265,484)**	(170,235,086)	(165,097,803)
OTHER CHARGES - net (Note 23)	**(351,457,769)**	(45,619,909)	(1,325,813,136)
INCOME BEFORE INCOME TAX	**4,083,031,164**	4,033,808,832	1,151,610,206
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 27)			
Current	**(766,341,085)**	(711,392,182)	(626,071,910)
Deferred	**56,044,407**	17,034,490	131,716,674
	(710,296,678)	(694,357,692)	(494,355,236)
NET INCOME	**₱3,372,734,486**	₱3,339,451,140	₱657,254,970
Net income (loss) attributable to:			
Equity holders of the Parent Company	**₱3,408,994,699**	₱3,341,547,056	₱803,055,743
Non-controlling interests	**(36,260,213)**	(2,095,916)	(145,800,773)
	₱3,372,734,486	₱3,339,451,140	₱657,254,970
BASIC/DILUTED EARNINGS PER SHARE (Note 20)	**₱0.60**	₱0.59	₱0.14

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱3,372,734,486**	₱3,339,451,140	₱657,254,970
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	**10,711,436**	(8,732,848)	(4,390,559)
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gain on financial asset at FVOCI (Note 9)	**1,000,000**	2,000,000	800,000
Remeasurement gain (loss) on retirement plan, net of tax (Note 16)	**(39,616,899)**	30,980,986	45,375,821
	(27,905,463)	24,248,138	41,785,262
TOTAL COMPREHENSIVE INCOME	**₱3,344,829,023**	₱3,363,699,278	₱699,040,232
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**₱3,381,089,236**	₱3,365,795,193	₱844,841,005
Non-controlling interests	**(36,260,213)**	(2,095,915)	(145,800,773)
	₱3,344,829,023	₱3,363,699,278	₱699,040,232

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, 2023, 2022, AND 2021

	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 (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 (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 (Note 19)	–	–	–	–	–	–	–	(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	–	–
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

	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** (Note 19)	**Non-controlling interests** (Note 19)	**Total**
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**
Net income	–	–	–	–	–	–	–	**3,408,994,699**	**(36,260,213)**	**3,372,734,486**
Other comprehensive income	–	–	–	–	**1,000,000**	**(39,616,899)**	**10,711,436**	–	–	**(27,905,463)**
Total comprehensive income	–	–	–	–	**1,000,000**	**(39,616,899)**	**10,711,436**	**3,408,994,699**	**(36,260,213)**	**3,344,829,023**
Dividends (Note 19)	–	–	–	–	–	–	–	**(310,035,402)**	–	**(310,035,402)**
Transfer of portion of revaluation surplus realized through depreciation, depletion and disposal, net of tax (Note 10)	–	–	**(35,347,094)**	–	–	–	–	**35,347,094**	–	–
Balances at December 31, 2023	**₱6,227,887,491**	**₱634,224**	**₱190,678,741**	**(₱2,081,746,680)**	**(₱340,842,240)**	**₱17,496,386**	**₱270,115**	**₱10,598,965,204**	**(₱7,175,570)**	**₱14,606,167,671**

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,083,031,164**	₱4,033,808,832	₱1,151,610,206
Adjustments for:			
Depreciation, depletion and amortization (Notes 24)	**1,305,423,422**	1,367,207,184	1,113,940,488
Finance costs (Note 26)	**559,265,484**	170,235,086	165,097,803
Provisions for impairment losses on:			
Input VAT (Notes 13 and 23)	**153,188,407**	–	143,098,681
Nontrade receivables (Notes 13 and 23)	**75,517,940**	–	–
Deferred exploration costs (Notes 11 and 23)	**30,307,458**	–	578,755,160
Property, plant and equipment (Notes 10 and 23)	**–**	–	341,464,705
Intangible asset (Notes 12 and 23)	**–**	–	192,202,964
Advances for land acquisition (Notes 13 and 23)	**–**	–	93,530,149
Gain on sale of mining rights (Notes 11 and 23)	**(120,084,817)**	–	–
Provision for (reversal of) inventory losses and obsolescence (Note 6)	**(37,323,030)**	45,612,203	–
Movement in provision for retirement benefits (Note 16)	**27,077,194**	38,722,842	26,888,096
Unrealized foreign exchange loss - net	**22,279,743**	662,555	19,265,729
Interest income (Note 23)	**(14,612,809)**	(3,221,594)	(972,760)
Gain on change in estimate on provision for mine rehabilitation and decommissioning (Note 23)	**–**	–	(24,486,390)
Loss (gain) on sale of property, plant and equipment	**–**	316,444	(3,476)
Operating income before working capital changes	**6,084,070,156**	5,653,343,552	3,800,391,355
Decrease (increase) in:			
Trade and other receivables	**94,107,950**	(977,966,162)	224,709,660
Inventories	**349,476,755**	(498,310,046)	(159,439,591)
Other current assets	**(434,581,338)**	(339,787,445)	(340,329,195)
Increase (decrease) in:			
Trade and other payables	**325,971,616**	168,219,573	146,264,103
Advances from related parties	**–**	–	(60,000,000)
Net cash generated from operations	**6,419,045,139**	4,005,499,472	3,611,596,332
Interest paid	**(490,717,449)**	(298,746,674)	(298,066,313)
Income taxes paid	**(725,607,626)**	(836,478,440)	(553,360,256)
Interest received	**14,612,809**	3,221,594	972,760
Net cash flows from operating activities	**5,217,332,873**	2,873,495,952	2,761,142,523
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (Notes 10)	**(2,976,317,654)**	(2,229,580,078)	(1,750,325,890)
Proceeds from sale of mining rights (Note 11)	**120,084,817**	–	–
Proceeds from sale of long lead items (LLI) (Note 8)	**48,506,850**	–	–
Acquisition of intangible assets (Note 12)	**(3,884,664)**	(14,358,393)	(13,623,119)
Decrease (increase) in:			
Deferred exploration costs (Note 1 and 11)	**(394,641,159)**	(331,147,140)	(292,192,881)
Other noncurrent assets	**(498,825,601)**	(2,322,482,615)	16,483,655
Proceeds from disposal of property plant and equipment	**–**	2,142,857	68,374
Net cash flows used in investing activities	**(3,705,077,411)**	(4,895,425,369)	(2,039,589,861)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Payment of loans (Note 18)	**(962,157,621)**	(945,485,592)	(774,834,079)
Dividends paid (Note 19)	**(264,986,303)**	(54,268,774)	–
Availment of loans (Note 18)	**–**	2,573,497,673	82,305,263
Net cash flows (used in) from financing activities	**(1,227,143,924)**	1,573,743,307	(692,528,816)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**285,111,538**	(448,186,110)	29,023,846
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**53,203,872**	15,214,720	7,781,334
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,003,743,722**	1,436,715,112	1,399,909,932
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,342,059,132**	₱1,003,743,722	₱1,436,715,112

See accompanying Notes to Consolidated Financial Statement

1. **Corporate Information, Status of Operations and Authorization to Issue the Consolidated 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 has three (3) wholly-owned subsidiaries, Itogon-Suyoc Resources, Inc. (ISRI), Monte Oro Resources & Energy, Inc. (MORE) and Asia Alliance Mining Resources Corporation (AAMRC). As at December 31, 2023 and 2022, the Parent Company has 2,744 and 2,745 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 newly acquired subsidiary, AAMRC has interest, by virtue of Joint Operating Agreement (JOA) with Philippine Mining Development Corporation (PMDC), over copper mines and mining claims covering 19,135 hectares, situated in the Municipalities of Mabini, Maco and Maragusan, Davao de Oro, also known as the North Davao Project.

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

Acquisition of AAMRC
On December 5, 2022, the Parent Company and previous shareholders of AAMRC (collectively referred to as the "Sellers") entered into a Share Purchase Agreement (SPA) where the Parent Company shall purchase 1,900,000 shares, representing 100% equity interest in AAMRC, including all the rights, title and interest by virtue of a Notice of Award issued by PMDC as the highest bidder for the JOA over copper mines and mining claims covering 19,135 hectares, situated in the Municipalities of Mabini, Maco and Maragusan, Davao de Oro, also known as the North Davao Project, covered by application for Financial and Technical Assistance Agreement (FTAA)-XI-14, for US$81.50 million where US$5.50 million is payable upon execution of the SPA and $76.00 million shall be paid in 4 equal annual installments of US$19.00 million over the next four (4) years starting on the first anniversary of Deed of Absolute Sale (DOAS) and every year thereafter.

Furthermore, under the SPA, the Parent Company shall advance to AAMRC total commitment fees of $32.50 million due to PMDC where initial commitment fee amounting to $28.50 million (out of the total commitment fees of US$32.5 million) shall be paid at least two (2) business days prior to the scheduled date of execution of the Compromise Agreement and JOA between AAMRC and PMDC, while the remaining $4.00 million shall be paid in four (4) equal annual installment payments of $1.00 million starting the second year from signing of the JOA. These commitment fees are advances on the royalty fee under JOA to be applied or credited against the future royalty fees due to PMDC at not more than 20% of the total amount of the royalty fee due in each one (1) year period (see Note 13).

On February 10, 2023, as the closing conditions of the SPA were complied, the DOAS between the Parent Company and the Sellers were completed, and all the rights as shareholder were transferred to the Parent Company from the Sellers. The Parent Company took control of AAMRC on the said date.

The transaction was accounted for as an asset acquisition. The fair value of the consideration as at February 10, 2023, acquisition date, amounted to $71.50 million or ₱3.89 billion. The amounts recognized as at February 10, 2023 for each major class of AAMRC's identifiable assets and liabilities are as follow:

Assets	
Cash	₱125,977
Advances for royalties (Note 13)	1,678,145,664
Mining rights (Note 11)	3,968,852,322
Total assets	₱5,647,123,963
Liabilities	
Accounts payables	₱78,069,812
Due to parent company*	1,678,145,664
Total liabilities	1,756,215,476
Net assets acquired	₱3,890,908,487

** Eliminated at consolidated financial statements.*

Net cash outflow on acquisition is as follows:

Total cash consideration paid in cash	₱301,550,031
Less cash acquired with the subsidiary	(125,977)
	₱301,424,054

As at December 31, 2023, the Parent Company has outstanding financial liability related to the asset acquisition as follows:

	In US$	In PhP
Current	US$15,110,372	₱836,661,303
Noncurrent	54,340,106	3,008,811,659
	US$69,450,478	₱3,845,472,962

In 2023, interest expense recognized related to the financial liability amounted to ₱191.34 million (see Note 26).

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 (3) 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, subject to satisfactory results of annual audits.

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 operation 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 Suyoc mines are ISO 14001-2015 certified for environmental management system granted by TÜV Rheinland Philippines Inc., approved on March 31, 2020. The ISO certification is valid until March 30, 2023. Sangilo mine certification is for the exploration, mining, and processing of gold and silver ore, while the Suyoc mine is for mining exploration and project development activities.

