

COVER SHEET

S.E.C. Registration Number

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Company Name

A	T	L	A	S		C	O	N	S	O	L	I	D	A	T	E	D		M	I	N	I	N	G		A	N	D	
D	E	V	E	L	O	P	M	E	N	T		C	O	R	P	O	R	A	T	I	O	N							

Principal Office (No./Street/Barangay/City/Town/Province)

F	I	V	E		E	-	C	O	M		C	E	N	T	E	R		P	A	L	M		C	O	A	S	T	
D	R	I	V	E		M	A	L	L		O	F		A	S	I	A		P	A	S	A	Y		C	I	T	Y

Form Type

2	0	-	I	S
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Department requiring the report

M	S	R	D
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Secondary License Type, If  
Applicable

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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
-	8403-0813	-
No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
20,682 (as of February 29, 2024)	April 19, 2024	12/31

CONTACT PERSON INFORMATION

The designated contact person <b>MUST</b> be an Officer of the Corporation			
Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Elmer B. Serrano	-	8479-2190	-

Contact Person's Address

1105 Tower 2 High Street South Corporate Plaza, 26th St., BGC, Taguig City, Philippines 1634
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**Note:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.



## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholders:

The Annual Stockholders' Meeting of **Atlas Consolidated Mining and Development Corporation (AT or the Company)** will be held virtually on **19 April 2024 at 10:00 a.m.** The proceedings will be livestreamed and voting will be conducted *in absentia* through the Company's secure online voting facility.

### AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Annual Stockholders' Meeting held on 19 April 2023
4. Approval of the Annual Report and Audited Financial Statements for 2023
5. Election of Directors for 2024-2025
6. Ratification of Acts of the Board of Directors, Board Committees and Management
7. Appointment of External Auditor
8. Open Forum
9. Other Matters
10. Adjournment

**Annex A** provides a brief explanation of each agenda item for approval.

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange on **21 March 2024** as the record date for the determination of stockholders entitled to receive notice of, participate and to vote at the meeting or any adjournment thereof.

Stockholders who intend to participate in the meeting via remote communication and exercise their vote *in absentia* must notify the Corporate Secretary by registering at <https://asmregister.atlasmining.com.ph> and submit the required information therein on or before 5 April 2024. All information received will be subject to verification and validation by the Corporate Secretary.

Successfully registered stockholders can then cast their votes in absentia through the Company's secure online voting facility and access the live streaming of the meeting. For the detailed registration and voting procedures, please refer to the "*Guidelines for Participating via Remote Communication and Voting in Absentia*" appended to the Information Statement, and posted on the Company's website and PSE EDGE.

Stockholders who wish to appoint a proxy must submit an advance electronic copy of their duly accomplished proxy forms (which need not be notarized) during registration, and send the originals on or before **8 April 2024** to the Office of the Corporate Secretary c/o Serrano Law at 1105 Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City, for validation pursuant to the Company's By-laws. Sample formats of the proxy forms for individual and for corporate stockholders are attached.

Please visit <https://atlasmining.com.ph/investor-relations/annual-stockholders-meeting> for complete information on the meeting.

Thank you.

  
**ELMER B. SERRANO**  
Corporate Secretary 

## **ANNEX A: RATIONALE FOR AGENDA ITEMS**

### ***Approval of the Minutes of the Annual Stockholders' Meeting held on 19 April 2023***

The Minutes of the annual stockholders' meeting held on 19 April 2023 were posted on the Company's website and appended to the Information Statement. These minutes are subject to stockholders' approval during this meeting.

### ***Approval of the Annual Report and Audited Financial Statements for 2023***

The Company's financial and operating results for the year 2023 have been summarized in the Annual Report which includes the Audited Financial Statements (AFS) as of 31 December 2023, and will be presented for stockholders' approval. The AFS as audited by the external auditor, Sycip Gorres Velayo & Company (SGV), have been reviewed and approved by the Audit Committee and the Board of Directors, and will be appended to the Definitive Information Statement.

### ***Election of Directors for 2024-2025***

The Corporate Governance Committee has pre-qualified nominees for directors for 2024-2025 and confirmed by the Board of Directors. The list of nominees and their profiles are provided in the Information Statement. The nominees' proven competencies, expertise and qualifications will be invaluable to the Company's strong performance.

### ***Ratification of Acts of the Board of Directors, Board Committees and Management in 2023***

The ratification of acts and resolutions of the Board, Board Committees and Management of AT, from the date of the last meeting to the date of this meeting, which have been key to the successful performance of the Company, will be sought during the meeting. Significant acts and transactions are covered by appropriate disclosures with the Securities and Exchange Commission and the Philippine Stock Exchange.

### ***Appointment of External Auditor***

The Board, upon recommendation by the Audit Committee, approved and endorses the re-appointment of SGV as the Company's external auditor for 2024. The profile of the external auditor and the audit fee for 2023 are discussed in the Information Statement.

**PROXY**

(Sample Proxy Form for Individuals)

The undersigned Stockholder of Atlas Consolidated Mining and Development Corporation (**AT the Corporation**) hereby appoints \_\_\_\_\_ or in his/her absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to present and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on April 19, 2024 and any adjournments thereof for the purpose of acting on the following matters:

	YES/ RATIFY	NO	ABSTAIN
1. Approval of Minutes of the Annual Stockholders' Meeting held on 19 April 2023			
2. Approval of the Annual Report and Audited Financial Statements for 2023			
3. Ratification of the Acts of the Board of Directors, Board Committees and Management in 2023			
4. Appointment of External Auditor			
5. At their discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting			

*Election of Directors for 2024-2025*

Name of Nominee	No. of Votes
1. Frederic C. DyBuncio	_____
2. Isidro A. Consunji	_____
3. Adrian Paulino S. Ramos	_____
4. Gerard Anton S. Ramos	_____
5. Jose T. Sio	_____
6. Presentacion S. Ramos	_____
7. Emilio S. de Quiros, Jr. (Independent Director)	_____
8. Jose P. Leviste, Jr. (Independent Director)	_____
9. Gerardo S. Limlingan, Jr. (Independent Director)	_____

\_\_\_\_ Equally vote for all nominees listed above

\_\_\_\_ Withhold authority for all nominees listed above

\_\_\_\_ Withhold authority to vote for the nominees listed below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Printed Name and Signature of Stockholder/  
Authorized Signatory

\_\_\_\_\_  
Number of Shares Owned or Represented

\_\_\_\_\_  
Date

THIS PROXY SHOULD BE SUBMITTED TO THE CORPORATE SECRETARY ON OR BEFORE **8 APRIL 2024**. VALIDATION OF PROXIES SHALL BE HELD ON 12 APRIL 2024 AT THE OFFICE OF THE CORPORATE SECRETARY AT 1105 TOWER 2 HIGH STREET SOUTH CORPORATE PLAZA, 26TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, UNDER THE SUPERVISION AND CONTROL OF THE CORPORATE SECRETARY.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND "FOR" THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING PROXY HAS THE POWER TO REVOKE IT AT ANYTIME BEFORE THE RIGHT GRANTED IS EXERCISED.

**SECRETARY'S CERTIFICATE**  
(Sample Proxy Form for Corporations)

I, \_\_\_\_\_, Filipino, of legal age, with address at \_\_\_\_\_, after being duly sworn in accordance with law, hereby certify as follows:

1. I am the duly appointed Corporate Secretary of \_\_\_\_\_ (the Company), a corporation duly organized and existing in accordance with the laws of the Philippines, with office address at \_\_\_\_\_.
2. At the duly constituted meeting of the Board of Directors of the Company held on \_\_\_\_\_, during which a quorum was present and acting throughout, the following resolutions were passed and approved:

**“RESOLVED**, that \_\_\_\_\_ be authorized and appointed, as the Company's proxy (the **Proxy**) to attend all meetings of the shareholders of Atlas Consolidated Mining and Development Corporation (**AT**) whether the meeting is regular or special, or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Corporation held in AT and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and stead of the Company.

**RESOLVED, FURTHER**, That the power and authority hereby granted shall remain valid and effective until such time as the same is withdrawn by the Company through notice in writing delivered to the Corporate Secretary of AT before the date of any such meeting or until the last day of the fifth year from the date hereof, whichever comes first, and that AT be furnished with a copy of this resolution and AT may rely on the continuing validity of this resolution until receipt of such written notice of its revocation.”

3. The foregoing resolution resolutions have not been amended, revoked or modified, is effective and valid up to this date, and contained in the corporate records in my possession.

IN WITNESS WHEREOF, I have signed this instrument in \_\_\_\_\_ on \_\_\_\_\_.

Printed Name and  
Signature of the Corporate Secretary

SUBSCRIBED AND SWORN TO before me in \_\_\_\_\_ on \_\_\_\_\_, Affiant exhibited to me his/her \_\_\_\_\_.

Doc. No. \_\_\_\_;  
Page No. \_\_\_\_;  
Book No. \_\_\_\_;  
Series of 2024.

**INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:  
☐ Preliminary Information Statement  
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter: **Atlas Consolidated Mining and Development Corporation**
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number: **PW0000115A**
5. BIR Tax Identification Code: **000-154-572**
6. Address of principal office: **5th Floor Five E-com Center, Palm Coast Ave. corner Pacific Drive Mall of Asia Complex, Pasay City 1300**
7. Registrant's telephone number, including area code: **(632) 8403-0813 loc. 25001/25007**
8. Date, time and place of the meeting of security holders: **19 April 2024, 10:00am, Virtually, with proceedings livestreamed**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **24 March 2024**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
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<b><u>Common shares</u></b>	<b><u>3,559,532,774</u></b>
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11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes   /   No       

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

<b><u>The Philippine Stock Exchange, Inc.</u></b>	<b><u>Common shares</u></b>
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**PART I**  
**INFORMATION REQUIRED IN INFORMATION STATEMENT**

**A. BUSINESS AND GENERAL INFORMATION**

***Item 1. Date, Time and Place of Annual Stockholders' Meeting***

- (a) Date : April 19, 2024
- Time : 10:00 A.M.
- Place : The Meeting will be conducted virtually with proceedings livestreamed, and participation will be via remote participation.
- Mailing : **Atlas Consolidated Mining and Development Corporation**  
Address : *5F Five E-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City 1300*  
of Registrant
- (b) The approximate date on which the Information Statement (IS) will be sent or given to the stockholders is on **March 24, 2024**.

**Statement that proxies are not solicited**

**WE ARE NOT REQUESTING YOU FOR A PROXY and YOU ARE REQUESTED NOT TO SEND US A PROXY.**

**Voting Securities**

The Board of Directors has adopted resolutions allowing stockholders to participate in the Annual Stockholders' Meeting via remote communication and to exercise their right to vote *in absentia* and has fixed the end of trading hours of The Philippine Stock Exchange, Inc. (PSE) on **21 March 2024** as the record date for the determination of stockholders entitled to receive notice of, participate and to vote at the meeting or any adjournment thereof.

Stockholders who intend to participate in the meeting via remote communication and exercise their vote *in absentia* must notify the Corporate Secretary by registering at <https://asmregister.atlasmining.com.ph> and submit the required information therein on or before 5 April 2024. All information received will be subject to verification and validation by the Corporate Secretary.

Successfully registered stockholders can then cast their votes *in absentia* through the Company's secure online voting facility and access the live streaming of the meeting. For the detailed registration and voting procedures, please refer to the "*Guidelines for Participating via Remote Communication and Voting in Absentia*" appended to the Information Statement, and posted on the Company's website and PSE EDGE.

Stockholders who wish to appoint a proxy must submit an advance electronic copy of their duly accomplished proxy forms (which need not be notarized) during registration, and send the originals on or before **8 April 2024** to the Office of the Corporate Secretary c/o Serrano Law at 1105 Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City, for validation pursuant to the Company's By-laws. Sample formats of the proxy forms for individual and corporate stockholders are attached.

Registration details can be found at <https://atlasmining.com.ph/investor-relations/annual-stockholders-meeting>. The Company will record the proceedings and maintain a copy with the

office of the Corporate Secretary. The meeting will be broadcasted via livestreaming accessible to registered stockholders.

*The detailed guidelines for participation and voting for this Meeting are set forth in the “**Guidelines for Participating via Remote Communication and Voting in Absentia**” appended to this IS.*

### ***Item 2. Dissenter’s Right of Appraisal***

Pursuant to Section 80 of the Code, a stockholder has the right to dissent and demand payment of the fair value of his shares of stock in the following instances:

- (a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence.
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; and
- (c) In case of merger or consolidation; and
- (d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation

Said appraisal right may be exercised by stockholders who have voted against the proposed corporate action, by making a written demand on the Corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of their shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, AT shall pay to such Stockholders, upon surrender of the certificate or certificates of stock representing their shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

There are no matters to be discussed in this year’s Meeting which would give rise to the exercise of the dissenter’s right of appraisal.

### ***Item 3. Interest of Certain Persons In or Opposition to Matters to be acted upon***

No person who (i) has been a director or executive officer of AT or a nominee for election as a director, at any time since the beginning of the last fiscal year, or (ii) is an associate of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the Meeting, other than election to office. No incumbent director of the Corporation has given notice of his intention to oppose any action and/or matter to be taken up at the Meeting.

## ***B. CONTROL AND COMPENSATION INFORMATION***

### ***Item 4. Voting Securities and Principal Holders thereof***

- a) Number of shares outstanding

As of 29 February 2024, AT has 3,559,532,774 issued and outstanding common shares, with the number of foreign-owned shares and local-owned shares stated below. Each common share



entitles the Stockholder to notice of and to one (1) vote at, the Meeting.

<i>Nationality</i>	<i>Class of Voting Shares</i>	<i>Number of Shares</i>	<i>Percentage (%)</i>
Filipino	Common	3,484,902,896	97.90%
Non-Filipino	Common	74,629,878	2.10%
<i>Total Number of Shares Entitled to Vote</i>		3,559,532,774	100.00%

b) Record Date

All stockholders of record as of 21 March 2024 are entitled to notice, participate and vote at the Meeting.

c) Manner of voting

Each common share of AT is entitled to one (1) vote (each, a **Voting Share/s**) for each agenda item presented for stockholder approval, except in the election of directors where one (1) share is entitled to as many votes as there are directors to be elected. Each stockholder may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may cumulate or give to one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. Thus, since there are nine (9) directors to be elected, each Voting Share is entitled to nine (9) votes.

Stockholders may nominate directors, subject to pre-qualification by the Corporate Governance Committee, within the period of nomination set forth in the Company's By-laws and relevant regulations. Stockholders as of Record Date may then vote for nominees in accordance with the above rule.

For this year's meeting, the Board of Directors has adopted a resolution allowing stockholders entitled to notice of, and to attend, the meeting, to exercise their right to vote *in absentia*. AT provides and maintains its own online voting facility where registered stockholders can cast their votes.

Successfully registered Stockholders shall be provided access to the live streaming of the Meeting. Registered Stockholders may cast their votes in absentia through the Company's secure online voting facility, [asmvoting.atlasmining.com.ph](https://asmvoting.atlasmining.com.ph), subject to validation procedures. A Stockholder who will participate through remote communication or in absentia shall be deemed present for purposes of quorum. The detailed guidelines for participation and voting are provided in the "*Guidelines for Participating via Remote Communication and Voting in Absentia*" enclosed to this Information Statement (IS) and posted on the Company's website and PSE EDGE.

Registration and voting procedures are further detailed in Item 19.

d) Security Ownership of Certain Record and Beneficial Owners as of 29 February 2024

- i. *Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of 29 February 2024:*

<b>Title of Class</b>	<b>Name &amp; Address of Record Owner and Relationship with Issuer</b>	<b>Name of Beneficial Owner &amp; Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held<sup>1</sup></b>	<b>Percentage Held (%)</b>
Common	SM Investments Corporation ( <b>SMIC</b> ) 10th Floor, One E-Com Center Mall of Asia Complex, Pasay City (Shareholder)	SMIC <sup>2</sup>	Filipino	1,200,835,499	33.74
Common	Alakor Corporation ( <b>Alakor</b> ) Quad Alpha Centrum 125 Pioneer St., Mandaluyong City (Shareholder)	Alakor <sup>3</sup>	Filipino	139,450,000	3.92
Common	Anglo Philippine Holdings Corporation ( <b>Anglo</b> ) Quad Alpha Centrum 125 Pioneer St., Mandaluyong City (Shareholder)	Anglo <sup>4</sup>	Filipino	966,000,292	27.14
Common	PCD Nominee Corp. (Filipino) <sup>5</sup> ( <b>PCNC</b> ) 37F Tower 1, The Enterprise Center, Ayala Ave., Makati City	PCD Participants <sup>6</sup>	Filipino	1,116,821,505	31.38

*ii. Security Ownership of Directors and Executive Officers of AT as of 29 February 2024:*

<b>Title of Class</b>	<b>Name of Beneficial Owner and Position</b>	<b>Citizenship</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percentage of Ownership</b>
Common	Frederic C. DyBuncio (Director/Chairman)	Filipino	1,001 (D/I)	0.00
Common	Isidro A. Consunji (Director)	Filipino	95,991,305 (D/I)	2.70
Common	Adrian Paulino S. Ramos (Director/President)	Filipino	5,288,010 (D/I)	0.15
Common	Gerard Anton S. Ramos (Director)	Filipino	2,001,000 (D/I)	0.05
Common	Jose T. Sio (Director)	Filipino	1,001 (D/I)	0.00
Common	Presentacion S. Ramos (Director)	Filipino	6,270,000 (D)	0.18
Common	Gerardo S. Limlingan, Jr. (Independent Director)	Filipino	1,000 (D)	0.00
Common	Jose P. Leviste, Jr. (Independent Director)	Filipino	100,000 (D)	0.00
Common	Emilio S. de Quiros, Jr. (Independent Director)	Filipino	20,100 (D)	0.00
Common	Elmer B. Serrano (Corporate Secretary)	Filipino	0	0.00

<sup>1</sup> The number of shares of SMIC, Alakor and Anglo as indicated in this table also include their indirect shareholdings lodged with the PCD Nominee Corp. The listed beneficial or record owner has no right to acquire within thirty (30) days, from options, warrants, rights, privileges or similar obligations or otherwise coming from AT.

<sup>2</sup> The Board of Directors of SMIC has the power to decide how the shares held by SMIC are to be voted. The President and/or Executive Director of SMIC have been named and appointed as proxy to exercise the voting power of SMIC.

<sup>3</sup> The Board of Directors of Alakor has the power to decide how the shares held by Alakor are to be voted. The Chairman of the Board of Directors/President of Alakor has the power to vote the common shares of Alakor in AT.

<sup>4</sup> The Board of Directors of Anglo has the power to decide how the shares held by Anglo are to be voted. The Chairman of the Board of Directors/President of Anglo has been appointed to exercise the voting power of Anglo.

<sup>5</sup> PCD Nominee Corporation is not related to the Company. PCNC is a nominee company which holds legal title to shares of lodged in Philippine Depository & Trust Corp.

<sup>6</sup> There are no beneficial owners under PCNC which own more than 5% shares of stock of the Company, other than: (i) SMIC with 604,288,435 shares; (ii) Anglo with 53,570,500 shares and (ii) Alakor with 245,406,600 shares. PCNC beneficial owners have the power to decide how their shares are to be voted.

<b>Title of Class</b>	<b>Name of Beneficial Owner and Position</b>	<b>Citizenship</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percentage of Ownership</b>
Common	Rodyardo B. Rañada (Chief Financial Officer/ Chief Risk Officer/Compliance Officer)	Filipino	0	0.00
Common	Axel G. Tumulak (Asst. Corp. Sec./ Asst. Compliance Officer / Head, Corporate Legal Affairs & Corporate Governance)	Filipino	0	0.00
Common	Leila Marie P. Cabañes (Treasurer)	Filipino	0	0.00
Common	Feliciano B. Alvarez (Chief Audit Executive)	Filipino	0	0.00
Total			109,673,417	3.08

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of 29 February 2024.

There are no arrangements which may result in a change in control of the Company.

On 21 February 2017, AT stockholders approved the issuance of approximately 5.6 billion Warrants with corresponding 5.6 billion underlying common shares. AT also obtained a waiver of the conduct of a rights or public offer for the issuance of the underlying common shares as a result of the exercise of the Warrants by a majority vote representing the outstanding shares held by the minority Stockholders present or represented at the meeting. As of 31 December 2023, no Warrants were issued by the Corporation.

The Corporation has no parent company. AT's substantial stockholders with the percentage of voting securities are discussed in Clause VIII, Part IV Management Report.

#### **Item 5. Directors and Executive Officers**

##### **a) Information regarding Directors and Officers**

The incumbent Directors and key Officers of the Company are as follows:

<b>Name</b>	<b>Position</b>	<b>Citizenship</b>	<b>Age</b>
Frederic C. DyBuncio	Chairman of the Board of Directors	Filipino	64
Adrian Paulino S. Ramos	Director/ President	Filipino	45
Isidro A. Consunji	Director	Filipino	75
Gerard Anton S. Ramos	Director	Filipino	50
Jose T. Sio	Director	Filipino	83
Presentacion S. Ramos	Director	Filipino	82
Jose P. Leviste, Jr.	Independent Director	Filipino	78
Emilio S. de Quiros, Jr.	Independent Director	Filipino	75
Gerardo S. Limlingan, Jr.	Independent Director	Filipino	82
Elmer B. Serrano	Corporate Secretary	Filipino	56
Rodyardo B. Rañada	Chief Financial Officer/Chief Risk Officer/ Compliance Officer	Filipino	57
Leila Marie P. Cabañes	Treasurer	Filipino	45
Axel G. Tumulak	Asst. Compliance Officer/Asst. Corporate Secretary / Head, Corporate Legal Affairs & Corporate Governance	Filipino	44
Feliciano B. Alvarez	Chief Audit Executive	Filipino	45

### Board of Directors

**Frederic C. DyBuncio** has been a member of the Board of Directors since August 2011, and has served as its Chairman since January 17, 2023 and as its Vice-Chairman since August 2012. He is concurrently the President and Chief Executive Officer of SM Investments Corporation and 2GO Group, Inc. He was formerly a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong, and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and finished a Master's degree in Business Administration program at the Asian Institute of Management.

**Adrian Paulino S. Ramos** has been a member of the Board of Directors since July 2007, and has served as its President since April 2015. He is concurrently the (i) President/Chief Operating Officer and Director of Anglo and Vulcan Industrial & Mining Corporation; (ii) Vice-President and Director of Alakor; (iii) Vice President/CFO of NBSI; (iv) Corporate Secretary/Director of Alakor Securities Corporation; (v) Treasurer/Director of Peakpres Corporation, UPMC and Alakor Securities Corporation; (vi) Director of CCC, The Philodrill Corporation and Zenith Holdings Corporation. He graduated from Ateneo de Manila University with a Bachelor of Science Degree in Management (Honors Program), Cum Laude and a Master's Degree in Business Administration (with Distinction) from the Kellogg School of Management, Northwestern University, Majors in Decision Sciences, Analytical Consulting and Accounting Information and Management.

**Isidro A. Consunji** has been a member of the Board of Directors of AT and CCC since April 2012. He is concurrently the Chairman and President of DMCI Holdings, Inc. and Chairman of the Semirara Mining and Power Corp. He graduated with a degree in Bachelor of Science and Engineering from the University of the Philippines, and obtained his Master of Business Economics from Center for Research and Communication and Master of Business Management from the Asian Institute of Management (AIM). He took up Advance Management Program from IESE School in Barcelona, Spain.

**Gerard Anton S. Ramos** has been a member of the Board of Directors since July 2007. He is concurrently holding the positions of (i) Director/President of UPMC and Alakor Securities Corp.; (ii) Director/Vice-President of Alakor; (ii) Director/Vice-President/Corporate Secretary of NBSI; (iii) EVP/ Investments of Anglo; and (iv) Director of CCC and The Philodrill Corporation. He obtained his Bachelor of Science Degree in Management from the Ateneo de Manila University.

**Jose T. Sio** has been a member of the Board of Directors since 12 August 2011. He is the Chairman Emeritus of SM Investments Corporation. He is also a Director of China Banking Corporation, NLEX Corporation, Ortigas Land Corporation, Carmen Copper Corporation, First Asia Realty Development Corporation. He is also a Trustee of Far Eastern University, Incorporated, Adviser to the Board of BDO Unibank, Inc., Belle Corporation and Premium Leisure Corporation, and the Chairman, President and Trustee of SM Foundation, Inc. Mr. Sio holds a Bachelor of Science degree in Commerce, major in Accounting, from the University of San Agustin, and a master's degree in Business Administration (MBA) from New York University, U.S.A. Mr. Sio is a certified public accountant, and is a former Senior Partner of SyCip Gorres Velayo & Co. (SGV). He was voted CFO of the Year in 2009 by the Financial Executives of the Philippines. He was also awarded as Best CFO (Philippines) in various years by several Hong Kong-based publications. In June 2022, he received Parangal San Mateo, the highest honor that can be conferred upon an accounting professional by the Philippine Institute of Certified Public Accountants (PICPA). In March 2023, he was honored by the Professional Regulatory Board of Accountancy with the Accountancy Centenary Award of Excellence. He is actively engaged in continuous trainings,

having attended seminars/trainings on investments, loans and financial instruments, structured products, debt and equity financing, anti-money laundering updates, advanced corporate governance, risks and opportunities in sustainable finance, and exclusive economic briefing conducted by Moody's Analytics. He has been a speaker in various fora and trainings, such as the webinar organized by the Association of CPAs in Commerce & Industry entitled, Addressing Perceived Competency Gap: From Classroom to Workplace.

**Presentacion S. Ramos** has been a member of the Board of Directors since 17 January 2023. She is currently the Chairman of the Board of Alakor Securities Corporation. She also holds various positions in private institutions, specifically as President in Peakpres Corporation, as Vice-President in Abacus Book & Card Corporation, National Bookstore, Inc. National Book Express, Inc. and Power Books, Inc.; as Vice-President and Treasurer in Alakor Corporation; and as Treasurer in Zenith Holdings Corporation; as a director of Anglo Philippine Holdings Corporation, The Philodrill Corporation and United Paragon Mining Corporation; and Governor in Philippine Red Cross. Ms. Ramos obtained a Bachelor of Arts degree in 1962 from the Maryknoll College (now Miriam College).

**Emilio S. de Quiros, Jr.** has served as an Independent Director of AT since July 2017. He is currently an ID of Crown Equities, Inc., Sunlife Investments Management & Trust Corporation, and Capital Markets Integrity Corporation. He has served as President and CEO of the Social Security System and as Chairman of the Board of Directors of Belle Corporation. He was also a Vice Chairman/Director of the PSE Market Integrity Board, Director of Union Bank of the Phil., Philex Mining Corp., Philhealth Insurance Corporation, ALFM Peso Mutual Fund, ALFM Euro Mutual Fund, ALFM Growth Fund, Phil. Stock Index Fund. Prior to his appointment as President and CEO of SSS, he served as Executive Vice President (EVP) of Bank of the Philippine Islands (BPI) and President of Ayala Life Insurance Inc., Ayala Plans and a Director of BPI Bancassurance Inc. Mr. De Quiros graduated from Ateneo de Naga with a Bachelor of Arts in Economics Degree (Cum Laude), and holds a Master of Arts in Economics Degree from the University of the Philippines.

