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S.E.C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

ODETTE A. JAVIER
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Contact Person

815-9447
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Company Telephone Number

Not later than April 30

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Month      Day

Fiscal Year

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FORM TYPE

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Month      Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total no. of Stockholders

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Domestic

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Foreign

Total Amount of Borrowings



To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2024**
2. Commission identification number: **4429**
3. BIR Tax Identification No.: **000-164-442**
4. Exact name of issuer as specified in its charter:

**MANILA MINING CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization:  
**Makati City, Philippines**

6. Industry Classification Code:  (SEC Use Only)

7. Address of issuer's principal office:

**20<sup>th</sup> Floor, Lepanto Building  
8747 Paseo de Roxas, Makati City, Philippines**

8. Issuer's telephone number, including area code:

**(632) – 815-9447**

9. Former name, former address and former fiscal year, if changed since last report: **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding:
<b>Class "A"</b>	<b>186,955,303,646</b>
<b>Class "B"</b>	<b>124,548,842,797</b>

Amount of Debt Outstanding: **Please refer to the attached Balance Sheet (Annex "B")**

11. Are any or all of the securities listed on a Stock Exchange?

Yes []                      No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein.

**Philippine Stock Exchange**

**Classes "A" and "B"**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes  No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes  No



### PART 1- FINANCIAL INFORMATION

- |                                                                                                      |                                           |                    |
|------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------|
| <b>Item 1. Financial Statements:</b>                                                                 | <i>Income Statement</i>                   | - <b>Annex "A"</b> |
|                                                                                                      | <i>Balance Sheet</i>                      | - <b>Annex "B"</b> |
|                                                                                                      | <i>Statement of Cash Flow</i>             | - <b>Annex "C"</b> |
|                                                                                                      | <i>Stockholders' Equity</i>               | - <b>Annex "D"</b> |
|                                                                                                      | <i>Notes to Financial Statements</i>      | - <b>Annex "E"</b> |
|                                                                                                      | <i>Aging of Accounts Receivable-Trade</i> | - <b>Annex "F"</b> |
| <b>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</b> |                                           | - <b>Annex "G"</b> |
| <b>Item 3. Impact of Current Global Financial Condition</b>                                          |                                           | - <b>Annex "H"</b> |
| <b>Item 4. Financial Ratios</b>                                                                      |                                           | - <b>Annex "I"</b> |

### PART II- OTHER INFORMATION (None)

#### SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	:	<b>Manila Mining Corporation</b>
Signature	:	
Title	:	<b>RENE R. CHANYUNGCO</b> Treasurer
Date	:	November 14, 2024
Signature	:	
Title	:	<b>ODETTE A. JAVIER</b> Assistant Corporate Secretary
Date	:	November 14, 2024

**MANILA MINING CORPORATION**  
**CONSOLIDATED QUARTERLY INCOME STATEMENT**  
**FOR THE THIRD QUARTER OF 2024**  
**(WITH COMPARATIVE FIGURES FOR THE THIRD QUARTER OF 2023)**

**ANNEX "A"**

	THIRD QUARTER OF		FOR THE NINE MONTHS ENDED OF	
	2024	2023	2024	2023
<b>REVENUE</b>				
Copper	P -	P -	-	P -
Gold	-	-	-	-
Silver	-	-	-	-
Interest and Other income	1,401	6,713	4,366	13,399
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,401</u>	<u>6,713</u>	<u>4,366</u>	<u>13,399</u>
<b>COST AND EXPENSES</b>				
Mining, milling, refining and other related charges and administrative expenses including depreciation, depletion and amortizations	-	-	-	-
	-	-	-	-
	-	-	-	-
	1,887,837	(423,688)	5,581,235	4,731,593
	<u>1,887,837</u>	<u>(423,688)</u>	<u>5,581,235</u>	<u>4,731,593</u>
<b>NET INCOME BEFORE INCOME TAX</b>	<u>(1,886,436)</u>	<u>430,401</u>	<u>(5,576,869)</u>	<u>(4,718,194)</u>
<b>PROVISION FOR INCOME TAX</b>				
Current				
Deferred				
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<u>P (1,886,436)</u>	<u>P 430,401</u>	<u>(5,576,869)</u>	<u>P (4,718,194)</u>
<b>EARNINGS (LOSS) PER SHARE</b>	<u>P (0.000006)</u>	<u>P (0.000001)</u>	<u>(0.000018)</u>	<u>P (0.000015)</u>
<b>Formula:</b>				
<b>Net Loss</b>	(1,886,436)	430,401	(5,576,869)	(4,718,194)
<b>divided by Total shares subscribed, issued and outstanding</b>	311,504,146,443	311,504,146,443	311,504,146,443	311,504,146,443
<b>EARNINGS (LOSS) PER SHARE basic</b>	<u>(0.000006)</u>	<u>0.000001</u>	<u>(0.000018)</u>	<u>(0.000015)</u>