After the expiration of the ISO 14001-2015 certification, the Company decided to upgrade to Integrated Management System wherein three (3) certifications were granted by NQA Philippines, Inc., namely ISO 14001-2015 Environmental Management System, ISO 9001-2015 Quality Management System, and 45000-2018 Occupational Health & Safety Management System. These certifications were approved on May 30, 2023, and are valid until May 30, 2026. Sangilo mine certifications are for the mining and processing of gold and silver ore, while the Suyoc mine is for the exploration of gold and silver ore.

Paracale Gold Project
MORE wholly owns Paracale Gold Limited (PGL), an Isles of Man company which wholly owns Coral Resources Philippines, Inc. (CRPI) and 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 eight (8) 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 mining 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 the latter. GMU owns significant gold related assets and gold resources in Uganda. GMU and MORE has a Memorandum of Agreement (MoA) 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 MoA is not yet consummated between both parties.

The two (2) licenses of Uganda project were renewed last September 9, 2020 with a tenure of three (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 Group has a 3.92% equity interest. As at December 31, 2023, the operation is still suspended due to dispute with the Myanmar government on the license terms.

North Davao Project
The North Davao Project is located in Maco, Mabini, Maragusan, Nabunturan and Mawab Municipalities, Davao De Oro, Philippines. AAMRC has interest, by virtue of JOA with PMDC, over North Davao Project which is covered by application FTAA-XI-14. The project is under exploration and evaluation phase.

b. Oil and Gas

On April 6, 2022, Forum (GSEC 101) Ltd. (Forum) received a directive from the Department of Energy (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. In 2022, total cancellation fees capitalized as deferred oil and gas exploration cost as a result of the force majeure declaration amounted to ₱13.8 million.

On March 20, 2023, the DOE further affirmed that the entire period from when the force majeure was lifted to when it was re-imposed (October 14, 2020 to April 6,2022) will be credited back to SC 72. Consequently, once the force majeure is lifted, Forum will have 20 months to drill the two (2) commitment wells.

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 (see Note 12).

Authorization to issue the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, were authorized for issuance by the Parent Company's Board of Directors (BOD) on April 15, 2024.

2. Basis of Preparation, Statement of Compliance and Material Accounting Policy Information

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 of each year. The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company using consistent accounting policies.

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	**2023**	2022
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
AAMRC	Mine exploration and development, and gold and copper trading	Philippines	**100.00**	100.00

**Indirect ownership through PGL*

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. 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 an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. The Group applied the materiality guidance in its 2023 accounting policy disclosures.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

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*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

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*

Material Accounting Policy Information 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.

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, 2023 and 2022, 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, financial liability 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 (1) 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.

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

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. 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.

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.

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. Any excess of the fair values of the net assets acquired over the aggregate consideration transferred, after reassessment of identification of all the assets acquired and liabilities assumed, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is subject to impairment testing annually.

Asset Acquisitions
If an acquisition of an asset or group of assets does not constitute a business, the Group shall identify and recognize the individual assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible asset in PAS 38, *Intangible Assets*) and liabilities assumed. The acquisition cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the acquisition date. Such transaction or event does not give rise to goodwill.

<u>Inventories</u>
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 bullion pertains to dore, a mixture of gold and silver in cast bar. 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 silver bullion is expected to exceed its NRV.

<u>Leases</u>
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.

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 (1) 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 consolidated 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.

Deferred Exploration Costs

Expenditures for mine and oil exploration work prior to drilling are charged to the consolidated statement of income. Deferred exploration costs represent capitalized expenditures related to the acquisition and exploration of 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 consolidated 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 consolidated statement of financial position to the extent of the recoverable amount.

Impairment of Nonfinancial Assets
Property, Plant and Equipment, Intangible Assets, and Nonfinancial Other Current and Noncurrent Assets
The Group assesses at each reporting date whether there is an indication that property, plant and equipment, intangible assets, and nonfinancial other current and 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.

<u>Interest in Joint Arrangements</u>
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

<u>Provision for Mine Rehabilitation and Decommissioning</u>
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.

Treasury Shares

Treasury shares pertain to the reciprocal shares owned by the Parent Company and MORE with each other.

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.

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.

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.

Identifying a Business Combination
The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process together significantly contribute to the ability to create outputs.

If the assets acquired and liabilities assumed constitute a business, the Group shall recognize the identifiable assets acquired and liabilities assumed at their fair values at acquisition date. Any excess of acquisition cost over the fair values of the assets acquired and liabilities assumed is recognized as goodwill (otherwise as gain from a bargain purchase).

If the assets acquired and liabilities assumed does not constitute a business, the Group shall recognize the, the acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the acquisition date. No goodwill is recognized.

The Group has determined that the assets acquired and liabilities assumed from the acquisition of AAMRC did not constitute a business (see Note 1).

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.

The Group is a member of SC 72 consortium which is entered into with the Philippine Government through a service contract. As at December 31, 2023 and 2022, the Group's joint arrangement is in the form of joint operation.

Accounting Estimates and Assumptions
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 ₱1.02 billion and ₱1.20 billion as at December 31, 2023 and 2022, respectively. These are net of allowance for impairment losses amounting to ₱191.04 and ₱115.52 million as at December 31, 2023 and 2022, respectively (see Notes 5, 13, and 15).

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 equity instruments is based on the latest quoted price. Any change in fair value of its financial assets at FVOCI is recognized in the consolidated statements of comprehensive income.

As at December 31, 2023 and 2022, the Group has net cumulative unrealized loss on financial assets at FVOCI amounting to ₱340.84 million and ₱341.84 million, respectively. As at December 31, 2023 and 2022, the fair value of the Group's financial assets at FVOCI amounted to ₱7.00 million and ₱6.00 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 recognized reversal of allowance for inventory losses and obsolescence amounting to ₱37.32 million in 2023 and provision for inventory losses and obsolescence amounting to ₱45.61 million 2022 (see Note 6). As at December 31, 2023 and 2022, the carrying amounts of inventories amounted to ₱1.29 billion and ₱1.60 billion, respectively, net of allowance for inventory losses and obsolescence amounting to ₱47.70 million and ₱85.03 million, respectively (see Note 6).

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 2023, 2022 and 2021, the Group recognized provision for impairment losses amounting to ₱30.31 million, nil and ₱578.76 million, respectively (see Note 23). As at December 31, 2023 and 2022, the carrying values of the deferred exploration costs amounted to ₱6.33 billion and ₱1.99 billion, respectively, net of allowance for impairment amounting to ₱609.06 million and ₱578.76 million, respectively (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 2023, 2022 and 2021, the Group recorded provision for impairment losses on property plant and equipment amounting to nil, nil and ₱341.46 million, respectively (see note 23). Property, plant and equipment at fair value as at December 31, 2023 and 2022 has net book values amounting to ₱13.08 billion and ₱11.29 billion, respectively, while property, plant and equipment at cost as at December 31, 2023 and 2022 amounted to ₱12.83 million and ₱10.99 million, respectively (see Note 10).

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 three (3) to 10 years, replenished as exploration and mine development progresses. The competent person certified that the Parent Company's technical reports with effectivity of May 31, 2021 are still valid as at December 31, 2023 and 2022.

The latest technical report of ISRI was dated February 27, 2024 with cutoff date of July 11, 2023.

As at December, 31, 2023 and 2022, the carrying values of depletable mine and mining properties amounted to ₱2.35 billion and ₱2.70 billion, respectively, net of accumulated depletion amounting to ₱4.51 billion and ₱4.10 million, 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 2023, 2022 and 2021 were 8%, 11%, and 11%, respectively. Depletion costs amounted to ₱412.54 million, ₱520.38 million and ₱295.28 million in 2023, 2022 and 2021, respectively. As at December, 31, 2023 and 2022, the carrying values of depletable mine and mining properties amounted to ₱2.35 billion and ₱2.70 billion, respectively, net of accumulated depletion amounting to ₱4.51 billion and ₱4.10 million, respectively (see Note 10).

Estimation of Impairment of Nonfinancial Assets, including Property, Plant and Equipment, Intangible Assets, and Other Current and Noncurrent Assets
The Group evaluates whether property, plant and equipment, intangible assets, and nonfinancial other current and 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 current and noncurrent assets amounted to ₱17.08 billion and ₱14.99 billion as at December 31, 2023 and 2022, respectively (see Notes 7, 10, 12, and 13).

These are subjected to impairment testing when impairment indicators are present. As at December 31, 2023 and 2022, allowance for impairment loss on property, plant and equipment amounted to ₱504.14 billion (see Note 10). Impairment loss recognized in 2023, 2022 and 2021 amounted to nil, nil and ₱341.46 million, respectively (see Note 23).

As at December 31, 2023 and 2022, allowance for impairment loss on intangibles assets amounted to ₱192.20 million (see Note 12). Impairment loss recognized in 2023, 2022 and 2021 amounted to nil, nil and ₱192.20, respectively (Note 23).

As at December 31, 2023 and 2022, allowance for impairment loss on nonfinancial other noncurrent assets amounted to ₱389.82 million. Impairment loss recognized in 2023, 2022 and 2021 amounted to ₱228.71 million, nil and ₱236.63 million, respectively (see Note 23). The Group written off input VAT classified under other noncurrent assets amounted to nil, nil and ₱45.26 million in 2023, 2022, and 2021, 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 ₱93.92 million, ₱64.16 million, and ₱52.97 million in 2023, 2022 and 2021, respectively. Provision for retirement benefits amounted to ₱405.13 million, and ₱303.32 million and as at December 31, 2023 and 2022, respectively. Benefits paid in 2023 and 2022 amounted to ₱45.36 million and ₱11.59 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 three (3) to 10 years and discount rate compared to the original FMRDP that was approved on March 13, 2017.

Accretion expense amounted to ₱0.69 million and ₱1.05 million in 2023 and 2022, respectively. Effect of change in estimate on provision for mine rehabilitation amounted to nil and ₱0.39 million in 2023 and 2022, respectively. As at December 31, 2023 and 2022, the provision for mine rehabilitation and decommissioning amounted to ₱19.20 million and ₱18.51 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, 2023 and 2022, the Group recognized deferred tax asset related to retirement benefits, unrealized foreign exchange losses, and provision for mine rehabilitation amounting to ₱137.19 million and ₱95.35 million, respectively. As at December 31, 2023 and 2022, unrecognized deductible temporary differences amounted to ₱2.15 billion and ₱1.81 billion, respectively (see Note 27).

4. Cash and cash equivalents

	2023	2022
Cash on hand	**₱2,815,510**	₱2,652,588
Cash with banks	**1,330,631,382**	792,854,346
Short-term deposits	**8,612,240**	208,236,788
	₱1,342,059,132	₱1,003,743,722

Cash with banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods, usually of up to three (3) months, depending on the cash requirements of the Group.

Interest income arising from cash with banks and short-term deposits amounted to ₱14.61 million, ₱3.22 million, and ₱0.97 million in 2023, 2022 and 2021, respectively (see Note 23).

The Group has foreign currency-denominated cash amounting to US$11.35 million and US$3.68 million as at December 31, 2023 and 2022, respectively (see Note 28).