**Jose P. Leviste, Jr.** has served as an Independent Director of AT since May 2019. Dr. Leviste is the Chairman of Constellation Energy Corporation. He is also the Chairman of the Philippine-Israel Business Council. He is also (i) an Independent Director of Pico De Loro Beach & Country Club and Investment Capital Corporation of the Philippines (ICCP); (ii) Member of the Chamber of Mines of the Philippines (COMP); and (iii) Chairman of Environment and Climate Change Committee of the Philippine Chamber of Commerce and Industry ("PCCI"). Dr. Leviste is a Governor of the Canadian Chamber of Commerce, Senior Adviser of Itapinas Development Corporation (IDC) and the Asia Advisor of the Board for the Philippines of Sindicatum Sustainable Resources of Singapore, and a member of the Governing Council of the Philippine Council for Agriculture Aquatic and Natural Resources Research and Development (PCAARRD) of the Department of Science and Technology (DOST) representing the private sector.

He completed his Bachelor of Arts Degree in Economics (with academic honors) from the Ateneo de Manila University and holds two (2) masters degrees: Economics from Fordham University, New York, and Business Administration from Columbia University, New York. He completed the Pacific Rim Management Program, Doing Business in Japan at the University of Southern California and he was a Fellow of the Asia Program of the Woodrow Wilson International Center in Washington DC. He was also a Business Associate of Asia Pacific Research Center of Stanford University. In 2007, he received his Doctor of Humanities, Honoris Causa from the Nueva Vizcaya State University for being an Outstanding Business and Technocrat.

**Gerardo S. Limlingan, Jr.** was elected as an Independent Director of AT in 15 September 2022. He is currently a director of Sagittarius Mines, Inc. and the President of Greenlight Holdings, Inc. He is also a director of Page Enterprises, Inc. and a member of the Board of Trustees of the JC Binay Foundation, Inc. where he previously served as President from 2012 to 2014. He is also a

consultant to Metrostore since 2016 and was previously a consultant to the Makati City Government from 1986 to 2015 and to the Housing and Urban Development Coordinating Council from 2010 to 2014. He previously held various positions in private institutions, specifically as managing director in Corporate Solutions, Inc. from 2000 to 2020, director or treasurer of Eastridge Gold and Country Club from 1996 to 2017, director or treasurer of Monarch Insurance Corporation, an insurance brokerage, from 2003 to 2007, director of Guagua National Colleges from 2004 to 2005, director of Aquaventure Philippines, Inc. from 1995 to 2000, President and director of Sarmiento Securities Corp. until 1997, director of Vitarich Corporation from 1990 to 1995, director of Antipolo Properties, and Chairman or director of Regina Capital Development Corporation, a stock brokerage, from 1990 to 1992. Mr. Limlingan Jr. obtained a Bachelor of Arts, major in Economics degree in 1961 from the Ateneo de Manila University. He also took units for the Master of Arts in Economics degree from the same university from 1962 to 1963.

The Board also established the Committees for the effective performance of its policy-making and oversight functions. The different Committees and their respective chairpersons and members for 2023-2024:

*Executive Committee*

Frederic C. DyBuncio (Chairman)  
Adrian Paulino S. Ramos  
Jose T. Sio  
Isidro A. Consunji  
Gerard Anton S. Ramos  
Presentacion S. Ramos

*Audit Committee*

Emilio S. de Quiros, Jr. (Lead ID) (Chairman)  
Frederic C. DyBuncio  
Gerard Anton S. Ramos  
Jose P. Leviste, Jr. (ID)  
Gerardo S. Limlingan, Jr. (ID)

*Board Risk Oversight Committee (BROC)*

Gerardo S. Limlingan, Jr. (ID)(Chairman)  
Emilio S. de Quiros, Jr. (Lead ID)  
Jose P. Leviste, Jr. (ID)

*Corporate Governance Committee (CGC)*

Jose P. Leviste, Jr. (ID) (Chairman)  
Emilio S. de Quiros, Jr. (Lead ID)  
Gerardo S. Limlingan, Jr. (ID)

*Related Party Transactions (RPT) Committee*

Jose P. Leviste, Jr. (ID) (Chairman)  
Emilio S. de Quiros, Jr. (Lead ID)  
Gerardo S. Limlingan, Jr. (ID)

The Chairpersons and members of the CGC, RPTC and ROC are all Independent Directors (ID), while majority of the Audit Committee, including the Chairman, are IDs.

### Directorships in other Reporting Companies

<i>Name of Director</i>	<i>Reporting Company</i>	<i>Position</i>
Frederic C. DyBuncio	SM Investments Corporation	President/CEO
	2GO Group, Inc.	Chairman/President/CEO
Adrian Paulino S. Ramos	Anglo Philippine Holdings Corporation	President/COO
	Vulcan Industrial & Mining Corporation	Director
	United Paragon Mining Corporation	Director
	The Philodrill Corporation	President
Isidro A. Consunji	Semirara Mining and Power Corporation	Chairman/CEO
	DMCI Holdings, Inc.	Chairman/President
Gerard Anton S. Ramos	United Paragon Mining Corporation	President/CEO
	The Philodrill Corporation	Chairman
	Anglo Philippine Holdings	Chairman
Jose T. Sio	China Banking Corporation	Director
	Far Eastern University, Incorporated	Trustee
Presentacion S. Ramos	Anglo Philippine Holdings	Director
	The Philodrill Corporation	Director
	United Paragon Mining Corporation	Director
Emilio S. de Quiros, Jr.	Crown Equities, Inc.	Independent Director

### *Attendance in Board Meetings, Board Committee Meetings and Annual Stockholders' Meeting*

For 2023, below is the summary of attendance of incumbent directors, indicating their attendance in each of the meetings of the board and its committees and in the last regular stockholders' meeting:

Name of Director	% of Attendance In Board Meetings	% of Attendance in Board Committee Meetings			
		Audit Committee (AC)	Board Risk Oversight Committee (BROC)	Corporate Governance Committee (CGC)	Related Party Transactions Committee (RPTC)
Frederic C. DyBuncio	100	100	N/A	N/A	N/A
Adrian Paulino S. Ramos	100	N/A	N/A	N/A	N/A
Jose T. Sio	100	N/A	N/A	N/A	N/A
Isidro A. Consunji	100	N/A	N/A	N/A	N/A
Gerard Anton S. Ramos	100	80	N/A	N/A	N/A
Presentacion S. Ramos	100	N/A	N/A	N/A	N/A
Emilio S. de Quiros, Jr. (Lead ID)	100	100	100	100	100
Jose P. Leviste, Jr. (ID)	100	100	100	100	100
Gerardo S. Limlingan, Jr. (ID)	100	100	100	100	100

All directors nominated for re-election at the 2023 Annual Stockholders' Meeting of the Company were present during the annual meeting.

### *Nomination of Directors for 2024-2025*

The Corporate Governance Committee, confirmed by the Board, pre-qualified the following

nominees for election as directors for 2024-2025 at the Meeting:

FREDERIC C. DYBUNCIO  
ADRIAN PAULINO S. RAMOS  
ISIDRO A. CONSUNJI  
GERARD ANTON S. RAMOS  
JOSE T. SIO  
PRESENTACION S. RAMOS  
EMILIO S. DE QUIROS, JR. (ID)  
JOSE P. LEVISTE, JR. (ID)  
GERARDO S. LIMLINGAN, JR. (ID)

The nominees were selected through the nomination process determined and implemented by the CGC.

Mr. Jasper Jimenez, among others, nominated to the Board for inclusion in the Final List of Candidates for Independent Directors, the following nominees:

EMILIO S. DE QUIROS, JR. (ID)  
JOSE P. LEVISTE, JR. (ID)  
GERARDO S. LIMLINGAN, JR. (ID)

Mr. Jasper Jimenez is not related to Messrs. De Quiros, Leviste and Limlingan.

Under the 2017 Code of Corporate Governance of AT, all new directors will undergo an 8-hour orientation program soon after election. This is intended to familiarize the new directors on their responsibilities to the Board and its Committees and the policies of AT.

The Company has complied with the Guidelines set forth by SRC Rule 38, as amended, regarding the Nomination and Election of Independent Directors. No Independent Director nominee has exceeded the term limit as stated in *SEC MC No. 4 Series of 2017 re: Term Limit of ID*. Based on the information provided to the Corporation and to the best of the Corporation's knowledge, none of its incumbent Directors and Officers or nominees for directors' and officers' positions is working for or with the government.

No Director has resigned or declined to stand for re-election to the Board since the date of the last meeting because of disagreement with the Company on any matter relating to the Company's operations, policies or practices.

The CGC in pre-screening the qualifications of the nominees, considered the nomination letters for IDs submitted by Stockholders of record. Taking into consideration the qualifications and disqualifications provided in the Code of Corporate Governance, the Corporation's By-Laws, CGC Charter, SRC and the criteria prescribed in the SRC Rule 38, the CGC has determined that the nominees for independent directors are qualified to sit in the BOD as IDs.

The members of the Corporation's CGC, all of whom including the Chairman are IDs, are the following: (i) Jose P. Leviste, Jr. (ID) – Chairman; (ii) Emilio S. de Quiros, Jr. (ID) - Member; and (iii) Gerardo S. Limlingan, Jr. – Member.

#### *Significant Employees*

The Corporation has no employee who is not an executive officer but is expected to make a significant contribution to the business.



### *Family Relationship*

Other than those between Ms. Presentacion S. Ramos and her sons, Messrs. Adrian Paulino S. Ramos and Gerard Anton S. Ramos, all other directors and officers are not related to each other either by consanguinity or affinity.

### *Involvement in Certain Legal Proceedings*

Except those disclosed in the certifications of IDs, the Company is not aware of any of the following events having occurred during the past five (5) years up to the date of this report that are material to an evaluation of the ability or integrity of any director or any member of senior management of the Company:

- (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

### *Executive Officers of the Company*

**Elmer B. Serrano** was first appointed Corporate Secretary of AT and CCC on July 2021. Atty. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner and founder of the law firm SERRANO LAW. He has been awarded “Asia Best Lawyer” by the International Financial Law Review (IFLR) after being consistently recognized as a “Highly Regarded-Leading Lawyer” by IFLR and named “Leading Individual” by the Legal 500 Asia Pacific.

Atty. Serrano is the Chairman of Dominion Holdings, Inc. (formerly, BDO Leasing and Finance, Inc.), a director of EEI Corporation and DFNN, Inc. and an Independent Director of Philippine Telegraph and Telephone Corporation and Benguet Corporation. He is also a director of 2GO Group, Inc. He is also the Corporate Information Officer of BDO Unibank, Inc. and serves as the corporate secretary of the bank’s subsidiaries and affiliates. Atty. Serrano is also Corporate Secretary of SM Investments Corporation, SM Prime Holdings, Inc., Premium Leisure Corp., as well as subsidiaries of DFNN Inc. He is also Corporate Secretary of, or counsel to, prominent financial industry organizations, such as the Bankers Association of the Philippines, the Philippine Payments Management, Inc. and the PDS Group of Companies.

Atty. Serrano is a Certified Associate Treasury Professional and was among the top graduates of the Trust Institute of the Philippines in 2001. Atty. Serrano holds a Juris Doctor degree from the Ateneo de Manila University and a BS Legal Management degree from the same university.

**Rodyardo B. Rañada** has served as the Chief Finance Officer (CFO) and Chief Risk Officer (CRO) of AT since May 2022, and has served as Compliance Officer of AT since 21 July 2023. Mr. Rañada joined Carmen Copper Corporation on April 28, 2010 and has been appointed as the Head of the Financial Planning Division on November 1, 2011 and Assistant Vice President for Finance on January 16, 2020. He has more than 25 years of experience in the fields of audit and finance and held management and executive positions in the energy, mining and retail industries. He is a Certified Public Accountant with a Bachelor of Commerce Degree in Accountancy obtained from Meycauayan College and a Master's Degree in Business Administration at the University of San Carlos.

**Leila Marie P. Cabañes** has served as the Treasurer of AT since April 2015. She has more than a decade of experience in the local banking industry where she specialized in trust banking and fund management. Prior to joining AT, she spent 14 years of her career in several financial institutions such as Metropolitan Bank & Trust Company, Land Bank of the Philippines and the United Coconut Planters Bank. She obtained her Bachelor of Commerce in Applied Economics and her Master in Business Administration-Finance (with honors/distinction) degrees from the De La Salle University.

**Feliciano B. Alvarez** has served as the Chief Audit Executive of AT since 2013. Mr. Alvarez is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), and holds a master's degree in business administration with more than 20 years of experience in the field of internal audit, quality control, risk management, project management and corporate planning within the mining and metals industry. Prior to joining AT, Mr Alvarez was the Head for Risk Management, Project Management and Corporate Planning in Rapu-Rapu Mining Inc., Audit Manager in KPMG, Internal Audit Head in Figaro Coffee Company, and a Senior Assurance Auditor in Ernst & Young (SGV & Co.)

**Axel G. Tumulak** has served as Assistant Corporate Secretary/Head, Legal Affairs and Corporate Governance and Assistant Compliance Officer of AT and CCC since August 2021. He has a decade experience in the mining industry and he was with Silangan Mindanao Mining Co. Inc., a subsidiary of Philex Mining Corporation, as its Corporate – Legal Affairs Head and Mine Site Administrator of the Silangan Copper and Gold Project in Surigao del Norte, Philippines. He obtained his Bachelor of Arts Degree in Political Science and Bachelor of Commerce Degree in Legal Management at the De La Salle University and his Bachelor of Laws Degree from the Xavier University - Ateneo de Cagayan College of Law.

#### b) Certain Relationships and Related Transactions

A summary on the proposed issuance of warrants and the underlying common shares as a result of the exercise of the warrants, as previously disclosed since 2017, is reiterated below.

There are no known related party transactions aside from the warrants issuance and those stated in *Note 23 (Related Party Disclosures)* of the *Notes to the AT and Subsidiaries (the "AT Group") Audited Consolidated Financial Statements (AFS)* for the year ended 31 December 2023.

In the normal course of business, transactions of AT with related parties consist mainly of payments by AT for various expenses and non-interest bearing short-term cash advances for working capital requirements. These are non-material transactions and arrangements in the ordinary course of business. The AT Group's related party transactions are under terms that are no less favorable than those arranged with third parties.

Material related party transactions, if any, are reviewed by the RPT Committee of the Board and are disclosed. The members of the Related Party Transactions Committee are:

- |                                  |   |                                 |
|----------------------------------|---|---------------------------------|
| a. Mr. Jose P. Leviste, Jr.      | – | Chairman (Independent Director) |
| b. Mr. Gerardo S. Limlingan, Jr. | – | Member (Independent Director)   |
| c. Mr. Emilio S. De Quiros, Jr.  | – | Member (Independent Director)   |

No complaint was received by the Corporation regarding any related party transactions. No director has entered into self-dealing and related party transactions in 2023. There are no other transactions undertaken or to be undertaken by the Company in which any director or executive officer, nominee for election as director, or any member of their immediate family was or will be involved or had or will have a direct or indirect material interest. There are likewise no material related party transactions undertaken or to be undertaken by the Company.

There are no third parties (not related parties) with whom the Company or its related parties have a relationship that enable the parties to negotiate terms of material transactions that may not be available from other, more clearly independent, parties on an arm's length basis.

#### **Item 6. Compensation**

- 1) *Executive Compensation of Executive Officers.* Aggregate cash compensation paid during the last three (3) fiscal years ended 31 December 2023 to the five (5) most highly compensated officers and to all other officers as a group, including the estimate for 2024 are shown below.

2) *Summary Compensation Table*

<i>Aggregate annual cash compensation (Php)</i>				
<i>Name and Principal Position</i>	<i>Year</i>	<i>Salaries</i>	<i>Bonuses</i>	<i>Other compensation</i>
<i>President/Chief Executive Officer (CEO) &amp; four (4) Most Highly Compensated Officers</i>	2024 (estimate)	21,224,875	-0-	-0-
	2023	21,224,875	-0-	-0-
	2022	25,887,192	-0-	-0-
(1) <i>Adrian Paulino S. Ramos, CEO/President</i>				
(2) <i>Rodyardo B. Rañada, Chief Financial Officer (CFO), VP-Finance, Chief Risk Officer (CRO)</i>				
(3) <i>Feliciano B. Alvarez, Chief Audit Executive (CAE), AVP-Internal Audit</i>				
(4) <i>Leila C. Cabañes, Treasurer, AVP-Treasury &amp; Commercial Development</i>				
(5) <i>Axel G. Tumulak, AVP-Legal Affairs, Compliance and Corporate Governance, Asst. Corporate Secretary</i>				
All other officers as a group	2024 (estimate)	-0-	-0-	-0-
	2023	-0-	-0-	-0-
	2022	-0-	-0-	-0-

In 2023, the Directors as a group received a total of Php5.790 million. There are no other arrangements pursuant to which any Director was compensated, or is to be compensated, directly or indirectly, during the Corporation's last completed fiscal year and the ensuing year, for any service provided as a director. Each of the members of the BOD received the following remuneration as Director for 2023:

<i>Name</i>	<i>Total Amount (Php)</i>
-------------	---------------------------

*Independent Directors*

Emilio S. de Quiros, Jr.	1,800,000
Jose P. Leviste, Jr.	1,800,000
Gerardo S. Limlingan, Jr.	1,800,000

*Regular Directors*

Adrian Paulino S. Ramos	50,000
Frederic C. DyBuncio	90,000
Gerard Anton S. Ramos	100,000
Isidro A. Consunji	50,000
Jose T. Sio	50,000
Presentacion S. Ramos	50,000

These fees include per diem received by the directors for their attendance in Board meetings.

The total amount of fees for 2023 allocated among directors does not exceed 10% of the total income of the Company before tax for 2023 in accordance with relevant laws and regulations.

3) *Employment Contracts, Termination of Employment and Change-in-Control Arrangements.*

There is no compensatory plan or arrangement, including payments to be received from the Corporation, with respect to a named executive officer, if such plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Corporation and its subsidiaries or from a change-in-control of the Corporation or a change in the named executive officer's responsibilities following a change-in-control.

There were no changes in employment and control arrangements as of 29 February 2024.

4) *Stock Options:* On 18 July 2007, the Corporation's Stockholders approved a Comprehensive Stock Option Plan (CSOP) covering directors, officers, managers and key consultants of AT and its significant subsidiaries.

Salient terms/features of the CSOP: (i) *Number of underlying shares:* 50,000,000 shares to be taken out of the unissued portion of the Corporation's ACS; 25,000,000 shares earmarked for the first-tranche optionees. (ii) *Option Period:* Three (3) years from the date the stock option is awarded to the optionees, 14 July 2011. (iii) *Vesting Period:* Subscription rights covering 1/3 of shares of stock will vest during each year of the 3-year option period. (iv) *Exercise Price:* Php10 per share.

Extent of stock option award under the CSOP as of 2014 to the three most highly compensated officers at that time and to all other directors and officers collectively:

<i>Name</i>	<i>Position</i>	<i>No. of Shares</i>
Alfredo C. Ramos	Chairman & previous President	4,385,970
Martin C. Buckingham	EVP and Director	3,508,770
Adrian Paulino S. Ramos	President	2,631,570

Other officers and directors as a group	3,491,236
<i>Total</i>	<i>14,017,546</i>

Qualified employees who were previously granted stock option awards exercised their subscription rights with respect to: 1,183,604 shares with total subscription price of Php11,836,040 in the year 2014, 1,754,190 shares with total subscription price of Php17,541,900 in 2013 and 2,215,788 shares with total subscription price of Php22,157,880 in 2012.

For the last completed fiscal year and 3 years prior, no movement/adjustment on the exercise price of stock options previously awarded to any of the officers/directors covered, whether through amendment, cancellation or replacement, or any means.

- 5) *Board Evaluation and Assessment:* To ensure optimum Board performance, the CGC provides that the Company shall ensure that all its Directors are provided with comprehensive training, including an 8-hour orientation program for first-time Directors and 4-hour relevant annual continuing training for all Directors. Directors of AT complied with the annual corporate governance training requirement of four (4) hours for 2023. Directors attended a corporate governance training seminar conducted last 16 October 2023 by Institute of Corporate Directors (ICD) at Conrad Manila, Pasay City and through zoom Webinars.

The Board, guided by AT's Performance Evaluation Policy and Guidelines, also regularly carries out evaluations to appraise its performance as a body, measure the Board's effectiveness through a guided process, evaluate whether it possesses the right mix of backgrounds and competencies to foster the long-term success of AT, and to sustain its competitiveness and profitability in the manner consistent with its corporate objectives and the long-term best interests of its Shareholders and other Stakeholders. The Board conducts an annual self-assessment of its performance, including performance of the Chairman, individual Members and Committees. Every three (3) years, the assessment is conducted by an external facilitator in accordance with the Company's Code of Corporate Governance.

#### **Item 7. Independent Public Accountants**

- a) *Sycip Gorres Velayo & Company* (SGV) is the external auditor for the current year. SGV will be recommended to the Stockholders for re-appointment as external auditor at the scheduled Meeting. The Board, upon the recommendation of the Audit Committee, approved the appointment of SGV as the external auditor based on its performance and qualifications, and the fixing of audit fees.

The Corporation has engaged SGV as the external auditor with Mr. Jose Pepito E. Zabat III as the Partner In-Charge beginning audit year 2018. SRC Rule 68, as Amended, Part 3 (b) (ix), *Rotation of External Auditors*, states that the key audit partners, which include the engagement partner or signing partner, shall comply with the provisions on long association of personnel (including partner rotation) with an audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines (the Code). The Code allows for the engagement partner or signing partner for any audit client, to act in such capacity for a maximum of seven years. AT has always faithfully complied with the seven (7)-year rotation requirement with respect to its external auditor's certifying partner.

- b) Representatives of SGV are expected to be present at the Meeting and they will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to questions raised whenever appropriate or necessary.

- c) SGV has been the Corporation's independent accountant since 1958. No independent accountant engaged by the Corporation has resigned, or has declined to stand for re-election, or was dismissed, and the Corporation has engaged no new independent accountant. The Corporation has not had any disagreement on accounting and financial disclosures with its current independent accountant/external auditor for the same periods or any subsequent interim period.
- d) The aggregate fees paid to SGV for the years ended 31 December 2023, 2022, and 2021 for the following services: (i) audit of the AT Group's annual financial statements, (ii) tax compliance and advice, and (ii) other related services involving the examination of AT's or CCC's books of account:

<u>Particulars</u>		<u>2023</u>	<u>2022</u>	<u>2021</u>
Audit	Php	3,727,500	3,727,500	3,600,000
Tax compliance/advice related services	Php	1,700,000	-	472,000
Total	Php	3,727,500	3,727,500	4,072,000

- e) During the period, the Corporation engaged SGV for certain non-audit services. The Company did not engage any other firm for tax accounting, compliance, advice, planning and any form of tax services covering the year 2023.
- f) SGV presented to the Audit Committee and Board their Audit Plan prior to the commencement of the audit services. The Audit Plan, as reported, covered the audit scope and objectives, methodology, applicable accounting standards and timetable among others.
- g) The members of the Audit Committee, majority of whom, including the Chairman, are IDs, are the following: (i) Emilio S. de Quiros, Jr. (ID) - Chairman; (ii) Gerardo S. Limlingan, Jr. (ID) (iii) Jose P. Leviste, Jr. (ID); (iv) Frederic C. DyBuncio, and (v) Gerard Anton S. Ramos.

### ***Item 8. Compensation Plans***

No action with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed shall be presented for approval during the Meeting, hence not applicable.

## ***C. ISSUANCE AND EXCHANGE OF SECURITIES***

### ***Item 9. Authorization or Issuance of Securities other than for Exchange***

No action is to be taken and presented at the Meeting with respect to any authorization or issuance of securities.

### ***Item 10. Modification or Exchange of Securities***

No action is to be taken with respect to the modification or exchange of any class of the Corporation's securities or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

### ***Item 11. Financial and other information***

AT consolidated financial statements for the year ended 31 December 2023 is incorporated herein by reference.

There are no significant changes in and disagreements with accountants on accounting and

financial disclosure.

***Item 12. Mergers, Consolidations, Acquisitions and Similar Matters***

No action involving any of the following will be presented to the stockholders for approval during the Meeting: (i) merger or consolidation; (ii) acquisition by AT or any of its security holders of securities of another person; (iii) acquisition by the Corporation of any other going business or of the assets thereof; (iv) sale or other transfer of all or any substantial part of the assets of AT; or (v) liquidation or dissolution.

***Item 13. Acquisition or Disposition of Property***

No action with respect to the acquisition or disposition by the Company of any property shall be presented to the Stockholders for approval.

***Item 14. Restatement of Accounts***

No action is to be taken with respect to the restatement of the Company's asset, capital or surplus account.

***D. OTHER MATTERS***

***Item 15. Action with respect to Reports***

There is no action to be taken with respect to any report of the Corporation or of its Directors, Officers, Committees, except for the approval and/or ratification of the following reports/matters:

- a. Minutes of the ASM held on 19 April 2023;
- b. Audited Financial Statements and Annual Report for the year ended 31 December 2023;
- c. Acts of the Board of Directors, Board Committees & Management beginning 20 April 2023 and ending on the date of the ASM; and
- d. Appointment of SGV as external auditor for fiscal year 2024

For item (a) above, any action on the part of the stockholders will not constitute approval or disapproval of the matters referred to in said minutes as the same are deemed to have been approved. The following were approved during the 2023 ASM: (i) Minutes of the ASM held on 26 April 2022; (ii) Annual Report and AFS for the fiscal year ended 31 December 2022; (iii) Election of Directors for 2023-2024; (iii) Acts and Resolutions of the Board, Board Committees and Management ending from 27 April 2022 to 19 April 2023; and (iv) Election of SGV as the Corporation's external auditor for the fiscal year 2023. Minutes of the 19 April 2023 ASM are available for inspection by any stockholder at the Office of the Company during business hours. The same are likewise uploaded to the Company's website and may be viewed through the following link: <https://www.atlasmining.com.ph/company-disclosures/minutes-asm>

Appended to this IS are the abovementioned minutes of the 2023 Annual Stockholders' Meeting of the Company which fully reflect the proceedings during the meeting in accordance with Section 49 of the Revised Corporation Code, including:

- (i) description of the voting and vote tabulation procedures used in the meeting including the engagement and presence of the third party validator for the meeting,
- (ii) description of the opportunity given to stockholders to ask questions,
- (iii) the list of directors and officers and stockholders who participated in the meeting, as duly certified by the Corporate Secretary and verified by the Stock and Transfer Agent and further validated by the third party validator. The office of the Corporate Secretary

has in its custody the full list and names of stockholders who participated in the virtual 2023 Annual Stockholders' Meeting.

For item (b), the AT Group's AFS as of 31 December 2023 are attached to the IS for the review and approval of the Stockholders.

For item (c), no material corporate action was approved by the Company's Board during the period beginning 19 April 2023 and ending on the date of this IS<sup>7</sup> other than those disclosed to the SEC and PSE. In compliance with the *PSE Disclosure Rules*, *SRC* and its *IRR*, AT promptly discloses material actions and resolutions taken by the Board.

For item (d), please see Item 7 (Independent Public Accountants).

For the period ended 31 December 2023, there are no self-dealing or related party transactions by any Director which require disclosure.

The affirmative vote of a majority of the votes cast by stockholders shall be necessary for the approval of items (a), (b), (c), and (d).

#### ***Item 16. Matters Not Required to be Submitted***

No other action is to be taken with respect to any other matter which is not required to be submitted to a vote of the Stockholders.

