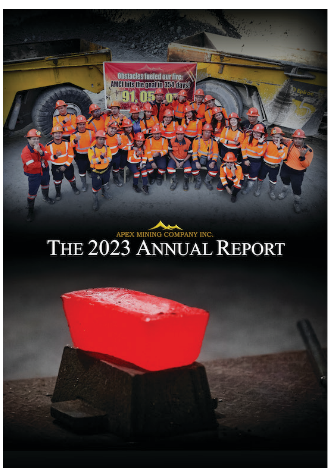
APEX MINING CO., INC.

2023 Annual Report



ABOUT THE COVER

The year 2023 started shakily, with earthquake swarms hitting the Davao de Oro area, affecting Apex Mining's operations. Still, our team forged ahead and ended the year achieving beyond our targets. Indeed, the true spirit of the Amcinero shines through amidst challenges – *malasakit*, dedication to excellence and strict adherence to safety are the cornerstones of our successful 2023.

On the cover are the hardworking men and women of APX's UG team, such as mining engineers, geologists and mine planners, together with Maco Mine Site's Resident Manager, Engr. Uldarico C. Relente (seated, 2nd from right, wearing the APX short-sleeved shirt jock).

Also on the cover is a freshly cast doré bar, poured out of its mold after smelting.

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Company Profile

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

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

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

APX, registered with the Securities and Exchange Commission in February 1970, marked its 53rd year in 2023.

Vision and Mission

"To promote the well-being of all stakeholders by embracing safety as a way of life, achieving world class environment standards, and upholding a holistic approach to wellness. This we do with care and sincere commitment to realize a sustainable, responsible, and globally recognized mining company."

Executive Officers

Jose Eduardo J. Alarilla
Chairman of the Board

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

Gil A. Marvilla
Senior Vice President, Project Development
*until 23 January 2023

Billy G. Torres
Vice President, Finance, Treasurer & Compliance Officer

Eric S. Andal, PhD
Vice President, Geology and Exploration

Emelita C. Fabro
Vice President, Corporate Administration

Atty. Rodulfo A. Palma
Vice President, Legal, Mine Compliance & Risks

Atty. Silverio Benny J. Tan
Corporate Secretary

Atty. Jonas S. Khaw
Assistant Corporate Secretary

2023
HIGHLIGHTS

APEX MINING: A GOLD STANDARD OF PROMOTING INDUSTRIAL PEACE

Apex Mining is the winner of 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. Apex Mining President and CEO Luis. R. Sarmiento, ASEAN Eng received the award from Department of Labor and Employment Secretary Bienvenido Laguesma. Apex Mining's thrust of building a solid foundation of labor management within the inherently Filipino value of *malasakit* won the nod of the judges of this prestigious search. At the awards ceremony, Sarmiento was joined by Apex Mining employee representatives (Romuli Y. Paradiang – Mine Geology Department; Johndy P. Barrete – Power Distribution Surface Electrical Department; Franco V. Abo-abo – Mill Operations Department; Rodelio G. Ca-ay – Finance Department; Stephen G. Salpid – Mill Maintenance Department; Raymund Icalina – MBF Area; Nathaniel S. Estacion – Power Distribution Surface Electrical Department) and VPs Billy Torres (Finance) and Emelita Fabro (Corporate Administration). The ER for Mine Operations, Rasel P. Masig, was not able to join. The NCMB promotes industrial peace by espousing well-rounded worker-employee relationships.

Board of Directors

Jose Eduardo J. Alarilla
Chairman

Luis R. Sarmiento, ASEAN Eng
President and CEO

Corporate and Business Structure

APEX MINING CO., INC.

- Maco Gold Mine
- MonteOro Resources & Energy, Inc.
  - Oil and Gas
    - Service Contract No.72 30%
  - Solid Waste Management
    - International Cleanvironment Systems Inc. 52%
  - Mining
    - Paracale Gold Ltd. 100%
    - Minas de Oro Mongol LLC 100%


Michael Ray B. Aquino
Director


Stephen A. Paradies
Director


Roel Z. Castro
Director


Joselito H. Sibayan
Independent Director


Valentino S. Bagatsing
Independent Director

Corporate Secretary


Atty. Silverio Benny J. Tan

ITOGON-SUYOC RESOURCES, INC.

Sangilo Gold Mine

Suyoc Gold Mine

Asia Alliance Mining Resources, Corp.

Monte de Oro Mining Co. Ltd
3.92%

More Minerals SL
90%

Gold Mines of Uganda Ltd.

MESSAGE FROM THE CHAIRMAN

Gold finally made an annual price gain in 2023 after three years, with the turnaround owed mainly to the response of investors to anticipations of interest rate cuts in 2024. The average realized gold price by the end of the first half settled at $1,953 per oz. which was higher than the $1,901 per oz. in 2022.

In a move targeted to bring down inflation, the US Federal Reserve increased the federal funds rate to 5.50% in July 2023. This proved to be beneficial as it caused inflation to scale down to a wieldy level of 3.14% by yearend. Given this scenario, plus the foreseen effect of political turmoil due to upcoming elections in many countries in 2024, investors veered away from bonds and other fixed income assets and opted for a safer investment, pushing the average realized price of gold up to $1,962 per oz. by the end of 2023, higher than the previous year's average price of $1,797 per oz.

Despite the challenges faced by your Company at the start of 2023, the higher average price of gold as well as the favorable exchange rate between the Philippine Peso and the US Dollar helped boost yearend revenues. But more importantly, our resilience and ability to quickly adapt to varying situations that impact our operations carried us through another tough year. Our Maco Mine and ISRI milled higher ore tonnages of 823,427 tonnes and 138,361 tonnes, respectively, in 2023. And once again, we were able to produce more than 100,000 oz. — a level which we will work hard to maintain in the years to come.

Backed by our established operational efficiencies and our conscious efforts to control our costs, our production team delivered yet another milestone performance this year. Pat on the back to our dynamic crew for setting the bar high each year and relentlessly working towards achieving our targets. As we continuously aim to further expand our mining operations, we are set to maximize the potential of our new strategic investments and other opportunities such as the ongoing exploration in our other tenements and our acquisition of the Asia Alliance Mining Resources Corp. (AAMRC) which assures your Company of future gold resources and an area for the expansion of the Maco Mine's current TSF. Our President will discuss in detail these and other valuable projects that will ensure the success of Apex Mining now and in the near future.