5. Trade and Other Receivables

	2023	2022
Trade	**₱841,448,673**	₱964,971,564
Advances to officers and employees	**50,484,014**	19,418,369
Others	**40,122,802**	41,773,506
	932,055,489	1,026,163,439
Less provision for ECL	**21,989,828**	21,989,828
	₱910,065,661	₱1,004,173,611

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$14.81 million and US$17.29 million as at December 31, 2023 and 2022, 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, 2023 and 2022. The Group did not recognize any additional provision or reversal in 2023 and 2022.

6. Inventories

	2023	2022
Gold and silver bullions and buttons - at cost	**₱299,267,510**	₱356,237,346
Metals in-circuit - at cost	**87,652,927**	71,814,120
Ore stockpile - at cost	**27,784,894**	68,988,472
Materials and supplies - at NRV	**877,992,524**	1,107,811,642
	₱1,292,697,855	₱1,604,851,580

Cost of inventories recognized as part of cost of production amounted to ₱2.36 billion, ₱1.94 billion, and ₱1.38 billion in 2023, 2022 and 2021, respectively (see Note 21).

Cost of materials and supplies recognized as part of general and administrative expenses in 2023, 2022 and 2021 amounted to ₱5.67 million, ₱6.76 million, and ₱5.19 million, respectively (see Note 22).

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

	2023	2022
Beginning balances	**₱85,025,491**	₱39,413,288
Provision	**–**	45,612,203
Reversal	**(37,323,030)**	–
Ending balances	**₱47,702,461**	₱85,025,491

7. Other Current Assets

	2023	2022
Advances to suppliers and contractors	**₱905,515,876**	₱616,399,943
Prepayments	**75,986,891**	39,874,388
Others	**60,953,500**	27,118,538
	₱1,042,456,267	₱683,392,869

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. 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 due on or before June 10, 2023.

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 ₱48.51 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".

In May 2023, an amendment to SPA was signed, granting Nido an extension to settle the remaining balance of the purchase price. Following Nido's full payment of the balance in October 2023, a Deed of Absolute Sale was executed, finalizing the transfer of ownership of LLIs to Nido.

9. Financial Assets Measured at FVOCI

Rollforward analysis of equity securities for the years ended December 31, 2023 and 2022 follow:

	2023	2022
Cost	**₱347,842,240**	₱347,842,240
Change in fair value of equity instrument financial assets:		
At the beginning of the year	**(341,842,240)**	(343,842,240)
Changes of fair value recognized in OCI	**1,000,000**	2,000,000
At the end of the year	**(340,842,240)**	(341,842,240)
	₱7,000,000	₱6,000,000

As at December 31, 2023 and 2022, 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, 2023 and 2022. 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, 2023 and 2022, 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 2023 and 2022.

As at December 31, 2023 and 2022, the fair value of the financial asset at FVOCI of ISRI's investment in BCC shares amounted to ₱7.00 million and ₱6.00 million, respectively.

10. **Property, Plant and Equipment**

	2023							
	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	₱529,538,739	₱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
Additions	69,933,150	1,047,704,642	4,042,626	–	152,993,981	1,109,745,207	591,898,048	2,976,317,654
Capitalized borrowing cost (Note 18)	–	–	–	–	–	91,949,362	20,003,569	111,952,931
Capitalized depreciation (Note 24)	–	–	–	–	–	128,343,467	–	128,343,467
Reclassifications from construction in-progress	30,482,532	10,229,537	42,357,029	–	4,445,826	–	(87,514,924)	–
Balances at end of year	629,954,421	9,003,629,945	753,019,842	1,256,199,314	741,618,967	11,750,446,166	2,264,014,986	26,398,883,641
Accumulated depreciation and depletion:								
Balances at beginning of year	304,870,243	5,235,439,086	611,041,070	773,715,143	360,422,645	4,101,253,348	–	11,386,741,535
Depreciation and depletion (Note 24)	48,526,065	770,511,866	43,388,718	83,145,076	65,897,350	412,544,919	–	1,424,013,994
Balances at end of year	353,396,308	6,005,950,952	654,429,788	856,860,219	426,319,995	4,513,798,267	–	12,810,755,529
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	₱276,271,746	₱2,994,360,249	₱98,590,054	₱240,109,665	₱314,873,437	₱7,236,647,899	₱1,923,136,146	₱13,083,989,196

	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	₱479,969,833	₱7,044,963,130	₱732,155,665	₱1,055,257,227	₱502,436,257	₱9,276,643,700	₱1,606,306,411	₱20,697,732,223
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 (Note 24)	–	–	–	–	–	151,560,118	–	151,560,118
Change of estimate on provision for mine rehabilitation and decommissioning (Note 17)	–	–	–	–	–	(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	529,538,739	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	211,328,559	4,520,913,622	588,443,275	692,948,606	307,504,583	3,580,869,521	–	9,902,008,166
Depreciation and depletion (Note 24)	93,541,684	714,525,464	48,409,250	80,766,537	53,880,195	520,383,827	–	1,511,506,957
Disposals and write-off	–	–	(25,811,455)	–	(962,133)	–	–	(26,773,588)
Balances at end of year	304,870,243	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

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 realization revaluation surplus through depreciation amounting to ₱87.91 million. In 2023 and 2022, ₱35.35 million and ₱54.46 million, respectively, were directly credited to the retained earnings for the realization of revaluation surplus through depreciation (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, 2023 and 2022.

Movement in revaluation surplus in equity is as follows:

	2023	2022
Balances at beginning of year	**₱226,025,835**	₱280,481,926
Effect of change in tax rate	**–**	–
Realized portion through depreciation, net of tax (Note 19)	**(35,347,094)**	(54,456,091)
Balance at end of year	**₱190,678,741**	₱226,025,835

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:

	2023							
	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	**₱586,222,331**	**₱9,505,757,437**	**₱829,943,406**	**₱1,227,834,220**	**₱792,458,703**	**₱11,750,446,167**	**₱2,050,571,713**	**₱26,743,233,977**
Accumulated depreciation and depletion:								
Balances at end of year	**368,875,742**	**6,475,221,620**	**675,255,431**	**886,168,027**	**490,025,099**	**4,513,798,267**	**–**	**13,409,344,186**
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	**₱217,060,222**	**₱3,027,217,073**	**₱154,687,975**	**₱182,436,763**	**₱302,008,069**	**₱7,236,647,900**	**₱1,709,692,873**	**₱12,829,750,875**

	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	₱635,018,896	₱10,420,408,130	₱1,526,185,020	₱23,526,619,924
Accumulated depreciation and depletion:								
Balances at end of year	324,500,020	5,738,936,701	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	₱206,057,080	₱6,319,154,782	₱1,185,306,180	₱10,990,021,357

The cost of fully depreciated property, plant and equipment that are still being used amounted to ₱1.92 billion and ₱1.40 billion as at December 31, 2023 and 2022, 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 2023, 2022 and 2021, the Group recognized impairment losses on property, plant and equipment amounting to nil, nil and ₱341.46 million, respectively (see Note 23).

The Group capitalized borrowing cost amounting to ₱20.00 million and ₱33.56 million for construction in-progress, ₱91.95 million and ₱99.46 million for mine development costs in 2023 and 2022, respectively. The rate used by the Parent Company to determine the amount of borrowing costs eligible for capitalization was 6.50% and 6.31% in 2023 and 2022, respectively. The rate used by ISRI was 8.56% and 8.78% in 2023 and 2022, respectively (see Note 18).

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

	2023				
	Depletable				
	Mine and mining properties	**Mine rehabilitation assets**	**Subtotal**	**Mine development cost**	**Total**
Cost:					
Balances at beginning of year	**₱6,777,003,271**	**₱29,259,674**	**₱6,806,262,945**	**₱3,614,145,185**	**₱10,420,408,130**
Additions	**–**	**–**	**–**	**1,109,745,207**	**1,109,745,207**
Capitalized depreciation	**–**	**–**	**–**	**128,343,467**	**128,343,467**
Capitalized borrowing costs	**–**	**–**	**–**	**91,949,362**	**91,949,362**
Transfers	**58,092,957**	**–**	**58,092,957**	**(58,092,957)**	**–**
Change in estimate	**–**	**–**	**–**	**–**	**–**
Balances at end of year	**6,835,096,228**	**29,259,674**	**6,864,355,902**	**4,886,090,264**	**11,750,446,166**
Accumulated depletion:					
Balances at beginning of year	**4,074,885,708**	**26,367,640**	**4,101,253,348**	**–**	**4,101,253,348**
Depletion	**412,125,179**	**419,740**	**412,544,919**	**–**	**412,544,919**
Balances at end of year	**4,487,010,887**	**26,787,380**	**4,513,798,267**	**–**	**4,513,798,267**
Net book values	**₱2,348,085,341**	**₱2,472,294**	**₱2,350,557,635**	**₱4,886,090,264**	**₱7,236,647,899**

	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	4,074,885,708	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	₱3,614,145,185	₱6,319,154,782

The carrying amount of the Parent Company's asset retirement obligation (ARO) pertaining to mine rehabilitation assets amounted to nil as at December 31, 2023 and 2022.

As at December 31, 2023 and 2022, the carrying amount of ISRI's ARO amounted to ₱2.47 million and ₱2.89 million, respectively.

11. Deferred Exploration Costs

	2023	2022
Balances at beginning of year	**₱2,570,954,719**	₱2,288,314,429
Additions	**4,363,493,481**	331,147,140
Transfers (Note 8)	–	(48,506,850)
	6,934,448,200	2,570,954,719
Less allowance for impairment losses	**609,062,618**	578,755,160
	₱6,325,385,582	₱1,992,199,559

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.

Mining Rights
Additions to deferred exploration costs include the fair value of mining rights over North Davao Project amounting to ₱3.97 billion to which the Group has interest through the acquisition of AAMRC's 100% equity interest (see Note 1). The fair value of the mining rights is determined using market approach based on yardstick and area-based multiples as valuation bases.

On July 5, 2023, ISRI, by virtue of deed of assignment, sold its rights and interest over EP No. 21-2022-V to a third party for ₱120.08 million. In 2023, a gain on sale of mining rights is recognized in the consolidated statements of income amounting to ₱120.08 million.

The Group transferred certain tangible assets from deferred exploration costs to assets held-for-sale amounting to nil and ₱48.51 million in 2023 and 2022, 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. The Group recognized an allowance for impairment losses on deferred exploration costs amounting to ₱30.31 million, nil and ₱578.76 million in 2023, 2022 and 2021, respectively (Note 23).