#### ***Item 17. Amendment of Charter, By-Laws or Other Documents***

Stockholders have the right to approve or disapprove any proposed amendment to the Articles of Incorporation and By-laws of the Company. Dissenting stockholders may exercise their appraisal rights as set forth in Item 2. No action is to be taken with respect to the amendment of AT's charter, by-laws or other documents.

#### ***Item 18. Other Proposed Actions***

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposed to be taken at this year's Meeting.

#### ***Item 19. Voting Procedures***

AT's By-Laws do not prescribe a manner of voting. Each Shareholder entitled to vote may cast the vote to which the numbers of shares he/she owns entitles him/her. All matters to be brought for approval of the Stockholders at this year's Meeting require for approval only a majority of the shares present or represented by Proxy provided a quorum is present. Except as to the election of directors, the manner of voting shall be non-cumulative. All votes cast shall be counted under the supervision and control of the Corporate Secretary and/or the Assistant Corporate Secretary.

This year's meeting will be conducted virtually in light of the continuing threat of COVID-19 and to ensure the safety and welfare of stockholders and everyone involved. Stockholders may participate in the virtual meeting either by remote communication by themselves or by Proxy or by casting their votes *in absentia* as authorized by the Board of Directors.

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<sup>7</sup> Any material action to be taken by the Corporation's BOD during the period between the date of this information statement and the date of the Meeting shall be presented for ratifications at the Meeting.



To participate and vote in the virtual meeting, Stockholders must register and/or cast their votes by registering at ***asmregister.atlasmining.com.ph*** until 08 April 2024.

Successfully registered Stockholders shall be provided access to the livestream of the Meeting. Registered Stockholders may cast their votes *in absentia* through the Company's secure online voting facility, subject to validation procedures. Stockholders who have registered, participated through remote communication and voted *in absentia* shall be deemed present for purposes of quorum. The detailed guidelines for participation and voting are provided in the "*Guidelines for Participating via Remote Communication and Voting in Absentia*" appended to this IS and posted on the Company's website and PSE EDGE.

Comments and question on the agenda items may be submitted in advance via email bearing the subject "ASM 2024 Open Forum" to <[asm@atlasmining.com.ph](mailto:asm@atlasmining.com.ph)>.

Please visit <https://www.atlasmining.com.ph/investor-relations/annual-stock-holders-meeting> for complete information on the ASM.

**PART II**  
**Information required in proxy form**

The Corporation is not making any solicitation of proxies. Statement that proxies are not solicited:

*We are not asking you for a proxy and you are requested not to send a proxy.*

**PART III**  
**Signature**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Taguig City on 20 March 2024.

**ATLAS CONSOLIDATED MINING AND  
DEVELOPMENT CORPORATION**

By:

  
**ELMER B. SERRANO**  
Corporate Secretary *p*

## PART IV Management Report

### ***I. Consolidated Audited Financial Statements***

The AT Group Consolidated AFS for the year ended 31 December 2023 is incorporated herein for reference.

### ***II. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Please refer to *Item 7, B. Control and Compensation Information, Part I. Information Required* of the Information Statement (IS) for the discussion on and profile of SGV and the identity of its partner who examined the Corporation's financial statements for the past years.

There has been no disagreement between AT and SGV on any matter of accounting principles or practices, auditing scope or procedure, or accounting and financial statement disclosures. No independent accountant who was engaged to audit the Corporation or a significant subsidiary has resigned or was dismissed or otherwise ceased performing services for the Corporation.

### ***III. Management's Discussion and Analysis or Plan of Operation***

#### ***(1) Calendar Years Ended December 31, 2023 and 2022***

	2023	Δ%	2022	Δ%	2021	Δ%
Consolidated net income/(loss)	1,117,556	-65%	3,218,085	-17%	3,861,585	3181%
Consolidated gross revenues	19,909,950	13%	17,679,906	-4%	18,502,930	1%
Consolidated net revenues	18,865,013	12%	16,822,495	-6%	17,937,583	2%
Costs and operating expenses	16,620,105	15%	14,469,546	18%	12,281,339	-12%

- AT reported a net income of Php1.12 billion for the year 2023 compared to the net income of Php3.22 billion for the same period in 2022. Revenues increased by 13% and operating costs increased by 15%. The summary points year-on-year:
- Copper concentrate shipped in 2023 increased by 8% from 141,167 tonnes to 151,863 tonnes. Copper metal content increased by 9% to 83.567 million pounds and gold content increased by 20% to 25,366 ounces.
- Average copper price for 2023 lower by 4% to \$3.85/lb and gold price from USD1,804/ounce to USD1,949/ounce compared to the same period last year
- Average cost per pound decreased by 15% from US\$2.43/lb in 2022 to US\$2.11/lb in 2023. Moreover, cash costs increased by 6% year-on-year from Php12.4 billion in 2022 to Php13.2 billion in 2023, due to spikes in fuel and energy prices.
- Equity in net earnings of associates decreased to Php34 million loss as compared to net income of Php124 million recognized in 2022.

Gross revenue for the year reached Php19.9 billion, 13% higher year-on-year. Copper revenues increased by 9% from Php15.7 billion to Php17.2 billion in 2023.

- CCC shipped 151,900 dmt and 141,200 dmt of copper concentrates in 2023 & 2022, respectively. Copper metal content for the year is 83.567 million lbs. while gold is 25,366 oz., representing an increase of 9% and 20% respectively vis-à-vis last year.
- Despite operational disruptions arising from high rainfall levels that affected our mining

area, milling tonnage in 2023 of 45,900 tonnes per day or 16.8 million tonnes was sustained in 2023. Realized copper grade increased by 10% from 0.241% to 0.265%. Copper concentrates produced in 2023 increased by 11% to 151.987dmt from 136.759dmt in 2022. Gold yield increased by 20% to 26,818 ounces from 22,339 ounces production volume last year.

- Average copper prices decreased by 4% to USD3.85/lb while average gold prices increased to 1,949/oz from 1,804/oz.

*Cost and operating expenses* (88% of net revenues) were higher by 15% due to spikes in fuel and energy prices. Finance charges (3% of net revenue) decreased by 33% due to settlement of loans last year. Other income (charges) (3% of net revenues) primarily due the effect of foreign exchange gains and losses, hedging gain and fair value gain (loss) on provisionally priced receivables.

*USD:Php Exchange rate* closed at USD1.00:Php55.37 as at 31 December 2023 against USD1.00:Php55.755 as at 31 December 2022. This triggered the recognition of net foreign exchange gain of Php168 million primarily from the restatement of Philippine Peso denominated receivables as CCC has adopted the US dollar as its functional currency. *Benefit from (provision for) income tax* increased by 154% due to *Unrealized MTM on derivatives in 2022 realized in 2023 and gain on loan extinguishment in 2022*.

#### Changes in Financial Position

Highlights in the financial position of the Atlas Group over the last three fiscal years ('000):

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets	68,228,758	67,448,802	66,193,514
Liabilities	22,886,068	23,637,910	27,589,503
Retained Earnings	22,027,841	20,910,285	17,692,199

*Audited consolidated financial condition of the Group as of 31 December 2023 vis-à-vis 31 December 2022:*

*Cash and cash equivalents* increased by 80% mainly from collection of trade receivables and other non-trade receivables. Short-term investments decreased by 100% arising from reclassification to cash and cash equivalents. Receivables arise from its shipments of copper concentrates and advances to related parties and officers and employees. It increased by 815% due to receivable from sales and hedging on copper price. Inventories registered a decrease of 4% mainly due to shipment on mine product inventory and impact of forex translation.

*Derivative assets and liabilities* represent the hedging component of shipments covered by the hedging agreement, but which remained unshipped as at December 31, 2023. *Other Current Assets* are other resources with probability to bring future economic benefits to the Company. These were investment in pooled funds, creditable withholding taxes, advances to suppliers, prepaid taxes, and various prepayments in 2023 operations. It increased by 22.8% in 2023 due to reclassification of accounts. *Property, plant and equipment* (50% of total assets) increased by 167% due to purchase of new assets used in operation. *Movement in Mining Rights* (10% of total assets) was due to production-driven depletion during the year.

*Goodwill* (28% of total assets) pertains to the allocated provisional fair values of identifiable assets and liabilities of CCC. *Investment in Associate* pertains to AT's ownership over BNC, TMMI, URHI, UNC and NRHI (the "Nickel Corporations"), respectively, decreased by

Php34M or 10% representing its share in the net income of the Nickel Corporations. *Deferred tax assets* (1% of total assets) decreased by 1.5% due to the net effect of the unrealized foreign exchange gains and losses and recognition of future tax deductible.

*Other Noncurrent Assets* (3% of total assets) increased by 57% due to application of VAT in all purchases.

*Accounts payable and accrued liabilities* (15% of total liabilities) increased by 2% mostly due to unsettled payable to vendors for the purchases of materials to support the production requirements. *Leased Liability* which increased by 5% due to rental payments. It pertains to rent on office space under 5-year lease contracts. *Current and non-current portions of long-term debts* (11% and 61% of total liabilities) decreased by 11% due to full payment in BDO Unibank, Inc. (BDO) term loan and shareholder loan.

*Income tax payable* pertains to the income tax liability for the year. *Other current liabilities* has no balance for both years 2023 and 2022 due to reversal of financial guarantee obligation in 2021 related to CCC's term loan which has fully settled.

*Retirement benefits liability* decreased by 2% due actuarial valuation adjustment for 2023. *Liability for mine rehabilitation cost* increased by 10% due to change in estimate of asset retirement obligation. *Deferred tax liabilities* increased (DTL) by 8% mainly due to the implementation of Corporate Recovery and Tax Incentives for Enterprises (CREATE) which reduced the regular corporate income tax (RCIT) rate from 30% to 25%. *Re-measurement gain on retirement benefits liability* decreased by 28% due to actuarial gain and losses on retirement benefits liability. No increase in Authorized Capital, hence Capital Stock, *Additional Paid-In Capital and Subscription Receivable* (8%, 45% and 11% respectively of the Total Equity) remained the same in 2023. Movement in *Retained Earnings* pertain to the net income for the year amounting to Php 1.118 million. Cumulative translation adjustments relate to the impact of changes in foreign exchange rates.

***Material Changes to the Company's Balance Sheet as of December 31, 2023 compared to December 31, 2022 (increase/decrease of 5% or more)***

Atlas Consolidated Mining and Development Corporation ("Atlas Mining") ended 2023 with a consolidated Net Income After Tax (NIAT) of Php 1.1 billion, lower by 65% from Php 3.2 billion in 2022. The lower NIAT was mainly due to lower copper prices in 2023 and the previous year's recognition of one time gain on early payment of loan.

Copper metal price this year averaged at \$3.81/pound, lower by 15% from previous year's equivalent of \$4.51/pound (inclusive of hedging gains).

Earnings before interest, tax, depreciation and amortization (EBITDA) was Php6.7 billion for the year, 23% higher compared to Php5.4 billion in 2022.

**ATLAS MINING SUMMARY OF FINANCIAL RESULTS**

<b>Year-on-Year (In Million Pesos)</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>Change</b>
Revenues-gross	19,910	17,680	13%
Cash Cost	13,174	12,397	-6%
EBITDA	6,703	5,407	24%
Core Income	865	(894)	197%
Net Income (Loss)	1,118	3,218	-65%

**CARMEN COPPER SUMMARY OF OPERATIONS**

<b>Year-on-Year</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>Change</b>
<b>Production</b>			

Milling Tonnage ('000 dmt)	16,859	16,801	-0.3%
Daily Milling Average (dmt per day)	46,189	46,030	-0.3%
Ore Grade	0.241%	0.265%	10%
Copper Concentrate ('000 dmt)	137	152	11%
Copper Metal Gross (in million lbs)	74.45	84.10	13%
Gold (ounces)	22,339	26,818	20%
<b>Shipment</b>			
Number of Shipments	29.0	30.5	5%
Copper Concentrate ('000 dmt)	141.2	151.9	8%
Copper Metal Gross (in million lbs)	76.39	83.57	9%
Gold (payable ounces)	21,117	25,366	20%
<b>CARMEN COPPER SUMMARY OF COSTS</b>			
<b>Year-on-Year (US\$/lb Cu)</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>Change</b>
C1	2.43	2.11	13%
C2	3.60	3.07	15%
C3	3.92	3.39	14%
C1 = Production cost, G&A, smelting and related charges less by-product credits, C2 = C1 + depreciation and depletion costs, C3 = C2+ mine product tax and royalties, financing charges net of interest income and other charges			
<b>METAL PRICES (AVERAGE FINAL INVOICED PRICE)</b>			
<b>Year-on-Year</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Change</b>
Copper (US\$/lb)	3.81	4.51	-15%
Gold (US\$/once)	1,949	1,804	8%

### Key Performance Indicators

The following table shows the key performance indicators of Atlas Group:

Particulars	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current ratio	0.61:1	0.59:1	0.54:1
Debt to equity	0.55:1	0.59:1	0.76:1
Return on equity	2.51%	7.81%	11.19%
Return on assets	1.65%	4.82%	5.78%
Net profit margin	5.92%	19.13%	21.53%
Current Ratio	=	Current Assets / Current Liabilities	
Debt-to-Equity	=	Total Liabilities / Total Shareholders' Equity Attributable to Equity Holders of Parent Company	
Return on Equity	=	Net Income Attributable to Equity Holders of Parent Company / Average Total Shareholders' Equity Attributable to Equity Holders of Parent Company	
Return on Assets	=	Equity Holders of Parent Company Net Income Attributable to Equity Holders of Parent Company / Average Total Assets	
Return on Sales	=	Net Income Attributable to Equity	

Holders of Parent Total  
Company / Total Consolidated Net  
Revenues

The *Current Ratio* (computed as current assets divided by current liabilities) increased to 0.61:1 from last year's 0.59:1. An increase in Current Ratio was brought about by the increase in Current Assets due to short-term placements and trade receivables.

*Debt to equity ratio* (computed as total liabilities divided by total shareholders' equity) decreased to 0.55:1. A decrease in debt to equity ratio was due to settlement of advances from buyers and partial payments of shareholder loans.

*Return on Equity*, which is net income over average equity, decreased to 2.51% in 2023. Return on Equity has decreased due to the lower net income for the year.

*Return on Assets* (computed as net income over average total assets) decreased to 1.65%. A decrease in the Return on Assets was brought by decrease in Net Income for the year. Total Assets has increased due to acquisition of additional mining equipment.

*Net Profit Margin* which is computed as net income over total consolidated net revenues decline to 5.92%. Net Profit Margin has decreased due to lower Net Income for the year. Lower revenue, higher cost and expenses due to spike in energy prices, lower share in net loss of associates contributed to the lower Net Income.

*Liquidity and Capital Resources*

Below is a summary of the Group's audited consolidated cash flow as of 31 December 2023:

Particulars (in Php million)

Net cash flow from operating activities	4,263
Net cash flows used in investing activities	(2,672)
Net cash flows used for financing activities	(837)
Net increase in cash and cash equivalents	757

Cash from operating activities resulted from positive results of operations and from interest received on its cash placements. Net cash used in investing activities was a result of the acquisition of property, plant and equipment. Net cash used in financing activities pertains to the settlement of loans.

*Material Plans, Trends, Events or Uncertainties:*

- In 2023, CCC paid a total of US\$15 million of its debt.

(2) *Calendar Years Ended December 31, 2022 and 2021*

	<u>2022</u>	<u>Δ%</u>	<u>2021</u>	<u>Δ%</u>	<u>2020</u>	<u>Δ%</u>
Consolidated net income/(loss)						
Consolidated gross revenues	3,218,085	-17%	3,861,585	3181%	117,693	121%
Consolidated net revenues	17,679,906	-4%	18,502,930	1%	18,316,157	7%
Costs and operating expenses	16,822,495	-6%	17,937,583	2%	17,509,200	8%

AT reported a net income of Php3.21 billion for the year 2022 compared to the net income

of Php3.86 billion for the same period in 2021. Revenues decreased by 17% and operating costs increased by 18%. The summary points year-on-year:

- Copper concentrate shipped in 2022 decreased by 2% from 143,400 tonnes to 141,200 tonnes. Copper metal content decreased by 6% to 76.334million pounds and gold content decreased by 8% to 21,117 ounces.
- Average copper price for 2022 lower by 6% to \$4.02/lb and gold price from USD1,802/ounce to USD1,804/ounce compared to the same period last year
- Average cost per pound increased by 80% from US\$1.63/lb in 2021 to US\$2.43/lb in 2022. Moreover, cash costs increased by 38% year-on-year from Php8.95 billion in 2021 to Php12.4 billion in 2022, due to spikes in fuel and energy prices.
- Equity in net earnings of associates decreased to Php124 million as compared to net income of Php222 million recognized in 2021.

Gross revenue for the year reached Php17.7 billion, 4% lower year-on-year. Copper revenues decreased by 5% from Php16.6 billion to Php15.7 billion in 2022.

- CCC shipped 141,200 dmt and 143,400 dmt of copper concentrates in 2022 & 2021, respectively. Copper metal content for the year is 76.334 million lbs. while gold is 21,117 oz., representing a decrease of 6% and 8% respectively vis-à-vis last year.
- Despite operational disruptions arising from high rainfall levels and typhoon Odette that affected our mining area, milling tonnage in 2022 of 46,200 tonnes per day or 16.9 million tonnes was sustained in 2022. Realized copper grade decreased by 3% from 0.247% to 0.241%. Copper concentrates produced in 2022 decreased by 6% to 136.759dmt from 145.434dmt in 2021. Gold yield decreased by 11% to 22,339 ounces from 25,173 ounces production volume last year.
- Average copper prices decreased by 6% to USD4.02/lb while average gold prices increased to 1,804/oz from 1,802/oz.

Cost and operating expenses (86% of net revenues) were higher by 18% due to spikes in fuel and energy prices. Finance charges (6% of net revenue) decreased by 24% due to settlement of loans. Other income (charges) (7%of net revenues) primarily due the effect of foreign exchange gains and losses, hedging gain and fair value gain (loss) on provisionally priced receivables.

USD:Php Exchange rate closed at USD1.00:Php55.755 as at 31 December 2022 against USD1.00:Php50.999 as at 31 December 2021. This triggered the recognition of net foreign exchange loss of Php519 million primarily from the restatement of Philippine Peso denominated receivables as CCC has adopted the US dollar as its functional currency. Benefit from (provision for) income tax decreased by 59% due to the application of NOLCO and MCIT to RCIT.

#### Changes in Financial Position

Highlights in the financial position of the Atlas Group over the last three fiscal years ('000):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets	67,448,802	66,193,514	67,386,397
Liabilities	23,637,910	27,589,503	33,763,169
Retained Earnings	20,910,285	17,692,199	13,830,614

*Audited consolidated financial condition of the Group as of 31 December 2022 vis-à-vis 31*



*December 2021:*

*Cash and cash equivalents* increased by 4% mainly from collection of trade receivables and other non-trade receivables. Short-term investments increased by 10% arising from interest income. Receivables arise from its shipments of copper concentrates and advances to related parties and officers and employees. It increased by 133% due to receivable from sales and hedging on copper price. Inventories registered a decrease of 34% mainly due to shipment on mine product inventory and impact of forex translation.

*Derivative assets and liabilities* represent the hedging component of shipments covered by the hedging agreement, but which remained unshipped as at December 31, 2022. *Other Current Assets* are other resources with probability to bring future economic benefits to the Company. These were investment in pooled funds, creditable withholding taxes, advances to suppliers, prepaid taxes, and various prepayments in 2022 operations. It decreased by 23% in 2022 due to reclassification of accounts. *Property, plant and equipment* (52% of total assets) increased by 3% due to purchase of new assets used in operation. *Movement in Mining Rights* (10% of total assets) was due to production-driven depletion during the year.

*Goodwill* (28% of total assets) pertains to the allocated provisional fair values of identifiable assets and liabilities of CCC. *Investment in Associate* pertains to AT's ownership over BNC, TMMI, URHI, UNC and NRHI (the "Nickel Corporations"), respectively, increased by Php73M or 28% representing its share in the net income of the Nickel Corporations. *Deferred tax assets* (1% of total assets) increased by 48% due to the net effect of the unrealized foreign exchange gains and losses and recognition of future tax deductible.

*Other Noncurrent Assets* (3% of total assets) increased by 49% due to application of VAT in all purchases.

*Accounts payable and accrued liabilities* (14% of total liabilities) increased by 67% mostly due to unsettled payable to vendors for the purchases of materials to support the production requirements. *Leased Liability* which increased by 5% due to rental payments. It pertains to rent on office space under 5-year lease contracts. *Current and non-current portions of long-term debts* (7% and 66% of total liabilities) decreased by 14% due to full payment in BDO Unibank, Inc. (BDO) term loan and shareholder loan.

*Income tax payable* pertains to the income tax liability for the year. *Other current liabilities* decreased by 100% due to reversal of financial guarantee obligation related to CCC's term loan which has fully settled.

*Retirement benefits liability* decreased by 4% due actuarial valuation adjustment for 2022. *Liability for mine rehabilitation cost* decreased by 7% due to change in estimate of asset retirement obligation. *Deferred tax liabilities* decreased (DTL) by 4% mainly due to the implementation of Corporate Recovery and Tax Incentives for Enterprises (CREATE) which reduced the regular corporate income tax (RCIT) rate from 30% to 25%. *Re-measurement gain on retirement benefits liability* increased by 80% due to actuarial gain and losses on retirement benefits liability. No increase in Authorized Capital, hence Capital Stock, *Additional Paid-In Capital and Subscription Receivable* (8%, 45% and 11% respectively of the Total Equity) remained the same in 2022. Movement in *Retained Earnings* pertain to the net income for the year amounting to Php 3.218 million. Cumulative translation adjustments relate to the impact of changes in foreign exchange rates.

#### Key Performance Indicators

The following table shows the key performance indicators of Atlas Group:

Particulars	2022	2021	2020
Current ratio	0.59:1	0.54:1	0.33:1
Debt to equity	0.59:1	0.76:1	1.04:1
Return on equity	7.81%	11.19%	-0.36%
Return on assets	4.82%	5.78%	0.16%
Net profit margin	19.13%	21.53%	0.67%
Current Ratio	=	Current Assets / Current Liabilities	
Debt-to-Equity	=	Total Liabilities / Total Shareholders' Equity Attributable to Equity Holders of Parent Company	
Return on Equity	=	Net Income Attributable to Equity Holders of Parent Company / Average Total Shareholders' Equity Attributable to Equity Holders of Parent Company	
Return on Assets	=	Net Income Attributable to Equity Holders of Parent Company / Average Total Assets	
Return on Sales	=	Net Income Attributable to Equity Holders of Parent Company / Total Consolidated Net Revenues	

The *Current Ratio* (computed as current assets divided by current liabilities) increased to 0.59:1 from last year's 0.54:1. An increase in Current Ratio was brought about by the decrease in Current Liabilities due to settlement of bank loans, advances from buyers and vendors.

*Debt to equity ratio* (computed as total liabilities divided by total shareholders' equity) decreased to 0.59:1. A decrease in debt to equity ratio was due to settlement of bank loans and advances from buyers, and full and partial payments of shareholder loans and term loan.

*Return on Equity*, which is net income over average equity, decreased to 7.81% in 2022. Return on Equity has decreased due to the lower net income for the year.

*Return on Assets* (computed as net income over average total assets) decreased to 4.82%. A decrease in the Return on Assets was brought by decrease in Net Income for the year. Total Assets has increased due to receivable from sales and hedging transaction, application of VAT in all purchases.

*Net Profit Margin* which is computed as net income over total consolidated net revenues decline to 19.13%. Net Profit Margin has decreased due to lower Net Income for the year. Lower revenue, higher cost and expenses due to spike in energy prices, lower share in net income of associates contributed to the lower Net Income.

### Liquidity and Capital Resources

Below is a summary of the Group's audited consolidated cash flow as of 31 December 2022:

<u>Particulars (in Php million)</u>	
Net cash flow from operating activities	8,056
Net cash flows used in investing activities	(2,434)

Net cash flows used for financing activities	(5,612)
Net increase in cash and cash equivalents	38

Cash from operating activities resulted from positive results of operations and from interest received on its cash placements. Net cash used in investing activities was a result of the acquisition of property, plant and equipment. Net cash used in financing activities pertains to the settlement of loans.

Material Plans, Trends, Events or Uncertainties:

- o In 2022, CCC paid a total of US\$97.6 million of its debt.

*(3) Calendar Years Ended December 31, 2021 and 2020*

	<u>2021</u>	<u>Δ%</u>	<u>2020</u>	<u>Δ%</u>	<u>2019</u>	<u>Δ%</u>
Consolidated net income/(loss)	3,861,585	3181%	117,693	121%	(565,186)	-
						67%
Consolidated gross revenues	18,502,930	1%	18,316,157	7%	17,128,588	21%
Consolidated net revenues	17,937,583	2%	17,509,200	8%	16,162,945	22%
Costs and operating expenses	12,281,339	-12%	13,958,650	-2%	14,181,962	7%

AT reported a net income of Php3.86 billion for the year 2021 compared to the net income of Php118 million for the same period in 2020. Revenues increased by 2% and operating costs decreased by 12%. The summary points year-on-year:

- Copper concentrate shipped in 2021 decreased by 20% from 180,400 tonnes to 143,400 tonnes. Copper metal content decreased by 24% to 80.80 million pounds and gold content decreased by 47% to 22,860 ounces.
- Average copper price for 2021 higher by 53% to \$4.26/lb and gold price from USD1,777/ounce to USD1,802/ounce compared to the same period last year
- Average cost per pound increased by 80% from US\$.90/lb in 2020 to US\$1.63/lb in 2021. Moreover, cash costs decreased by 6% year-on-year from Php9.51 billion in 2020 to Php8.95 billion in 2021, due to overall lower volumes of shipments.
- Equity in net earnings of associates noticeably increased to Php222 million income as compared to net income of Php112 million recognized in 2020.

Gross revenue for the year reached Php18.5 billion, 1% higher year-on-year due to higher copper prices. Copper revenues increased by 15% from Php14.420 billion to Php16.600 billion in 2021.

- CCC shipped 143,400 dmt and 180,400 dmt of copper concentrates in 2021 & 2020, respectively. Copper metal content for the year is 80.800 million lbs. while gold is 22,860 oz., representing a decrease of 24% and 47% respectively vis-à-vis last year.
- Despite operational disruptions arising from high rainfall levels and typhoon Odette that affected our mining area, milling tonnage in 2020 of 50,000 tonnes per day or 18.3 million tonnes was sustained in 2021 which tempered the impact of lower grades. Realized copper grade decreased by 19% from 0.304% to 0.247%. Copper concentrates produced decreased by 20% to 145.434dmt from 181.801dmt in 2020. Gold yield decreased by 47% to 25,173 ounces from 47,857 ounces production volume last year.
- Average copper prices increased by 53% to USD4.26/lb while average gold prices increased by 1% to 1,802/oz.

*Cost and operating expenses* (68% of net revenues) were lower by 12% due to lower volume shipped in 2021. *Finance charges* (7% of net revenue) decreased by 34% due to settlement of loans and reduction of interest rates. *Other income (charges)* decreased by 50% primarily due the effect of foreign exchange gains and losses, hedging gain and fair value gain (loss) on provisionally priced receivables.