I thank our shareholders for your unwavering support to Apex Mining. Kudos to our board members, too, for their guidance and support as your Company navigated the ins and outs, and ups and downs of 2023. And of course, my heartfelt appreciation goes out to our hardworking High Performance Team — our miners, support staff and service providers — for their efforts to help the Company reach our goals this year. Without their help, commitment and dedication, it would be impossible for us to achieve the success that we are enjoying at the moment. And with God's continuous guidance and with you by our side, the future looks golden for Apex Mining.

JOSE EDUARDO J. ALARILLA
CHAIRMAN

THE PRESIDENT'S MESSAGE

Dear Shareholders,

What a year 2023 has been - with shaky start but a formidable finish.

THE EARTHQUAKE SWARM IN Q1

Not even into the second month of the first quarter, a prolonged series of earthquakes and aftershocks occurred in Davao de Oro, affecting the power supplied to our operations. Ever conscious of safety, we had to do a series of inspections to ensure that none of our infrastructure and facilities were compromised. Heavy and long periods of rainfall in the same period also caused landslides in the province.

OPERATIONS

While these force majeure events resulted to several days of work disruptions, your Company's final results are stellar: the consolidated net income of the Apex Mining group (which includes Apex Mining and our subsidiaries*) reached Php3.4 billion — one percent higher than the Php 3.3 billion recorded in 2022. Our consolidated revenues totaled Php 12.1 billion, up Php 1.8 billion (or 18 percent) from last year's Php10.3 billion. This record revenue was driven by the high realized metal prices (averaging USD 1,962 per ounce for gold and USD 23.51 per ounce for silver).

Our Maco Mine milled higher ore tonnages at 823,427 tonnes (averaging at 2,402 tonnes per day), ultimately generating a net income of Php 3.5 billion. Its gold recovery was at 87.15% while silver was at 70.16%.

Our fully owned subsidiary, Itogon-Suyoc Resources, Inc. (ISRI), milled a total of 138,361 tonnes at 3.32 gold grade per tonne and 85.72% gold recovery during the year (slightly higher than 2022's 131,481 tonnes milled at 2.81 gold grade per tonne and 84.10% recovery).

SECURING THE FUTURE

In 2023, we ramped up our initiatives to future-proof your Company.

Our take-over of Asia Alliance Mining Resources (AAMRC) was completed in February 2023. This secures the site of a new tailings storage facility (TSF) when our existing TSF reaches full capacity in three years.

As we firmed up our future prospects through assets acquisition, we ramped up on preparing our High Performance Team for the challenges of ushering in Apex Mining 4.0. All throughout 2023, we had engineers and other technical staff, both seasoned and emerging talents, travel abroad for glocalization —that is, having our employees apply what they learn in these foreign trips to their jobs at the mine site.

We also embarked on collaborations to help make our mining practices more sustainable. We launched the Apex Mining Professorial Chairs in Mining Engineering and Metallurgical Engineering, together with the UP Engineering Research and Development Foundation, Inc. (UPERDFI), to help improve mining and mineral processing technologies and practices thru research. We also formalized a collaboration with the Caraga State University to level up our data gathering activities through robotics, augmented reality (AR) and virtual reality (VR), giving our business decisions greater strategic leverage. Alongside our efforts for more evidence-based strategies and activities, we inked a partnership with the Technical Education and Skills Development Authority XI (TESDA RXI) to rollout courses on driving and heavy equipment operation to help us bring opportunities of gainful employment beyond Apex Mining and our impact barangays.

A CORPORATE CITIZEN FOR OTHERS

We spent Php 82.2 million under our Social Development and Management Program (SDMP) to fund a wide array of projects under three major areas: development of host and neighboring communities (DHNC), information, education and communication (IEC) campaigns, and development of mining technologies and geosciences (DMTG). Our track record in 2023 includes providing 6,450 students with mandatory school obligations, treating 2,462 patients for various illnesses, and assisting 11,213 barangay residents on a wide array of concerns.

In 2023, we revealed another facet of our unique brand of *malasakit* through a program we loosely call Go for the Gold. As the name implies, we support exemplary individuals achieve their dreams. And so it came to pass that PMSg Miguel Carranza (CIDG Abra PFU) carried not just the Philippines' colors but Apex Mining's and ISRI's as well, winning gold and bronze medals at the World Police and Fire Games 2023 held in Winnipeg, Canada.

GRATITUDE

We ended the year on an exciting note by winning the 2023 Outstanding Labor Management Cooperation (LMC) for Industrial Peace Award and being cited as the Special Awardee of the 2023 Outstanding Grievance Machinery for Industrial Peace given by the National Conciliation and Mediation Board. With no less than DOLE Secretary Beinvenido Laguesma presenting the award, we take pride in these twin recognitions because not only was the search nationwide in scope, it cut across different industries, too. Having a top winner from a controversial sector such as mining is a credible validation of our responsible practices.

Clearly, our success in 2023 is because of the firm commitment of our High Performance Team to the highest standards of excellence. Thanks to our teamwork, we have surpassed our targets amidst challenges, both expected and unexpected.

We are grateful to our Board of Directors for their support and guidance.

Finally, thank you, dear shareholders, for believing in Apex Mining. You can count on us to zealously guard and grow the gains your Company will continue to generate on your behalf.

Thank you.