12. Intangible Assets

	2023		
	Franchise	**Computer Software**	**Total**
Cost:			
Balances at beginning of year	**₱192,202,964**	**₱83,536,303**	**₱275,739,267**
Additions	**–**	**3,884,664**	**3,884,664**
Balances at end of year	**192,202,964**	**87,420,967**	**279,623,931**
Accumulated amortization:			
Balances at beginning of year	**–**	**61,649,465**	**61,649,465**
Amortization (Note 24)	**–**	**9,752,895**	**9,752,895**
Balances at end of year	**–**	**71,402,360**	**71,402,360**
Allowance for impairment:			
Balances at beginning and end of year	**192,202,964**	**–**	**192,202,964**
Net book values	**₱–**	**₱16,018,607**	**₱16,018,607**

	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 the beginning and end of year	192,202,964	–	192,202,964
Net book values	₱–	₱21,886,838	₱21,886,838

Franchise pertains to ICSI's cost of franchise for the implementation of the Solid Waste Management Project under a BOT contract with DENR. As at December 31, 2023, the BOT contract with the Philippine government is not yet implemented (see Note 1). In 2021, the Group deemed 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**

	2023	2022
Advances for royalties	**₱1,680,230,557**	₱2,084,893
Input VAT	**1,442,439,169**	911,293,703
Advance to Gold Mines of Uganda Ltd. (GMU)	**112,150,750**	113,390,835
Advances for land acquisition	**93,530,149**	93,530,149
Nontrade receivable	**75,517,940**	75,517,940
Deposits	**75,271,294**	31,416,812
MRF	**28,539,254**	27,829,598
Advances to AAMRC	–	1,680,230,557
Advances to Sellers	–	299,465,138
Others	**2,191,668**	2,191,668
	3,509,870,781	3,236,951,293
Less allowance for impairment losses	**465,335,177**	236,628,830
	₱3,044,535,604	₱3,000,322,463

Advances for Royalties, Advances to AAMRC and Advances to Sellers
In relation to the SPA in Note 1, in December 2022 the Parent Company advanced US$5.50 million or ₱299.47 million to the Sellers representing the first tranche payment of the US$81.50 million acquisition cost and US$28.50 million or ₱1.68 billion to AAMRC representing initial commitment fee which was eventually paid to PMDC in 2023. As at December 31, 2022, the advances to AAMRC and Sellers amounted to ₱1.68 billion and ₱299.47 million, respectively. As at December 31, 2023, advances for royalty to PMDC amounted to ₱1.68 billion.

On February 14, 2024, the Parent Company made additional advance payment for royalty amounting to $1.00 million or ₱56.10 million to PMDC.

Advance royalties paid to Precious Metals Mining and Development Corporation and VTN-Agno River Gold Mining Inc. amounting to ₱2.08 million as at December 31, 2023 and 2022 arose due to the agreement entered into by BMRC which required the latter to pay in advance the royalties for the Paracale Gold Project.

Input VAT
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 ₱153.19 million, nil and ₱143.10 million in 2023, 2022 and 2021, respectively (Note 23). The Group written off input VAT in amounting to nil, nil and ₱45.26 million in 2023, 2022 and 2021, respectively (Note 22).

Advance to GMU
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.

Advance for Land Acquisition
Advances for the land acquisition consists of advance payments made to various landowners 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. Impairment loss related to advances for land acquisition amounting to nil, nil and ₱93.53 million was recognized in 2023, 2022 and 2021, respectively (see Note 23).

MRF
As at December 31, 2023 and 2022, 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.

Nontrade receivable
Nontrade receivable refers to the advances to stockholders with minority interest. The Group recognized impairment loss on nontrade receivables amounting to ₱75.52 million in 2023 (see Note 23).

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

14. **Trade and Other Payables**

	2023	2022
Trade	**₱917,214,581**	₱558,316,122
Nontrade	**315,397,521**	315,040,733
Accrued expenses	**192,886,909**	143,635,916
Accrued employee benefits	**106,454,707**	109,919,002
Payables to government agencies	**89,480,965**	58,748,195
Dividends payable (Note 19)	**50,627,881**	5,578,782
Retention payable	**12,081,262**	14,147,891
Others	**84,056,973**	112,354,316
	₱1,768,200,799	₱1,317,740,957

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/claimed by the stockholders (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	**2023**	**₱–**	**₱1,186,593**	Due and demandable	Unsecured, cash-settled
		2022	₱–	₱1,186,593		
MORE Oil & Gas	With common stockholders	**2023**	**–**	**603,126**	Due and demandable	Unsecured, cash-settled
		2022	–	603,126		
MORE Reedbank	With common stockholders	**2023**	**–**	**514,390**	Due and demandable	Unsecured, cash-settled
		2022	–	514,390		
		2023	**₱–**	**₱2,304,109**		
		2022	₱–	₱2,304,109		

Category	Relationship	Year	Volume/ Amount	Outstanding balance	Terms	Conditions
Cash advances from:						
PSHI	Parent	**2023**	**₱–**	**₱916,012,000**	Due and demandable	Unsecured, not guaranteed
		2022	₱–	₱916,012,000		

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.

<u>Trustee Bank</u>
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 and carrying amounts of the Parent Company's retirement fund amounted to ₱15.06 million and ₱15.21 million as at December 31, 2023 and 2022, respectively (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, 2023 and 2022, the retirement fund consists of investments in government bonds, cash and short-term deposits, equity instruments and others which accounts for 94.74% and 74.86%, 4.60% and 24.84%, and 0.66% and 0.30%, respectively, of its composition. The Parent Company made no contributions to the fund in 2023 and 2022 (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 2023, 2022 and 2021. Other long-term benefits granted to key management personnel amounting to ₱16.9 million and ₱33.66 million in 2023 and 2022, respectively. The Group paid salaries and other short-term benefits to key management personnel amounting to ₱89.7 million, ₱88.82 million, and ₱83.98 million in 2023, 2022 and 2021, 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:

	2023	2022	2021
Current service cost (Note 25)	**₱72,293,134**	₱50,311,628	₱41,623,130
Interest cost - net (Note 26)	**21,622,265**	13,851,257	11,351,567
	₱93,915,399	₱64,162,885	₱52,974,697

2023	**Defined benefits liability**	**Fair value of plan assets**	**Net defined benefit liability**
At January 1	**₱318,380,001**	**₱15,058,607**	**₱303,321,394**
Net interest (Note 26)	**23,611,325**	**1,989,060**	**21,622,265**
Current service cost (Note 25)	**72,293,134**	**–**	**72,293,134**
Benefits paid	**(45,363,018)**	**–**	**(45,363,018)**
Net acquired/(released) obligation due to employee transfers	**147,078**	**–**	**147,078**

(Forward)

	Defined benefits liability	Fair value of plan assets	Net defined benefit liability
Remeasurement of actuarial losses (gains):			
Experience	**₱19,105,654**	**₱–**	**₱19,105,654**
Changes in demographic assumptions	**(7,097,351)**	**–**	**(7,097,351)**
Changes in financial assumptions	**40,124,693**	**–**	**40,124,693**
Remeasurement loss - return on plan assets	**–**	**(974,747)**	**974,747**
	52,132,996	**(974,747)**	**53,107,743**
At December 31	**₱421,201,516**	**₱16,072,920**	**₱405,128,596**

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

Changes in defined benefits cost recognized in OCI in 2023 and 2022 are as follows:

	2023	2022
At January 1	**₱57,113,285**	₱26,132,299
Actuarial gain (loss) - defined benefit obligation	**(44,684,390)**	42,234,299
Remeasurement gain - plan asset	**(8,423,352)**	(926,318)
Income tax effect	**13,490,843**	(10,326,995)
At December 31	**₱17,496,386**	₱57,113,285

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

	2023	2022
Cash and short-term deposits	**94.74%**	74.86%
Debt instruments - government bonds	**4.60%**	24.84%
Others	**0.66%**	0.30%
	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:

	2023	2022
Discount rate	**6.13%**	7.25%
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)	**2023**
Discount rates	**7.13%**	**(₱17,686,614)**
	(5.13%)	**₱20,756,654**

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

	Increase (decrease)	**2023**
Salary increase rate	**6.00%**	**₱21,161,765**
	(4.00%)	**(₱18,336,132)**

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

The latest available actuarial valuation report of the Parent Company was obtained on March 26, 2024, representing information as at December 31, 2023.

The maturities of the undiscounted benefit payments as at December 31, 2023 and 2022 are shown below:

	2023	2022
Less than one (1) year	**₱66,892,004**	₱66,874,740
More than one (1) to five (5) years	**143,935,287**	107,560,250
More than five (5) to 10 years	**561,735,866**	202,682,294
	₱772,563,157	₱377,117,284

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:

	2023	2022
Balance at beginning of year	**₱18,509,231**	₱17,854,413
Accretion (Note 26)	**687,450**	1,048,768
Effect of change in estimate (Note 10)	**–**	(393,950)
Balance at end of year	**₱19,196,681**	₱18,509,231

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 three (3) 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, 2023 and 2022 is 4.98%. The change in mine life and discount rate in 2021 resulted to a gain on change in estimate amounting to ₱24.49 million (see Note 23).

As at December 31, 2023 and 2022, ISRI's provision for mine rehabilitation and decommissioning amounted to ₱4.92 million, representing the present value of rehabilitation costs relating to the Sangilo mine, which is expected to be incurred up to 2039. Effect of change in estimate in 2022 resulted to a decrease in provision for mine rehabilitation and decommissioning (see Note 10).

18. Loans Payable

	2023	2022
Philippine National Bank (PNB)	**₱2,008,119,181**	₱2,868,786,293
Bank of Commerce (BOC)	**1,882,580,000**	1,908,080,000
Rizal Commercial Banking Corporation (RCBC)	**900,000,000**	900,000,000
Union Bank of the Philippines (UBP)	**434,324,495**	543,466,080
	5,225,023,676	6,220,332,373
Less current portion	**4,083,966,092**	4,370,197,906
Noncurrent portion	**₱1,141,057,584**	₱1,850,134,467

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 of the Credit Facilities to ₱2.00 billion with a new expiry date of July 31, 2024.

As at December 31, 2023 and 2022, 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, 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. PNB granted renewal with a new expiry date of July 31, 2024.

ISRI has outstanding unsecured TRs amounting to ₱158.88 million and ₱142.43 million for its importation of machinery and equipment using the standard credit terms with PNB of 180 days as at as at December 31, 2023 and 2022, respectively.

- On October 24, 2017, another unsecured Term Loan Facility of up to ₱2.50 billion with tenor of seven (7) 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 Unibank, 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 ₱446.43 million and ₱803.57 million as at December 31, 2023 and 2022, respectively.

  As at December 31, 2023 and 2022, 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, the 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 ₱1.03 billion and ₱1.29 billion as at December 31, 2023 and 2022, respectively.

  As at December 31, 2023 and 2022, 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 (1) 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 nil and ₱157.30 million as at December 31, 2023 and 2022, respectively.

  As at December 31, 2023 and 2022, 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 (5) 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 (1) 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 ₱375.00 and ₱475.00 million as at December 31, 2023 and 2022, respectively.

  As at December 31, 2023 and 2022, all loan covenants are complied with.

BOC
As at December 31, 2023, the Parent Company has outstanding unsecured promissory notes amounting to $34.00 million or ₱1.88 billion with maturity date on February 26, 2024, carrying an interest rate of 9.84% per annum. 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.

On February 26, 2024, the Parent Company was granted to rollover its unsecured promissory note for US$34.00 million maturing on June 25, 2024, bearing an interest rate of 9.80% per annum (see Note 33).