*USD:Php Exchange rate* closed at USD1.00:Php50.99 as at 31 December 2021 against USD1.00:Php48.02 as at 31 December 2020. This triggered the recognition of net foreign exchange loss of Php327 million primarily from the restatement of Philippine Peso denominated receivables as CCC has adopted the US dollar as its functional currency. *Benefit from (provision for) income tax* decreased by 43% due to the application of NOLCO and MCIT to RCIT.

### Changes in Financial Position

Highlights in the financial position of the Atlas Group over the last three fiscal years ('000):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets	66,193,514	67,386,397	75,617,332
Liabilities	27,589,503	33,763,169	41,262,170
Retained Earnings	17,692,199	13,830,614	13,712,921

*Audited consolidated financial condition of the Group as of 31 December 2021 vis-à-vis 31 December 2020:*

*Cash and cash equivalents* decreased by 25% mainly due to payment of loans and payables. Short-term investments increased by 6% arising from interest income. Receivables arise from its shipments of copper concentrates and advances to related parties and officers and employees. It decreased by 93% due to collection of receivables from sales. Inventories registered an increase of 39% mainly due to unshipped mine product inventory and increased purchases of materials to support higher production requirement and impact of forex translation.

*Derivative assets and liabilities* represent the hedging component of shipments covered by the hedging agreement, but which remained unshipped as at December 31, 2021. *Other Current Assets* are other resources with probability to bring future economic benefits to the Company. These were investment in pooled funds, creditable withholding taxes, advances to suppliers, prepaid taxes, and various prepayments for 2021 operations. It increased by 119% in 2021 due to additional investment in pooled funds. *Property, plant and equipment* (51% of total assets) decreased by 1% due to retirement and disposal of assets. *Movement in Mining Rights* (11% of total assets) was due to production-driven depletion during the year.

*Goodwill* (29% of total assets) pertains to the allocated provisional fair values of identifiable assets and liabilities of CCC. *Investment in Associate* pertains to AT's ownership over BNC, TMMI, URHI, UNC and NRHI (the "Nickel Corporations"), respectively, increased by Php20M or 9% representing its share in the net income of the Nickel Corporations. *Deferred tax assets* (1% of total assets) decreased by 39% due to the net effect of the unrealized foreign exchange gains and losses and utilization MCIT and NOLCO over RCIT.

*Other Noncurrent Assets* (2% of total assets) decreased by 6% due to monetization of tax credit certificate and tax refund from the Bureau of Customs (BOC).

*Accounts payable and accrued liabilities* (7% of total liabilities) decreased by 28% mostly

due to settlement of advances from customers and obligation to vendors for the purchases of materials to support the production requirements. *Leased Liability* which increased significantly pertains to the obligation recognized for office space, parking lot and other equipment under 5-year lease contracts. *Bank Loans* which are short-term in nature decreased by 100% due to full settlement of loans in 2021. *Current and non-current portions of long-term debts* (9% and 66% of total liabilities) increased by 5% due to term loan agreement entered with China Bank Corporation (CBC) to refinance its shareholder loans and existing debts with CBC and BDO Unibank, Inc. (BDO).

*Income tax payable* pertains to the income tax liability for the year. *Other current liabilities* of Php1.910 billion represent the recognition of a non-cash financing activity pertaining to the financial guarantee by a shareholder on CCC's term loan.

*Retirement benefits liability* increased by 2% due to actuarial valuation adjustment for 2021. *Liability for mine rehabilitation cost* decreased by 6% due to change in estimate of asset retirement obligation. *Deferred tax liabilities* decreased (DTL) by 20% mainly due to the implementation of Corporate Recovery and Tax Incentives for Enterprises (CREATE) which reduced the regular corporate income tax (RCIT) rate from 30% to 25%. *Revaluation increment in land* increased by 7% due to CREATE impact on DTL computation of the revaluation. *Re-measurement gain on retirement benefits liability* increased by 95% due to actuarial gain and losses on retirement benefits liability. No increase in Authorized Capital, hence Capital Stock, *Additional Paid-In Capital and Subscription Receivable* (9%, 51% and 13% respectively of the Total Equity) remained the same in 2021. Movement in *Retained Earnings* pertain to the net income for the year amounting to Php 3.862 million. Cumulative translation adjustments relate to the impact of changes in foreign exchange rates.

#### Key Performance Indicators

The following table shows the key performance indicators of Atlas Group:

Particulars	2021	2020	2019
Current ratio	0.54:1	0.33:1	0.35:1
Debt to equity	0.76:1	1.04:1	1.27:1
Return on equity	11.19%	-0.36%	-1.72%
Return on assets	5.78%	0.16%	-0.73%
Net profit margin	21.53%	0.67%	-3.50%

Current Ratio	=	Current Assets / Current Liabilities
Debt-to-Equity	=	Total Liabilities / Total Shareholders' Equity Attributable to Equity Holders of Parent Company
Return on Equity	=	Net Income Attributable to Equity Holders of Parent Company / Average Total Shareholders' Equity Attributable to Equity Holders of Parent Company
Return on Assets	=	Net Income Attributable to Equity Holders of Parent Company / Average Total Assets
Return on Sales	=	Net Income Attributable to Equity Holders of Parent Company / Total Consolidated Net Revenues

The *Current Ratio* (computed as current assets divided by current liabilities) increased to

0.54:1 from last year's 0.33:1. An increase in Current Ratio was brought about by the decrease in Current Liabilities due to settlement of bank loans, advances from buyers and vendors.

*Debt to equity ratio*, computed as total liabilities divided by total shareholders' equity decreased to 0.76:1. A decrease in debt to equity ratio was due to settlement of bank loans and advances from buyers, and full and partial payments of shareholder loans. Increase in Equity from the higher net income for the year contributed to the lower Debt to Equity ratio.

*Return on Equity*, which is net income over average equity, increased to 11.19% in 2021. Return on Equity has increased due to the higher net income for the year.

*Return on Assets* (computed as net income over average total assets) increased to 5.78%. An increase in the Return on Assets was brought by an increase in Net Income for the year. Total Assets has decreased due to application of NOLCO to RCIT, depletion of Mining Rights, collection of trade receivables and disbursement for the settlement of bank loans and advances from buyers, and full and partial payments of shareholder loans.

*Net Profit Margin* which is computed as net income over total consolidated net revenues rose to 21.53%. Net Profit Margin has increased due to higher Net Income for the year. Higher revenue, lower finance charges and cost and expenses, higher fair value gain on derivatives and share in net income of associates contributed to the higher Net Income.

#### Liquidity and Capital Resources

Below is a summary of the Group's audited consolidated cash flow as of 31 December 2021:

#### Particulars (in Php million)

Net cash flow from operating activities	7,536
Net cash flows used in investing activities	(1,013)
Net cash flows used for financing activities	(6,893)
Net increase in cash and cash equivalents	(296)

Cash from operating activities resulted from positive results of operations and from interest received on its cash placements. Net cash used in investing activities was a result of the acquisition of property, plant and equipment. Net cash used in financing activities pertains to the settlement of loans.

#### Material Plans, Trends, Events or Uncertainties

- In 2021, CCC paid a total of US\$130 million of its debt and availed US\$174.6 million unsecured term loan from CBC to refinance its other existing debts.

#### **IV. Brief Description of the General Nature and Scope of the Business of AT and its subsidiaries**

##### **(1) Atlas Consolidated Mining and Development Corporation**

*Atlas Consolidated Mining & Development Corporation ("AT", "Atlas" or the "Parent Company")* was incorporated in accordance with Philippine law on 9 March 1935, initially under the name *Masbate Consolidated Mining Company, Inc.* as a result of the merger of the assets and equities of three pre-war mining companies, namely: Masbate Consolidated

Mining Company Inc., Antamok Goldfields Mining Company and IXL Mining Company. Its Articles of Incorporation were subsequently amended to reflect its present corporate name and extend its term of existence for another fifty (50) years from 1985.

Carmen Copper Corporation (“CCC”, “Carmen Copper” or the “Company”) is the only significant subsidiary<sup>8</sup> of AT with the Parent Company owning 100% of the outstanding capital stock. CCC was incorporated under Philippine law on 16 September 2004. Both AT and CCC have never been involved in a bankruptcy, receivership, or any similar proceeding. During the past three (3) years, AT and CCC did not engage in (i) any transaction involving a material reclassification or reorganization or (ii) any purchase or sale of a significant amount of assets not in the ordinary course of business.

## *(2) Business of AT and CCC*

AT, through CCC as operating subsidiary, is engaged in metallic mining and mineral exploration and development. CCC, as the operator of AT’s copper mines in the City of Toledo, Province of Cebu (the “Carmen Copper Mine”), primarily produces and exports copper metal in concentrate and the principal by-products of copper mining and processing: gold and silver. It is also pursuing the development and commercial production of other marketable by-products such as pyrite, magnetite and molybdenum.

CCC exports one hundred percent (100%) of its copper production. In 2023, CCC shipped its copper concentrate output to smelters in China pursuant to offtake agreements. All of CCC’s copper production in 2023 were covered by offtake contracts entered into with WERCO Trade AG on account of its ability to provide the most favorable terms and facilities.

CCC is not reliant upon the registration of, or any agreement respecting intellectual property rights for the conduct of its operations. Except to the extent that CCC is required to obtain an ore transport permit (“OTP”) from the Mines and Geosciences Bureau (“MGB”) for the shipment of its copper concentrate, CCC’s products are not subject to any government examination prior to sale. The extent of competition in the mining industry is largely defined by economic forces prevailing in the world market. These factors determine the cost and pricing structures of mining companies and give rise to price risks.

To manage risks such as commodity price, foreign exchange and interest rate risks, CCC applies a mix of pricing agreements, natural hedges and both freestanding and embedded derivatives. For commodity price, CCC enters into pricing arrangements with off-takers that are covered by the terms of the offtake agreements respecting CCC’s sale of copper, gold and silver by-products. Under such arrangements, the selling price is to be computed based on the average of the agreed market price quotes over the stipulated quotational period, unless CCC exercises its option to fix the price in advance of such period. CCC likewise hedges price risk through put option and swap facilities covering its copper production.

CCC’s operating rights with respect to the Carmen Copper Mine are derived from and are governed by its 5 May 2006 *Operating Agreement* with AT. The underlying mining rights pertaining to the areas spanned by the Carmen Copper Mine, on the other hand, are

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<sup>8</sup> Under Part I, 1(B) of Rule 68 of the Amended IRR of the SRC, “Significant Subsidiary” means a subsidiary, including its subsidiaries, which meet any of the following conditions:

- (a) The corporation’s and its other subsidiaries’ investments in and advances to the subsidiary exceed ten per cent (10%) of the total assets of the corporation and its subsidiaries as of the end of the most recently completed fiscal year; or
- (b) The corporation’s and its other subsidiaries’ proportionate share of the total assets (after inter-company eliminations) of the subsidiary exceeds ten per cent (10%) of the total assets of the corporation and its subsidiaries as of the end of the most recently completed fiscal year; or
- (c) The corporation’s and its other subsidiaries’ equity in the income from continuing operations before income taxes exceeds ten per cent (10%) of such income of the corporation and its subsidiaries consolidated for the most recently completed fiscal year.

covered by valid and existing Mineral Production and Sharing Agreements (“MPSAs”) between AT and the Philippine Government, or by pending MPSA Applications or Exploration Permit Applications (“EPA”) in the name of AT and/or individual claim owners having effective and enforceable operating agreements with the Parent Company.

While the government is considering the adoption of certain fiscal policies that may result in an increase in the rate of its share in mining revenues, no definitive legislation has been promulgated except for the excise tax rate which doubled from 2% to 4% in 2018. Another escalation in the rate of taxes due on CCC’s mining operations will naturally raise the cost of production. To address the risk of higher operating costs, CCC is aggressively and continuously pursuing plans to improve production efficiency.

#### *Employees & Officers*

AT currently has 6 employees, of whom 3 are executive officers, and 3 are junior / mid-level officers. On the other hand, AT’s subsidiary company, CCC, has 2,845 employees as of 31 December 2023, of whom 9 are senior executive officers, 58 are executive officers, 528 are junior/mid-level managers, and 2,212 are rank and file. Around 1,748 (79%) of these rank-and-file employees are members of the Ilaw Buklod Manggagawa United Miners of Carmen Copper Workers Solidary Network (IBM UMCC WSN).

On April 29, 2021, a Collective Bargaining Agreement (CBA) for the rank and file employees was successfully signed with a term of five (5) years from May 01, 2021 until April 30, 2026.

Through the years, the Company has maintained a harmonious working relationship between and among its workers. To cap this, the Company was awarded by the National Conciliation and Mediation Board on December 15, 2021 as the national winner for the Outstanding Grievance Machinery for Industrial Peace and was conferred a Hall of Famer to this bi-annual national search having won for three (3) consecutive times – in 2017, 2019, and 2021.

#### *Environmental Protection and Enhancement*

The Company continues to ensure compliance with the applicable environmental laws, regulations and orders. The company is committed to protect and enhance the environment, reduce the ecological footprint of its activities, and maintain an excellent track record in responsible mining.

In support of the MGB’s Mining Forest Program, for 2023, a total of 6 hectares of mine affected areas were reforested, equivalent to 15,005 seedlings. Moreover, another 25.12 hectares were enriched and planted with various native trees to improve flora diversity.

In relation to the Company’s seedling donation program, a total of 4,899 seedlings were donated to local government unit and private entities in support of their respective tree planting/growing activities.

CCC invested PhP 194,161,690 million for various environmental maintenance activities, climate change mitigation programs, capital expense projects and research development programs outlined in the company’s Annual Environmental Protection and Enhancement Program (“AEPEP”) in 2023.

In preparation for mine closure at the end of its operational lifespan, CCC is maintaining a trust fund solely intended for the purpose of rehabilitating the mine area after the life of



mine. As of December 2023, PhP 86,673,751.82 Million was allocated for the Company's Final Mine Rehabilitation and Decommissioning Fund ("FMRDF").

### *Sustainable Communities*

AT and CCC take a strategic and long-term view in building self-reliant communities in Toledo City. In 2023, CCC deepened its engagement with its four (4) host and thirteen (13) neighboring communities in Toledo City by focusing on sustainable development initiatives to help them attain self-sufficiency.

To ensure community development, the Company earmarked 1.5% of CCC's operating cost with allocation on Development of Host and Neighboring Communities (DHNC), Information Education and Communication (IEC) and Development of Mining Technology and Geosciences (DMTG) which provides for social safety nets such as access to health care, education, livelihood and public infrastructure for its partner communities.

In 2023, the company spent 136.5M for its mandated SDMP as shown in the table below.

2023 Social Development and Management Program (SDMP)	
	Amount (In Php Millions)
Human Resource Development and Institutional Building	1.3
Health	11.7
Education	18.9
Livelihood	5.7
Public Infrastructures	29.9
Protection and Respect to Socio-Cultural Values	1.5
Disaster Response and other Assistance	31.2
Information Education Communication (IEC)	21.3
Development of Mining Technology and Geosciences (DMTG)	15
Total	136.5

Carmen Copper 2023 Social Development and Management Program (SDMP) has helped its host and neighboring communities through its initiatives by building various infrastructure developments that include the improvement, and/or maintenance of farm-to-market roads, water systems, school buildings, health centers and among others. Our interventions brought quality its health services closer to our host and neighboring communities. The scholarships grant meaningfully lessened the household expenditures. Livelihood projects and assistance led to better production resulting to increase in income. Infrastructure development and improvement of water systems on the other hand, ensured availability of water for the community's household and farm needs.

### *Health Care*

Carmen Copper takes care of its communities. It continually raised their living conditions by providing them with health facilities, services, medicines, health education and preventive measures, training of health paraprofessionals, maternal-child health care, family planning, provision of health insurance, establishment of nutrition and immunization programs, access to clean and potable water.

Since 2015, 34,485 patients from our host and neighboring communities benefited free medical check-up and medicine through the Doctor to the Barangay Program, 150 individual blood donors and 230 children received feeding activities.

### *Education*

Through the scholarship program Carmen Copper granted free education to the 347 deserving students from the host and neighboring barangays. A total 93 scholars finished their education 20 of which are Senior High for the school year 2022-2023. Family of these scholars have potentially increased their economic capacity due to employability of the graduates. To date, 1,733 graduates, 100 are technical vocational.

The benefits and impacts of educated and employed community members will bring economic and social progress.

### *Livelihood*

10 People Organizations (PO) from our host and neighboring communities received support as seed capital as well as training for capability building and mentoring. Our livelihood interventions enabled our partner beneficiaries to further hone their entrepreneurial skills, access cheaper farms inputs and generate income of their households. We also assisted the City Government of Toledo for the Agri-Tourism endeavors in locality.

Carmen Copper embraces and promote the value of hard work by sustaining the organized Integrated Farm that served as a prepared environment for fostering shared economy for all community members.

CCC assisted free transportation for the farmers to sell their produce to Carmen Copper employees and its dependents during the “Tabo sa Mina” event conducted twice a month.

### *Public Infrastructures*

The company providing safer access to more than 70,000 residents and giving approximately 4,000 farmers faster and cheaper means to transport their produce. In 2023, Carmen Copper improved and maintain 20 kilometers of Barangay Road networks as well as farm to market to roads improved and maintained by

For many years and the years that come, the Company endeavors to continue to promote and prove that it is “Mining Responsibly” with the hope that it can be of service to people with more fruitfulness and impact while also promoting protection of the environment.

### *Health and Safety; Occupational Health*

The safety and health of the Company’s workforce, including those of its service contractors, and the general public most especially the host and neighboring barangays is paramount of the company’s mining operations.

The Company is committed to manage occupational risks and hazards 24/7, guided with its core values thru its diversified, dynamic and resolute workforce of about 2,807 employees. Because of the company’s continuous intensive and extensive safety education and development to its workers, they tend to make safety a way of life, a culture. Making safety an essential part of the day-to-day grind in the mine site lays the foundation to a culture of safety that has significantly curbed occupational injuries and illnesses to the workers. In relation to the training needs of the current workforce, the company was able to conduct 62 safety orientations and 24 safety trainings having its respective total of 2,283 attendees and 1,569 participants.

In 2022, CCC successfully migrated to ISO 45001:2018 for Occupational Health and Safety management system from OHSAS 18001 as certified by CIPI. In order to instill genuine

concern for safety, the company is consistent in implementing initiatives for the continuous education of all employees in order to maintain the company's compliance to the standard.

Risk management has also greatly contributed to this end. The company business risks have been effectively identified, monitored, assessed and managed. The established risk register is being updated regularly and guides the company in monitoring the progress of risk improvements by way of checking the implemented risk mitigating controls. Each critical task undergoes risk assessment and job hazard analysis, an accident prevention tool. To promote and maintain department safety culture as well as facilitate the safety and health discussions on job sites, a safety pep talk or tool box meeting has been conducted daily to the workers in every operating departments during working shift and prior to proceeding to site, project, activity and all other workplaces as to remind the best practices and safety requirements for the tools, equipment, materials and the safe job procedures and processes subject to strictly follow the minimum public health and safety protocols such as wearing of face masks, maintain social distancing and practicing of proper hygiene.

The Company has been consistent in its implementation of the Permit To Work System (PTW) to all critical activities in the mine and its facilities that is designed to control and document high job risks both cold work and hot work that includes but not limited to the following: Electrical/Mechanical Isolation (LOTO), Working in a Confined Space, Hot Work activities, Excavation Tasks, Working with or near Radiation Sources, Lifting Activities, Working at Heights, Blasting and Working on High/Medium Voltage Electrical Equipment.

As part of the enhancement of Emergency Preparedness and Response Program (EPRP), CCC has organized the Carmen Copper - Emergency Response Team (ERT) whose main functions and duties are to immediately respond for all types of disasters and calamities management based on the Incident Command System (ICS) concept. The ERT compliments the existing Fire Fighting Crews in responding to onsite and off-site emergency situations and distress calls.

Carmen Copper Corporation Hospital (CCCH), sustains its services as Level I Private Hospital and continue to deliver comprehensive health services to Carmen Copper Corporation employees, their dependents and the community. CCCH management ensures that services are provided in conformance to all statutory and regulatory requirements.

The CCC Hospital (CCCH) continues to be persistent in monitoring the health, wellness and safety of each employee aside from the regular check-up for specialty cases (Hypertensive & Diabetic patients). All employees are required to undergo the mandated Annual Physical Examinations (APE) and medical exit clearance, should a certain employee resign or retire from the company. Medicines are provided free for Out-patient employees and their dependents. First aid kits are also provided to each Department.

The hospital rendered its maximum care to the patient needs through the management by respective specialist physician on the field of Internal Medicine, Pediatrics, OB-Gynecology, Orthopedics, & Dental. Other Clinical Services include OPD, Emergency Room, TB-DOTS Center, Clinical Laboratory, Radiology, Pharmacy, and Drug Testing.

CCC Hospital is also compliant of mandated reports to the Department of Health (DOH) and Philippine Health Insurance Corporation (Philhealth), Department of Labor and Employment (DOLE) and Mines & Geosciences Bureau (MGB).

## V. Properties

The AT Group owns/holds operating rights to several mining claims and owns/manages landholdings. These mining rights are covered by MPSA, Applications for MPSA ("APSA"), or Exploration Permit Application (EPA).

### A. Land-holdings

The AT Group has a total landholding of 3,560.3507 hectares in Toledo City, Cebu. Of this, around 564 hectares are registered in the name of AT, 2,905 hectares are covered either by lease agreements or other arrangements with several individuals and corporate landowners, and around 92 hectares in the name of CCC. Details of the AT Group landholding are provided below:

	No. of Lots	Area (Has.)
1. AT-owned parcels of land		
1.1 Titled Land/s	21	98.0485
1.2 Land/s with Tax Declarations	63	465.8253
Subtotal	84	563.8738
2. AT-managed parcels of land		
2.1 Titled Lands	1	7.5982
2.2 Land/s with Tax Declarations	288	2,896.9718
Subtotal	289	2,904.5700
3. CCC-owned parcels of land		
3.1 Acquired (ongoing registration)	56	85.6052
3.2 Titled	1	0.1150
3.3 With Tax Declarations	6	6.1867
Subtotal	63	91.9069

### B. Mineral Properties

AT is the registered owner of several mineral rights/properties and operates several mining claims by virtue of existing operating agreements with claim owners. The tables below present the relevant details pertaining to the mining rights of the AT Group.

#### CEBU

#### **APPROVED MPSAs**

MPSA Number	Location	Mortgage, Lien or Encumbrance	AREA COVERED (in hectares)			Date of Approval	Work Performed
			Owned by AT	Under Operating Agreement	Total Area		
1. MPSA-210-2005-VII	Toledo City, Cebu	None	119.1663	115.1212	234.2875	April 28, 2005	Covers Carmen ore body where mining operations are ongoing.
2. MPSA-264-2008-VII	Toledo City, Cebu	None	546.2330	101.7829	648.0159	July 9, 2008	Covers Lutopan ore body where mining operations are ongoing.
3. MPSA-307-2009-VII	Toledo City, Cebu and City of Naga, Cebu	None	1,274.1270		1,274.1270	Dec. 23, 2009	Exploration activities in the area covered by this MPSA are in progress
Sub-total =			1,939.5263	216.9041	2,156.4304		

#### SOUTH COTABATO AND SULTAN KUDARAT

## APPROVED MPSA

MPSA Number	Location	Mortgage, Lien or Encumbrance	AREA COVERED (in hectares)			Date of Approval	Work Performed
			Assigned to CCC	Deed of Assignment	Total Area		
MPSA-321-2010-XII	Tampakan, South Cotabato, and Columbio, Sultan Kudarat	None		3,227.92	3,227.92	Feb. 02, 2022	Under 3 <sup>rd</sup> Renewal of Exploration Permit. Desktop exploration studies.
Sub-total =				3,227.92	3,227.92		

## PENDING MPSA APPLICATIONS

### i) EXPLORATION PERMIT APPLICATION

Exploration Permit Application Number	Location	Mortgage, Lien or Encumbrance	AREA (in hectares)			Status of Application	Work Performed
			Owned by AT	Under Operating Agreement	Total Area		
1. EXPA-000083-VII	Toledo City, Cebu	None	323.5254		323.5254	Application under evaluation by MGB Central Office	For exploration upon approval of EPA
Sub-total =			323.5254		323.5254		
Total CEBU =			4,935.4868	3,626.1257	8,561.6125		

### SURIGAO DEL SUR

EXPLORATION PERMIT APPLICATION NUMBER	Location	Mortgage, Lien or Encumbrance	AREA (in hectares)			Status of Application	Work Performed
			Owned by AT	Under Operating Agreement	Total Area		
1. EPA-000073-XIII (02-02-05)	Surigao del Sur	None	3,658.1616	210.6984	3,868.8600	Application under evaluation by MGB Regional Office	None. For exploration upon approval of EPA
Total SURIGAO DEL SUR =			3,658.1616	210.6984	3,868.8600		

### C. Operating Statistics

Details of CCC operating statistics related to copper production, shipment and summary of costs for the year ended 31 December 2023 and 2022.

CCC Summary of Operations:

Year-on-Year	2023	2022	Change
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<b>Production</b>			
Milling Tonnage ('000 dmt)	16,801	16,859	0%
Daily Milling Average (dmt per day)	45,904	46,189	-1%
Ore Grade	0.265%	0.241%	10%
Copper Concentrate ('000 dmt)	152	137	11%
Copper Metal Gross (in million lbs)	84.10	74.45	13%
Gold (ounces)	26,818	22,339	20%
<b>Shipment</b>			
Number of Shipments	30.5	29.00	5%
Copper Concentrate ('000 dmt)	152	141	8%
Copper Metal Gross (in million lbs)	83.57	76.34	9%
Gold (payable ounces)	25,366	21,117	20%

CCC Summary of Costs:

<b>Year-on-Year (US\$/lb Cu)</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>
C1	2.11	2.43	-15%
C2	3.07	3.60	-17%
C3	3.39	3.92	-16%

Metal Prices (Average Invoiced Price):

<i>Year-on-Year</i>	2023	2022	<i>Change</i>
<i>Copper (US\$/lb)</i>	3.85	4.02	-4%
<i>Gold (US\$/ounce)</i>	1,949	1,804	7%

C. Proven and Probable Reserves

<i>Table 2: CCC Mineral Reserves as of December 31, 2023 @ 0.20%Cu cut-off</i>						
<i>Combined Deposits</i>	<i>Proven Reserves</i>				<i>Probable Reserves</i>	
	Tonnage 000	Grade (%Cu)	Tonnage 000	Grade (%Cu)	Tonnage 000	Grade (%Cu)
Lutopan Pit	<u>140,000</u>	0.31%	<u>70,000</u>	0.31%	<u>210,000</u>	0.31%
Carmen Pit	<u>100,100</u>	0.39%	<u>44,500</u>	0.35%	<u>144,600</u>	0.38%
Total	<u>240,100</u>	0.34%	<u>114,500</u>	0.33%	<u>354,600</u>	0.34%

<i>Table 2: CCC Mineral Reserves as of December 31, 2022 @ 0.20%Cu cut-off</i>						
<i>Combined Deposits</i>	<i>Proven Reserves</i>				<i>Probable Reserves</i>	
	<i>Tonnage 000</i>	<i>Grade (%Cu)</i>	<i>Tonnage 000</i>	<i>Grade (%Cu)</i>	<i>Tonnage 000</i>	<i>Grade (%Cu)</i>
Lutopan Pit	<u>140,000</u>	0.31%	<u>70,000</u>	0.31%	<u>210,000</u>	0.31%
Carmen Pit	<u>114,500</u>	0.38%	<u>46,600</u>	0.35%	<u>161,100</u>	0.37%
Total	<u>254,500</u>	0.34%	<u>116,600</u>	0.33%	<u>371,100</u>	0.34%

## **VI. Legal Proceedings**

There is no material pending legal proceeding to which the Corporation or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

## **VII. Directors and Executive Officers of the Issuer**

Please refer to *Item 5, B. Control and Compensation Information, Part I. Information Required* of the IS for a discussion on the identity and profile of each of the Company's Directors and Executive Officers, including but not limited to their principal occupation or employment, name and principal business of any organization by which such persons are employed.