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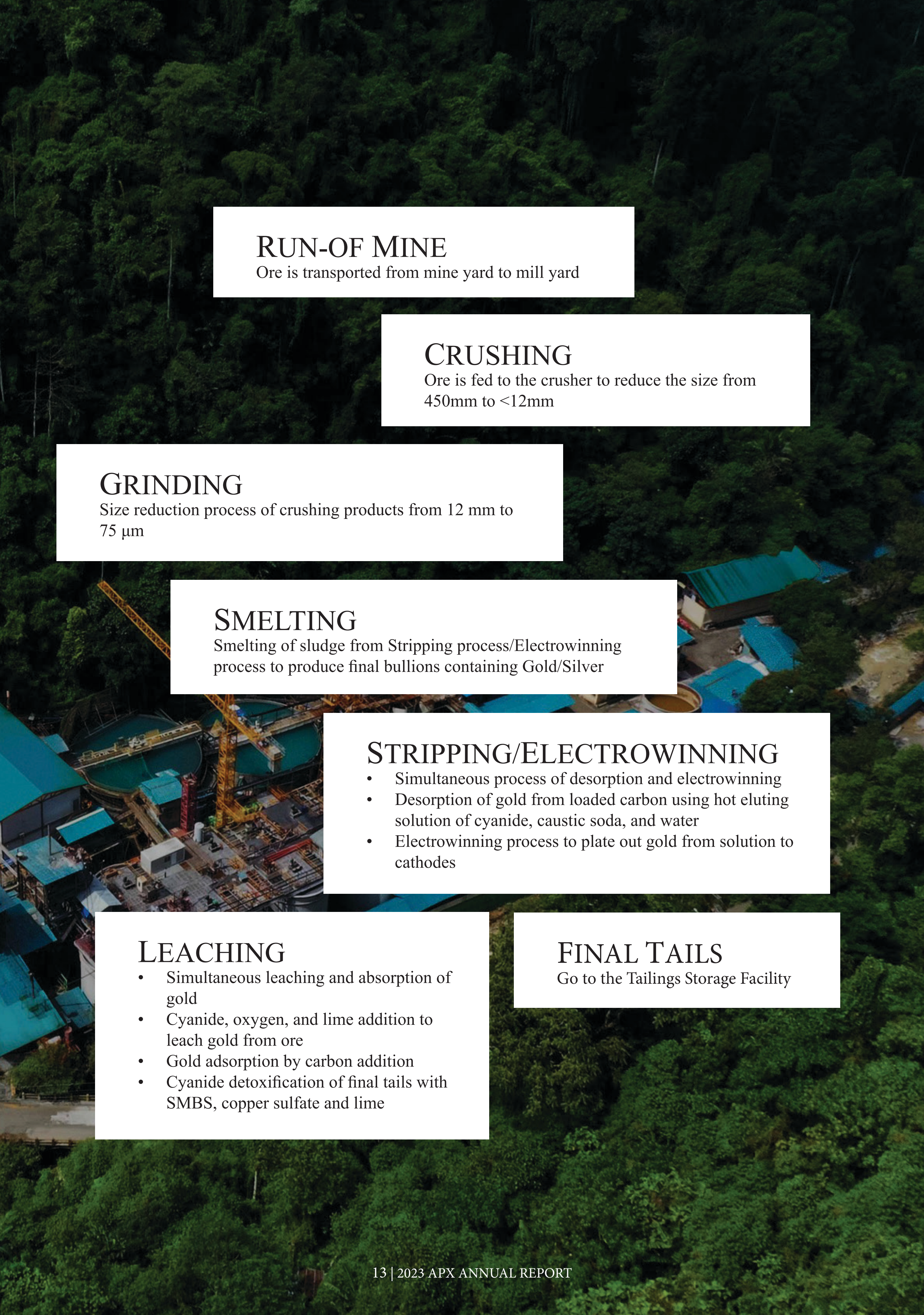
LUIS R. SARMIENTO, ASEAN ENG
PRESIDENT AND CEO

Apex Mining's subsidiaries are Itogon-Suyoc Resources, Inc. (ISRI), Asia Alliance Mining Resources, Corporation (AAMRC) and Monte Oro Resources, Inc. (MOREI).

ORE MILLING



RUN-OF MINE

Ore is transported from mine yard to mill yard

CRUSHING

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

GRINDING

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

SMELTING

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

STRIPPING/ELECTROWINNING

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

LEACHING

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

FINAL TAILS

Go to the Tailings Storage Facility

MINERAL RESOURCE AND ORE RESERVES

Estimated Mineral Resources @ Cut-Off Grade of 1.5 gpt

Category (in ounces)	Grade (gpt)	Tonnes	Estimated gold
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 (in ounces)	Grade (gpt)	Tonnes	Estimated gold
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 Mine within MPSA-225-2005-XI prepared and submitted by Mr. Constancio A. Paye, Jr., a registered Mining Engineer with License No. 0001292 and is an accredited CP with PMRC with CP Registration No. EM 0001292-074/18.

MACO GOLD MINE

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

ISO CERTIFICATION

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

OPERATIONS REPORT

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 2023 distributed among 42 drill holes (34 completed, six pre-terminated, and two carried over to 2024).

The four (4) active drilling programs in the underground exploration are:

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
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 drillings utilize the wireline 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 started in June 2023 and focused on the generation of additional resource for the extension of the major veins and splays of Sandy vein, Sandy South Split and Ma. Inez. The 193 meters advance for CS-140C at the Mahayahay area drilled for the high chargeability anomaly.

MINING OPERATION

The total mine production of the 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.

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.

MILLING

APX's milling production slightly grew in 2023, posting a total tonnage of 823,427, up 1% from 2022's 815,910. The average TPD was 2,402 (higher by 13% than the previous year). Gold recovery had a narrow dip of one percent to 87.15 while silver recovery went down by five percent to 70.16. APX produced a total of 94,272 ounces of gold, four percent more than 2022's 91,072. On the other hand, 342,860 ounces of silver were produced in 2023, five percent lower than the 377,729 ounces produced by APX in 2022.

CORPORATE SOCIAL RESPONSIBILITY

A total of P82.19 million was spent by APX in 2023 for the three major components under its Social Development and Management Program (SDMP) – Development of Host and Neighboring Communities (DHNC), Information and Education Communication, and Development of Mining Technology and Geosciences (DMTG). The amount was higher than 2023's allocated budget of P79.5 million.

HOST BARANGAYS:
Municipality of Maco: Masara, Teresa, Mainit, Tagbaros, New Barili, New Leyte, and Elizalde
Municipality of Mabini: Golden Valley

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

INDIGENOUS PEOPLE:
Mansaka

DEVELOPMENT OF HOST AND NEIGHBORING COMMUNITIES (DHNC) ₱62.11 million

APX's priority Programs, Projects and Activities (PPAs) under the DHNC are Access to Education and Educational Support, Health Services/Facilities and Professionals, Enterprise Development and Networking, Public Infrastructure and Socio-Cultural and Religious Support.

EDUCATIONAL SUPPORT (₱14.9 million)

APX supports several educational enriching activities that benefit thousands of students as well as teachers.