On February 26, 2024, the Group obtained a 9.8046% interest-bearing short-term loan from BOC amounting to $19.00 million maturing on June 25, 2024. The same amount was eventually paid to the Sellers in accordance with the SPA between the Parent Company and the previous shareholders of AAMRC (see Notes 1 and 33).

RCBC
As at December 31, 2023, the Parent Company has outstanding unsecured promissory notes amounting to ₱900.00 million with maturity date on March 2, 2024, carrying an interest rate of 7.15% per annum. While as at December 31, 2022, ₱900.00 million unsecured promissory notes carrying an interest rate of 5.75% per annum matured on March 8, 2023.

On March 1, 2024, the Parent Company was granted to rollover its unsecured promissory note for ₱900.0 million maturing on August 29, 2024, bearing an interest rate of 7.15% per annum.

UBP
As at December 31, 2023, the Parent Company has outstanding US$0.99 million, US$1.31 million and US$5.54 million unsecured promissory notes equivalent to ₱434.32 million with maturity date of May 10, May 10 and February 9, 2024, respectively, bearing the interest rate of 6.88%, 6.88% and 6.75%, respectively.

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 notes equivalent to ₱543.47 million with maturity date of February 15 and May 17 and May 17, 2023, respectively, bearing the interest rate of 6.50%.

On February 8, 2024, the Parent Company was granted to rollover its unsecured promissory note for US$5.54 million maturing on August 6, 2024 bearing an interest rate of 6.88%.

The Group's availment and payment of loans as at December 31, 2023 and 2022 are as follows:

	2023		2022	
	Availment	**Payment**	Availment	Payment
PNB	**₱–**	**₱860,640,921**	₱–	₱907,994,534
BOC	**–**	**–**	2,573,497,673	–
RCBC	**–**	**–**	–	22,500,000
UBP	**–**	**101,516,700**	–	14,991,058
	₱–	**₱962,157,621**	₱2,573,497,673	₱945,485,592

Interest expenses incurred in 2023 and 2022 in relation to the availed loans are as follows:

	2023	2022
PNB	**₱170,284,804**	₱193,311,182
BOC	**193,731,451**	13,360,625
RCBC	**61,200,000**	52,734,688
UBP	**32,350,118**	28,952,575
Subtotal	**457,566,373**	288,359,070
Capitalized borrowing costs (Note 10)	**(111,952,931)**	(133,024,009)
Interest on loans payable (Note 26)	**₱345,613,442**	₱155,335,061

The Group capitalized borrowing costs related to construction in-progress and mine development cost amounting to ₱111.95 million and ₱133.02 million in 2023 and 2022, respectively. The rate used by the Parent to determine the amount of borrowing costs eligible for capitalization was 6.50% and 6.31% in 2023 and 2022, respectively. The rate used by ISRI was 8.56% and 8.78% in 2023 and 2022 (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, 2023 and 2022.

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

(Forward)

SEC ordered rendered effective or permitted to sell	Event	Authorized capital stock balance	Issued shares	Issue/offer price
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, 2023, and 2022, the Parent Company has 2,744, and 2,745 stockholders, respectively.

Issue	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders of securities as at December 31		
				2023	2022	2021
Common shares	12,800,000,000	₱1.00 par value	January 12, 2015	**2,744**	2,745	2,749

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

	2023		2022	
	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, 2023 and 2022, APIC amounted to ₱634,224.

Retained earnings

Movements in the retained earnings are as follows:

	2023	2022
Balance at beginning of year	**₱7,464,658,813**	₱4,128,503,222
Net income attributable to the equity holders of the Parent Company	**3,408,994,699**	3,341,547,056
Dividends	**(310,035,402)**	(59,847,556)
Realization of revaluation surplus (Note 10)	**35,347,094**	54,456,091
Balance at end of year	**₱10,598,965,204**	₱7,464,658,813

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).

On April 28, 2023, the Parent Company declared a regular cash dividend amounting to ₱310.04 million equivalent to ₱0.053621 per common share. From the cash dividend declared, ₱264.99 million was paid on June 5, 2023 to stockholders of record holding shares of common stock at the close of business on May 15, 2023. Dividend payable as of December 31, 2023 amounted to ₱50.63 million (see Note 14).

NCI

NCI consists of the following:

	2023	2022
NCI on net assets of:		
ICSI	**₱27,626,067**	₱63,984,260
Minas	**(22,133,536)**	(22,133,536)
MMSL	**(3,196,975)**	(3,229,100)
MOMCL	**(9,471,126)**	(9,536,981)
	(₱7,175,570)	₱29,084,643

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

Statements of comprehensive loss for the years ended December 31, 2023 and 2022:

	2023	2022
General and administrative expenses	**₱228,296**	₱256,500
Other charges	**75,517,940**	–
Loss before tax	**75,746,236**	256,500
Provision for income tax	**–**	–
Net loss	**₱75,746,236**	₱256,500
Attributable to:		
Equity holders of the Parent Company	**₱39,388,042**	₱133,380
Non-controlling interests	**36,358,194**	123,120

Statements of financial position as at December 31, 2023 and 2022:

	2023	2022
Current assets	**₱58,735,550**	₱135,044,426
Noncurrent assets	**–**	–
Current liabilities	**(1,547,776)**	(2,030,417)
Noncurrent liabilities	**–**	(1,012,495)
Total equity	**₱57,187,774**	₱132,001,514
Attributable to:		
Equity holders of the Parent Company	**₱29,737,642**	₱68,640,787
Non-controlling interests	**27,450,132**	63,360,727

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 years ended December 31, 2023, 2022 and 2021 when there were no potentially dilutive common shares during the respective periods are as follows:

	2023	2022	2021
Net income attributable to the equity holders of the Parent Company	**₱3,408,994,699**	₱3,341,547,056	₱803,055,743
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	**₱0.60**	₱0.59	₱0.14

21. Cost of Production

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

	2023	2022	2021
Materials and supplies (Note 6)	**₱2,355,707,391**	₱1,943,164,992	₱1,383,256,812
Depreciation, depletion and amortization (Note 24)	**1,291,801,763**	1,359,247,975	1,112,394,669
Personnel costs (Note 25)	**938,001,571**	778,129,759	663,484,216
Utilities	**509,534,745**	362,095,990	251,137,322
Contracted services	**470,526,778**	366,790,796	360,270,500
Taxes, permits, and licenses	**160,770,465**	115,085,283	103,920,465
Community development expenses	**115,486,916**	71,382,088	68,373,360
Repairs and maintenance	**112,764,749**	62,419,287	30,590,569
Surface rights to indigenous people (IP) (Note 30)	**104,868,172**	93,814,724	70,260,235
Bullion refining and transportation charges	**94,615,041**	93,055,419	69,998,995
Insurance	**50,123,097**	64,662,541	52,892,123
Royalties to IP (Note 30)	**48,332,964**	44,903,380	29,980,618
Data and communication	**26,175,620**	37,998,928	10,343,570
Rent (Note 30)	**20,909,338**	8,854,498	8,180,094
Professional fees	**17,283,971**	13,749,932	14,202,336
Employee activities	**12,621,621**	7,808,151	10,654,825
Transportation and accommodation	**10,224,256**	4,653,018	830,718
Donations and contributions	**7,806,024**	3,294,313	18,361,517
Representation and entertainment	**1,359,998**	1,106,991	720,994
	₱6,348,914,480	₱5,432,218,065	₱4,259,853,938

The amounts were distributed as follows:

	2023	2022	2021
Mining	**₱2,801,995,377**	₱2,480,089,638	₱1,207,618,795
Milling	**920,982,854**	1,378,179,107	749,156,119
Compliance	**534,036,195**	677,589,837	1,956,899,149
Mine overhead	**2,091,900,054**	896,359,483	346,179,875
	₱6,348,914,480	₱5,432,218,065	₱4,259,853,938

22. **General and Administrative Expenses**

	2023	2022	2021
Personnel costs (Note 25)	**₱69,023,510**	₱84,214,714	₱71,900,061
Professional fees	**49,580,411**	38,505,412	33,833,144
Employee activities	**35,236,470**	14,450,649	5,230,703
Taxes, licenses and permits	**23,743,186**	33,151,771	22,771,807
Contracted services	**20,837,880**	5,394,092	5,228,582
Depreciation and amortization (Note 24)	**13,621,659**	7,959,209	1,545,819
Repairs and maintenance	**6,560,829**	1,558,371	589,635
Materials and supplies (Note 6)	**5,669,853**	6,757,968	5,189,436
Rent (Note 30)	**5,609,351**	6,364,596	5,576,677
Utilities	**4,699,616**	4,211,494	1,621,785
Representation and entertainment	**2,894,060**	3,508,342	1,039,516
Transportation and accommodation	**2,795,644**	7,568,973	2,807,746
Insurance	**1,007,691**	1,687,761	700,693
Write off of input VAT (Note 13)	**–**	–	45,259,705
Others	**12,528,096**	9,474,836	8,001,273
	₱253,808,256	₱224,808,188	₱211,296,582

Others pertain to community development, donations and contributions, data and communications, marketing charges, and miscellaneous expenses.

23. **Other Income (Charges)** - net

	2023	2022	2021
Provision for tax losses	**(₱171,414,746)**	(₱65,997,927)	₱–
Provision for impairment losses on:			
Input VAT (Note 13)	**(153,188,407)**	–	(143,098,681)
Nontrade receivables (Note 13)	**(75,517,940)**	–	–
Deferred exploration costs (Note 11)	**(30,307,458)**	–	(578,755,160)
Intangible asset (Note 12)	**–**	–	(192,202,964)
Property, plant and equipment (Note 10)	**–**	–	(341,464,705)
Advances for land acquisition (Note 13)	**–**	–	(93,530,149)
Gain on sale of mining rights (Note 11)	**120,084,817**	–	–
Foreign exchange gains (losses) - net	**(53,203,872)**	15,214,720	(2,958,848)
Interest income (Note 4)	**14,612,809**	3,221,594	972,760
Gain on change of estimate on provision for mine rehabilitation and decommissioning (Note 17)	**–**	–	24,486,390
Miscellaneous - net	**(2,522,972)**	1,941,704	738,221
	(₱351,457,769)	(₱45,619,909)	(₱1,325,813,136)

24. **Depreciation, Depletion and Amortization**

	2023	2022	2021
Property, plant and equipment (Note 10)	**₱1,295,670,527**	₱1,359,946,839	₱1,112,516,903
Intangible asset (Note 12)	**9,752,895**	7,260,345	1,423,585
	₱1,305,423,422	₱1,367,207,184	₱1,113,940,488

The amounts were distributed as follows:

	2023	2022	2021
Cost of production (Note 21)	**₱1,291,801,763**	₱1,359,247,975	₱1,112,394,669
General and administrative expenses (Note 22)	**13,621,659**	7,959,209	1,545,819
	₱1,305,423,422	₱1,367,207,184	₱1,113,940,488

The Group capitalized depreciation, depletion, and amortization costs amounting to ₱128.34 million and ₱151.56 million as part of mine development costs in 2023 and 2022, respectively (see Note 10).