## **VIII. Securities: Market price of and dividends on the Corporation's Common Shares**

### **(1) Market Information**

AT's common shares of stock are traded on the Philippine Stock Exchange (PSE). Closing price of AT shares of stock as of the latest practicable date, 21 March 2024, is Php3.65 per share. The trading price range of AT shares of stock for each calendar quarter of the last two (2) fiscal years:

Quarter	2023		2022	
	High	Low	High	Low
1Q	4.70	3.85	8.40	5.95
2Q	4.57	3.53	7.20	4.62
3Q	3.80	2.99	4.94	3.30
4Q	3.56	2.97	3.65	3.18

### **(2) Holders**

As of 29 February 2024, there were a total of 20,682 individuals holding AT shares of stock and 1.87% of the total issued and outstanding AT shares of stock were held by foreigners.

*Top 20 Shareholders of AT as of 29 February 2024:*

<b>No.</b>	<b>Name</b>	<b>No. of Shares Held</b>	<b>% of Ownership</b>
1	SM Investments Corporation	1,200,835,499	33.74
2	PCD Nominee Corporation (Filipino)	1,116,821,505	31.38
3	Anglo Philippine Holdings Corporation	966,000,292	27.14
4	Alakor Corporation	139,450,000	3.92
5	PCD Nominee Corporation (Foreign)	52,022,586	1.46
6	Alfredo C. Ramos	10,467,434	0.29
7	Primebridge Holdings, Inc.	9,580,000	0.27
8	National Book Store	9,203,407	0.26
9	The Bank of Nova Scotia	4,425,254	0.12
10	Bank of Nova Scotia	2,950,169	0.08
11	DFC Holdings, Inc.	2,606,061	0.07
12	Mitsubishi Metal Corporation	2,249,048	0.06
13	Tytana Corporation	2,036,884	0.06
14	Globalfund Holdings, Inc.	1,787,000	0.05
15	Metropolitan Bank and Trust Company	1,701,281	0.05
16	Josefina Multi-Ventures Corporation	1,480,000	0.04
17	National Financial Services LLC	1,474,233	0.04
18	Lucio W. Yan &/or Clara Yan	1,100,000	0.03
19	Eric C. Lim or Christine Yao Lim	1,000,000	0.03
	Toledo City Government	1,000,000	0.03
20	Asian Oceanic Holdings Phils., Inc.	972,501	0.03

*(3) Dividends*

The Company recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to shareholders. AT intends to pay dividends when adequately supported by its net profit and cash flows. The payment of dividends will depend on the consideration of the Board of Directors and entails prior Board approval of the amount, record and payment dates as recommended by Management based on the PSE and SEC rules on declaration of cash dividends which shall not exceed the retained earnings in the financial statement.

There have been no cash dividends declared by AT for the two (2) most recent fiscal years. Previously, the Corporation has declared cash dividends at P0.25/share and P0.15/share on March 8, 2013 and April 29, 2014 respectively, as supported by its net profit and cash flows.

No restriction exists that limits the ability to pay dividends on common equity or that are likely to do so in the future.

*(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction*

The subscription and issuance of 1,472,500,000 common shares of stock to existing substantial Shareholders of AT (the Subscribers) in March and August 2017, equivalent to 25% of the total increase in the Corporation's ACS of 5.89 billion, constitutes an exempt transaction under *Section 10-1(i) of the SRC and Rule 10-1 of the SRC IRR* (the "Share Issue").



Subscription Aggregate Value (the "Issue Price") of Php6,455,734,500 based on the Subscription Price of Php4.3842/share, the 90-day VWAP preceding the Pricing Date. Php1,613,933,625 was paid in cash by the Subscribers upon execution of the Subscription Agreements with the balance upon call:

<i>Subscriber</i>	<i>Number of Shares to be subscribed</i>	<i>%</i>	<i>Subscription Price at Php4.3842/share</i>	<i>Paid-Up</i>
SM Investments Corporation (SMIC)	598,049,708	41	Php2,621,969,530	Php655,492.383
Anglo Philippines Holdings Corp. (Anglo)	845,000,292	57	3,704,650,280	926,162,570
Alakor Corporation (Alakor)	29,450,000	2	129,114,690	32,278,673
<i>Total</i>	<i>1,472,500,000</i>	<i>100</i>	<i>Php6,455,734,500</i>	<i>Php1,613,933,625</i>

On 17 November 2017, the SEC issued AT's *Certificate of Approval of Increase of Capital Stock and the Certificate of Filing of Amended Articles of Incorporation*. AT filed a *Notice of Exempt Transaction* under *SEC Form 10-1* with the SEC on 4 December 2017. The Shares issued have the same dividend, voting and pre-emption rights as the outstanding shares of the Corporation. No other material rights are granted to common Shareholders except those provided under the Corporation Code, the AOI and the By-Laws of AT. There is no provision in the AOI or By-Laws of the Company that would delay, defer or prevent a change in control of the Corporation.

#### **IX. Compliance with leading practices on Corporate Governance**

The Board and Management of AT unceasingly commit themselves as far as practicable and to the best of their abilities to the principles and practices of good corporate governance as institutionalized in AT's *Code of Corporate Governance* approved 2017 (CCG).

As AT continuously pursues initiatives aimed at strengthening governance structures, processes and systems, the following BOD Committee Charters as duly approved by the BOD in 2018 provide guidance and the protocols to the BOD and Management, to wit: (i) ROC Charter, (ii) Audit Committee Charter, (iii) CGC Charter, (iv) RPT Committee Charter, (v) Executive Committee Charter and (vi) Board Charter.

Pursuant to the CCG which formalized and institutionalized among others, the assessment or evaluation process to measure the level of compliance of the Board, top level Management and the rest of the employees, the Board and top Management conducted individual self-assessment pursuant to the company's Performance Evaluation Guidelines for its Directors and Key Officers in place. Third party assessment was subsequently completed in 2022.

In addition to the Corporate Governance Policies adopted in 2018 by the Board as enumerated below, the following policies are being implemented across AT and its subsidiaries after the BOD unanimously approved the same in 2019: (i) Anti-Bribery and Anti- Corruption Policy, (ii) Cyber Security Policy, (iii) Retirement Policy, (iv) Training Policy, (v) Conflict of Interest Policy, (vi) Safety Health and Environment Policy, (vii) Guidelines on Nomination and Election, and last but not the least upholding the (viii) Rights of Shareholders.

CG Policies adopted and implemented since 2018:

- (i) Board Diversity Policy to ensure that the BOD shall have an approximate mix of competence and expertise;
- (ii) RPT Policy to strengthen the RPT Committee's tasks in reviewing all material RPTs of the Company;
- (iii) Alternative Dispute Mechanism Policy which established an alternative dispute mechanism to resolve disputes between the Corporation and Shareholders and third parties in an

- amicable and effective manner;
- (iv) Loan Policy which set the rules and procedure in the event loans are granted to Directors and Officers to defray their personal financial obligations and needs brought about by medical and calamity emergencies;
  - (v) Reward Policy aimed to retain and ensure a work force with exemplary working knowledge, right experience and proverbial expertise relevant to the Company's industry/sector;
  - (vi) Information Policy to ensure regulation of the disclosure pertaining to information about the Company's;
  - (vii) Insider Trading Policy set to protect the public from abusive trading practices and illegal conduct of security trading; and
  - (viii) Remuneration Policy aimed to reward directors and officers based on quantum meruit.
  - (ix) CG Committee functions as the adhoc Sustainability Committee for AT to monitor implementation of the Company's Sustainability Road Maps.

In the 19 April 2023 Organizational Meeting of the BOD, the respective Chairman and members of the various BOD committees were duly elected and assumed office. Mr. Emilio S. de Quiros, Jr. was appointed as Lead Independent Director. All the Chairmen of the different BOD Committees are IDs except for the Chairman of the Executive Committee.

AT is fully compliant with the CCG and thus has no deviations from said CCG. New policies are being issued by the Corporation from time to time to fully implement and comply with the CCG and the leading practices on good corporate governance.

#### **INFORMATION STATEMENT AND ANNUAL REPORT TO REGISTERED SHAREHOLDERS**

The Company's SEC Form 20-IS or Information Statement and its SEC Form 17-A or Annual Report are uploaded and posted in AT's website and can be accessed in the following links:

<https://www.atlasmining.com.ph/investor-relations/annual-stock-holders-meeting>

<https://www.atlasmining.com.ph/company-disclosures/full-year-report>

<https://www.atlasmining.com.ph/company-disclosures/quarterly-report-sec-form-17-q>

Hard copies of these Reports will be provided without charge to registered Shareholders upon written request addressed to:

**OFFICE OF THE CORPORATE SECRETARY**  
Atlas Consolidated Mining and Development Corporation  
c/o SERRANO LAW 1105 Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global  
City, Taguig City



**2024 ANNUAL STOCKHOLDERS' MEETING**  
**April 19, 2024 at 10:00 A.M.**

**Guidelines for Participating via Remote Communication and  
Voting *in Absentia***

The 2024 Annual Stockholders' Meeting (ASM) of Atlas Consolidated Mining and Development Corporation (AT or the Company) is scheduled on 19 April 2024 at 10:00 am and the AT Board of Directors has fixed 21 March 2024 as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

The Board of Directors has approved and authorized the participation and voting by stockholders via remote communication or *in absentia*. For this purpose, Stockholders must register as provided below.

**Registration**

Stockholders who intend to attend the meeting remotely must notify the Corporate Secretary **no later than April 5, 2024**, by registering at <https://asmregister.atlasmining.com.ph> and by uploading the following supporting documents and/or information, subject to verification and validation by the Corporate Secretary:

- Individual Stockholders
  1. Copy of valid government-issued ID of Stockholder (and proxy, if applicable)
  2. Stock certificate number/s
  3. If appointing a proxy, copy of proxy form duly signed by Stockholder (need *not* be notarized)
  4. E-mail address and contact number of Stockholder (or proxy, if applicable)
- Multiple Stockholders or joint owners
  1. Copy of valid government-issued IDs of all registered Stockholders
  2. Stock certificate number/s
  3. Proof of authority of Stockholder casting the votes for the shares signed by the other registered Stockholder/s, for shares registered in the names of multiple Stockholders (need *not* be notarized)
  4. E-mail address and contact number of authorized representative or proxy
- Corporate Stockholders
  1. Secretary's Certification of Board resolution appointing and authorizing the authorized representative or proxy to participate in the ASM
  2. Valid government-issued ID of the authorized representative or proxy
  3. Stock certificate number/s
  4. E-mail address and contact number of authorized representative or proxy

- Stockholders with Shares under broker account
  1. Certification from broker as to the number of shares owned by Stockholder
  2. Valid government-issued ID of stockholder (and proxy, if applicable)
  3. If appointing a proxy, copy of proxy form duly signed by Stockholder (need *not* be notarized)
  4. E-mail address and contact number of Stockholder (or proxy, if applicable)

Only Stockholders who have notified the Company of his/her/its intention to participate in the meeting, have registered as provided above, will be included in the determination of the existence of quorum.

□ **Important Reminder: Please refrain from sending duplicate and inconsistent information and/or documents as this can result in failed registration. All documents and/or information shall be subject to verification and validation by the Company.**

### **Online Voting**

Stockholders who have successfully registered their intention to attend the meeting remotely pursuant to the Guidelines set forth shall be notified via e-mail of their unique log-in credentials for the secure online voting portal. Stockholders can then cast their votes for specific items in the agenda, as follows:

1. Access the secure online voting portal by clicking the link received via e-mail through the e-mail address provided by the Stockholder to the Company, and log-in using the unique credentials provided in the said e-mail.
2. Upon accessing the portal, the Stockholder can cast his/her vote on each agenda item. A brief description of each item for Stockholders' approval is appended as **Annex A** to the Notice of Meeting.
  - 2.1 A Stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.
  - 2.2 For the election of directors, the Stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.

**Note:** *A Stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he/she may cumulate said shares and give one candidate as many votes as the number of directors to be elected (nine [9] directors for ATLAS Mining) multiplied by the number of his/her shares shall equal, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the Stockholder.*

*Example: A Stockholder who has one hundred (100) shares in the Company will have eight hundred (800) votes (one hundred shares multiplied by eight directors to be elected) to distribute among the candidates. Thus, the Stockholder may 1) divide*

*all votes among all candidates equally; or 2) allocate all votes to one or some candidates in any manner so long as the total number of votes does not exceed eight hundred (800).*

3. Once the Stockholder has finalized his/her vote, he/she can proceed to submit the vote by clicking the “Submit” button.
4. The Stockholder can still change and re-submit votes, provided, such new votes are submitted using the same log-in credentials. Previous votes will be automatically overwritten and replaced by the system with the new votes cast.

### **ASM Livestream**

The ASM will be broadcasted live and Stockholders who have successfully registered online can participate via remote communication. Details of the meeting will be sent to Stockholders via the e-mail address provided to the Company. Instructions on how to access the livestream will also be posted at <https://atlasmining.com.ph/investor-relations/annual-stockholders-meeting>.

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating Stockholders upon request.

### **Open Forum**

During the meeting, the Company will have an Open Forum, during which, the meeting’s moderator will read, and representatives of the Company shall endeavor to answer, as many of the questions and comments received from Stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject “ASM 2024 Open Forum” to <asm@atlasmining.ph> on or before 14 April 2024.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company’s Investor Relations team.

***For any queries or concerns regarding this Guidelines, please contact the Company via email at [asm@atlasmining.ph](mailto:asm@atlasmining.ph).***

***For complete information on the annual meeting, please visit:***

***<https://atlasmining.com.ph/investor-relations/annual-stockholders-meeting>.***

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Emilio S. de Quiros, Jr.**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Atlas Consolidated Mining and Development Corporation (AT)** and have been its Independent Director since July 2017;
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Crown Equities	Independent Director	May 2019 to present
Sunlife Investment Management & Trust Corporation	Independent Director	July 2020 to Present
Capital Markets Integrity Corporation	Independent Director	January 2022 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AT, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OR RELATIONSHIP
NA	NA	NA

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NA	NA	NA

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of AT of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 06 day of March 2024 in PASAY CITY.


  
**EMILIO S. DE QUIROS, JR.**  
Affiant



06 MAR 2024

SUBSCRIBED AND SWORN to before me the City of **PASAY CITY** this \_\_\_\_\_ by Mr. Emilio S. de Quiros, Jr. whose identity I have confirmed through his Passport with number [REDACTED] issued on [REDACTED] at the DFA-Manila.

Doc. No. 8  
Page No. 3  
Book No. 1  
Series of 2024.

  
**ATTY. MA. CELESTE L. JAIME**  
NOTARY PUBLIC  
Until December 31, 2025  
ATTORNEY'S ROLL NO. 27802  
IBP OR No. 414661/Jan. 10, 2024  
PTR No. PC 84538/Jan. 03, 2024/Pasay City  
Commission No. 24-22 (EXPIRED DECEMBER 31, 2025)  
MCLE No. V. 0612402 issued on May 20, 2022  
Valid Until 14 April 2025  
Office Address - Stall #1 No. 54 A, Arnaiz Ave., Libertad, Pasay City

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Gerardo S. Limlingan, Jr.**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Atlas Consolidated Mining and Development Corporation (the **Company**);
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Greenlight Holdings, Inc.	President	Since 2007
JC Binay Foundation, Inc.	Trustee	Since 2015
Page Enterprises, Inc.	Director	Since 2014
Metrostore	Consultant	Since October 2016
Sagittarius Mines, Inc.	Director	2021 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of the Company and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

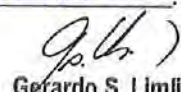
NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
AMLC Case No. 15-007-13	AMLAC	Applied a Motion to Dismiss in June 2022

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 06 MAR day of February 2024, at PASAY CITY.

  
**Gerardo S. Limlingan, Jr.**  
Affiant



06 MAR 2024

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of March 2023 at  
**PASAY CITY**, affiant personally appeared before me and exhibited to me his Philippine Passport No. \_\_\_\_\_  
issued at DFA NCR South on \_\_\_\_\_

Doc. No. 6 ;  
Page No. 3 ;  
Book No. 1 ;  
Series of 2024.

*[Signature]*  
**ATTY. MA. CLEOFE L. JAIME**  
NOTARY PUBLIC  
Until December 31, 2025  
ATTORNEY'S ROLL NO. 27802  
IBP OR No. 454661/Jan. 10, 2024  
PTR NO. PG 8453883/Jan. 03, 2024/Pasay City  
Commission No. 24-22 (EXP. DEC) DECEMBER 31, 2025  
MCLE No. V. 0618422 Issued on May 20, 2022  
Valid Until 14 April 2025  
Office Address - Stall #1 No. 54 A. Arnaiz Ave., Libertad, Pasay City

*[Signature]*

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Jose P. Leviste, Jr.**, Filipino, of legal age, at [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Atlas Consolidated Mining and Development Corporation (AT)** and have been its independent director since May 2019;
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Constellation Energy Corporation	Chairman	2008 up to present
Philippine-Israel Business Council	Chairman	2019 up to present
Chamber of Mines of the Philippines	Vice Chairman	2017 up to present
Pico De Loro Beach and Country Club	Independent Director	2008 up to present
ICCP Holdings Corporation	Independent Director	2021 up to present
Canadian Chamber of Commerce	Governor	2019 up to present
Sindicatum Sustainable Resource of Singapore	Asia Advisor	2010 up to present
Itaipinas Development Corporation (IDC)	Primo Consigliere (Senior Advisor)	2015 up to present
Phil. Council for Agriculture Aquatic and Natural Resources Research and Devt. (PCAARRD)	Governing Council Member	2011 up to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AT, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;
4. I am related to the following director/officer/substantial shareholder of (NA) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OR RELATIONSHIP
NA	NA	NA

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NA	NA	NA

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of AT of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 10<sup>th</sup> day of February 2024 in Makati City, Philippines.

  
**JOSE P. LEVISTE, JR.**  
Affiant

**SUBSCRIBED AND SWORN** to before me the City of Makati this 10<sup>th</sup> day of March 2024 by Mr. Jose P. Leviste, Jr. whose identity I have confirmed through his Senior Citizen ID No. [REDACTED] issued on [REDACTED] in Makati City.

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Page No. 3  
Book No. 1  
Series of 2024.

**OFF. L. JAIME**  
NOTARY PUBLIC  
Until December 31, 2025  
ATTORNEY'S ROLL NO. 27802  
IBP OR No. 414663/Jan. 10, 2024  
PTR NO. PC-845385/Jan. 03, 2024/Pasay City  
Commission No. 24-22 (EXPIRED DECEMBER 31, 2025)  
MCLE No. VI-FVR802 issued on May 20, 2022  
Valid until 14 April 2025  
Office Address: Stall #1 Mac-54 A, Amalaz Ave., Libertad, Pasay City

# COVER SHEET

for

## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	1	1	5	A
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**COMPANY NAME**

A	T	L	A	S		C	O	N	S	O	L	I	D	A	T	E	D		M	I	N	I	N	G		A	N	D	
D	E	V	E	L	O	P	M	E	N	T		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U
B	S	I	D	I	A	R	I	E	S																				

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

F	i	v	e		E	-	C	o	m		C	e	n	t	e	r	,		P	a	l	m		C	o	a	s	t		
A	v	e	n	u	e		c	o	r	n	e	r		P	a	c	i	f	i	c		D	r	i	v	e	,		M	
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y																														

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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**COMPANY INFORMATION**

Company's Email Address

atlas1@atlasmining.com.ph

Company's Telephone Number

(632) 8403-0818

Mobile Number

09178048194

No. of Stockholders

20,681

Annual Meeting (Month / Day)

04/19

Fiscal Year (Month / Day)

12/31

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

Name of Contact Person

Elmer B. Serrano

Email Address

elmer.serrano@serranolawph.com

Telephone Number/s

(632) 8651-7408

Mobile Number

N/A

**CONTACT PERSON'S ADDRESS**

U-10th Floor Six/NEO, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City, Philippines

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

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





## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

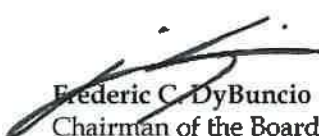
The management of Atlas Consolidated Mining and Development Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

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.


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



Frederic C. DyBuncio  
Chairman of the Board



Adrian Paulino S. Ramos  
President



Rodyardo B. Rañada  
Vice President / Chief Finance Officer



**MAR 15 2024**

SUBSCRIBED AND SWORN to before me, this \_\_\_\_\_ day of March 2024 at  
TOLEDO CITY, affiants with Tax Identification Numbers as follows:

NameTax Identification Number

Adrian Paulino S. Ramos  
Rodyardo B. Rañada

188-355-989  
156-816-793

**ATTY. JOANNA RHEA A. ALFORQUE**

Roll of Attorneys No. 76206

Notary Public

City of Toledo and Province of Cebu

Specifically for Municipalities of Balamban, Asturias,  
Tuburan, Pinamungajan & Aloguinsan

Until December 31, 2024/ Not. Com. No. 120-2023-T

Don Andres Soriano, Toledo City, Cebu

IBP OR No. 390137 / January 3, 2024/ Cebu City Chapter

PTR No. 3766117 / January 3, 2024 / City of Toledo

MCLE Exempt: Admitted 2022 / Valid until April 14, 2025



SUBSCRIBED AND SWORN to before me, this MAR 15 2024 day of March 2024 at Pasig City, affiant with Tax Identification Number as follows:

Name

Tax Identification Number

Frederic C. DyBuncio

103-192-854

Doc No. 323  
Page No. 66  
Book No. 3  
Series of 2024.

  
ATTY. JOMAR M. HIZOLA  
NOTARY PUBLIC

Cities of Pasig, San Juan and Pateros, Metro Manila  
21k Strata 100 Bldg., Don F. Ortigas St., Pasig City  
Appointment No. 150; Until Dec. 31, 2024  
SC. Roll No. 81022/ 05-21-2022  
IBP No. 423716 / 01/16/2024; IBP Manila 1  
PTR No. 1716816 / 01/16/2024; Pasig City  
MCLE No. VIII-0006903 02/20/2024-04/14/2025

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders  
Atlas Consolidated Mining and Development Corporation  
Five E-com Center, Palm Coast Avenue corner Pacific Drive  
Mall of Asia Complex, Pasay City

### Opinion

We have audited the consolidated financial statements of Atlas Consolidated Mining and Development Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the 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 period. 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 the 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



### ***Impairment Testing of Goodwill, Property, Plant and Equipment, and Mining Rights***

The Group is required to annually test the amount of goodwill for impairment. In addition, in the event that an impairment indicator is identified, the Group tests the recoverability of property, plant and equipment, and mining rights. As of December 31, 2023, the Group has goodwill attributable to Carmen Copper Corporation amounting to ₱19.03 billion, and property, plant and equipment, and mining rights amounting to ₱40.93 billion, which are considered significant to the consolidated financial statements. The assessment of the recoverability of goodwill, property, plant and equipment, and mining rights requires significant judgment and involves estimation and assumptions about the expected life of the project, future production levels and costs, contributions to the government based on current regulations as well as external inputs such as copper and gold prices, and discount rate. Hence, such assessment is a key audit matter in our audit.

The disclosures in relation to property, plant and equipment, and mining rights and goodwill are included in Notes 9 and 10 to the consolidated financial statements, respectively.

### ***Audit Response***

We evaluated the methodology and the assumptions used. These assumptions include the expected life of the project, future production levels and costs, contributions to the government based on current regulations as well as external inputs such as copper prices and discount rate. We compared the key assumptions used against the mine life based on the mineral reserve report, production reports from the operations departments, current tax laws, and forecasted copper and gold prices. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill, property, plant and equipment, and mining rights.