**MANILA MINING CORPORATION**  
**CONSOLIDATED BALANCE SHEET**  
**As of September 30, 2024**  
**(With Comparative Figure for December 31, 2023)**

**ANNEX "B"**

<b>A S S E T S</b>				<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
		<b>**September 2024</b>	<b>*December 2023</b>			<b>**September 2024</b>	<b>*December 2023</b>
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash & cash equivalents	<b>P</b>	1,503,564	<b>P</b> 16,537,336	Accounts payable and accruals	<b>P</b>	245,446,749	<b>P</b> 186,786,277
Short-term investments		-	-	Dividends payable		573,097	573,097
Receivables		-	-	Non-trade payables		-	-
Trade		-	-	Notes Payable		-	-
Non-trade ( net )		20,793,262	20,985,879			<u>246,019,846</u>	<u>187,359,374</u>
Subscription Receivables		-	-	<b>NON-CURRENT LIABILITIES</b>			
Inventories		-	-	Notes Payable		-	-
Bullion		-	-	Deferred Tax Liability		49,065,112	49,065,115
Copper concentrate		-	-	Pension Liability		3,902,814	3,902,814
Gold in process - CIP		-	-	Provision for mine rehabilitation & decommissioning		-	-
Ore		-	-			<u>52,967,926</u>	<u>52,967,929</u>
Materials and supplies (net)		5,739,690	7,171,510	<b>STOCKHOLDERS' EQUITY</b>			
Prepayments		30,730,224	31,434,599	Capital Stock			
		<u>58,766,741</u>	<u>76,129,325</u>	Authorized - 460,000,000,000 shares divided into 276,000,000,000 shares of Class "A" and 184,000,000,000 shares of Class "B" at P0.01 par value each - P4,600,000,000 Issued and outstanding-310,973,401,344 shares		3,109,734,013	3,109,734,013
				- December 2023- 310,973,401,344 shares		-	-
				Subscribed capital stock - 530,745,099shares		-	-
				- December 2023- 530,745,099 sh (-net of subscriptions receivable of P365,632)		4,941,819	4,941,820
				Share Premium		608,234,879	608,234,879
						<u>3,722,910,711</u>	<u>3,722,910,712</u>
				Fair Value Reserve		(61,591,410)	(61,591,410)
				Retained earnings, beginning		(1,220,703,150)	(1,213,892,600)
				Add: Net income (loss) for the period		(5,576,869)	(6,810,550)
				Retained earnings, end		<u>(1,226,280,019)</u>	<u>(1,220,703,150)</u>
				Gain/Loss on RBO Remeasurement		(153,308)	(153,308)
				Effects of changes with non-controlling interest		954,621,275	954,621,275
				Equity Attributable to NCI		158,240	158,240
				Net stockholders' equity		<u>3,389,665,490</u>	<u>3,395,242,359</u>
				<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>TOTAL ASSETS</b>	<b>P</b>	<b><u>3,688,653,262</u></b>	<b><u>P</u> 3,635,569,662</b>			<b><u>3,688,653,262</u></b>	<b><u>P</u> 3,635,569,662</b>

**\*\* - UNAUDITED**

**\* - AUDITED**

## MANILA MINING CORPORATION

ANNEX "C"

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2024

(WITH COMPARATIVE FIGURES FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2023)