25. **Personnel Costs**

	2023	2022	2021
Salaries and wages	**₱459,555,839**	₱474,747,043	₱387,173,367
Other employee benefits	**475,176,108**	337,285,802	306,587,780
Retirement benefits cost (Note 16)	**72,293,134**	50,311,628	41,623,130
	₱1,007,025,081	₱862,344,473	₱735,384,277

The amounts were distributed as follows:

	2023	2022	2021
Cost of production (Note 21)	**₱938,001,571**	₱778,129,759	₱663,484,216
General and administrative expenses (Note 22)	**69,023,510**	84,214,714	71,900,061
	₱1,007,025,081	₱862,344,473	₱735,384,277

26. **Finance Costs**

	2023	2022	2021
Interest on loans payable (Note 18)	**₱345,613,442**	₱155,335,061	₱153,288,482
Interest on financial liability (Note 1)	**191,342,327**	–	–
Net interest cost on retirement benefits (Note 16)	**21,622,265**	13,851,257	11,351,567
Accretion expense (Note 17)	**687,450**	1,048,768	457,754
	₱559,265,484	₱170,235,086	165,097,803

27. **Income Tax**

In 2023, 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 2023, 2022 and 2021 are presented below. Provision for current income tax in 2023, 2022 and 2021 pertain to RCIT and MCIT for each year.

	2023	2022	2021
Current	**₱766,341,085**	₱711,392,182	₱626,071,910
Deferred	**(56,044,407)**	(17,034,490)	(131,716,674)
	₱710,296,678	₱694,357,692	₱494,355,236

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:

	2023	2022	2021
Provision for income tax computed at statutory income tax rate of 25% in 2023, 2022 and 2021	**(₱1,020,757,791)**	(₱1,008,452,208)	(₱287,902,552)
Changes in unrecognized deferred income tax assets	**(85,830,872)**	9,864,953	(258,365,012)
Add (deduct) tax effects of:			
Optional Standard Deduction	**515,756,174**	456,492,633	–
Nondeductible expenses	**(82,508,891)**	(133,414,210)	(6,133,940)
Provision for tax losses	**(39,970,546)**	(14,220,869)	–
Interest income subjected to final tax	**3,053,203**	548,395	243,190
Expired MCIT	**(37,955)**	(156,291)	(51,054)
Expired NOLCO	–	(16,574,060)	(16,328,121)
Applied NOLCO	–	11,553,965	–
Effect of change in tax rate	–	–	74,182,253
	(₱710,296,678)	(₱694,357,692)	(₱494,355,236)

Details of unrecognized deductible temporary differences, MCIT and NOLCO as at December 31, 2023 and 2022 are as follows:

	2023	2022
Unrealized foreign exchange losses	**₱92,120,952**	₱92,120,952
Provision for retirement benefits of a subsidiary	**31,742,310**	–
Allowance for impairment losses on:		
Deferred exploration cost	**609,062,618**	578,755,160
Property, plant and equipment	**504,138,916**	504,138,916
Intangibles	**192,202,964**	192,202,964
Input VAT	**296,287,088**	143,098,681
Advances for land acquisition	**93,530,149**	93,530,149
Nontrade receivable	**75,517,940**	–
Inventory losses and obsolescence	**47,702,461**	85,025,491
Receivables	**21,989,828**	21,989,828

(Forward)

	2023	2022
NOLCO	**₱181,679,891**	₱96,343,121
Provision for mine rehabilitation and decommissioning cost of a subsidiary	**4,916,339**	360,750
MCIT	**144,538**	146,493
	₱2,151,035,994	₱1,807,712,505

The Group has recognized deferred income tax liabilities and assets as at December 31, 2023 and 2022 on the following:

	2023	2022
Deferred income tax liabilities:		
Revaluation surplus on property, plant and equipment	**₱63,559,581**	₱75,341,945
Fair value increment on deferred exploration cost and mine and mining properties	**51,936,281**	60,625,997
Unrealized foreign exchange gain	**31,874,063**	40,465,405
	147,369,925	176,433,347
Deferred income tax assets:		
Provision for retirement benefits	**(93,346,572)**	(75,830,349)
Unrealized foreign exchange loss	**(40,223,330)**	(16,070,272)
Provision for mine rehabilitation and decommissioning cost	**(3,620,564)**	(3,448,702)
	(137,190,466)	(95,349,323)
Net deferred tax liabilities	**₱10,179,459**	₱81,084,024

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, 2023, 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
2023	2026	85,336,770
		₱181,679,891

The movements of NOLCO are as follows:

	2023	2022
Balance at beginning of the year	**₱96,343,121**	₱181,342,460
Additions	**85,336,770**	27,512,759
Expirations	**–**	(66,296,239)
Applications	**–**	(46,215,859)
Balance at end of the year	**₱181,679,891**	₱96,343,121

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

Year incurred	Year of expiration	MCIT
2021	2024	₱24,920
2022	2025	83,618
2023	2026	36,000
		₱144,538

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

	2023	2022
Balance at beginning of the year	**₱146,493**	₱219,166
Additions	**36,000**	83,618
Expirations	**(37,955)**	(156,291)
Balance at end of the year	**₱144,538**	₱146,493

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

	Parent	MORE	CRPI	BMRC	ISRI	ICSI	Total
Balance at beginning of year	₱–	₱40,231,679	₱51,060,183	₱5,051,259	₱–	₱–	₱96,343,121
Additions	–	20,011,756	26,345,256	2,621,565	–	36,358,193	85,336,770
Expirations	–	–	–	–	–	–	–
Applications	–	–	–	–	–	–	–
Balance at end of year	₱–	₱60,243,435	₱77,405,439	₱7,672,824	₱–	₱36,358,193	₱181,679,891

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

	Parent	MORE	CRPI	BMRC	ISRI	Total
Balance at beginning of year	₱–	₱144,538	₱1,955	₱–	₱–	₱146,493
Additions	–	36,000	–	–	–	36,000
Expirations	–	(36,000)	(1,955)	–	–	(37,955)
Balance at end of year	₱–	₱144,538	₱–	₱–	₱–	₱144,538

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 took 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, 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
- 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.

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the MCIT rate to 2% of gross income effective July 1, 2023 pursuant to CREATE Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Group recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

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 (1) 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, 2023 and 2022.

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

	2023				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash with banks and cash equivalents	**₱1,342,059,132**	**₱–**	**₱–**	**₱–**	**₱1,342,059,132**
Receivables:					**–**
Trade	**841,448,673**	**–**	**–**	**–**	**841,448,673**
Others	**18,132,974**	**–**	**21,989,828**	**–**	**40,122,802**
Advances to related parties	**2,304,109**	**–**	**–**	**–**	**2,304,109**
Other noncurrent assets:				**–**	
Advance to GMU	**112,150,750**	**–**	**–**	**–**	**112,150,750**
Nontrade receivable	**–**	**–**	**75,271,294**	**–**	**75,271,294**
MRF	**28,539,254**	**–**	**–**	**–**	**28,539,254**
Financial asset measured at FVOCI	**7,000,000**	**–**	**344,640,000**	**–**	**351,640,000**
	₱2,351,634,892	**₱–**	**₱441,901,122**	**₱–**	**₱2,793,536,014**

	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	75,271,296	–	–	–	75,271,296
MRF	27,829,598	–	–	–	27,829,598
Financial asset measured at FVOCI	6,000,000	–	344,640,000	–	350,640,000
	₱2,210,642,214	₱–	₱366,629,828	₱–	₱2,577,272,042

<u>Liquidity Risk</u>

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, 2023 and 2022.

2023	**On demand**	**Less than three (3) months**	**Three (3) to 12 months**	**More than 12 months**	**Total**
Trade and other payables					
Trade	**₱917,214,582**	**₱–**	**₱–**	**₱–**	**₱917,214,582**
Nontrade	**85,576,857**	**–**	**–**	**–**	**85,576,857**
Accrued expenses	**107,310,052**	**–**	**–**	**–**	**107,310,052**
Retention fees	**12,081,262**	**–**	**–**	**–**	**12,081,262**
Payables to employees	**106,454,707**	**–**	**–**	**–**	**106,454,707**
Dividends Payable	**50,627,881**	**–**	**–**	**–**	**50,627,881**
Others	**77,403,666**	**–**	**–**	**–**	**77,403,666**
Financial liability	**–**	**836,661,303**	**–**	**3,008,811,659**	**3,845,472,962**
Advances from related parties	**916,012,000**	**–**	**–**	**–**	**916,012,000**
Loans payable	**–**	**–**	**4,083,966,092**	**1,141,057,584**	**5,225,023,676**
	₱2,272,681,007	**₱836,661,303**	**₱4,083,966,092**	**₱4,149,869,243**	**₱11,343,177,645**

2023	**On demand**	**Less than three (3) months**	**Three (3) to 12 months**	**More than 12 months**	**Total**
Cash and cash equivalents	**₱1,342,059,132**	**₱–**	**₱–**	**₱–**	**₱1,342,059,132**
Receivables:					
Trade	**841,448,673**	**–**	**–**	**–**	**841,448,673**
Others	**18,132,974**	**–**	**–**	**21,989,828**	**40,122,802**
Advances to related parties	**2,304,109**	**–**	**–**	**–**	**2,304,109**
Other noncurrent assets:					
Advance to GMU	**112,150,750**	**–**	**–**	**–**	**112,150,750**
MRF	**–**	**–**	**–**	**28,539,254**	**28,539,254**
Nontrade receivable	**75,517,940**	**–**	**–**	**–**	**75,517,940**
Financial asset measured at FVOCI	**7,000,000**	**–**	**–**	**344,640,000**	**351,640,000**
	₱2,398,613,578	**₱–**	**₱–**	**₱395,169,082**	**₱2,793,782,660**

2022	On demand	Less than three (3) months	Three (3) 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
	₱1,826,748,677	₱–	₱4,370,197,906	₱1,850,134,467	₱8,047,081,050

2022	On demand	Less than three (3) months	Three (3) to 12 months	More than 12 months	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	75,517,940	–	–	–	75,517,940
Financial asset measured at FVOCI	6,000,000	–	–	344,640,000	350,640,000
	₱2,185,711,848	₱–	₱–	₱394,459,426	₱2,580,171,274

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 have forward currency contracts.