### **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 1, 2023, but does not include the consolidated financial statements and our auditor's 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 Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

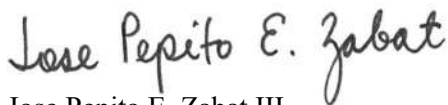
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is  
Jose Pepito E. Zabat III.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat 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

March 5, 2024



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Thousands, Except Number of Shares)

	December 31	
	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱1,704,117	₱1,258,914
Trade and other receivables (Note 5)		
At fair value through profit or loss	389,232	41,281
At amortized cost – net	60,921	84,501
Inventories (Note 7)	1,011,040	1,053,628
Derivative asset (Note 6)	–	200,167
Other current assets (Note 8)	718,035	584,596
<b>Total Current Assets</b>	<b>3,883,345</b>	<b>3,223,087</b>
<b>Non-current Assets</b>		
Property, plant and equipment (Note 9):		
At cost	32,887,641	34,456,058
At revalued amount	1,375,720	506,787
Mining rights (Note 10)	6,666,209	6,950,866
Goodwill (Note 10)	19,026,119	19,026,119
Investments in associates (Note 12)	297,302	331,121
Deferred tax assets – net (Note 26)	740,344	751,759
Deferred mine exploration costs (Note 11)	192,403	193,625
Other non-current assets (Note 13)	3,159,675	2,009,380
<b>Total Non-current Assets</b>	<b>64,345,413</b>	<b>64,225,715</b>
<b>TOTAL ASSETS</b>	<b>₱68,228,758</b>	<b>₱67,448,802</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 14)	₱3,503,067	₱3,423,325
Lease liability – current (Note 15)	2,408	2,093
Current portion of long-term debts and other interest bearing liabilities (Note 16)	2,491,650	1,672,650
Derivative liability (Note 6)	–	51,367
Income tax payable	335,867	318,179
<b>Total Current Liabilities</b>	<b>6,332,992</b>	<b>5,467,614</b>
<b>Non-current Liabilities</b>		
Long-term debts and other interest-bearing liabilities – net of current portion (Note 16)	13,936,411	15,692,247
Retirement benefits liability (Note 25)	530,440	542,949
Lease liability – net of current portion (Note 15)	3,752	6,160
Liability for mine rehabilitation (Note 17)	70,979	64,793
Deferred tax liabilities (Note 26)	2,011,494	1,864,147
<b>Total Non-current Liabilities</b>	<b>16,553,076</b>	<b>18,170,296</b>
<b>Total Liabilities</b>	<b>22,886,068</b>	<b>23,637,910</b>

(Forward)



	December 31	
	2023	2022
<b>Equity</b>		
Capital stock (Note 18)	<b>₱3,559,533</b>	₱3,559,533
Additional paid-in capital (Note 18)	<b>19,650,936</b>	19,650,936
Subscription receivable (Note 18)	<b>(4,841,801)</b>	(4,841,801)
Revaluation increment on land (Note 9)	<b>963,460</b>	320,217
Remeasurement gain on retirement benefits liability (Note 25)	<b>135,989</b>	188,209
Cost of 1,980,000 treasury shares held by a subsidiary	<b>(23,267)</b>	(23,267)
Retained earnings	<b>22,027,841</b>	20,910,285
Cumulative translation adjustments (Note 18)	<b>3,869,999</b>	4,046,780
<b>Total Equity</b>	<b>45,342,690</b>	43,810,892
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱68,228,758</b>	₱67,448,802

*See accompanying Notes to the Consolidated Financial Statements*



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands, Except Earnings Per Share)

	Years Ended December 31		
	2023	2022	2021
<b>REVENUES FROM CONTRACTS WITH CUSTOMERS</b> (Note 20)			
Copper concentrate	<b>₱18,865,013</b>	₱16,822,495	₱17,937,583
<b>COSTS AND EXPENSES – NET</b>			
Mining and milling costs (Note 21)	<b>14,382,499</b>	14,515,894	10,627,219
General and administrative expenses (Note 22)	<b>1,329,069</b>	1,109,997	1,130,893
Mine products taxes (Note 21)	<b>756,141</b>	667,196	701,718
Depletion of mining rights (Note 10)	<b>284,657</b>	309,471	297,892
Others – net (Note 28)	<b>(132,261)</b>	(91,436)	(476,383)
	<b>16,620,105</b>	16,511,122	12,281,339
<b>OTHER INCOME (CHARGES)</b>			
Finance charges (Note 27)	<b>(626,599)</b>	(940,064)	(1,241,766)
Foreign exchange gains (losses) – net	<b>167,911</b>	(519,475)	(326,973)
Fair value gain (loss) on derivatives – net (Note 6)	<b>(63,246)</b>	2,385,648	113,107
Share in net income (loss) of associates (Note 12)	<b>(33,819)</b>	123,592	222,005
Interest income (Note 27)	<b>25,120</b>	4,790	3,785
Fair value gain (loss) on provisionally priced receivables – net (Notes 5 and 6)	<b>(11,168)</b>	41,215	(779)
Gain on derecognition of financial guarantee obligation (Note 16)	–	2,041,569	–
	<b>(541,801)</b>	3,137,275	(1,230,621)
<b>INCOME BEFORE INCOME TAX</b>	<b>1,703,107</b>	3,448,648	4,425,623
<b>PROVISION FOR INCOME TAX</b> (Note 26)	<b>(585,551)</b>	(230,562)	(564,038)
<b>NET INCOME</b>	<b>₱1,117,556</b>	₱3,218,086	₱3,861,585

(Forward)



	Years Ended December 31		
	2023	2022	2021
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Revaluation increment on land	<b>₱643,243</b>	<b>₱—</b>	<b>₱—</b>
Remeasurement gain (loss) on retirement benefits liability (Note 25)	<b>(52,220)</b>	83,903	47,051
Share in other comprehensive income (loss) of associates	<b>(560)</b>	553	(212)
<i>Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax):</i>			
Cumulative translation adjustments	<b>(176,221)</b>	1,904,339	1,047,194
	<b>414,242</b>	1,988,795	1,094,033
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱1,531,798</b>	<b>₱5,206,881</b>	<b>₱4,955,618</b>
<b>EARNINGS PER SHARE (Note 30)</b>			
Basic earnings per share	<b>₱0.3141</b>	₱0.9046	₱1.0855
Diluted earnings per share	<b>₱0.3141</b>	₱0.9046	₱1.0855

*See accompanying Notes to the Consolidated Financial Statements*



# ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

(Amounts in Thousands, Except Par Value Per Share)

	Capital stock (Note 18)	Additional paid-in capital (Note 18)	Subscriptions receivable (Note 18)	Revaluation increment on land (Note 9)	Remeasurement gain (loss) on retirement benefits liability (Note 25)	Cumulative translation adjustments (Note 18)	Retained earnings (Note 18)	Treasury shares held by a subsidiary	Total
BALANCES AT JANUARY 1, 2021	₱3,559,533	₱19,650,936	(₱4,841,801)	₱298,869	₱53,438	₱1,094,906	₱13,830,614	(₱23,267)	₱33,623,228
Effect of change in tax rate	—	—	—	21,348	3,817	—	—	—	25,165
Net income	—	—	—	—	—	—	3,861,585	—	3,861,585
Other comprehensive income	—	—	—	—	47,051	1,046,982	—	—	1,094,033
Total comprehensive income	—	—	—	—	47,051	1,046,982	3,861,585	—	4,955,618
BALANCES AT DECEMBER 31, 2021	3,559,533	19,650,936	(4,841,801)	320,217	104,306	2,141,888	17,692,199	(23,267)	38,604,011
Net income	—	—	—	—	—	—	3,218,086	—	3,218,086
Other comprehensive income	—	—	—	—	83,903	1,904,892	—	—	1,988,795
Total comprehensive income	—	—	—	—	83,903	1,904,892	3,218,086	—	5,206,881
BALANCES AT DECEMBER 31, 2022	3,559,533	19,650,936	(4,841,801)	320,217	188,209	4,046,780	20,910,285	(23,267)	43,810,892
Net income	—	—	—	—	—	—	1,117,556	—	1,117,556
Other comprehensive income (loss)	—	—	—	643,243	(52,220)	(176,781)	—	—	414,242
Total comprehensive income (loss)	—	—	—	643,243	(52,220)	(176,781)	1,117,556	—	1,531,798
BALANCES AT DECEMBER 31, 2023	₱3,559,533	₱19,650,936	(₱4,841,801)	₱963,460	₱135,989	₱3,869,999	₱22,027,841	(₱23,267)	₱45,342,690

See accompanying Notes to the Consolidated Financial Statements



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
<b>OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱1,703,107</b>	₱3,448,648	₱4,425,623
Adjustments for:			
Depreciation, amortization and depletion (Notes 7, 9 and 10)	<b>4,610,726</b>	4,159,314	4,370,925
Finance charges (Note 27)	<b>626,599</b>	940,064	1,241,766
Movement in retirement benefits liability	<b>(109,518)</b>	(33,376)	22,349
Share in net loss (income) of associates (Note 12)	<b>33,819</b>	(123,592)	(222,005)
Interest income (Note 27)	<b>(25,120)</b>	(4,790)	(3,785)
Unrealized fair value gain on investment in pooled funds (Notes 8 and 28)	<b>(13,743)</b>	(5,082)	(1,313)
Unrealized fair value loss (gain) on provisionally priced sales – net (Notes 5 and 6)	<b>11,168</b>	(41,215)	779
Unrealized foreign exchange losses (gains) – net	<b>(10,081)</b>	(5,030)	122,011
Unrealized fair value gain on investment in unit investment trust fund (Notes 13 and 28)	<b>(1,219)</b>	(196)	(55)
Loss on retirement of property and equipment (Notes 9 and 28)	<b>1,080</b>	9,168	90,587
Loss (gain) on disposal of property and equipment (Note 9)	<b>(492)</b>	12,838	–
Gain on derecognition of financial guarantee obligation (Note 16)	–	(2,041,569)	–
Unrealized gain on derivatives (Note 6)	–	(145,456)	(49,630)
Reversal of impairment of property, plant and equipment (Note 28)	–	–	(534,472)
Operating income before working capital changes	<b>6,826,326</b>	6,169,726	9,462,780
Decrease (increase) in:			
Receivables	<b>(195,019)</b>	707,557	1,080,412
Inventories	<b>43,825</b>	1,249,145	(183,904)
Other current assets	<b>(122,143)</b>	206,940	(396,689)
Other non-current assets	<b>(1,168,161)</b>	(409,229)	184,417
Increase (decrease) in accounts payable, contract liability and accrued liabilities	<b>45,421</b>	1,218,406	(902,945)
Net cash generated from operations	<b>5,430,249</b>	9,142,545	9,244,071
Income taxes paid	<b>(608,798)</b>	(409,935)	(494,767)
Interest paid	<b>(580,183)</b>	(681,314)	(1,216,526)
Interest received	<b>24,510</b>	4,706	3,673
Net cash flows from operating activities	<b>4,265,778</b>	8,056,002	7,536,451
<b>INVESTING ACTIVITIES</b>			
Proceeds from:			
Dividends received (Note 12)	<b>16,710</b>	33,690	302,400
Disposal of property and equipment (Note 9)	<b>517</b>	549	12
Additions to:			
Property, plant and equipment (Note 9)	<b>(3,010,445)</b>	(2,291,227)	(1,308,715)
Deferred exploration costs (Note 11)	–	(176,918)	–
Net cash flows used in investing activities	<b>(₱2,993,218)</b>	(₱2,433,906)	(₱1,006,303)

(Forward)





	Years Ended December 31		
	2023	2022	2021
<b>FINANCING ACTIVITIES</b>			
Availments of:			
Long-term debts and other interest-bearing liabilities (Note 36)	<b>₱—</b>	<b>₱7,683,039</b>	<b>₱8,540,570</b>
Payments of:			
Long-term debts and other interest-bearing liabilities (Note 36)	<b>(834,477)</b>	<b>(13,291,993)</b>	<b>(8,801,431)</b>
Principal portion of of lease liability (Notes 15 and 36)	<b>(2,684)</b>	<b>(2,556)</b>	<b>(1,839)</b>
Bank loans	<b>—</b>	<b>—</b>	<b>(6,629,870)</b>
Net cash flows used in financing activities	<b>(837,161)</b>	<b>(5,611,510)</b>	<b>(6,892,570)</b>
<b>NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>9,804</b>	<b>55,627</b>	<b>83,481</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>445,203</b>	<b>66,213</b>	<b>(278,941)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,258,914</b>	<b>1,192,701</b>	<b>1,471,642</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>₱1,704,117</b>	<b>₱1,258,914</b>	<b>₱1,192,701</b>

*See accompanying Notes to the Consolidated Financial Statements*



# ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Loss Per Share Data and as Otherwise Indicated)

### 1. Corporate Information, Business Operations, and Authorization for the Issuance of the Consolidated Financial Statements

#### Corporate Information

Atlas Consolidated Mining and Development Corporation (the Parent Company) was incorporated and was registered with the Philippine Securities and Exchange Commission (SEC) as “Masbate Consolidated Mining Company, Inc.” on March 9, 1935 as a result of the merger of assets and equities of three pre-war mining companies, namely, Masbate Consolidated Mining Company, Antamok Goldfields Mining Company and IXL Mining Company. Thereafter, it amended its articles of incorporation to reflect the present corporate name and to extend its corporate life up to March 2035. The registered business address of the Parent Company is Five E-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City.

The Parent Company, through its subsidiaries, is engaged in metallic mineral mining and exploration, and currently produces copper concentrate (with gold and silver).

The Parent Company’s shares of stock were listed with the Philippine Stock Exchange (PSE) on November 17, 1970.

A major restructuring of the Parent Company was undertaken in 2004 and 2005 with the creation of three special-purpose subsidiaries to develop the Toledo Copper Project, the Berong Nickel Project, and the Toledo-Cebu Bulk Water and Reservoir Project. As a result, Carmen Copper Corporation (CCC), Berong Nickel Corporation (BNC) and AquAtlas, Inc. (AI) were incorporated and, subsequently, were positioned to attract project financing, as well as specialist management and operating expertise. In addition, the Parent Company incorporated wholly owned subsidiaries: Atlas Exploration Inc. (AEI), to host, explore and develop copper, gold, nickel and other mineral exploration properties; and Amosite Holdings, Inc. (AHI) to hold assets for investment purposes. AEI will also explore for other metalliferous and industrial minerals to increase and diversify the mineral holdings and portfolio of the Parent Company.

#### Business Operations

The Parent Company has control of CCC, AI, AEI and AHI as at December 31, 2023 and 2022. The Parent Company has no geographical segments as these entities were incorporated and are operating within the Philippines.



The table below contains the details of the Parent Company's equity interest in its subsidiaries and a description of the nature of the business of each subsidiary as at December 31, 2023 and 2022:

Nature of Business		Percentage of Ownership	
		2023	2022
<u>Subsidiaries as at December 31, 2023 and 2022</u>			
AEI	Incorporated in the Philippines on August 26, 2005 to engage in the business of searching, prospecting, exploring and locating of ores and mineral resources, and other exploration work	<b>100%</b>	100%
AI	Incorporated in the Philippines on May 26, 2005 to provide and supply wholesale or bulk water to local water districts and other customers	<b>100%</b>	100%
AHI (see Note 10)	Incorporated in the Philippines on October 17, 2006 to hold assets for investment purposes	<b>100%</b>	100%
CCC (see Note 10)	Incorporated in the Philippines on September 16, 2004 primarily to engage in exploration work for the purpose of determining the existence of mineral resources, extent, quality and quantity, and the feasibility of mining them for profit	<b>100%</b>	100%

a. *AEI*

In 2023, AEI continued its exploration activities for the geotechnical survey of the Sigpit gold prospect and for the drilling at the southern extension of the Lutopan orebody. AEI incurred a net loss of ₱79 in 2023 and has cumulative capital deficiency of ₱108,840 as at December 31, 2023.

b. *AI*

In 2023, AI continued to explore and assess the feasibility of projects involving the bulk supply of potable water from the Parent Company's Malubog Dam. AI incurred a net loss of ₱88 in 2023 and has cumulative capital deficiency of ₱32,521 as at December 31, 2023.

c. *AHI*

AHI is the owner of certain real properties that are used in the mining operations of CCC.

AHI incurred a net loss of ₱84 in 2023 and has cumulative deficit of ₱3,529 as at December 31, 2023.

d. *CCC*

In July 2011, the Parent Company acquired all of the equity interest of CASOP Atlas BV and CASOP Atlas Corporation (collectively called CASOP) in CCC. As a result, the Parent Company became the owner of 100% of CCC's outstanding capital stock. Prior to such acquisition, the Parent Company owned 54.45% of the outstanding capital stock of CCC.

On May 5, 2006, the Parent Company entered into an Operating Agreement with CCC (the Operating Agreement) respecting the terms of the assignment by the Parent Company to CCC of operating rights over the Toledo mining complex, and the right to acquire certain fixed assets. The agreement may be terminated by the Parent Company upon 30 days' prior written notice (see Note 35).



#### Carmen Pit Incident

On December 21, 2020, a landslide occurred at the Carmen Pit of CCC. This incident prompted the Mines and Geosciences Bureau (MGB) to order the immediate suspension of the operations at the Carmen Pit.

On February 5, 2021, MGB approved the Risk Reduction Management Plan (RRMP) submitted by CCC. The RRMP outlines the mitigating measures and the related safety protocols the Group will adopt and implement.

On March 9, 2021, the Secretary of the Department of Environment and Natural Resources (DENR) approved the partial lifting of the suspension order. The partial lifting of the suspension order allows the Group to resume mining operations in the Carmen Pit except in areas that were affected by the landslide, subject to compliance with certain conditions. The Group is currently undertaking safety measures for the rehabilitation of the impacted areas at Carmen pit. The Group is working closely with the various regulating agencies, local government units in addressing the on-going rehabilitation and redevelopment initiatives.

On May 11, 2022, the Acting Secretary of DENR approved the full lifting of the suspension order, subject to compliance with the specific post-lifting requirements.

#### Authorization for the Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Parent Company and its subsidiaries 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 Board of Directors on March 5, 2024.

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

#### Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for parcels of land, which are carried at revalued amounts, trade receivables, derivatives, investment in pooled funds, quoted equity instrument, and investment in unit investment trust fund (UITF), which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the presentation currency of the Group under Philippine Financial Reporting Standards (PFRSs). Based on the economic substance of the underlying circumstances relevant to Atlas Consolidated Mining and Development Corporation and Subsidiaries (collectively, the Group), the functional currencies of the Parent Company and its associates and subsidiaries is the Philippine Peso, except for CCC whose functional currency is the United States Dollar (US\$). All values are rounded to the nearest thousands (₱000), except when otherwise indicated.

#### Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with PFRSs.

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2023 and 2022.

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.



Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result 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 arrangement 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 reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the 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 are attributed to the equity holders of the Parent Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group'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 loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities and other components of equity while any gain or loss is recognized in the consolidated statement of comprehensive income. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same accounting period as the Parent Company using uniform accounting policies.

#### 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 Philippine Accounting Standard (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, 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.



#### Standard Issued but not yet Effective

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

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

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

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

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

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.



The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the Financial and Sustainability Reporting Standards Council amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB).

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

#### *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*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.





## Material Accounting Policy Information

### Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

### 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 measured at fair value on initial recognition, and are subsequently measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss.

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely for payments of principal and interest on the principal amount outstanding. This assessment is referred to as the solely for payments of principal and interest 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.

#### *Subsequent Measurement*

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

- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### *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 solely for payments of principal and interest on the principal amount outstanding.

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 the consolidated statement of comprehensive income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, non-trade receivables, interest receivables, advances to related parties, advances to officers and employees, and refundable deposits under other non-current assets.

#### *Financial Assets at Fair Value through Profit or Loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, 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 solely for payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the



embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As PFRS 9 now has the solely for payments of principal and interest test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the solely for payments of principal and interest test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Group's trade receivables. These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant quotational period (QP) stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the solely for payments of principal and interest test.

As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognized in fair value gain/loss on provisionally priced trade receivables in the consolidated statement of comprehensive income.

Aside from trade receivables, this category also includes derivative asset, quoted equity instrument, investment in UITF and investment in pooled funds which the Group classified at fair value through profit or loss.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) 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 an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement-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.



### *Impairment of Financial Assets*

The Group recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses 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.

Expected credit losses are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month expected credit losses). 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 expected credit losses).

For any other financial assets carried at amortized cost (which are due in more than 12 months), the expected credit losses is based on the 12-month expected credit losses. The 12-month expected credit losses is the proportion of lifetime expected credit losses 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 expected credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

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

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

### Financial Liabilities

#### *Initial Recognition and Measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include payables, long-term debts and derivative liabilities.



### *Subsequent Measurement*

#### *Financial Liabilities at Amortized Cost*

After initial recognition, loans and borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of comprehensive income 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 finance costs in the consolidated statement of comprehensive income.

#### *Financial Liabilities at Fair Value through Profit or Loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Group has designated its derivative liability as at fair value through profit or loss.

### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

### *Exchange or Modification of Financial Liabilities*

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

The Group's policy is to treat restructuring as extinguishment when there is revision of nominal interest rates for liabilities that are prepayable at par at a current market rate, and the prepayment at par i.e. unpaid principal and interest, at any time is with no penalty. The revision of the rates is in substance a settlement of the existing loan through the exercise of the prepayment option and commencement of a new loan at a market rate of interest. The cash flows of the original loan are deemed to have expired and should be derecognized with a corresponding new loan recognized.

#### Offsetting Financial Instruments

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

The Group measures financial instruments, such as derivatives, provisionally priced trade receivables, and land, at fair value at the end of the reporting period.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- |   |                    |
|---|--------------------|
| • Significant estimates and assumptions                 | Note 3             |
| • Derivatives   | Notes 5 and 6      |
| • Financial assets at fair value through profit or loss | Notes 8, 12 and 13 |
| • Land  | Note 9             |
| • Financial instruments                                 | Note 32            |

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 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 best economic interest.



A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit 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 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; and
- 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.

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.

#### Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward commodity contracts, to hedge its commodity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how



the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### *Fair Value Hedges*

The change in the fair value of a hedging instrument is recognized in the statement of comprehensive income as other income (charges). The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of comprehensive income as other income (charges).

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value hedge adjustment is recognized immediately in profit or loss.

As at December 31, 2023, the Group has no freestanding derivative instruments such as commodity swap transactions used to hedge risks associated with copper and gold prices.

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

#### Inventories

Mine products inventory, which includes coarse ore and fine ores and, copper concentrate containing copper, and gold, and materials and supplies are valued at the lower of cost and net realizable value (NRV).





Cost is determined using the following methods:

*Mine Products Inventory*

The cost of mine products is determined using the moving average method and are comprised of materials and supplies, depreciation, depletion, personnel costs and other cost that are directly attributable in bringing the copper concentrates in its saleable condition.

*Materials and Supplies*

Materials and supplies primarily pertain to consumable bearing and grinding balls, coolant and lubricants for the concentrators, concentrator supplies such as flotation reagent for the processing of the extracted ores, spare parts for concentrator machinery, crushers and conveyors, supplies such as diesel and gasoline fuels used by dump trucks and drilling machinery in extracting and transporting the ores, and explosives and blasting accessories for open pit mining. Cost is determined using the moving average method.

The Group determines the NRV of inventories at the end of the reporting period. NRV for mine product inventories is the selling price in the ordinary course of business, less the estimated costs of completion and costs of selling the final product. In the case of materials and supplies, NRV is the value of the inventories when sold at their condition at the end of the reporting period. If the cost of the inventories exceeds its NRV, the asset is written down to its NRV and impairment loss is recognized in the consolidated statement of comprehensive income in the period the impairment is incurred.

In case the NRV of the inventories increased subsequently, the NRV will increase carrying amount of inventories but only to the extent of the impairment loss previously recognized. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken by the Group to determine the extent of any provision for obsolescence.

Property, Plant and Equipment

Items of property, plant and equipment, except land, are carried at cost less accumulated depreciation and depletion, and any impairment in value. Parcels of land of the Group are carried at revalued amount less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes, and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been placed into operation, such as repairs and maintenance costs, are normally recognized in the consolidated statement of comprehensive income in the period they are incurred. When property, plant and equipment items are sold or retired, the cost and related accumulated depletion and depreciation are removed from the accounts and any resulting gain or loss is recognized in the consolidated statement of comprehensive income.

Depreciation of property, plant and equipment, except mine development costs, is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Roadways and bridges	5 – 40
Buildings and improvements	5 – 25
Machinery and equipment	3 – 20
Transportation equipment	5 – 7
Furniture and fixtures	5



Depreciation or depletion of an item of property, plant 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. Depreciation or depletion ceases at the earlier of the date that the 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, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The estimated mineral reserves, useful lives, and depreciation and depletion methods are reviewed periodically to ensure that the estimated mineral reserves, periods and methods of depreciation and depletion are consistent with the expected pattern of economic benefits from the items of property, plant and equipment. The assets' useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at the end of the reporting period.

Property, plant and equipment also include the estimated costs of rehabilitating the mine site, for which the Group is constructively and legally liable. These costs, included under mine development costs, are amortized using the units-of-production method based on the estimated mineral reserves until the Group actually incurs these costs in the future.

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 asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

Expenditures on major maintenance refits or repairs comprise the cost of replacement assets or parts of assets and overhaul cost. Where an asset or part of an asset that was separately depreciated and is now written-off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, expenditure is capitalized. All other day-to-day maintenance costs are expensed as incurred.

Parcels of land are measured at fair value at the date of revaluation. Valuations are performed with sufficient frequency to ensure that carrying amount of revalued asset does not differ materially from its fair value. The net appraisal increment resulting from the revaluation of land is credited to the revaluation increment on land account shown under the equity section of the consolidated statement of financial position. Any appraisal decrease is first offset against revaluation increment on earlier revaluation. The revaluation increment pertaining to disposed land is transferred to the retained earnings account.

#### *Right-of-use Asset*

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.



#### *Mine Development Costs*

Mine development costs are stated at cost, which includes cost of construction, borrowing costs and other direct costs. Mine development costs pertain to costs attributable to current commercial operations and are depleted using the units-of-production method based on estimated mineral reserves.

Mine development costs also include the estimated costs of rehabilitating the mine site, for which the Group is constructively and legally liable. These costs are amortized using the units-of-production method based on the estimated mineral reserves until the Group actually incurs these costs in the future.

#### *Construction In-progress*

Construction in-progress includes mine development costs which are not attributable to current commercial operations and are not depleted until such time as the relevant assets are completed and become available for use. Construction in-progress are transferred to the related property, plant and equipment account when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are complete and the property, plant and equipment are ready for service.

#### *Deferred Stripping Costs*

Stripping costs incurred in the development of a mine before production commences are capitalized as part of the cost of constructing the mine (under construction in-progress) and subsequently amortized over the estimated life of the mine on a units-of-production basis. Where a mine operates several open pit that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping (i.e., overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping relating to the combined operation.

For stripping costs incurred subsequently during the production stage of the operation, the stripping activity cost is accounted as part of the cost of inventory if the benefit from the stripping activity will be realized in the current period. When the benefit is the improved access to ore, the Group shall recognize these costs as stripping activity assets. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the deferred stripping cost is carried at its cost less depreciation or depletion and less impairment losses.

#### Deferred Mine Exploration Costs

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies



License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to the consolidated statement of comprehensive income as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalized, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. Exploration and evaluation expenditure is capitalized provided the rights to tenure of the area of interest is current and either: the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, then, any fulfillment exploration and evaluation expenditure is reclassified as mine properties and mine development costs included as part of property, plant and equipment. Prior to reclassification, exploration and evaluation expenditure is assessed for impairment.

When a project is abandoned, the related deferred mine exploration costs are written off.

Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

#### Mining Rights

Mining rights are identifiable intangible assets acquired by the entity to explore, extract, and retain, at least, a portion of the benefits from mineral deposits. A mining right shall be recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

The cost of a separately acquired mining right comprises: (a) its purchase price and non-refundable purchase taxes; and (b) any directly attributable cost of preparing the asset for its intended use. Mining rights acquired through business combination is initially valued at its fair value at the acquisition date. The fair value of a mining right will reflect expectations about the probability that the expected future economic benefits embodied in the asset will flow to the entity.

Mining rights shall be subsequently depleted using the units-of-production method based on estimated mineral reserves in tonnes or legal right to extract the minerals, whichever is shorter.

Depletion shall begin when the asset is available for use and shall cease at the earlier of the date that the asset is classified as held for sale in accordance with PFRS 5 and the date that the asset is derecognized. The depletion expense for each period shall be recognized in the consolidated statement of comprehensive income.



### Business Combinations and Goodwill

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 non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets 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, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date, and any gain or loss is recognized in the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9, either in the consolidated statement of comprehensive income or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the contingent consideration is not within the scope of PFRS 9, it is measured at fair value at each reporting date and changes in fair value shall be recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for any previous interest held, over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### Investments in Associates

Associates are entities over which the Group is able to exert significant influence. Significant influence is the power to participate in the financial and reporting policy decisions of the investee, but has no control or joint control over those policies. The consideration made in determining significant influence is similar to those necessary to determine control activities. The Group's investments in associates are accounted for using the equity method, less any impairment in value, in the consolidated statement of financial position. Under the equity method, the investment in associate is



initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

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

The financial statements of the associates are prepared for the same reporting period and using uniform accounting policies as the Group. When necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

#### Impairment of Non-financial Assets

##### *Property, Plant and Equipment, and Mining Rights*

Property, plant and equipment and mining rights 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 is written down to its recoverable amount.

The estimated recoverable amount is the higher of an asset's or cash-generating unit fair value less cost to sell and value-in-use, 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 which case the asset is tested as part of a large cash-generating unit. The fair value less cost 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, using a pre-tax discount rate, 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. The pre-tax discount rate used reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of comprehensive income.

Recovery of impairment losses recognized in prior periods 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 recovery of an impairment loss is recognized to the extent 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 periods.

##### *Deferred Mine Exploration Costs*

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.



### *Goodwill*

Goodwill is reviewed for impairment annually. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Where goodwill forms part of cash-generating unit (or groups of cash-generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative fair values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses relating to goodwill cannot be reversed in the future periods.

### *Investments in Associates*

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as impairment loss in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value.

Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

### *Other Non-financial Assets*

The Group provides allowance for impairment losses on other non-financial assets when these can no longer be realized. The amount 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 other non-financial assets.

### Foreign Currencies

The Group's consolidated financial statements are presented in Philippine Peso, which is also the functional currencies of the Parent Company, associates and subsidiaries, except CCC. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

### *Transactions and Balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to consolidated statement of comprehensive income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.