	FOR THE THIRD QUARTER ENDED SEPTEMBER 30		FOR THE NINE MONTHS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income/(loss) for the period	(1,886,436)	(345,807)	(5,576,869)	(4,718,194)
Add/(deduct) year-to-date adjustments	-	-	-	-
	-	-	-	-
	<b>(1,886,436)</b>	<b>(345,807)</b>	<b>(5,576,869)</b>	<b>(4,718,197)</b>
<b>Adjustment to reconcile net income to net cash Provided by operating activities:</b>				
Provision for impairment losses on investment in subsidiary	-	-	-	-
Impairment Loss-VAT input	-	-	-	-
Depreciation	601,172	187,727	1,742,263	1,554,255
Loss on inventory/receivable write-off	-	-	-	-
	<b>(1,285,265)</b>	<b>(158,080)</b>	<b>(3,834,609)</b>	<b>(3,163,942)</b>
<b>Changes in assets and liabilities</b>				
	-	-	-	-
	-	-	-	-
(Increase) decrease in receivables	115,697	22,500	192,617	(904)
(Increase) decrease in inventories	(743,520)	(258,585)	1,431,820	(4,782,920)
(Increase) decrease in prepayments	234,792	232,132	704,375	(19,490,172)
Increase (decrease) in accounts payable & accruals	15,822,257	7,865,133	58,660,472	11,603,780
Increase (decrease) in notes payable/dividends payable	-	-	-	-
<b>Net cash provided by operating activities</b>	<b>14,143,962</b>	<b>7,703,100</b>	<b>57,154,678</b>	<b>(15,834,158)</b>
<b>CASH USED IN INVESTING ACTIVITIES:</b>				
	-	-	-	-
(Increase) decrease of property, plant and eqpt	(14,587,043)	(11,877,629)	(69,496,831)	(181,135,277)
(Increase) decrease in investment in subsidiary	-	-	-	-
(Increase) decrease in investments available for sale	-	-	-	-
(Increase) decrease in other assets	(136,449)	(308,241)	(2,691,617)	(11,425,413)
<b>Net cash used in investing activities</b>	<b>(14,723,492)</b>	<b>(12,185,869)</b>	<b>(72,188,448)</b>	<b>(192,560,691)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
	-	-	-	-
Increase (decrease) in Capital stock	-	-	-	432,889,091
Increase (decrease) in Share Premium	-	-	-	-
Increase (decrease) in Deposit for future subscriptions	-	-	-	-
Increase (decrease) in subscribed capital stocks	-	-	-	(278,533,136)
Receipts from ( payment to ) related parties	-	-	-	309,526
Increase (decrease) in Pension and deferred tax liability	-	-	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154,665,480</b>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	<b>(579,532)</b>	<b>(4,482,769)</b>	<b>(15,033,772)</b>	<b>(53,729,368)</b>
<b>CASH</b>				
Beginning of the period	<b>2,083,096</b>	<b>9,045,769</b>	<b>16,537,336</b>	<b>58,292,368</b>
End of the period	<b>1,503,564</b>	<b>4,563,000</b>	<b>1,503,564</b>	<b>4,563,000</b>

**MANILA MINING CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE FIGURES FOR THE PERIOD ENDED SEPTEMBER 30, 2023)**

**ANNEX "D"**

	<b>SEPTEMBER 30</b>	
	<u><b>2024</b></u>	<u><b>2023</b></u>
<b>STOCKHOLDERS' EQUITY</b>		
Capital Stock		
Authorized - 260B shares @ P.01 par value each (P 2,600,000,000)		
Issued and outstanding	3,109,734,013	3,109,734,013
Subscribed capital stock (net of subscriptions receivable)	4,941,819	4,941,820
Share premium	608,234,879	608,434,220
Deposit for future subscriptions		
Deficit		
Operations		
Beginning balance	-1,220,703,150	-1,213,896,334
Net income (loss) for the period	-5,576,869	-4,718,194
	-1,226,280,019	-1,218,614,528
Fair Value Reserve	-61,591,410	-59,333,866
Gain/Loss on RBO Remeasurement	-153,308	-74,741
Effects of changes with non-controlling interest	954,621,275	954,621,275
Equity Attributable to NCI	158,240	161,974
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u><u>P 3,389,665,490</u></u></b>	<b><u><u>P 3,399,870,167</u></u></b>