The Group foreign currency-denominated financial instruments as at December 31, 2023 and 2022 are as follows:

	2023		2022	
	US$	**Php**	US$	Php
Financial Assets				
Cash and cash equivalents	**$11,353,741**	**₱628,656,639**	$3,678,026	₱205,307,411
Trade receivables	**14,808,553**	**819,949,580**	17,288,750	965,058,025
	26,162,294	**1,448,606,219**	20,966,776	1,170,365,436
Financial Liabilities				
Trade payables	**23,920,943**	**1,324,502,614**	3,747,858	209,205,434
Loans payable	**43,684,000**	**2,418,783,080**	14,176,382	791,325,643
Financial liability	**69,450,478**	**3,845,472,967**	–	–
	137,055,421	**7,588,758,661**	17,924,240	1,000,531,077
Net financial assets (liabilities)	**($110,893,127)**	**(₱6,140,152,442)**	$3,042,536	₱169,834,359

As at December 31, 2023 and 2022, the exchange rate based on the Bankers Association of the Philippines peso to US$1.00 was ₱55.37 and ₱55.82, 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, 2023 and 2022 are as follows:

		Change in foreign exchange rates	Effect in income before tax
US$	**2023**	**₱0.69**	**(₱76,640,220)**
		(0.56)	**61,765,635**
	2022	₱1.14	(₱3,462,557)
		(0.26)	802,546

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 2023 and 2022 as follows:

	Change in gold metal price	Effect on income before tax
2023	**Increase by 13%**	**₱1,510,744,070**
	Decrease by 13%	**(1,510,744,070)**
2022	Increase by 13%	₱1,280,992,252
	Decrease by 13%	1,280,992,252)

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, 2023 and 2022.

The Group considers the following as its core economic capital:

	2023	2022
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**

Financial Assets at FVOCI
The quoted equity instruments designated at financial assets at FVOCI as at December 31, 2023 and 2022 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)	**2023**	**₱7,000,000**	**₱7,000,000**	**₱–**	**₱–**
	2022	6,000,000	6,000,000	–	–
Property, plant, and equipment (Note 10)	**2023**	**₱13,083,989,196**	**₱–**	**₱–**	**₱13,083,989,196**
	2022	11,291,389,138	–	–	11,291,389,138

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, Financial Liability
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 (sales less cost of sales).

   In 2023, 2022, and 2021 royalties to IP recognized under "Cost of Production" amounted to ₱48.33 million, ₱44.90 million, and ₱29.98 million, respectively (see Note 21).

   In 2023, 2022 and 2021 surface rights to IP recognized under "Cost of Production" amounted to ₱104.87 million, ₱93.81 million, and ₱70.26 million, respectively (see Note 21).

b. *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 ₱26.52 million, ₱15.22 million, and ₱13.76 million in 2023, 2022 and 2021, respectively (see Notes 21 and 22).

c. *Refining and Transportation Agreement with Heraeus*
On April 1, 2023, the Parent Company renewed its Refining and Transportation Agreement, covering its gold and silver bullion production with Heraeus valid until March 31, 2025.

Under the agreement, title to the gold and silver bullion shall pass from the Parent Company to Heraeus upon settlement otherwise the title shall remain with the Parent Company. The Parent Company may elect to sell the refined gold and silver to Heraeus, and the price for all sales shall be based on London Bullion Market Association.

d. *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

e. *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.

			2023		
	Mining	**Oil and gas**	**Solid waste management**	**Eliminations**	**Total**
Revenue					
External customer	**₱12,075,094,595**	**₱–**	**₱–**	**₱–**	**₱12,075,094,595**
Inter-segment	–	–	–	–	–
Consolidated revenue	**₱12,075,094,595**	**₱–**	**₱–**	**₱–**	**₱12,075,094,595**
Results					
EBITDA	**6,331,722,049**	**74,450,061**	**(75,746,235)**	**(29,766,811)**	**6,300,659,064**
Interest income (expense) - net	**(561,699,080)**	**2,433,596**	–	–	**(559,265,484)**
Income tax expense	**(708,291,493)**	**(2,005,185)**	–	–	**(710,296,678)**
Depreciation and depletion	**(1,302,903,686)**	**(2,519,736)**	–	–	**(1,305,423,422)**
Nonrecurring items	**(352,938,994)**	–	–	–	**(352,938,994)**
Consolidated net income (loss)	**₱3,405,888,796**	**₱72,358,736**	**(₱75,746,235)**	**(₱29,766,811)**	**₱3,372,734,486**
Consolidated total assets	**₱23,592,537,751**	**₱3,415,238,712**	**₱58,735,550**	**₱–**	**₱27,066,512,013**
Consolidated total liabilities	**₱12,101,076,245**	**₱356,707,826**	**₱2,560,271**	**₱–**	**₱12,460,344,342**

			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)
Nonrecurring 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	₱17,713,384,485	₱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

The total revenue from an external customer, attributable to the Philippines, which is the Group's country of domicile, amounted to ₱12.08 billion and ₱10.31 billion in 2023 and 2022, respectively arising from the sale of gold and silver bullion.

32. Supplemental Disclosure to Consolidated Statements of Cash Flows

The following table summarizes the changes in liabilities from financing activities in 2023 and 2022:

	January 1, 2023	**Availments**	**Payments**	**Foreign exchange Loss (Gain)/Interest expense**	**December 31, 2023**
Current Liabilities:					
Bank loans	**₱4,370,197,906**	**₱–**	**(₱253,080,738)**	**(₱33,151,076)**	**₱4,083,966,092**
Financial liability	**–**	**836,661,303**	**–**	**–**	**836,661,303**
Noncurrent Liabilities:					
Bank loans	**1,850,134,467**	**–**	**(709,076,883)**	**–**	**1,141,057,584**
Financial liability	**–**	**2,754,937,184**	**–**	**253,874,475**	**3,008,811,659**
	₱6,220,332,373	**₱3,591,598,487**	**(₱962,157,621)**	**₱220,723,399**	**₱9,070,496,638**

	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

The Group had non-cash investing and financing activities in 2023, 2022 and 2021, which were considered in the preparation of the consolidated statements of cash flows, as follows:

	2023	2022	2021
Investing activities:			
Addition to property, plant and equipment pertaining to capitalized mine rehabilitation cost (Note 10)	**₱–**	₱393,950	₱–

33. Subsequent Events

BOC Loan
On February 26, 2024, the Parent Company was granted to rollover its unsecured promissory note for US$34.00 million maturing on June 25, 2024, bearing an interest rate of 9.80% per annum (see Note 18).

On February 26, 2024, the Group obtained a 9.8046% interest-bearing short-term loan from BOC amounting to $19.00 million maturing on June 25, 2024. The same amount was eventually paid to the Sellers in accordance with the SPA between the Parent Company and the previous shareholders of AAMRC (see Notes 1 and 18).

On February 14, 2024, the Parent Company made additional advance payment for royalty amounting to $1.00 million or ₱56.10 million to PMDC in accordance with the SPA between the Parent Company and the previous shareholders of AAMRC (see Notes 1 and 13).

UBP Loan
On February 8, 2024, the Parent Company was granted to rollover its unsecured promissory note for US$5.54 million maturing on August 6, 2024 bearing an interest rate of 6.88% (see Note 18).

RCBC Loan
On March 1, 2024, the Parent Company was granted to rollover its unsecured promissory note for ₱900.0 million maturing on August 29, 2024, bearing an interest rate of 7.15% per annum (see Note 18).

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Apex Mining Co., Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
Tax Identification No. 102-100-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-060-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082041, January 6, 2024, Makati City

April 15, 2024

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Apex Mining Co., Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
Tax Identification No. 102-100-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-060-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082041, January 6, 2024, Makati City

April 15, 2024

APEX MINING CO., INC.

INDEX TO SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2023

Annex I:	Reconciliation of Retained Earnings Available for Dividend Declaration
Annex II:	Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered
Annex III:	Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2023

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

Unappropriated Retained Earnings, beginning of reporting period			**₱8,622,818,746**
Add:	<u>Category A:</u> **Items that are directly credited to Unappropriated Retained Earnings**	–	
	Reversal of Retained Earnings Appropriation/s	–	
	Effect of restatements or prior-period adjustments	–	
	Others (describe nature)	–	–
Less:	<u>Category B:</u> **Items that are directly debited to Unappropriated Retained Earnings**		
	Dividend declaration during the reporting period	(333,945,555)	
	Retained Earnings appropriated during the reporting period	–	
	Effect of restatements or prior-period adjustments	–	
	Others (describe nature)	–	(333,945,555)
Unappropriated Retained Earnings, as adjusted			**8,288,873,191**
Add/Less: Net Income for the current year			**3,502,233,996**
Less:	<u>Category C.1:</u> **Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
	Equity in net income of associate/joint venture, net of dividends declared	–	
	Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(36,363,000)	
	Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
	Unrealized fair value gain of Investment Property	–	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	–
	Subtotal		(36,363,000)
Add:	<u>Category C.2:</u> **Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**		
	Realized foreign exchange gain, except those attributable to Cash and Cash Equivalents	89,979,386	
	Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
	Realized fair value gain of Investment Property	–	

(Forward)

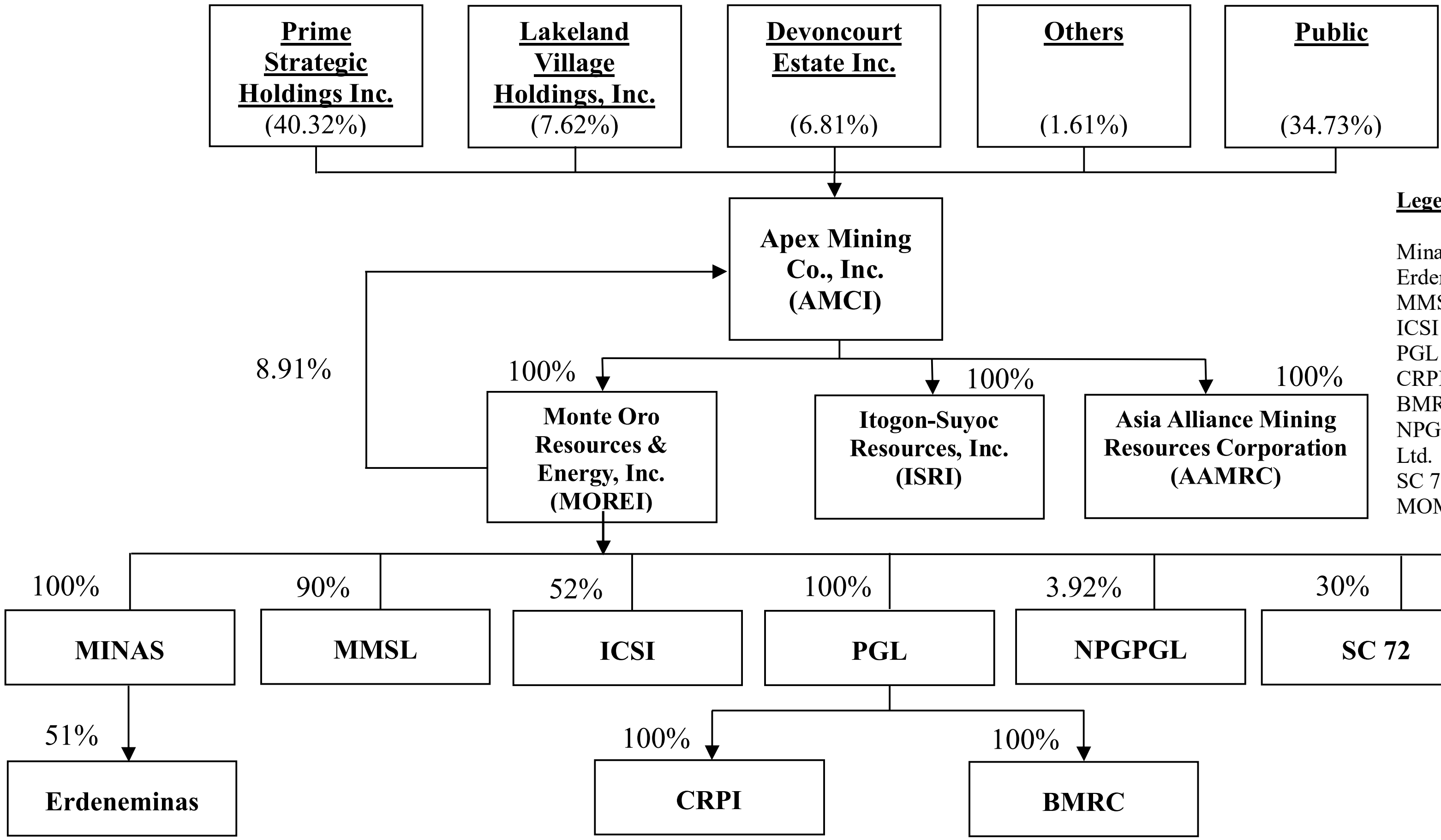
	Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
	Subtotal		**89,979,386**
Add:	**<u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**		
	Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
	Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
	Reversal of previously recorded fair value gain of Investment Property	–	
	Reversal of other unrealized gains or adjustments to the retained Earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	–	
	Subtotal		**–**
Adjusted Net Income/Loss			**11,844,723,573**
Add:	**<u>Category D:</u> Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
	Depreciation on revaluation increment (after tax)	35,347,094	
	Subtotal		**35,347,094**
Add/Less:	**<u>Category E:</u> Adjustments related to relief granted by the SEC and BSP**		
	Amortization of the effect of reporting relief	–	
	Total amount of reporting relief granted during the year	–	
	Others (describe nature)	–	
	Subtotal		**–**
Add/Less:	**<u>Category F:</u> Other items that should be excluded from the determination of the amount of available for dividends distribution**		
	Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(46,510,959)	
	Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(171,863)	
	Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
	Others (describe nature)	–	
	Subtotal		**(46,682,822)**
Total Retained Earnings, end of the reporting period available for dividend			**₱11,833,387,845**