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

#### *Group Companies*

On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the weighted average exchange rates of the year. The exchange differences arising on translation for consolidation are recognized in other comprehensive income, and are accumulated in the cumulative translation adjustments account. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of comprehensive income.

#### Leases

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

#### *Lease Liabilities – Group as a Lessee*

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

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

#### *Short-term Leases and Leases of Low-value Assets*

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

#### 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 rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the end of the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.





### *Deferred Tax*

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses from net operating loss carry-over (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and NOLCO can be utilized

Deferred tax liabilities are recognized for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when 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

The carrying amount of deferred tax assets are reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized before their reversal or expiration. Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the- 24 -ferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the income tax rates that are expected to apply in 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 end of the reporting period.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

### *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.



#### Share-based Payments

The cost of equity-settled transactions with employees is measured by reference to their fair value at the date they are granted, determined using the acceptable valuation techniques.

The cost of equity-settled transactions, together with a corresponding increase in equity, is recognized over the period in which the performance and/or service conditions are fulfilled ending on the date on which the employees become fully entitled to the award (vesting date).

The cumulative expense recognized for equity-settled transactions at the end of the reporting period up to and until the vesting date reflects the extent to which the vesting period has expired, as well as the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for the period represents the movement in cumulative expense recognized at the beginning and end of that period. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which awards are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. An additional expense is likewise recognized for any modification which increases the total fair value of the share-based payment arrangement or which is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. If a new award, however, is substituted for the cancelled awards and designated as a replacement award, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### Capital Stock and Additional Paid-in Capital

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in the consolidated statement of changes in equity as a deduction, net of tax, from the proceeds.

#### Subscription Receivable

Subscription receivable represents outstanding receivables from stock subscription agreements.

The Group may present the subscription receivable as part of current assets when they have established the right to receive the outstanding receivables within the next 12 months from the end of the reporting period. Otherwise, this is presented as a deduction from equity.

#### Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Share options exercised during the reporting period are satisfied with treasury shares.

#### Retained Earnings

The amount included in retained earnings includes profit (loss) attributable to the Parent Company's equity holders and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the Parent Company's stockholders. Interim dividends, if any, are deducted from equity when these are paid. Dividends for



the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions. Retained earnings may be appropriated for any plant expansion, investments and funding of certain reserve accounts to be established pursuant to the requirements of the lenders in accordance with the agreement. When appropriation is no longer needed, it is reversed.

When retained earnings account has a debit balance, it is called deficit. A deficit is not an asset but a deduction from equity.

#### Other Comprehensive Income

Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the profit or loss for the year in accordance with PFRSs.

#### Revenue from Contracts with Customers

The Group is principally engaged in the business of producing copper concentrate and in some instances, magnetite concentrate. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods before transferring these to the customer.

#### *Contract Assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. The Group does not have any contract assets as at December 31, 2023 and 2022, as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

#### *Trade Receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### *Contract Liability*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. The Group does not have any contract liability as at December 31, 2023 and 2022.

#### *Copper Concentrate Sales*

The Group's copper concentrate has copper, gold and silver. For copper concentrate sales, the enforceable contract is each purchase agreement, which is an individual, short-term contract, while the performance obligation is the delivery of the concentrate.



Recognition of sales revenue for the commodities is based on determined metal in concentrate and the London Metal Exchange (LME) quoted prices, net of smelting and related charges. The sales of copper concentrate allow for price adjustments based on the LME price at the end of the QP stipulated in the contract. These are referred to as provisional pricing arrangements. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP can be between one and four months. The end of the QP also marks the settlement date for each shipment.

For the Group's present customer, 100% of the value of copper, gold and silver based on provisional prices (5-day average preceding the date of the invoice) is collected prior to shipment, net of refining and smelting charges, while the difference between the advance/provisional and final invoice is collected from or remitted to the customer upon the determination of the final shipment value on final weight and assays for metal content and prices during the QP less other related charges.

Revenue is recognized when control passes to the customer, which occurs at a point in time when the copper concentrate is physically transferred onto the buyer's vessel and date of the bill of lading issued by the buyer's shipping agent. Under the terms of offtake agreements with customers, the Group issues a provisional invoice for the entire volume of concentrate loaded to customer's vessel. Final invoice is made thereafter upon customer's outturn of concentrates delivered and submission of their final assay report. Adjustment is accordingly made against the final invoice with respect to provisional collections received by the Group to determine amounts still owing from/to customers.

For these provisional pricing arrangements, any future changes that occur over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of PFRS 9 and not within the scope of PFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within PFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognized in the consolidated statement of comprehensive income each period and presented separately from revenue from contracts with customers as part of fair value gain/loss on provisionally priced trade receivables. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for gold and copper as well as taking into account relevant other fair value considerations as set out in PFRS 13, including interest rate and credit risk adjustments (see Note 31).

As the enforceable contract for the arrangements is the purchase agreement, the transaction price is determined at the date of each sale (i.e., for each separate contract) and, therefore, there is no future variability within scope of PFRS 15 and no further remaining performance obligations under those contracts.

#### *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 decreases in equity, other than those relating to distributions to equity participants. Costs and expenses which include mining and milling costs, general administrative expenses, mine product taxes and depletion of mining rights, are generally recognized in the consolidated statement of comprehensive income when the services are used or the expenses are incurred.



### Operating Segments

For management purposes, the Group is organized into two major operating segments (mining and non-mining businesses) according to the nature of products and the services provided with each segment representing a strategic business unit that offers different products and serves different markets. The entities are the bases upon which the Group reports its primary segment information. Financial information on business segments is presented in Note 29.

### Basic Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the year.

### Diluted Earnings Per Share

Diluted earnings per share amounts are calculated by dividing the net income attributable to common equity holders of the Parent Company (after adjusting for interest on convertible preferred shares, warrants and stock options) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all dilutive potential common shares into common shares.

### Provisions

#### *General*

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

Where the Group expects a provision to be reimbursed, 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.

#### *Liability for Mine Rehabilitation*

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in the consolidated statement of comprehensive income under finance charges. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and liability for mine rehabilitation cost, respectively, when these occur. The liability is reviewed on an annual basis for changes to obligations or legislation or discount rates that affect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the liability resulting from changes in the estimated cash flows or discount rate, and the adjusted cost of the asset is depleted prospectively.



When rehabilitation is conducted progressively over the life of the operation, rather than at the time of closure, liability is made for the estimated outstanding continuous rehabilitation work at each end of the reporting period and the cost is charged to the consolidated statement of comprehensive income.

The ultimate cost of mine rehabilitation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in mineral reserves or production rates. As a result, there could be significant adjustments to the liability for mine rehabilitation cost, which would affect future financial results.

#### 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).

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
- Remeasurements 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 the 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 the consolidated statement of comprehensive 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 retirement benefits liability) are recognized immediately in other comprehensive income in the period in which these arise. Remeasurements are not reclassified to the 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 Benefits*

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 Entitlements*

Employee entitlements to annual leave are recognized as a liability when these 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 the reporting period.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but 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 in the notes to consolidated financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

#### Events after the End of the Reporting Period

Events after the end of the reporting period that provide additional information about the Group's financial 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 when material.

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### **3. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to exercise judgment, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Accounting assumptions, estimates and judgments 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.

Other disclosures relating to the Group's exposure to risks and uncertainties include capital management, financial risk management and policies and sensitivity analyses disclosures (see Notes 31 and 33).

#### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on amounts recognized in the consolidated financial statements:



#### *Determination of Functional Currency*

The Parent Company and most of its subsidiaries, based on the relevant economic substance of the underlying circumstances, have determined their functional currency to be the Philippine Peso. CCC's functional currency is US\$. In making this judgment, each entity in the Group considered the following:

- The currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales price for its financial instruments and services are denominated and settled)
- The currency in which funds from financing activities are generated and
- The currency in which receipts from operating activities are usually retained

#### *Assessing Existence of Significant Influence*

In assessing whether significant influence still exists, the Group considered not only its percentage ownership but other factors such as board seat representations it has in an associate's governing body and its interchange of managerial personnel with an associate, among others.

As at December 31, 2023 and 2022, the Group assessed that it has significant influence over the associates and has accounted for the investments as investments in associates. The Group has the ability to participate in the financial and reporting decisions of the investee, but has no control or joint control over those policies (see Note 12).

#### *Definition of Default and Credit-impaired Financial Assets*

The Group defines financial instruments as in default, which is fully aligned with the definition of credit-impaired, when a customer is more than 90 days past due on its contractual obligations. 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.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to calculate the Group's expected loss.

An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria.

#### *General Approach for Debt Financial Assets Measured at Amortized Cost*

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

#### *Significant Increase in Credit Risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.





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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

Expected credit losses are the discounted product of the probability of default, loss given default, and exposure at default, defined as follows:

- *Probability of default.* The probability of default represents the likelihood of a debtor or customer defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. Probability of default estimates are estimates at a certain date, which are calculated based on available market data using rating tools tailored to the various categories of counterparties and exposures. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated probability of default. Probability of defaults are estimated considering the contractual maturities of exposures.

The 12-month and lifetime probability of default represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic condition that affect credit risk.



- *Loss given default.* Loss given default represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. Loss given default varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. Loss given default is expressed as a percentage loss per unit of exposure at the time of default.
- *Exposure at default.* Exposure at default is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

#### *Incorporation of Forward-looking Information*

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of expected credit loss.

To do this, the Group has considered a range of relevant forward- looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of expected credit losses.

Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group considers two or more economic scenarios and the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, and credit risk and credit losses. The Group considers macro-economic factors such as local gross domestic product growth rates, inflation rates, and copper prices in its analysis.

Predicted relationship between the key indicators and default and loss rates on portfolios of financial assets have been developed based on analyzing historical data over the past three years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on expected credit loss due to lack of reasonable and supportive information.

#### *Grouping of Instruments for Losses Measured on Collective Basis*

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. The Group considers in its collective assessment the type of counterparties and its geographical location.

#### *Business Model Assessment*

Classification and measurement of financial assets depends on the results of the solely for payments of principal and interest and the business model test (Note 2).

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed



and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### *Estimating the Incremental Borrowing Rate – Leases*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates).

The Group's lease liability amounted to ₱6,160 and ₱8,253 as at December 31, 2023 and 2022, respectively (see Note 15).

#### *Bill-and-hold Sale*

The Group recognized sale on deliveries classified as bill-and-hold when there is transfer of risk and reward from the Group to the buyer due to the following:

- It is probable that delivery will be made
- The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognized
- The buyer specifically acknowledges the deferred delivery instructions and
- The usual payment terms apply

Bill-and-hold sale in 2023 amounting to ₱310,633 pertains to a copper concentrate shipment recognized on December 31, 2023 and was subsequently shipped on January 12, 2024. The buyer nominated the deferred shipment on December 31, 2023. A third party surveyor was engaged by the Group and the buyer to conduct a visual inspection of the copper concentrate on December 31, 2023. The third party surveyor concluded that the quantity of the copper concentrate disclosed in the holding certificate was in conformity with their surveying equipment. In 2022, there was a bill-and-hold sale amounting to ₱95,502.

#### *Assessing Production Start Date*

The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to the following:

- The level of capital expenditure compared to construction cost estimates
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce ore in saleable form and
- Ability to sustain ongoing production of ore



The Group determines when a mine moves into a production phase when the mine, is in the location and condition necessary for it to be capable of operating in the manner intended by the Group.

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

#### *Identification of the Enforceable Contract*

For copper concentrate sales, the enforceable contract is specified in the addendum of the services agreement, which is a stand-alone, short-term contract. The Master Services Agreement (Offtake contracts) with the customer prescribes the general terms and conditions governing any sales transaction. However, it does not mandate any minimum volume, i.e., there is no obligation for the customer to purchase any specific quantity of copper concentrate. The customer is only obliged to purchase the copper concentrate in accordance with the quantity agreed in the separate addendum in which no separate terms are linked. For instance, there are no incentives such as rebates or discounts even if a customer purchases quantities exceeding a stipulated amount annually, and there are no penalties that impact overall sales over a certain period. Therefore, under these arrangements, the enforceable contract for copper concentrate sales is defined by each stand-alone addendum.

#### *Allocation of Stripping Costs*

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

#### *Determination of Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates*

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax treatments. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group assessed whether the Interpretation had an impact on its consolidated financial statements. The Group determined, based on its tax assessment, in consultation with its tax counsel, that it has no uncertain tax treatments (including those for the subsidiaries). Accordingly, the interpretation did not have significant impact on the consolidated financial statements of the Group.



### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainties at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

#### *Estimating Impairment of Goodwill, Property, Plant and Equipment, and Mining Rights*

PFRSs require that an impairment review be performed when certain impairment indicators are present for property, plant and equipment and mining rights while goodwill is required to be tested for impairment at least annually. Impairment is determined for goodwill, property, plant and equipment, and mining rights by assessing the recoverable amount of the cash-generating unit to which those assets relate. Where recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods while any impairment loss for property, plant and equipment and mining rights may be reversed and such reversal must not exceed the carrying amount that would have been determined (net of depreciation and depletion) had no impairment loss been recognized in prior years.

Future events could cause the Group to conclude that the goodwill, property, plant and equipment and mining rights are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

Management performed impairment test as at December 31, 2023 and 2022. The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering the mine life of the cash-generating unit.

The calculation of value-in-use for the cash-generating unit incorporates the following key assumptions: a) expected life of the project; b) future production levels and costs which are based on the Group's historical experience; c) contributions to the government based on current regulations; d) commodity prices which are estimated with reference to external market forecasts; and e) pre-tax discount rates of 11.89% and 11.43% as at December 31, 2023 and 2022, respectively.

The Group also provides impairment loss on individual assets when impairment indicators are present and aimed at individual assets rather than the cash-generating unit of which they are part of.

The Group did not recognize provision for impairment loss on property, plant and equipment items in 2023, 2022 and 2021 (see Note 9).

#### *Measurement of Expected Credit Losses*

Expected credit losses are derived from unbiased and probability weighted estimates of expected loss, and 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 the original effective interest rate, or an approximation thereof. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to contractual terms.

The Group recognized provision for expected credit losses amounting to nil, nil and ₱5 in 2023, 2022 and 2021, respectively. Allowance for expected credit losses on receivables amounted to ₱4,679 and ₱71,105 as at December 31, 2023 and 2022, respectively. Receivables, net of allowance for expected credit losses, amounted to ₱60,921 and ₱84,501 as at December 31, 2023 and 2022, respectively (see Note 5).



#### *Estimating Mineral Reserves*

Mineral reserves estimate for development projects is, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies, which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven mineral reserves estimate is attributed to future development projects only when there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven mineral reserves estimate for partially developed areas is subject to greater uncertainty over their future life than estimate to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Mineral reserves estimate for undeveloped or partially developed areas is subject to greater uncertainty over their future life than estimates of mineral reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven mineral reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions. In 2021, the SEC En Banc approved the 2020 Philippine Mineral Reporting Code (PMRC), which was modelled after the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves of the Australasian Joint Ore Reserves Committee (2012 JORC Code) and the 2019 International Reporting Template of the Committee for Mineral Reserves International Reporting Standards. The SEC required that the 2020 PMRC shall take effect immediately. To comply with the 2020 PMRC, the Group adopted the 2017 Mineral Resource and Ore Reserve Update Report for the Toledo Copper Project, which was prepared in accordance with the 2012 JORC Code. Based on PAS 8, a change in the mineral reserve estimate is considered as a change in accounting estimates and is to be accounted for prospectively. As of December 31, 2023, there was no change in the mineral reserve estimate.

#### *Estimating Fair Value of Financial Assets and Financial Liabilities*

PFRSs requires that certain financial assets and liabilities be carried at fair value, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (e.g., foreign exchange rates, interest rates and volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and financial liabilities would directly affect net income or loss (see Note 32).

#### *Estimating NRV of Mine Products Inventory*

The selling price estimation of mine products inventory is based on the LME, which also represents an active market for the product. CCC concurrently uses the prices as agreed with its customers, and the weight and assay for metal content in estimating the fair value less cost to sell of mine products inventory. Any changes in the assay for metal content of the mine products inventory is accounted for and adjusted accordingly.

As at December 31, 2023 and 2022, the cost of mine products inventory is lower than its NRV.

No provision for impairment loss on of mine products inventory was recognized in 2023 and 2022. Mine products inventory amounted to ₱37,353 and ₱29,241 as at December 31, 2023 and 2022, respectively (see Note 7).



*Estimating Allowance for Inventory Obsolescence on Materials and Supplies Inventory*

The Group provides allowance for materials and supplies whenever NRV of inventories becomes lower than cost due to damage, inventory losses, physical deterioration, obsolescence, changes in price levels or other causes. Materials and supplies inventory which have been provided with allowance for inventory obsolescence amounted to ₱644,898 and ₱742,768 as at December 31, 2023 and 2022, respectively (see Note 7).

Materials and supplies inventories, net of allowance for inventory obsolescence, amounted to ₱973,687 and ₱1,024,387 as at December 31, 2023 and 2022, respectively (see Note 7).

*Estimating Volume of Mine Products Inventories*

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile. The number of contained concentrates in dry metric tonnes is based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys. As of December 31, 2023 and 2022, the coarse ore stockpiles of the Group amounted to ₱37,353 and ₱29,241, respectively, while the fine ore stockpiles amounted to nil as at December 31, 2023 and 2022.

*Estimating Useful Lives of Property, Plant and Equipment, Except Land*

The Group estimates the useful lives of property, plant and equipment based on the results of assessment of internal or external appraisers. 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 assets. There were no changes in the estimated useful lives of the Group's property, plant and equipment in 2023 and 2022.

*Determining Appraised Value of Land*

The appraised value of land is based on a valuation by an independent appraiser firm, which management believes holds a recognized and relevant professional qualification, and has recent experience in the location and category of the parcels of land being valued. The appraiser firm uses the market data approach in determining the appraised value of the parcels of land. These were valued by reference to transactions involving properties of a similar nature, location and condition. As at December 31, 2023 and 2022, the fair value of the land amounted to ₱1,375,720 and ₱506,787, respectively, based on the latest appraisal report obtained by the Group in 2023 (see Note 9).

*Units-of-production Depreciation/Depletion*

Estimated recoverable mineral reserves are used in determining the depreciation/depletion of mine assets. This results in a depreciation/depletion charge proportional to the depletion of the anticipated remaining mine life. Each item's life, which is assessed annually, has regard to both physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. The calculations require the use of estimates of future capital expenditure. The Group uses the tonnes of ore produced as the basis for depletion or depreciation. Any change in estimates is accounted for prospectively. Average depletion rates used by CCC in 2023, 2022 and 2021 are 4.10%, 4.09% and 3.94% respectively.

*Estimating Recoverability of Deferred Mine Exploration Costs*

The application of the Group's accounting policy for deferred mine exploration costs requires judgment and estimates in determining whether it is likely that the future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available.



If, after deferred mine explorations costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the consolidated statement of comprehensive income in the period when the new information becomes available.

The Group reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying values of these assets are not recoverable and exceed their fair value. In 2023, 2022 and 2021, no provision for impairment loss on the Group's deferred mine exploration costs was recognized (see Note 11).

#### *Estimating Impairment of Investments in Associates*

The Group determines whether its investments in associates are impaired at least on an annual basis. This requires an estimation of recoverable amount, which is the higher of an asset's or cash-generating unit's fair value less cost to sell and value-in-use. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose an appropriate discount rate in order to calculate the present value of those cash flows. Estimating the fair value less cost to sell is based on the information available to reflect the amount that the Group could obtain as at the end of the reporting period. In determining this amount, the Group considers the outcome of recent transactions for similar assets within the same industry.

No provision for impairment loss on the investments in associates was recognized by the Group in 2023, 2022 and 2021. Investment in associates amounted to ₱297,302 and ₱331,121 as at December 31, 2023 and 2022, respectively (see Note 12).

#### *Estimating Impairment of Input VAT*

The Group assesses on a regular basis if there is objective evidence of impairment of input VAT. The amount of impairment loss is measured as the difference between the carrying amount and the estimated recoverable amount. The recognition of impairment requires the Group to assess the status of its application for refund and tax credit certificates with government agencies.

The Group recognized allowance for impairment losses on input VAT amounting to ₱409,565 and ₱412,395 as at December 31, 2023 and 2022, respectively (see Note 13).

#### *Estimating Retirement Benefits Costs*

The cost of defined retirement benefits as well as the present value of the retirement benefits liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit retirement liability are highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of the reporting period.

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 retirement benefits liability.

Further details about the assumptions used are provided in Note 25.

#### *Estimating Liability for Mine Rehabilitation*

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the liability for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These uncertainties may result in future actual expenditure differing from





the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required.

Changes to estimated future costs are recognized in the consolidated statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with PAS 16. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of comprehensive 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 is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with PAS 36. Liability for mine rehabilitation recognized as at December 31, 2023 and 2022 amounted to ₱70,979 and ₱64,793, respectively (see Note 17).

#### *Provisions and Contingencies*

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Accordingly, no provision for probable losses arising from contingencies was recognized by the Group in 2023, 2022 and 2021 (see Note 34).

#### *Measurement of Mine Products Sales*

Mine products sales are provisionally priced as these are not settled until predetermined future dates based on market prices at that time. Revenue on these sales are initially recognized based on shipment values calculated using the provisional metal prices, shipment weights and assays for metal content less deduction for insurance and smelting charges. The final shipment values are subsequently determined based on final weights and assays for metal content and prices during the applicable QP. Total mine product sales, net of smelting and related charges, amounted to ₱18,865,013, ₱16,822,495 and ₱17,937,583 in 2023, 2022 and 2021, respectively (see Note 20).

#### *Estimating Realizability of Deferred Tax Assets*

The Group reviews the carrying amounts of deferred tax assets at the end of the reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. As at December 31, 2023 and 2022, the Group has deductible temporary differences, NOLCO and excess MCIT totaling ₱358,257 and ₱368,745, respectively (see Note 26), for which no deferred tax assets were recognized. As at December 31, 2023 and 2022, deferred tax assets amounting to ₱1,789,639 and ₱1,869,320 were recognized as management assessed that sufficient future taxable profits will be available against which benefits of the deferred tax assets can be utilized (see Note 26).

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#### 4. Cash and Cash Equivalents

	2023	2022
Cash on hand	<b>₱5,068</b>	₱6,113
Cash in banks	<b>354,884</b>	941,044
Cash equivalents	<b>1,344,165</b>	311,757
	<b>₱1,704,117</b>	₱1,258,914



Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the prevailing rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱23,010, ₱2,199 and ₱1,493 in 2023, 2022 and 2021, respectively (see Note 27). Interest receivable from cash equivalents amounted to ₱847 and ₱234 as at December 31, 2023 and 2022, respectively (see Note 5).

## 5. Trade and Other Receivables

	2023	2022
Trade receivables – at fair value through profit or loss	<b>₱389,232</b>	<b>₱41,281</b>
Other receivables – at amortized cost:		
Non-trade	<b>₱42,911</b>	₱118,098
Advances to:		
Related parties (Note 24)	<b>17,830</b>	17,830
Officers and employees	<b>4,012</b>	19,444
Interest (Note 4)	<b>847</b>	234
	<b>65,600</b>	155,606
Less: allowance for expected credit losses	<b>4,679</b>	71,105
	<b>₱60,921</b>	<b>₱84,501</b>

The Group's trade receivables arise from its shipments of copper concentrate, containing copper, gold and silver.

Trade receivables (subject to provisional pricing) are non-interest bearing, but are exposed to future commodity price movements over the QP and, hence, fail the solely for payments of principal and interest test and are measured at fair value up until the date of settlement.

These trade receivables are initially measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP. For the Group's present customer, 100% of the provisional invoice (based on the provisional price, calculated as the average price five to 10 days prior to delivery) is received in cash when the goods are loaded onto the ship, which reduces the initial receivable recognized under PFRS 15.

The QPs can range between one and four months post shipment and final payment is due between 30 to 60 days from the end of the QP.

Based on the Group's pricing agreements with its customers, copper concentrate sales will be provisionally priced at shipment subject to price and quantity adjustment after the QP. Under the offtake contracts with one of its customers, the Group, with the consent of the customer, can price fix the copper shipments before the QP. Copper concentrate sales that were not subject to price fixing are assessed as having embedded derivatives that are not clearly and closely related. The Group recognized net fair value loss amounting to ₱11,168 and ₱779 in 2023 and 2021, respectively, and net fair value gain amounting to ₱41,215 in 2022 on provisionally priced receivables.

Non-trade receivables mainly comprise of dividends receivables and receivables from the outstanding balance of other billings, which are not related to Group's operations. These are non-interest bearing and are generally collectible within one year. Advances to officers and employees are non-interest bearing and are subject to payroll deduction.



Movements in allowance for expected credit losses are as follows:

	2023	2022	2021
Balance at beginning of year	₱71,105	₱71,100	₱71,088
Write-off	(66,352)	—	—
Cumulative translation adjustment	(74)	5	7
Provisions (Note 22)	—	—	5
Balances at end of year	₱4,679	₱71,105	₱71,100

Provision for expected credit losses amounting to nil, nil and ₱5 was recognized in 2023, 2022 and 2021, respectively, related to receivables, which were considered as credit-impaired.

The Group has written-off receivables amounted to ₱66,352, nil and nil in 2023, 2022 and 2021, respectively, which pertain to long outstanding receivables from third parties. The receivables written-off during the year have related allowance for expected credit losses recognized in prior years.

## 6. Pricing Agreements, Hedging and Derivative Financial Instruments

### Hedging Objectives

The Group's revenues are based on LME prices over which the Group has no influence or control. The volatilities in commodity prices expose the Group to significant risk in the results of its operations and cash inflows. To manage commodity price risk, the Group applies a mix of pricing agreements on both freestanding and embedded derivatives. The Group implements this mix of derivatives by diligently considering key elements affecting the trend of and prevailing commodity prices in support of the stability of its business plan. The underlying objective of implementing hedge transactions is to stabilize the results of operations and cash inflows and not as a means to generate gains or losses.

In 2022 and 2021, the Group, through CCC, has freestanding commodity swap agreements and embedded derivatives involving provisional pricing arrangements in shipment contracts. The Group has not designated any of these derivatives as accounting hedges. The Group has accounted for its derivatives at fair value and any changes in the fair value are recorded in the consolidated statement of comprehensive income. The Group did not engage in freestanding commodity swap agreements in 2023.

### Pricing Agreements

In the normal course of selling its copper concentrate, the Group entered into several contracts of purchase, whereby the Group agreed to sell a fixed volume of copper concentrate based on LME prices (as published in the Metal Bulletin) and as averaged over the QP.

The quality and quantity of the copper concentrate sold is determined through a sampling weight and assay analysis by an appointed independent surveyor. Under the contracts with one of its customers, CCC and its customer have the option to price-fix in advance of the QP the payable copper contents of the concentrate to be delivered, subject to adjustments during the QP. If the option to price-fix prior to the QP is exercised, (i) the fixed price and the volume to which the fixed price applies will be confirmed in writing by the parties, and (ii) an addendum to the contract of purchase will be executed to confirm the actual volume of the copper concentrate shipped based on the fixed price.

No price fixing was exercised in 2023, 2022 and 2021. The Group recognized copper concentrate sales amounting to ₱18,865,013, ₱16,822,495 and ₱17,937,583 in 2023, 2022 and 2021, respectively (see Note 20).