In 2023, under the Department of Education's Adopt-A-School Program, APX provided construction materials to its 16 adopted schools for Brigada Eskwela. School bags and school supplies with hygiene kits were given to 2,089 elementary school students (from Kinder to Grades 1 to 3). With the students' safety in mind, APX covered the daily transportation of 427 students from designated pooling areas to their respective schools (Teresa Elementary School, Teresa National High School and Masara Integrated School).The Company likewise augmented the salaries of 15 local school board teachers from its adopted schools. Through APX's Tertiary Scholarship, Industrial Technician Program & Educational Aid, 10 BS Nursing, 20 AMCI-Monark, and four AMCI BCPD scholars received financial and other valuable support.

On the other hand, instructional materials were provided to 10 Alternative Learning System facilitators and 229 learners. In line with its partnership with TESDA, APX renewed the permit and provided equipment and materials to ACT – Training and Assessment Center Inc. The Company also opened up temporary employment opportunities to senior high school and college students.

HEALTH SERVICES, FACILITIES, PROFESSIONALS (₱15.5 million)

APX continued to support the community health centers and medical personnel in its host and neighboring barangays. A total of 2,462 patients were catered to (including 518 walk-in patients) at the Infirmary/Lying-in Center of Elizalde. The Company provided medical apparatus and supplies which benefitted 553 patients in Tagbaros and Teresa and 624 patients in Calabcab and Kinuban.

Medicines and other supplies and equipment were provided by APX to various Municipal Health Offices (MHO) serving 37 barangays in Maco and 11 in Mabini. APX also gave two computers to the MHO in Mawab.

Aside from treating APX's employees and their dependents, the Company's clinic in Maco also attended to 223 patients from the community. APX acquired a community ambulance (which ferried 91 patients for the duration of 2023) while the community doctor treated

557 patients during community-based medical consultation activities. Meanwhile, the Barkadahan sa Kabarangayan medical consultation activity saw 872 patients while160 people opted for the free tooth extraction under the Alagang Tingog program.

ENTERPRISE DEVELOPMENT AND NETWORKING (₱11.8 million)

To spur viable and sustainable economic activities among the residents of its host and neighboring communities, APX conducted trainings on organic farming and the production of abaca, cacao and coffee. Within its host barangays, APX supported the BASCA Catering Services, assisted AISPC, helped New Barili set up a mini- piggery and provided start- up capital to Barangay Mainit. The company gave seed capital to Barangay Gubatan for a frozen products business and to the Calabcab Workers Association for their rice granary. Finally, APX shouldered the salaries and wages of the personnel at the livelihood center and demo farm as well as the facilities for cacao processing and face mask production.

INFRASTRUCTURE DEVELOPMENT AND SUPPORT SERVICES (₱1.67 million)

In 2023, APX supported the construction of the Immaculate Conception of Mary Parish Elizalde. Below is a listing of other contributions the Company made to maintaining peace and order and improving community facilities:

- fuel for the peace and order vehicle of Masara and the road maintenance of Barangay Teresa
- assistance for the purchase of construction materials for the school fencing of the Masara Christian School, Liboac Elementary School, as well as the Elizalde Elementary and National High School
- window glass for the function and tribal hall of Barangay Limbo
- construction materials for Calabcab's Purok 4 barangay hall
- assistance for the goal ring completion of the CSAP of Barangay Kinuban

SOCIO-CULTURAL AND RELIGIOUS SUPPORT (₱18.1 million)

In 2023, APX supported select activities and initiatives of both the Mansakas and the Catholic Church at the barangay level.

Institutional celebrations such as Araw ng Barangay and IP Day were provided with ample financial and logistical aid. APX also gave office and other supplies (such as computers, aircon units, TV, rice cookers) as well as augmented vehicle services to ensure that barangay offices can effectively serve their constituents.

Other sectors that merited support from APX were persons with disability, Municipal Social Welfare and Development Offices (Maco, Mabini and Mawab), and the Davao de Oro Offices of the Philippine National Police and Department of Social Welfare and Development.

APX also maintained its annual distribution of hygiene kits and Christmas gift packs. In fact, the company hosted a Christmas merrymaking activity for kids in all of its 18 host and neighboring barangays. Funds and materials were also given to the beautification of select Catholic Churches and the worship halls of five interfaith churches along the Masara Line.

INFORMATION, EDUCATION AND COMMUNICATION (IEC) CAMPAIGN ₱11.45 million

To further the #MineResponsibility campaign started by the Mines and Geosciences Bureau, APX supported various activities geared at promoting mine safety, geosciences and related technologies in 2023, primarily through participation in events like the 69th Annual National Mine Safety and Environment Conference and the 3rd CCOP-KIGAM Urban Geology Workshop.

APX also generated public awareness about the benefits of the mining industry through broadcasts over RP FM 99.9 and Energy FM 106.7.

Meanwhile, the Apex @ Your Service (Apex AYoS) multi-disciplinary consultations (legal, HR, medical) were held at Barangays Teresa (94 patients), Tagbaros (117 – dental; 177 – medical patients), Golden Valley (136 patients), and Elizalde (277 patients). APEKS, AMCI's mascot was also introduced.

DEVELOPMENT OF MINING TECHNOLOGY AND GEOSCIENCES ₱8.6 million

APX supports advance and undergraduate college course and research studies and provides CAPEX to select mining and geosciences institutions as the Company pushes for the advancement of mining technology and geosciences.

In 2023, APX gave scholarship grants to six mining engineering and 13 geology students. It also provided funds for the Integrated Gold-Copper Mineral Processing Pilot Plant and supported the 69th Annual Mine Safety and Environment Conference.

APX provided two geohazard software to proactively monitor, analyze and manage geological and environmental risks and regularly conducts inspection, chart mapping and geotagging.

The company also launched the Apex Mining Professorial Chairs in Mining Engineering and Metallurgical Engineering in partnership with the UP Engineering Research and Development Foundation, Inc. (UPERDFI) to help improve mining and mineral processing technologies and practices thru research.

ENVIRONMENTAL SUSTAINABILITY

For Apex Mining, responsible mining equals effectively managing its impact to the environment.

Under its Annual Environmental Protection and Enhancement Program (AEPEP), the company spent P117.9 million in 2023 on various initiatives to help mitigate the impact of mining and milling operations to our natural resources.