# **MANILA MINING CORPORATION AND SUBSIDIARY**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. Corporate Information, Status of Operations**

#### Corporate Information

##### Manila Mining Corporation

Manila Mining Corporation (the “Parent Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 3, 1949, 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 precious and semi-precious metals, ores, minerals and their by-products. The Parent Company’s shares are listed and traded on the Philippine Stock Exchange (PSE). In 2023, Lepanto Consolidated Mining Company (LCMC), a publicly listed Company, has 16.4% direct and indirect equity interest of the Parent Company.

The principal office of the Parent Company is located at the 20th Floor, Lepanto Building, Paseo de Roxas, Makati City.

The parent company had a total of thirty (30) regular employees as of 30 September 2024.

##### Kalayaan Copper-Gold Resources, Inc. (KCGRI)

Kalayaan Copper-Gold Resources, Inc. (the Subsidiary), a 95%-owned subsidiary, was incorporated with the SEC on December 19, 2006, primarily to carry on the business of exploration, mining, development and utilization of all mineral resources, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in all other kinds of ores, metals and minerals, hydrocarbons acids, and chemicals, and in the products and by-products of every kind and description.

The principal office of KCGRI is located at 21st Floor, Lepanto Building, Paseo de Roxas, Makati City.

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### **2. Basis of Preparation, Statement of Compliance, Basis of Consolidation, Changes in Accounting Policies and Material Accounting Policy Information**

#### Basis of Preparation

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for financial assets designated at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, the Parent Company’s and the Subsidiary’s functional and presentation currency. All amounts are rounded to the nearest peso, except when otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

The specific accounting policies followed by the Group are disclosed in the following section.

#### Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).



### Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the Subsidiary. The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if and only if the Group has all of the following:

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

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

- The contractual arrangements with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

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

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction under equity reserve. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity, while any gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### *Subsidiaries*

Subsidiaries are entities over which the Parent Company has control.

### *NCI*

NCI represents the interests in the subsidiary not held by the Parent Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the Parent Company. Where the ownership of a subsidiary is less than 100%, and therefore an NCI exists, any losses of that subsidiary are attributed to the NCI even if that results in a deficit balance. Transactions with NCI are accounted for as equity transactions.

## Changes in Accounting Policies

### New and Amended Standards and Interpretations

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 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.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

#### Standards Issued but not yet Effective

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

##### *Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

##### *Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

##### *Deferred effectivity*

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

#### Material Accounting Policy Information

##### Presentation of Consolidated Financial Statements

The Group has elected to present all items of recognized income and expense in a single consolidated statement of comprehensive income.

##### Current versus Noncurrent Classification

The Group presents assets and liabilities in consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the financial reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial reporting period.

The Group classifies all other assets as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

### Cash

Cash includes cash on hand and in banks. Cash in banks is stated at face value and earns interest at respective bank deposit rates.

### Financial Instruments

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, FVOCI and fair value through profit or loss (FVPL).

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 FVPL, transaction costs.

In order for cash and receivables 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) criterion. 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.

For equity instruments, these are classified and measured at FVOCI.

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.

##### *Subsequent Measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

##### *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 criterion.

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 pertains to cash, receivables, contract deposits under 'Prepayments and other current assets', and mine rehabilitation fund (MRF) 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 consolidated statement of comprehensive income 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.

The Group elected to classify under this category its quoted and unquoted equity shares under 'Financial assets designated at FVOCI'.

*Financial Assets at FVPL*

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

The Group has no financial assets under this category.

*Impairment*

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. 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 cash, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### *Financial Liabilities*

#### *Initial Recognition and Measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL or amortized cost.

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

The Group's financial liabilities is composed of accounts payable and accrued expenses which are classified as financial liabilities at amortized cost. The Group has no financial liabilities at FVPL.

#### *Subsequent Measurement*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

### Derecognition of Financial Instruments

#### *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed obligation to pay the received cash flow in full without material delay to a third person under a 'pass-through' arrangement, or
- the Group has transferred its right to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income. The difference in the respective carrying amount is recognized in the consolidated statement of comprehensive income.