SCHEDULE II
APEX MINING CO., INC.
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2023

Ratio	Formula		Current Year	Prior Year
Current Ratio	Total Current Assets divided by Total Current Liabilities		**0.58**	**0.64**
	Total Current Assets	4,589,583,024		
	Divide by: Total Current Liabilities	7,875,970,363		
	Current Ratio	0.58		
Acid test ratio	Quick assets *(Total Current Assets less Inventories and Other Current Assets)* divided by Total Current Liabilities		**0.29**	**0.30**
	Total Current Assets	4,589,583,024		
	Less: Inventories	1,292,697,855		
	Other current assets	1,042,456,267		
	Quick assets	2,254,428,902		
	Divide by: Total Current Liabilities	7,875,970,363		
	Acid test ratio	0.29		
Solvency ratio	Net Income (Loss) After Tax Plus Depreciation, Amortization and Depletion divided by Total Liabilities		**0.38**	**0.52**
	Net Income (Loss) After Tax	3,372,734,486		
	Add: Depreciation, Amortization and Depletion	1,305,423,422		
	Net Income (Loss) After Tax, Plus Depreciation, Amortization and Depletion	4,678,157,908		
	Divide by: Total Liabilities	12,460,344,342		
	Solvency ratio	0.38		
Debt-to-equity ratio	Total Liabilities divided by Total Equity *(Excluding Cumulative Translation Adjustment and Treasury Shares)*		**0.75**	**0.67**
	Total Liabilities	12,460,344,342		
	Divide by: Total Equity			
	Total Equity	14,606,167,671		
	Less: Cumulative translation adjustment	270,115		
	Treasury Shares	2,081,746,680		
	Subtotal	16,687,644,236		
	Debt-to-equity ratio	0.75		
Asset-to-equity ratio	Total Assets divided by Total Equity *(Excluding Cumulative Translation Adjustment and Treasury Shares)*		**1.62**	**1.51**
	Total Assets	27,066,512,013		
	Divide by: Total Equity			
	Total Equity	14,606,167,671		
	Less: Cumulative translation adjustment	270,115		
	Treasury Shares	2,081,746,680		
	Subtotal	16,687,644,236		
	Asset-to-equity ratio	1.62		

Ratio	Formula		Current Year	Prior Year
Interest rate coverage ratio	Earnings Before Interest and Taxes divided by Interest Expense		**8.30**	**24.70**
	Net Income (Loss) Before Tax	4,083,031,164		
	Add: Finance Charges	559,265,484		
	Earnings Before Interest and Taxes	4,642,296,648		
	Divide by: Finance Charges	559,265,484		
	Interest rate coverage ratio	8.30		
Return on equity	Net Income (Loss) After Tax divided by Total Equity *(Excluding Cumulative Translation adjustment and Treasury Shares)*		**20.21%**	**24.44%**
	Net Income (Loss) After Tax	3,372,734,486		
	Divide by:			
	Total Equity	14,606,167,671		
	Cumulative translation adjustment	270,115		
	Treasury Shares	(2,081,746,680)		
	Total Equity	16,687,644,236		
	Return on equity	20.21%		
Return on assets	Net Income (Loss) After Tax divided by Total Assets		**14.13%**	**18.39%**
	Net Income (Loss) After Tax	3,372,734,486		
	Divide by: Average Total Assets			
	Assets at beginning of the year	20,658,770,739		
	Assets at end of the year	27,066,512,013		
	Average Total Assets	23,862,641,376		
	Return on assets	14.13%		
Net profit margin	Net Income (Loss) After Tax divided by Total Revenue		**27.93%**	**32.39%**
	Net Income (Loss) After Tax	3,372,734,486		
	Divide: Total Revenue	12,075,094,595		
	Net profit margin	27.93%		
Operating profit margin	Net Income (Loss) Before Interest and Tax divided by Total Revenue		**38.45%**	**40.78%**
	Net Income (Loss) Before Tax	4,083,031,164		
	Add: Finance Cost	559,265,484		
	Net Income (Loss) Before Interest and Tax	4,642,296,648		
	Divide: Total Revenue	12,075,094,595		
	Operating profit margin	38.45%		
Gross profit margin	Gross Profit Tax *(Total Revenues less Cost of Sales)* divided by Total Revenue		**47.42%**	**47.31%**
	Total Revenues	12,075,094,595		
	Less: Cost of Sales	(6,348,914,480)		
	Gross Profit	5,726,180,115		
	Divide: Total Revenue	12,075,094,595		
	Net profit margin	47.42%		

SCHEDULE III
APEX MINING CO., INC.
A MAP SHOWING THE RELATIONSHIP BETWEEN THE PARENT COMPANY AND ITS SUBSIDIARIES
PURSUANT TO REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2023



Legend:

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

SCHEDULE IV
APEX MINING CO., INC.
SCHEDULE A
FINANCIAL ASSETS
December 31, 2023
(Amounts in Thousands, Except Number of Shares)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Cash and cash equivalents		₱1,342,059	₱14,612
Receivables:			
Trade		841,449	–
Others		40,123	–
Advances to related parties		2,304	–
Other noncurrent assets:			
Advance to GMU		112,151	–
MRF		75,271	–
Nontrade receivable		28,539	–
Financial asset measured at FVOCI			
NPGPGL	555,133,447	344,640	–
BCC	1	7,000	1,000
		₱2,793,536	₱15,612

APEX MINING CO., INC.
SCHEDULE B
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
December 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Stockholders	₱75,517,940	₱–	₱–	₱–	₱–	₱75,517,940	₱75,517,940
Officers and employees	19,418,368	31,065,646	–	–	19,418,368	–	50,484,014
MORE Coal	1,186,593	–	–	–	–	1,186,593	1,186,593
MORE Oil and Gas	603,126	–	–	–	–	603,126	603,126
MORE Reedbank	514,390	–	–	–	–	514,390	514,390
	₱97,240,417	₱31,065,646	₱–	₱–	₱19,418,368	₱77,822,049	₱128,306,063

APEX MINING CO., INC.
SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
December 31, 2023
(Amounts in Thousands)

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
AAMRC	₱–	₱1,750,419	₱–	₱–	₱1,750,419	₱–	₱1,750,419
ISRI	1,520,208	117,856	–	–	1,638,064	–	1,638,064
MORE	353,431	118,501	–	–	471,932	–	471,932
CRPI	218,764	44,393	–	–	263,157	–	263,157
BMRC	5,309	–	–	–	5,309	–	5,309
	₱2,097,712	₱2,031,169	₱–	₱–	₱4,128,881	₱–	₱4,128,881

APEX MINING CO., INC.
SCHEDULE D
LONG TERM DEBT
December 31, 2023
(Amounts in Thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt"	Amount shown caption "Long-term Debt"
Long-term financial liability	₱3,591,598[1]	₱836,661	₱3,008,812
Term Loan Facility	2,500,000[2]	446,429	–
Term Loan Facility	2,000,000[3]	262,648	776,058
Term Loan Facility	500,000[4]	100,000	275,000

Note:

1. On February 10, 2023, AMCI purchased 1,900,000 shares representing 100% ownership of Asia Alliance Mining Resources Corporation (AMMRC) for US$81.50 million or ₱3.89 billion where US$5.50 million or ₱301.55 million is payable upon execution and US$76 million or ₱3.59 billion shall be paid in 4 equal installments for the next four (4) years starting on the first anniversary of Deed of Absolute Sale (DOAS) and every year thereafter.
2. On October 24, 2017, PNB granted AMCI an unsecured Term Loan Facility of up to ₱2.50 billion with tenor of seven (7) years with equal quarterly principal repayment was obtained to refinance the Parent Company's short-term loans. Interest is set at 6.00% per annum
3. On September 13, 2019, PNB granted AMCI a 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 amounting to ₱500.00 million each with the interest rate of 6.5% per annum. In 2020, the Parent Company drew the third to sixth tranches amounting to ₱500.0 million each with the same interest rate of 6.5% per annum.
4. In May 2022, the Philippine National Bank granted ISRI a Term Loan Facility of up to ₱500.00 million with tenor of five (5) years with equal quarterly principal repayment to finance ISRI's 400-tonne per day development program. The Loan Agreement for this facility was signed by the parties on May 24, 2022 and on June 28, 2022, ISRI drew the total amount of ₱500.00 million with the interest rate set at 8.52% per annum.

APEX MINING CO., INC.
SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES
December 31, 2023

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

NOT APPLICABLE

APEX MINING CO., INC.
SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
December 31, 2023
(Amounts in Thousands)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
ISRI	Debt Security - Debenture	₱375,000	₱375,000	Unconditionally and irrevocably, jointly and severally

APEX MINING CO., INC.
SCHEDULE G
CAPITAL STOCK
December 31, 2023

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	12,800,000,000	6,227,887,491	–	3,964,985,150	50,274,918	2,212,627,423