LAND RESOURCES

Reforestation

APX produced a total of 71,268 assorted seedlings in its central nursery and two (2) mangrove satellite nurseries in Bongabong (Pantukan) and Bucana (Maco), Davao de Oro. By the end of 2023, there were a total of 104,429 assorted seedlings of native species stocked at the nurseries (ex. Lamio, Dao, Molave, Red Lauan, Kamagung, Mountain Agoho, Benguet Pine, Mangasinoro and Bakauan Lalaki).

The Company continues to support the propagation of bamboo, establishing a bamboo plantation of 26.58 has. with 2,899 bamboo cuttings in 2023. A total of 3,580 seedlings were planted within an area of 6.99 hectares.

To ensure the survival of the propagated seedlings, APX conducted protection and maintenance activities including replanting in the plantations covering 32.28 has. within its tenement. In addition, a total of 1,958 seedlings of endemic and dipterocarp species were planted. The Company also donated 19,019 assorted seedlings to LGUs, DENR, Barangay Councils and schools.

To constantly protect the forests and the wildlife within its tenement, the Company deploys monitoring and surveillance personnel. In fact, APX implements its policy on the protection of wildlife from illegal hunting, catching and destruction of habitat aimed at improving wildlife species diversity and enhance ecological balance within the tenement and neighboring areas. In 2023, no illegal forest activities and activities harmful to the wildlife were monitored within the APX tenement (with a total land area of 2,259.13 has).

Underground Rehabilitation and Backfilling

Rehabilitation of underground mines usually involves backfilling. In 2023, a total of 160,746.5 tons were backfilled to the different areas in the UG.

Solid Waste Management

In 2023, APX maintained the collection and hauling of domestic waste from the mine site and four (4) host barangays to the Company's Materials Recovery Facility (MRF). A total of 7,153 kilograms of recyclables were sold to a third-party buyer while 39,017 kilos of residuals were disposed.

WATER RESOURCES

Tailings Pond Operations and Maintenance
APX conducted regular de-silting of the creek, cleaning and clearing of debris at the clear water diversion (CWD), replacement of worn-out pipes, detoxification and temporary revegetation along the perimeter of the tailings pond.

Adopt-An-Estero/River
APX, together with Barangay Teresa constituents, held a river/creek clean-up activity in celebration of the World Water Day on March 25, 2023. The Company likewise conducted information, education and communication (IEC) as well as coastal clean-up and tree planting activities during the Environment Month, International Day for Biodiversity and Ocean Month, and Araw ng Barangay Masara.

Monitoring/Disposal of Effluent and Piezometer, Chemical and Hazardous Waste
The operations of APX's TSF was smooth in 2023, especially the conveyance of the effluents from the sampling station points and the piezometer at the tailings pond to the disposal area.

APX ensured the proper disposal of chemical wastes from the Assay Laboratory. Hazardous waste, such as 50 metric tons of used oil and 10 metric tons of oil contaminated materials, were properly disposed to buyers/transporters with appropriate permits issued by the Environment Management Bureau of the DENR.

AIR

Ambient Noise
Sound level monitoring was conducted while noise monitoring locations were established to evaluate the impact of the noise generated from APX's mining activities on the neighboring barangays. Results reveal that the noise source that exceeds the 15-minute interval comes from motorcycles with open pipes and other vehicles.

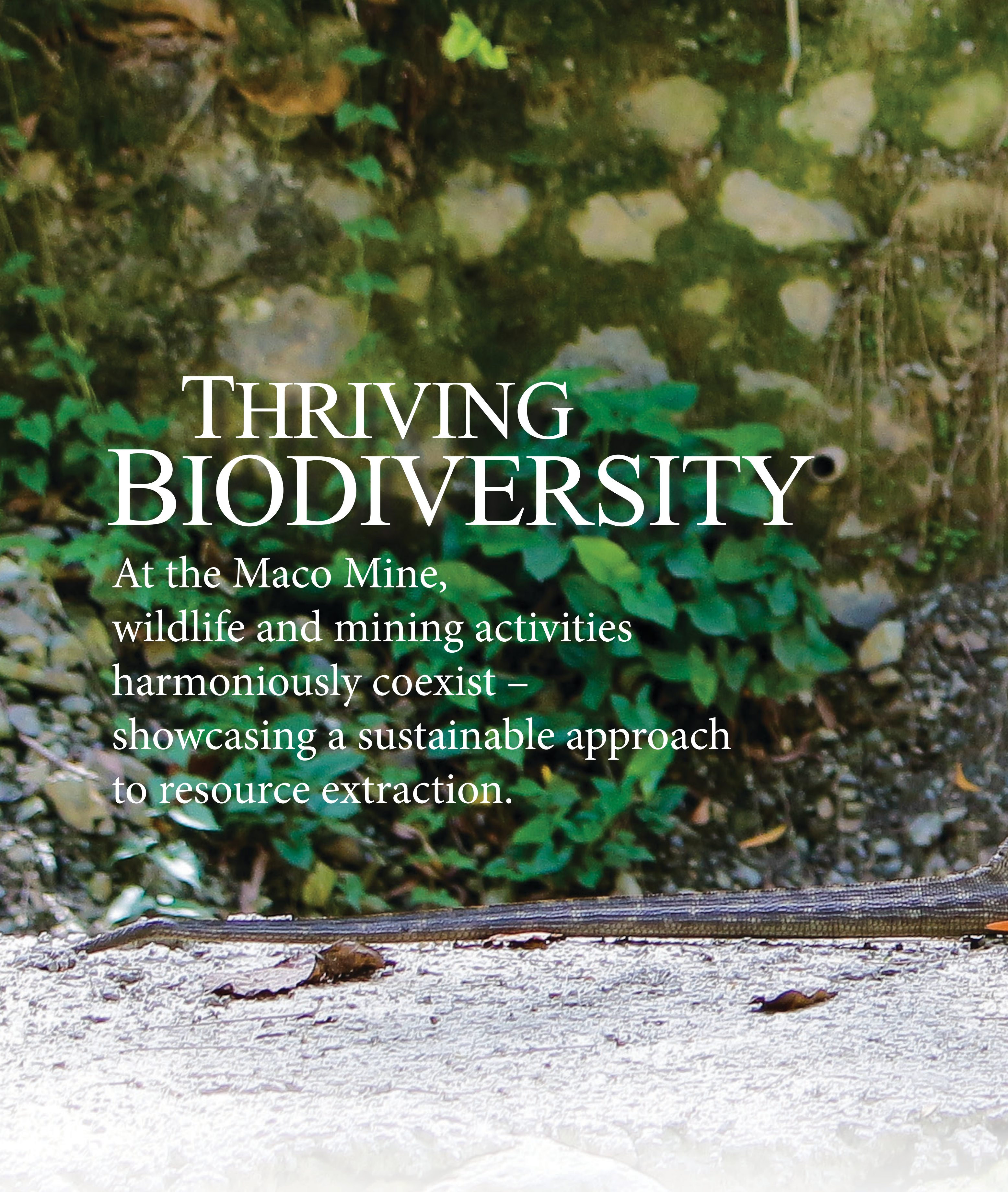
The use of PPE (earmuffs/plugs) is required among workers assigned in areas where the noise level is high.