#### Offsetting Financial Instruments

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

#### Fair Value Measurement

The Group measures financial instruments at fair value at each end of the reporting period. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 20.

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 by 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 statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (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 each end of the reporting period.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business on the end of the reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

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

#### Inventories

Inventories consists of parts, supplies, fuel and lubricants which are stated at the lower of cost net realizable value (NRV). Cost of parts and supplies on hand are determined at moving average. Costs of inventories comprise all costs of purchase and other costs incurred in bringing the materials and supplies to their present location and condition. NRV for parts and supplies is the value of the inventories' replacement cost. In determining the NRV, the Group considers any adjustments necessary for obsolescence. Provision for losses is determined by reference to specific items of inventories.

The Group determines the NRV of inventories at each reporting period. If the cost of the inventories exceeds its NRV, the asset is written down to its NRV and inventory loss is recognized in the consolidated statement of comprehensive income in the period the impairment incurred. In case the NRV of the inventories increased subsequently, the NRV will increase the carrying amount of inventories but only to the extent of the inventory loss previously recognized.

#### Prepayments and Other Current Assets

The Group's prepayments and other current assets include contract deposits and miscellaneous deposits. These are classified as current since the Group expects to realize or consume the assets within 12 months after the end of the reporting period.

#### *Contract Deposits*

Contract deposits pertain to deposits made for future drilling services of its affiliate. These are classified as current since these are expected to be offset against future short-term billings and may be refunded upon nonperformance of services. These are recognized in the books at amounts initially paid.

#### *Miscellaneous deposits*

Miscellaneous deposits are advance payments made to supplier of services. These are classified as current since these are expected to be offset against future short-term billings and are recognized in the books at amounts initially paid.

#### Property and Equipment

Property and equipment, except land, are carried at cost less accumulated depletion and depreciation and impairment in value, if any.

The initial cost of property and equipment comprises its purchase price or construction cost, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of



replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to expense in the period when the costs are incurred.

When a mine construction project moves into production stage, the capitalization of mine construction costs ceases, and costs are either regarded as inventory or expensed, except for costs which qualify for capitalization relating to mine site additions or improvements, underground mine development or mineable reserve development.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Major maintenance and major overhaul costs that are capitalized as part of property and equipment are depreciated on a straight-line basis over the shorter of their estimated useful lives, typically the period until the next major maintenance or inspection, or the estimated useful life of the related property and equipment.

Land is recorded at cost less any impairment in value.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value, if any, over its estimated useful life, as follows:

Type of Asset	Estimated Useful Life in Years
Machinery and equipment	5 to 20
Building and improvements	20
Furniture, office and other equipment	5

Depreciation of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of an item shall be depreciated separately.

Depreciation ceases when assets are fully depreciated or at earlier of the date that line item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The assets' residual values, if any, useful lives and methods of depletion and depreciation are reviewed at each reporting period and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in-progress represents work under construction and is stated at cost. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year the item is derecognized.

Fully-depreciated property and equipment are maintained in the accounts until these are no longer in use.

#### Deferred Mine Exploration and Evaluation Costs

Pre-license costs are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditure is deferred as asset when future economic benefit is more likely than not to be realized. These costs include materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further evaluation costs incurred to exploration and evaluation assets up to the point when a commercial reserve is established.

In evaluating if expenditures meet the criteria to be capitalized, several different sources of information are utilized. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed. Once commercial reserves are established, exploration and evaluation assets are tested for impairment and transferred to mine and mining properties. No amortization is charged during the exploration and evaluation phase. If the area is found to contain no commercial reserves, the accumulated costs are expensed. Mine exploration costs of mineral properties that have been in operations were capitalized as mine and mining property and are included in "Deferred Mine Exploration and Evaluation Costs" account.

#### Other Noncurrent Assets

Other noncurrent assets of the Group include the excess input value-added tax (VAT), prepaid royalties, advances to land owners and various deposits. These are classified as noncurrent since the Group expects to utilize the assets beyond 12 months from the end of the reporting period.