Underground
The underground ventilation system was regularly maintained to ensure good air quality in the mining areas. The use of respirators was likewise required among workers in different areas.

Mill Plant
Workers in the mill plant were required to use PPE (dust mask/respirators). The pollution control device within the mill operation area was repaired and maintained.

Surface
Monitoring of ambient air quality was periodically done in 8 sampling locations in the mine site to ensure that the air quality is within permissible limits.

Source Emission Testing
A third-party environmental service provider was contracted by APX in 2023 to conduct source emission testing of the Company's pollution and stationary source.



Thriving Biodiversity

At the Maco Mine,
wildlife and mining activities
harmoniously coexist –
showcasing a sustainable approach
to resource extraction.

ITOGON-SUYOC RESOURCES, INC.

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

SANGILO MINE

In 2023, the Sangilo Mine upgraded its mill plant to rated 500 tpd capacity. The Mine Department was able to deliver an average 406 tpd. It is BS EN ISO 14001:2015 (Environmental Management System), BS EN ISO 9001:2015 (Quality Management System) and ISO 45001: 2018 (Occupational Health and Safety Management System)-certified by the National Quality Assurance Limited (NQA) based in Dunstable, United Kingdom (certified on May 30, 2023). The scope of the certification is exploration, mining and processing of gold and silver ore for Sangilo and Suyoc mine sites.

In June 2023, ISRI received a Certificate of Compliance from the Professional Regulation Commission for Mining Engineering as compliant with the requirements of Republic Act (RA) 4274 or An Act to Regulate the Practice of Mining Engineering.

SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM ₱ 11.98M

HOST BARANGAYS: Ampucao and Poblacion,

NEIGHBORING BARANGAYS: Virac, Tinongdan, Dalupirip, Ucab, Tuding, Gumatdang, Loacan

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

Among its corporate social responsibility initiatives in 2023 were: financial assistance/sponsorship to neighboring barangays like barangay fiestas and IP celebrations, benchmarking or mine cross visits, various donations to Associations for senior citizens and women, and medical assistance to community members.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAM ₱ 70.08M

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

Among the tree species ISRI propagates in its nursery are the Sagat tree, Benguet Pine, rain trees, palm trees, rambutan, avocado, coffee and flowering ornamental plants.

ISRI produced 2,713 seedlings of different fruit-bearing trees, ornamental plants and indigenous species. For the reforestation projects, ISRI planted a total of 5,356 various seedlings within Sesame, Santoy, Tabaan, King Fraction, and Dalupirip adopted forest with a total area of 38.26 hectares. In addition, 550 seedlings of Benguet Pine, fruit bearing trees, ornamental plants were planted inside the tenement and 300 seedlings of Sagat tree were planted at Lower Tolbing Creek embankment.

Big Brother Small Brother

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

In March 27, 2023, ISRI welcomed another small-scale association, Balinguay-Sangilo Small Scale Miners Association (BSSSMA) from Barangay Poblacion. In November 2023, ISRI signed its agreement with the Demang Livelihood Association (DLA) while notice of non-renewal was issued to Dalicno Small Scale Miners Association (DASSMA) on December 13, 2023.

Under the BBSB, ISRI remitted a total of around Php18M to DASSMA and BSSSMA in 2023.

SUYOC MINE

The Suyoc Mine is still under resource validation — exploration work, surface mapping and target verification using diamond drilling for further confirmation of mineral resources and ore reserves continued all throughout 2023. It is BS EN ISO 14001:2015 (Environmental Management System), BS EN ISO 9001:2015 (Quality Management System), ISO 45001: 2018 (Occupational Health and Safety Management System)-certified by National Quality Assurance Limited (NQA) based in Dunstable, United Kingdom on May 30, 2023 (scope: mining exploration and project development).

COMMUNITY DEVELOPMENT PROGRAMS ₱ 295,800

HOST BARANGAYS: Suyoc, Guinaoang and Taneg

NEIGHBORING BARANGAY: Bakun

The 2-year CDP with Certificate of Approval No. 023-2019-21-03-CAR was fully implemented in the calendar year 2022. Suyoc Mine's community development programs included providing financial assistance to health facilities/workers, subsidizing the day care worker for the educational support programs and promoting organic farming and composting.

In 2023, ISRI's corporate social activities were various donations to elementary and high school schools in Guinaoang, Mankayan, Taneg, assistance to workshops on journalism writing, assistance to Mankayan municipal vehicles and equipment, assistance to greening program in coordination with women's sector, and assistance to school's "Iyaman" activities.

ENVIRONMENTAL WORK PROGRAM ₱ 305,000

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

MONTE ORO RESOURCES AND ENERGY, INC.

MINING

Camarines Norte Gold Project

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

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

PGL through BMRC manages eight (8) mining tenements directly and through Royalty with Agreement to Purchase. All of the tenements are located in Jose Panganiban, Paracale and Labo, Camarines Norte and are in various stages of application. CRPI is the owner/operator of a mineral processing plant that is expected to operate within 2024 upon the issuance by the Mines and Geoscience Bureau - Region V of the Mineral Processing Permit.

PGL has allowed the conduct of small-scale mining in one of its tenements through a Minahang Bayan with the Mambulao Miner Mining & Quarrying Services (MMMQS) as proponent.

Mongolia Project

MOREI has a controlling interest in the Khatavchiin Undur Uul Gold Project (formerly Khar At Uul Gold Project) located in the Bayankhongor Province of Mongolia under the mining license denominated as MV-017507.

The tenement is directly held by Erdeneminas LLC which is a joint company between MOREI's wholly owned subsidiary, Minas de Oro Mongol LLC (51%), and a Mongolian exploration company, Erdenejas LLC (49%).

The Mongolia Project is under continued care and maintenance status while planning for the future exploration program is still ongoing.

Sierra Leone Project

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

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

Uganda

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

OIL AND GAS

Service Contract 72

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

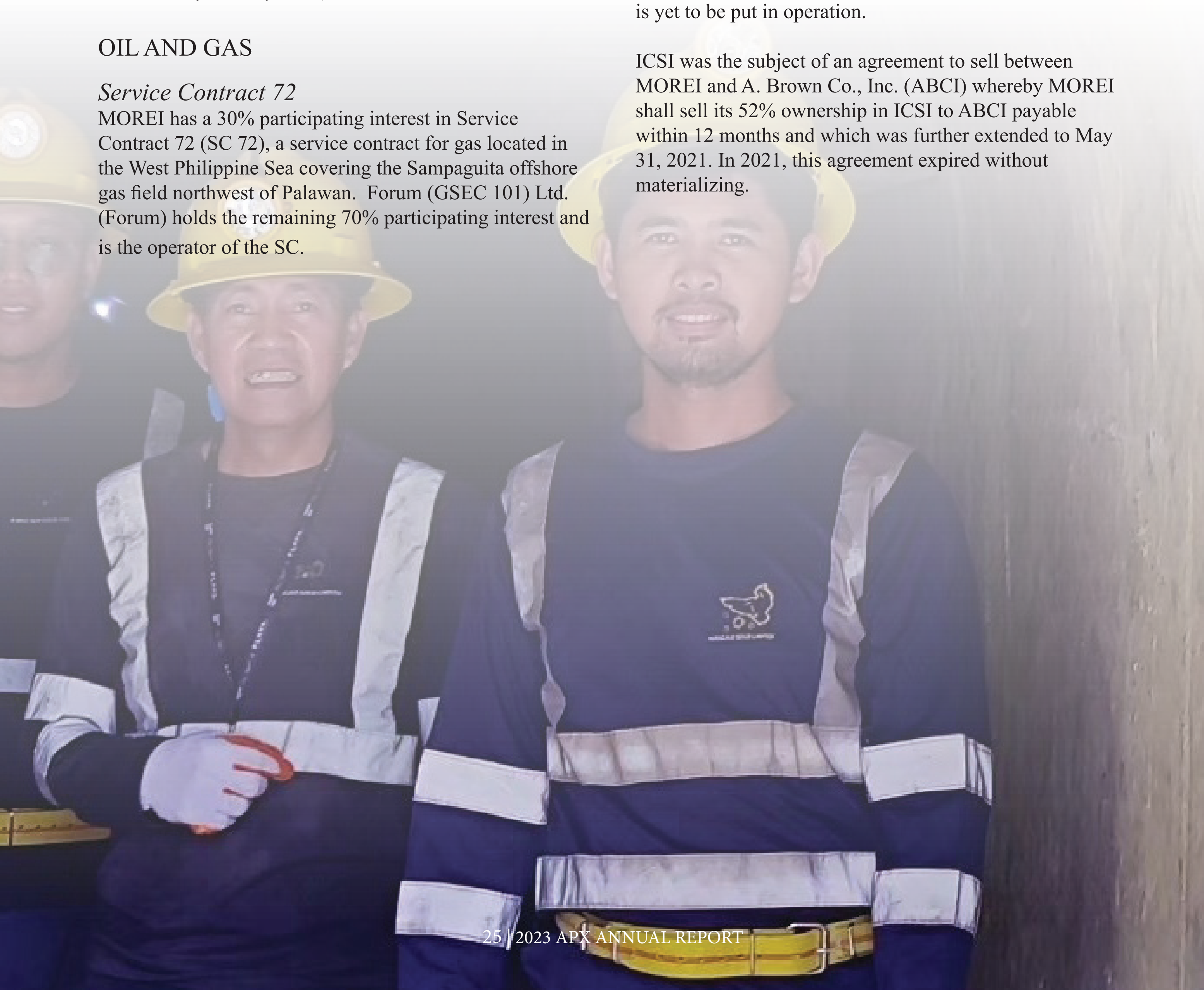
In the first quarter of 2022, the consortium embarked on meeting the deadline for the drilling operations. Preparations were underway, including the ordering of long lead items and the mobilization of geophysical ship for site survey purposes. However, in mid-April 2022, the activities had to be stopped upon orders of the government, again due to geopolitical issues involving the area. The Service Contract remains under Moratorium in 2023.

SOLID WASTE MANAGEMENT

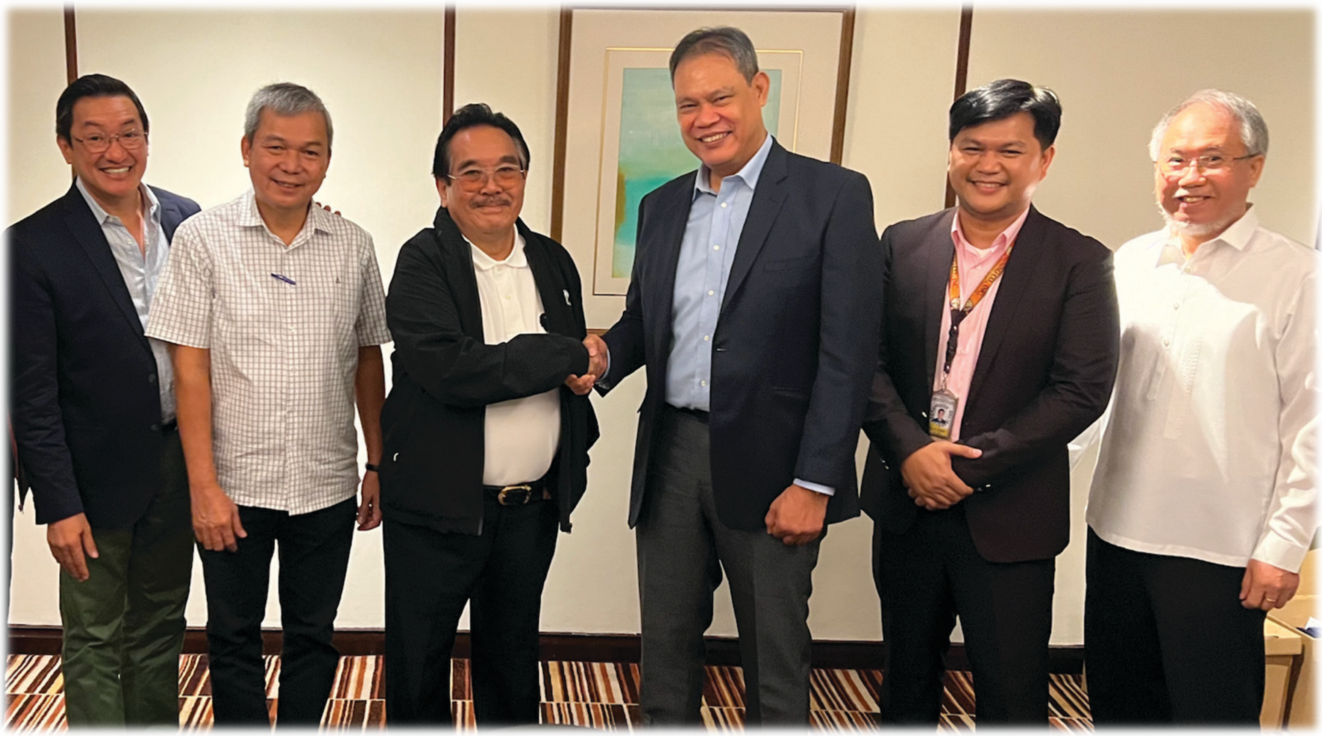
International Cleanvironment Systems, Inc.