#### *Input VAT*

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

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

Input VAT represents the VAT paid on purchases of applicable goods and services, net of output tax, which can be claimed for refund or recovered as tax credit against future tax liability of the Group upon approval by the Philippine Bureau of Internal Revenue (BIR). Input VAT on capitalized goods exceeding ₱1,000,000 is subject to amortization and any excess may be utilized against output VAT, if any, beyond 12 months from the reporting period or can be claimed for refund or as tax credits with the Philippine Department of Finance.

### *Prepaid Royalties*

Prepaid royalties are advance payments to claim owners and real property taxes.

### Impairment of Nonfinancial Assets

#### *Prepayments and Other Current Assets and Other Noncurrent Assets*

The Group provides allowance for impairment losses on prepayments and current assets and other noncurrent assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease the nonfinancial assets.

#### *Property and Equipment*

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized only to the extent that it does not exceed the carrying amount that would have been determined (net of depletion and depreciation) had no impairment loss been recognized for that asset in prior years.

#### *Deferred Mine Exploration and Evaluation Costs*

Deferred mine exploration and evaluation costs are assessed for impairment when facts and circumstances suggest that the carrying amount of the deferred mine exploration and evaluation costs may exceed its recoverable amount. An impairment review is performed, either individually or at the CGU level, 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. Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

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

An impairment loss recognized in prior periods for an asset other than goodwill must be reversed if, and 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 this is the case, the carrying amount of the asset must be increased to its recoverable amount. However, such reversal must not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

## Provisions

### *General*

Provisions are recognized when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the consolidated statement of comprehensive income.

When the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

### Capital Stock and Additional Paid-In Capital (APIC)

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the consolidated statement of changes in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to APIC.

Subscribed capital stock is reported in equity less the related subscription receivable.

### *Stock Issuance Costs*

Stock issuance costs represent amounts paid for legal, consulting, and other offering expenses in conjunction with the raising of additional capital performed during the year. These costs are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

### Deficit

Deficit represents accumulated losses of the Group, dividend distributions, prior period adjustments, effects of changes in accounting policy and other capital adjustments.

### Share-based Payments

The Parent Company has equity-settled, share-based compensation plans with its officers and employees.

### *Stock Option Plan*

The Parent Company has stock option plan which allows the grantees to purchase the Parent Company's shares. The Parent Company recognizes stock compensation expense over the holding period. The Parent Company treats its stock option plan as option exercisable within a given period. Dividends paid on the awards that have vested are deducted from equity and those paid on awards that are unvested are charged to profit or loss. For the unsubscribed shares where the grantees still have the option to subscribe in the future, these are accounted for as options.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

### Equity Reserve

Equity reserve represents the effect of the transaction of the Parent Company arising from change in ownership interest in a subsidiary without loss of control.

### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### *Interest Income*

Interest income is recognized as it accrues using the EIR method.

#### Other Income (Charges)

Other income (charges) is recognized when earned or incurred.

#### OCI

OCI comprises items of income and expense (including items previously presented under the parent company statement of changes in equity) that are not recognized in the profit or loss for the year in accordance with PFRS.

#### Costs and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Administrative and overhead costs are generally recognized when the service is used or as the expense arises.

#### Leases

The Group assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is not a lessor in any transactions, it is only a lessee.

#### *Group as a Lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *Leases of Low-value Assets*

The Group applies the leases of low-value assets recognition exemption to lease of office space that is considered to be of low value. Lease payments on leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Employee Benefits

The net defined retirement benefits 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 retirement benefits liability or asset
- Re-measurements of net defined retirement benefits 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 consolidated statement of comprehensive 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 retirement benefits liability or asset is the change during the period in the net defined retirement benefits 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 retirement benefits liability or asset. Net interest on the net defined retirement benefits liability or asset is recognized as expense or income in consolidated statement of comprehensive income.

Re-measurements, comprising actuarial gains and losses, are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

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

#### *Termination Benefit*

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

#### *Employee Leave Entitlement*

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of reporting period.

#### Foreign Currency Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing rate at the reporting period. Foreign exchange differences between rate at transaction date and rate at settlement date or at each reporting period are credited to or charged against the consolidated statement of comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### Income Taxes

#### *Current Income Tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at reporting period.

#### *Deferred Income Tax*

Deferred income tax is provided using the balance sheet 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 tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused tax credits and unused net tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and carryforward benefits of unused tax credits and unused tax losses can be utilized except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient future taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable income will all or in part allow the deferred tax asset to be recovered.

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

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

Deferred tax relating to items recognized outside the consolidated statement of comprehensive income, are recognized in correlation to the underlying transaction, either in OCI or directly in equity.

### Earnings (Loss) Per Share

Earnings (loss) per share amounts are calculated by dividing the net earnings (loss) attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings (loss) per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary 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 the dilutive ordinary shares into ordinary shares.

### Operating Segment

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The Group has only one business and geographical segment.

### Contingencies

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

### Events After the End of the Reporting Period

Events after the end of the reporting period that provide additional information about the Group's position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Events after the end of the reporting period that are not adjusting events are disclosed in the notes to consolidated financial statements when material.



MANILA MINING CORPORATION

AGING OF ACCOUNTS RECEIVABLE TRADE

As of September 30, 2024

NONE

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**Management's Discussion and  
Analysis of Financial Condition  
and Results of Operations  
As of 30 September 2024**

During the 3<sup>rd</sup> quarter of 2024, a modest interest income of P1,401 was made from bank deposits, compared with P6,713 last year. Expenses, consisting of depreciation and administration costs, totaled P1.888 million compared with –P0.42 million for the same quarter in 2023. The negative expenses reported last year was due to a reclassification of accounts.

For the nine months ended September 30, 2024, depreciation and administrative expenses increased to P5.581 million from P4.731 million last year due to continuing care and maintenance. After the modest interest income, net losses for this period totaled P5.576 million compared with P4.718 million.

Cash and Cash Equivalents dropped from P16.54 million last year to P1.50 million on account of the continuing care and maintenance activities and facilities improvement. Materials and supplies decreased by 20% to P5.74 million for the same reason.

Other Asset accounts increased by P2.69 million due to recognition of value added tax on various purchases of goods and services.

Accounts payable and accruals increased by 31% to P245.45 from P187.359 million also in relation to maintenance and improvement of the mining facilities.

**Manila Mining Company**  
Impact of Current Global Financial Condition

**Credit Risk**

Not applicable

**Market Risk**

The value of financial instruments may change as a result of changes in interest rates, foreign currency exchange rates and equity prices. The Company has Financial Assets Designated at FVOCI in the amount of P8.35 Million which is subject to fluctuations in market prices.

**Foreign Exchange Risk**

Not applicable

**Interest Rate Risk**

Not applicable as the Company has no interest-bearing payables.

**Liquidity Risk**

Not applicable

**Fair Values**

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

*Cash, Receivables, Trade Payables and Accrued Expenses*

The carrying amounts of cash, receivables, trade payables and accrued expenses are all subject to normal trade credit terms and are short term in nature, approximate their fair values.

*AFS Investments*

Fair values of investments are estimated by reference to their quoted market values made during the balance sheet date as of the end of last year. Unquoted equity securities are carried at cost net of impairment in value, since fair value of these AFS securities cannot be reliably determined as these securities are not listed and have no available bid price. The Company has no investments in foreign securities.

*Loans Payable and Borrowings*

Not applicable

**MANILA MINING CORPORATION AND SUBSIDIARY**  
**FINANCIAL RATIOS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**(With Comparative Annual Figures for 2023)**

**ANNEX "I"**

	<b>3RD QUARTER</b>	<b>YEAR END</b>
	<b>September 2024</b>	<b>December 2023</b>
<b>Profitability Ratios:</b>		
Return on assets	-0.05%	-0.19%
Return on equity	-0.06%	-0.20%
Net Profit Margin	N/A	N/A
<b>Solvency and liquidity ratios:</b>		
Current Ratio	23.89%	40.63%
Debt to equity	8.82%	7.08%
Quick Ratio	9.06%	20.03%
<b>Financial Leverage ratio:</b>		
Asset to equity	108.82%	107.08%
Debt to Asset ratio	8.11%	6.61%
Interest rate coverage ratio	N/A	N/A