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

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



ASIA-ALLIANCE MINING RESOURCES, CORP.



At the DOAS signing (l to r): Mr Simon L. Paz, President of AAMRC, Clariden Holdings' Ricky Yabut (Assistant Vice President) and former DENR Secretary Horacio Ramos (President), APX President and CEO Luis R. Sarmiento, ASEAN Eng., VP for Finance Billy G. Torres and Atty Silverio Benny J. Tan, Corporate Secretary

Effective 10 February 2023, Apex Mining Co., Inc. (APX) took over Asia Alliance Mining Resources Corporation (AAMRC) with the signing of the Deeds of Absolute Sale.

With this acquisition, the mining operations of APX in Maco, Davao De Oro will be able to expand and the company will have a suitable site for a new tailings storage facility (TSF) when its existing TSF reaches its full capacity in the next three years.

APX's Board of Directors approved on 02 December 2022 the acquisition of 1,900,000 shares of AAMRC, representing 100% of the outstanding capital stock of AAMRC under terms and conditions agreed with the sellers Clariden Holdings, Inc. and sellers represented by Mr. Simon L. Paz and to comply with the terms and conditions of the Share Purchase Agreement signed on 05 December 2022.

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

Luis R. Sarmiento
President & Chief Executive Officer

Billy G. Torres
VP Finance & Treasurer

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

Apex Mining Co., Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2023 and 2022
and Years Ended December 31, 2023,
2022 and 2021

and

Independent Auditor's Report

SGV
Building a better working world

A member firm of Ernst & Young Global Limited

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1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Apex Mining Co., Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 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.

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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.

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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

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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 Ph₱
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).

<u>Authorization to issue the Consolidated Financial Statements</u>
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*

<u>Standards Issued but not yet Effective</u>
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*

<u>Material Accounting Policy Information and Financial Reporting Policies</u>

<u>Presentation of Consolidated Financial Statements</u>
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.

<u>Treasury Shares</u>
Treasury shares pertain to the reciprocal shares owned by the Parent Company and MORE with each other.

<u>Earnings Per Share</u>
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.

<u>Revenue Recognition from Mine Products</u>
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.

<u>Operating Segments</u>
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.

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

Provision for ECL on Trade and Other Receivables, Advances to Related Parties, Advances to GMU, Advances for Land Acquisition and Nontrade Receivable
The Group uses the general approach model as impairment requirement of PFRS 9 based on ECL. An assessment of the ECL relating to trade and other receivables, advances to related parties, advances to GMU and nontrade receivable under “Other noncurrent asset” is undertaken upon initial recognition and each financial year by examining the financial position of the related party and counter party and the market in which the related party and counter party operate applying the general approach of the ECL impairment model of PFRS 9. The general approach of the ECL impairment model involves exercise of significant judgment. Key areas of judgment include: defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; debtor’s capacity to pay, and incorporating forward-looking information in calculating ECL.

Total carrying value of trade and other receivables, advances to related parties, advances to GMU, and nontrade receivable amounted to ₱1.02 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.

Trustee Bank

The Group's retirement fund pertains only to the Parent Company's retirement fund that is being held by a trustee bank. The carrying amounts 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

Liquidity Risk

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

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

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

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SUYOC GOLD MINE
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BANKERS
Philippine National Bank
Rizal Commercial Banking Corporation
Union Bank of the Philippines
Bank of Commerce


2023
WORLD POLICE & FIRE GAMES
TEAM PNP
APEX MINING CO., INC
Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
NATIONAL CONCILIATION AND MEDIATION BOARD
present this
SPECIAL AWARD in PROACTIVE GRIEVANCE PREVENTION PRACTICE
to
THE APEX MINING COMPANY GRIEVANCE MACHINERY
and
APEX MINING COMPANY, INC.
for adopting a proactive approach in handling workplace concerns by fostering MALASAKIT, a nurturing culture of compassion, solicitude and inclusivity in the workplace, thereby allowing the resolution of issues at the earliest opportunity and preventing them from escalating into full-blown grievances.
Given this 24th day of November 2023
during the Awarding Ceremony
held at Forest Crest Nature Hotel and Resort,
Nasugbu, Batangas
MARIA TERESITA D. LACSAMANA-CANCIO
Executive Director IV, NCMB
BIENVENIDO E. LAGUESMA
Secretary, DOLE
Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
NATIONAL CONCILIATION AND MEDIATION BOARD
confers to the
COMPANY, INC.
the
OUTSTANDING LABOR MANAGEMENT COOPERATION FOR INDUSTRIAL PEACE AWARD
Given this 24th day of November 2023
during the Awarding Ceremony
held at Forest Crest Nature Hotel and Resort
Nasugbu, Batangas
MARIA TERESITA D. LACSAMANA-CANCIO
Executive Director IV, NCMB
BIENVENIDO E. LAGUESMA
Secretary, DOLE

AWARDS AND RECOGNITIONS

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