### Embedded Derivatives

#### Provisional Pricing

Based on CCC's pricing agreements, the copper concentrate sales will be provisionally priced at shipment date subject to price and quantity adjustment at the end of the QP. Copper concentrate sales that were not subject to price fixing are assessed as having embedded derivatives that are not clearly and closely related, and once the commodities have been delivered, it must be bifurcated on the delivery date or once the shipment is considered sold (in case of bill-and-hold sales).

The Group, through CCC, recognized net fair value loss amounting to ₱11,168 and ₱779 in 2023 and 2021, respectively, and net fair value gain amounting to ₱41,215 in 2022 on provisionally priced receivables.

### Freestanding Derivatives

#### Commodity Swap Transactions

The Group, through CCC, entered into commodity swap transactions with Standard Chartered Bank to help stabilize and support the business plan upon due consideration of the impact of the pandemic on the world commodity market. In 2022, CCC entered into commodity swap transactions fixing the copper prices at certain levels per dry metric tonne (DMT) for a total notional quantity of nil and 18,750 DMT. The settlement dates were five to 10 business days following the end of each calendar month based on the official settlement price (seller) for copper.

The Group has derivative asset amounting to nil and ₱200,167 as at December 31, 2023 and 2022, respectively, and derivative liability amounting to nil and ₱51,367 as at December 31, 2023 and 2022, respectively. The derivative asset and liability of the Group represent the hedging component of shipments covered by the hedging agreement, but which remained unshipped as at year end.

The Group recognized net loss on derivative financial instruments amounting to ₱63,246 in 2023 and net gain amounting to ₱2,385,648 and ₱113,107 in 2022 and 2021, respectively, on its commodity swap transactions. The Group has net unrealized gains amounting to nil, ₱145,456 and ₱49,630 as at December 31, 2023, 2022 and 2021, respectively, on outstanding derivative financial instruments.

## **7. Inventories**

This account consists of:

	2023	2022
At cost:		
Mine products		
Fine ore	₱29,255	₱—
Coarse ore	8,098	29,241
	<b>37,353</b>	29,241
At lower of cost and NRV:		
Materials and supplies (net of allowance for inventory obsolescence of ₱644,898 and ₱742,768 as at December 31, 2023 and 2022, respectively)	973,687	1,024,387
	<b>₱1,011,040</b>	<b>₱1,053,628</b>



### Mine Products

Mine products include copper concentrate containing copper and gold. The cost of mine products includes depreciation and depletion of property, plant and equipment amounting to ₱8,346, ₱564,223 and ₱188,442 as at December 31, 2023, 2022 and 2021, respectively (see Note 9).

### Materials and Supplies

Materials and supplies consist of consumable items and spare parts. Materials and supplies with cost amounting to ₱644,898 and ₱742,768 as at December 31, 2023 and 2022, respectively, are fully provided with allowance for inventory obsolescence.

Movements of the allowance for inventory loss are as follows:

	2023	2022	2021
Balances at beginning of year	<b>₱742,768</b>	₱650,488	₱632,940
Write-off	<b>(95,373)</b>	—	(2,009)
Cumulative translation adjustment	<b>(2,497)</b>	31,457	19,557
Provision for inventory loss (Note 22)	—	60,823	—
Balances at end of year	<b>₱644,898</b>	₱742,768	₱650,488

Provision for inventory loss amounting to nil, ₱60,823 and nil in 2023, 2022 and 2021, respectively, was recognized on inventory items assessed by management as obsolete, non-moving, expired and/or damaged.

The Group has written-off materials and supplies inventory amounting to ₱95,373, nil and ₱2,009 in 2023, 2022 and 2021, respectively, which pertain to disposed inventories and parts of dump trucks that have been retired. The materials and supplies written-off during the year have related allowance for inventory loss recognized in prior years.

The cost of inventories recognized as expense amounted to ₱5,007,783, ₱5,797,388 and ₱3,180,836 in 2023, 2022 and 2021, respectively (see Notes 21 and 22).

The Group has no inventories pledged as security for liabilities as at December 31, 2023 and 2022. The Group also has no inventories carried at fair value less cost to sell as at December 31, 2023 and 2022.

## 8. Other Current Assets

This account consists of:

	2023	2022
Investment in pooled funds	<b>₱345,051</b>	₱352,512
Deposits and advances to suppliers	<b>214,702</b>	158,686
Prepaid insurance	<b>114,320</b>	46,053
Creditable withholding taxes	<b>17,277</b>	58
Others	<b>26,685</b>	27,287
	<b>₱718,035</b>	₱584,596



#### Investment in Pooled Funds

The Group invested in pooled funds for the purpose of earning interest and gains from the changes in the fair value of such funds. The Group recognized interest income on such funds amounting to ₱2,096, ₱1,856 and ₱1,419 in 2023, 2022 and 2021, respectively (see Note 27).

Investment in pooled funds is an investment of excess cash to maximize earnings. The pooling of funds is facilitated by SM Investments Corp. (SMIC) to provide a better return to the cash investments. Change in the fair value of investment in pooled funds amounting to ₱13,743, ₱5,082 and ₱1,313 in 2023, 2022 and 2021, respectively, is reported as unrealized gain in the consolidated statement of comprehensive income (see Note 28).

#### Deposits and Advances to Suppliers

Deposits and advances to suppliers are non-financial assets arising mainly from advanced payments made by the Group to its suppliers and contractors before goods or services have been received or rendered.

The eventual realization of such advances is determined by the usage/realization of the asset to which it was advanced for. These are classified as current if such will be applied as payments for assets to be classified as inventories or other working capital accounts and are recognized in the books at amounts initially paid. Purchases from suppliers generally require advance payments equivalent to 10% to 80% of the contract price.

Amounts deposited will be applied as part of the full payment of the contract price upon completion of the contract. Other deposits and advances to suppliers in Note 13 were presented as non-current since these are expected to be applied as payments for assets to be classified as property, plant and equipment or other non-current assets.

#### Creditable Withholding Taxes

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs which are claimed against the income tax due, represent excess of the tax payable and are carried over in the succeeding period for the same purpose.

#### Prepayments

Prepayments consist mainly of prepaid insurance and rent.

#### Others

Prepaid others consist of advance payments on real property taxes and other expenses of the Group.



## 9. Property, Plant and Equipment

The composition of and movements of this account follow:

**December 31, 2023:**

	Mine Development Costs	Roadways and Bridges	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Construction In-progress	Right-of-use Asset (Note 2)	Total (at cost)	Land at Revalued Amount
<b>Revalued amount/cost:</b>										
Balances at beginning of year,	₱38,220,157	₱326,020	₱3,064,068	₱25,108,022	₱322,938	₱8,624	₱599,755	₱11,514	₱67,661,098	₱506,787
Additions	70,666	62,367	40,647	2,723,670	63,657	—	37,969	—	2,998,976	11,469
Retirements	—	—	—	(325,220)	—	—	—	—	(325,220)	—
Change in estimate (Note 17)	3,948	—	—	—	—	—	—	—	3,948	—
Disposals	—	—	—	(19,185)	—	—	—	—	(19,185)	—
Revaluation	—	—	—	—	—	—	—	—	—	857,657
Cumulative translation adjustment	(270,655)	(3,107)	(23,795)	(198,359)	(3,063)	(16)	(4,322)	—	(503,317)	(193)
<b>Balances at end of year</b>	<b>38,024,116</b>	<b>385,280</b>	<b>3,080,920</b>	<b>27,288,928</b>	<b>383,532</b>	<b>8,608</b>	<b>633,402</b>	<b>11,514</b>	<b>69,816,300</b>	<b>1,375,720</b>
<b>Accumulated depreciation, amortization, depletion and impairment:</b>										
Balances at beginning of year	14,473,651	290,093	2,371,963	15,862,838	197,168	6,065	—	3,262	33,205,040	—
Depreciation, amortization and depletion (Notes 7, 21 and 22)	1,870,081	10,540	182,195	2,228,278	41,006	12	—	2,303	4,334,415	—
Retirements	—	—	—	(324,140)	—	—	—	—	(324,140)	—
Disposals	—	—	—	(19,160)	—	—	—	—	(19,160)	—
Cumulative translation adjustment	(110,907)	(2,615)	(19,682)	(132,201)	(2,075)	(16)	—	—	(267,496)	—
<b>Balances at end of year</b>	<b>16,232,825</b>	<b>298,018</b>	<b>2,534,476</b>	<b>17,615,615</b>	<b>236,099</b>	<b>6,061</b>	<b>—</b>	<b>5,565</b>	<b>36,928,659</b>	<b>—</b>
<b>Net book values</b>	<b>₱21,791,291</b>	<b>₱87,262</b>	<b>₱546,444</b>	<b>₱9,673,313</b>	<b>₱147,433</b>	<b>₱2,547</b>	<b>₱633,402</b>	<b>₱5,949</b>	<b>₱32,887,641</b>	<b>₱1,375,720</b>



December 31, 2022:

	Mine Development Costs	Roadways and Bridges	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Construction In-progress	Right-of-use Asset (Note 2)	Total (at cost)	Land at Revalued Amount
Revalued amount/cost:										
Balances at beginning of year,	₱34,829,241	₱282,547	₱2,736,285	₱21,857,087	₱195,636	₱8,428	₱191,384	₱11,514	₱60,112,122	₱505,379
Additions	—	—	—	—	—	—	2,291,227	—	2,291,227	—
Retirements	—	—	(12,639)	(440,084)	(1,802)	—	—	—	(454,525)	—
Change in estimate (Note 17)	(15,587)	—	—	—	—	—	—	—	(15,587)	—
Disposals	—	—	—	(233,101)	—	—	—	—	(233,101)	—
Reclassifications	70,940	9,328	51,319	1,676,527	101,367	—	(1,909,481)	—	—	—
Cumulative translation adjustment	3,335,563	34,145	289,103	2,247,593	27,737	196	26,625	—	5,960,962	1,408
Balances at end of year	38,220,157	326,020	3,064,068	25,108,022	322,938	8,624	599,755	11,514	67,661,098	506,787
Accumulated depreciation, amortization, depletion and impairment:										
Balances at beginning of year	11,355,394	252,374	1,979,143	12,879,248	152,754	5,857	—	960	26,625,730	—
Depreciation, amortization and depletion (Notes 7, 21 and 22)	1,985,849	6,454	177,542	2,217,484	24,423	12	—	2,302	4,414,066	—
Retirements	—	—	(6,264)	(437,291)	(1,802)	—	—	—	(445,357)	—
Change in estimate (Note 17)	(1,398)	—	—	—	—	—	—	—	(1,398)	—
Disposals	—	—	—	(219,714)	—	—	—	—	(219,714)	—
Cumulative translation adjustment	1,133,806	31,265	221,542	1,423,111	21,793	196	—	—	2,831,713	—
Balances at end of year	14,473,651	290,093	2,371,963	15,862,838	197,168	6,065	—	3,262	33,205,040	—
Net book values	₱23,746,506	₱35,927	₱692,105	₱9,245,184	₱125,770	₱2,559	₱599,755	₱8,252	₱34,456,058	₱506,787

Construction in-progress includes cost of various projects at different stages of completion as at December 31, 2023 and 2022.





Mine development costs consist of the following:

**December 31, 2023:**

	Mining Properties	Development Costs	Mine Rehabilitation Costs	Total
<b>Cost:</b>				
Balances at beginning of year	₱1,416,178	₱36,803,979	₱—	₱38,220,157
Additions	—	70,666	—	70,666
Change in estimate (Note 17)	—	—	3,948	3,948
Cumulative translation adjustment	(10,247)	(260,390)	(18)	(270,655)
<b>Balances at end of year</b>	<b>1,405,931</b>	<b>36,614,255</b>	<b>3,930</b>	<b>38,024,116</b>
<b>Accumulated depletion:</b>				
Balances at beginning of year	438,991	14,034,660	—	14,473,651
Depletion	40,253	1,829,492	336	1,870,081
Cumulative translation adjustment	(3,689)	(107,216)	(2)	(110,907)
<b>Balances at end of year</b>	<b>475,555</b>	<b>15,756,936</b>	<b>334</b>	<b>16,232,825</b>
<b>Net book values</b>	<b>₱930,376</b>	<b>₱20,857,319</b>	<b>₱3,596</b>	<b>₱21,791,291</b>

**December 31, 2022:**

	Mining Properties	Development Costs	Mine Rehabilitation Costs	Total
<b>Cost:</b>				
Balances at beginning of year	₱1,297,044	₱33,525,050	₱7,147	₱34,829,241
Reclassifications	—	70,940	—	70,940
Change in estimate (Note 17)	(7,949)	—	(7,638)	(15,587)
Cumulative translation adjustment	127,083	3,207,989	491	3,335,563
<b>Balances at end of year</b>	<b>1,416,178</b>	<b>36,803,979</b>	<b>—</b>	<b>38,220,157</b>
<b>Accumulated depletion:</b>				
Balances at beginning of year	355,638	10,998,781	975	11,355,394
Depletion	42,873	1,942,619	357	1,985,849
Change in estimate (Note 17)	—	—	(1,398)	(1,398)
Cumulative translation adjustment	40,480	1,093,260	66	1,133,806
<b>Balances at end of year</b>	<b>438,991</b>	<b>14,034,660</b>	<b>—</b>	<b>14,473,651</b>
<b>Net book values</b>	<b>₱977,187</b>	<b>₱22,769,319</b>	<b>₱—</b>	<b>₱23,746,506</b>

*Revaluation Increment on Land at Revalued Amount*

The fair value of the parcels of land amounted to ₱1,375,720 and ₱506,787 as at December 31, 2023 and 2022, respectively, based on the latest valuation obtained by the Group. The fair value of the parcels of land were arrived using the using the market data approach which is under level 3 of the fair value hierarchy.

The market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the parcels of land as it is commonly used in the property market because the inputs and data for this approach are available. Under the market data approach, the higher the price per square meter, the higher the fair value of the parcels of land is. The resulting increase in the valuation of land amounting to ₱643,243 is presented as revaluation increment on land, net of the related deferred tax liability (see Note 26). The enactment of the CREATE Act resulted in the increase in revaluation



increment on land to ₱320,217 in 2021. The carrying amount of the land had it been carried using the cost model is ₱91,107 and ₱77,544, as at December 31, 2023 and 2022, respectively.

*Fully Depreciated Property, Plant and Equipment*

Fully depreciated property, plant and equipment still used by the Group amounted to ₱11,525,708 and ₱9,089,891 as at December 31, 2023 and 2022, respectively. These are retained in the Group's records until these are disposed. No further depreciation is charged to current operations for these items.

*Disposals*

The Group sold items of property, plant and equipment in 2023, 2022 and 2021 with cost amounting to ₱19,185, ₱233,101 and ₱42, respectively and corresponding accumulated depreciation of ₱19,160, ₱219,714 and ₱30, respectively. Proceeds from the sales in 2023, 2022 and 2021 amounted to ₱517, ₱549 and ₱12, respectively, and the Group recognized gain amounting to ₱492 in 2023 and loss amounting to ₱12,838 and nil in 2022 and 2021, respectively, on the disposal of items of property, plant and equipment.

*Retirements*

Total cost of property and equipment retired in 2023, 2022 and 2021 amounted to ₱325,220, ₱454,525 and ₱1,527,663, respectively, with corresponding accumulated depreciation of ₱324,140, ₱445,357 and ₱1,437,076, respectively. The said retirements resulted in losses amounting to ₱1,080, ₱9,168 and ₱90,587 in 2023, 2022 and 2021, respectively.

*Impairment Loss*

Provision for impairment losses on property, plant and equipment amounted to ₱538,151 in 2020. The provision pertains to specific individual assets such as trucks, dewatering facility, molybdenum plant and pumps. Management recognized the provision for impairment losses on the assessment that the said assets are damaged, obsolete and no longer operational. In 2021, the Group reversed the said impairment losses on property, plant and equipment (see Note 28).

*Collaterals*

The Group has no property, plant and equipment mortgaged as collaterals for borrowings of the Group amounted as at December 31, 2023 and 2022 (see Note 16).

*Commitments*

The Group has capital expenditure commitments amounting to ₱709,741 and ₱1,800,698 as at December 31, 2023 and 2022, respectively.

*Depreciation, Amortization and Depletion*

The allocation of depreciation, amortization and depletion is as follows:

	2023	2022	2021
Inventories (Note 7)	<b>₱8,346</b>	₱564,223	₱188,442
Mining and milling costs (Note 21)	<b>4,286,919</b>	3,813,943	4,041,169
General and administrative expenses (Note 22)	<b>39,150</b>	35,900	31,864
	<b>₱4,334,415</b>	₱4,414,066	₱4,261,475



## 10. Mining Rights and Goodwill

### *Mining Rights*

	2023	2022	2021
Balances at beginning of year	<b>₱6,950,866</b>	₱7,260,337	₱7,558,229
Depletion	<b>(284,657)</b>	(309,471)	(297,892)
Balances at end of year	<b>₱6,666,209</b>	₱6,950,866	₱7,260,337

The Group recognized the related reversal of deferred tax liability arising from the depletion of mining rights amounting to ₱71,164, ₱77,368 and ₱74,473 in 2023, 2022 and 2021, respectively. The enactment of CREATE Act resulted in the additional reversal of deferred tax liability on mining rights amounting to ₱377,911 in 2021.

### *Goodwill*

The carrying amount of goodwill includes:

Balance as at December 31, 2023 and 2022:	
CCC	₱19,011,108
AHI	15,011
	<b>₱19,026,119</b>

### Key Assumptions Used in the Value in Use Calculations of CCC and the Sensitivity to Changes in Assumptions

The Group performed its annual impairment test as at December 31, 2023. The cash-generating unit is concluded to be the assets attributable to CCC, including goodwill, mining rights, and property, plant and equipment.

The recoverable amount of the cash-generating unit has been determined based on a discounted cash flows (DCF) calculation using cash flow projections from financial budgets approved by senior management.

The projected cash flows have been developed to reflect the expected mine production over the life of the mine adjusted by the effects of other factors such as inflation rate. The pre-tax discount rate applied to cash flow projections as at December 31, 2023 is 11.89%. As a result of this analysis, management concluded that the goodwill is not impaired.

The calculation of DCF and cash-generating unit is most sensitive to the following assumptions:

- Expected life of the project
- Future production levels and costs
- Contributions to the government
- Copper and gold prices
- Long-term revenue growth rate
- Pre-tax discount rate

#### a. Expected Life of the Project

The Group projected the expected life of the project based on the remaining mineral ore reserves of the project and their capacity to mine those remaining mineral reserves.



The remaining mineral reserves are based on the updated mineral resources and mineral reserves estimates report, issued by an accredited competent person, prepared in accordance with the JORC Code which the Group adopted to comply with the 2020 PMRC (see Estimating Mineral Reserves in Note 3).

b. Future Production Levels and Costs

Future production levels and costs include direct and indirect costs used to concentrate the mined mineral reserves for the remaining life of the mine.

c. Contributions to the Government

The Group assumes the prevailing tax rates imposed on an entity that is engaged in mining operations.

d. Copper and Gold Prices

The Group considers the effect of commodity price changes. The Group considered the possible effect of the changes in the price of copper and gold as it relates to the revenues that may be generated by the Group and the attainment of the cash flow projections. The Group used the data from the Wood Mackenzie Limited, a global mining and metals research and consultancy firm. The price is the function of a number of factors, which includes, among others, copper grade, gold content, moisture content and factor rate.

e. Long-term Revenue Growth Rate

The Group's long-term revenue growth rate is 3.35% and 3.38% as at December 31, 2023 and 2022, respectively.

f. Pre-tax Discount Rate

Discount rate represents the current market assessment of the risks specific to cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments, and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Specific risk is incorporated by applying individual beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-discount rate. The pre-tax discount rates used by the Group are 11.89% and 11.53% as at December 31, 2023 and 2022, respectively.

No impairment loss on goodwill was recognized in 2023, 2022 and 2021.

## 11. Deferred Mine Exploration Costs

	2023	2022
Balances at beginning of year	<b>₱193,625</b>	₱16,707
Additional deferred mine exploration costs	—	172,942
Cumulative translation adjustment	<b>(1,222)</b>	3,976
Balances at end of year	<b>₱192,403</b>	₱193,625



These include costs incurred during the evaluation and exploration of projects of the Parent Company.

On March 17, 2021, a deed of assignment was executed by and between South Davao Development Company, Inc. (SDDCI) and CCC, wherein SDDCI assigned to CCC all its rights and interests under Mineral Production Sharing Agreement (MPSA) No. 321-2010-XII for the exploration, development and commercial utilization of gold, copper and other associated mineral deposits existing within the area covered by the MPSA for a consideration amounting to ₱150.0 million. The MPSA is situated in the municipalities of Tampakan, province of South Cotabato, and Columbio, province of Sultan Kudarat.

No provision for impairment loss on the deferred mine exploration costs was recognized in 2023 and 2022.

## 12. Investments in Associates

The Group has the following investments in associates (collectively called the Nickel Corporations), which are domiciled in the Philippines:

Company	Principal Activities
TMM Management, Inc. (TMI)	Management Services
Ulugan Resources Holdings, Inc. (URHI)	Holding Company
Ulugan Nickel Corporation (UNC)	Mining
Nickeline Resources Holdings, Inc. (NRHI)	Holding Company
BNC	Mining

The remaining ownership of the above associates is owned by the combined interests of Toledo Mining Corporation (TMC) and DMCI Mining Corporation (DMCI), a third party.

In June 2014, the voting rights held by the Group were assigned to the representative of DMCI and the management team from DMCI assumed key positions in the said entities. Further, on July 11, 2014, a Memorandum of Agreement (MOA) was entered between TMC and the Group, which sets out the material terms under which the parties have agreed to hold their respective investments in respect of the exploration, development and utilization of Berong Mineral Properties (mining tenements or MPSA applications underlying the Berong Nickel Project necessary for operations) defined in the joint venture agreement dated January 9, 2005. The said MOA sets out the rights of each of the Group and TMC including the assignment of board seats, majority of which were assigned to TMC, and delegation to TMC of the operations and critical decision making in running the mining operations. Due to these factors the above entities were accounted for as associates, instead of subsidiaries. Consequently, the Group deconsolidated the above entities in 2014.

As at December 31, 2023 and 2022, the percentages of ownership of investment in associates are as follows:

a.) TMI	60.00%	direct interest
b.) URHI	70.00%	direct interest
c.) UNC	42.00%*	effective interest
d.) NRHI	42.00%*	effective interest
e.) BNC	25.20%*	effective interest

\*URHI owns 60% of UNC and NRHI. NRHI owns 60% of BNC.



As at December 31, 2023, 2022 and 2021, the movements in the investments in associates account are as follows:

	2023	2022	2021
Balances at beginning of year	<b>₱331,121</b>	₱257,929	₱237,524
Accumulated equity:			
Share in net income (loss)	<b>(33,819)</b>	123,592	222,005
Dividend income	—	(50,400)	(201,600)
Balances at end of year	<b>₱297,302</b>	₱331,121	₱257,929

The Group received dividends amounting to ₱16,710, ₱33,690 and ₱302,400 in 2023, 2022 and 2021, respectively.

The associates prepare financial statements for the same financial reporting period as the Parent Company.

Summarized financial information of the investments in associates as at December 31, 2023 and 2022, which are accounted for under the equity method, follow:

	2023	2022
Current assets	<b>₱153,467</b>	₱483,765
Non-current assets	<b>586,639</b>	496,085
Total assets	<b>740,106</b>	979,850
Current liabilities	<b>186,652</b>	261,727
Non-current liabilities	<b>46,892</b>	84,065
Total liabilities	<b>233,544</b>	345,792
Net assets	<b>₱506,562</b>	₱634,058
Net loss	<b>(₱133,836)</b>	(₱261,391)
Other comprehensive income	<b>(2,222)</b>	2,193
Total comprehensive loss	<b>(₱136,058)</b>	(₱259,198)

### 13. Other Non-current Assets

This account consists of:

	2023	2022
Input VAT (net of allowance for impairment losses of ₱409,565 and ₱412,395 as at December 31, 2023 and 2022, respectively)	<b>₱2,701,387</b>	₱1,578,351
Deposits and advances to suppliers	<b>254,555</b>	230,856
MRF	<b>90,101</b>	87,485
SDMP fund	<b>68,512</b>	68,521
Investment in UITF	<b>32,571</b>	31,576
Refundable deposits	<b>3,214</b>	3,220
Others	<b>9,335</b>	9,371
	<b>₱3,159,675</b>	₱2,009,380



### Input VAT

Input VAT represents the VAT imposed on the Group by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations. Deferred input VAT represents input VAT on the purchase of capital goods exceeding one million pesos. Prior to January 1, 2022, the related input VAT is recognized over five years or the useful life of the capital goods, whichever is shorter. Effective January 1, 2022, input VAT on the purchase of capital goods shall be fully recognized outright. The input VAT is recognized as an asset and will be used to offset against the Group's current output VAT liabilities and any excess can be claimed as tax credits.

The Group, through CCC, was able to monetize tax credit certificates from the Bureau of Customs (BOC) amounting to ₱186,074, ₱145,142 and ₱271,776 in 2023, 2022 and 2021, respectively.

Movements of the allowance for impairment losses on input VAT are as follows:

	2023	2022	2021
Balances at beginning of year	<b>₱412,395</b>	₱377,259	₱355,266
Cumulative translation adjustment	<b>(2,851)</b>	35,115	21,973
Provision (Note 28)	<b>21</b>	21	20
Balances at end of year	<b>₱409,565</b>	₱412,395	₱377,259

Provision for impairment losses on input VAT amounting to ₱21, ₱21 and ₱20 in 2023, 2022 and 2021, respectively, pertains mainly to input VAT that have been disallowed by the Bureau of Internal Revenue (BIR), BOC and Court of Tax Appeals (see Note 28).

### Deposits and Advances to Suppliers

The advances will be classified as non-current if such will be applied as payment for assets to be classified as property, plant and equipment or investment properties.

### MRF

MRF pertains to rehabilitation trust funds that the Group is required by regulations to establish and maintain through cash deposits to cover their rehabilitation liability upon closure of the mine and to ensure payment of compensable damages that may be caused by mine waste. The rehabilitation trust funds are held in government depository banks.

Interest income earned from MRF amounted to ₱5, ₱735 and ₱873 in 2023, 2022 and 2021, respectively (see Note 27).

### Social Development and Management Program (SDMP) Fund

SDMP fund pertains to the deposits for the unexpended budget identified as on-going projects under the Group's SDMP.

Interest income earned from SDMP fund amounted to ₱9, nil and nil in 2023, 2022 and 2021, respectively (see Note 27).

### Investment in UITF

On January 26, 2018, CCC entered into a Transmission Service Agreement with National Grid Power Corporation (NGPC). This required CCC to provide credit support to NGPC through opening of a bank account assignable to NGPC. On July 11, 2018, CCC instructed Banco de Oro (BDO) to debit from CCC's current account the amount of ₱28,126 and to invest the amount to a UITF. The UITF is then assigned to NGPC as basic security deposit. The Group has assessed that the investment in



UITF is not for contractual cash inflows and that no interest will be collected, given that fair value changes are expected to arise from movements of the net asset value per unit.

As at December 31, 2023 and 2022, the investment in UITF amounted to ₱32,571 and ₱31,576, which have been measured at fair value.

Movements of the investment in UITF are as follows:

	2023	2022	2021
Balances at beginning of year	<b>₱31,576</b>	₱28,699	₱26,971
Unrealized fair value gain on investment in UITF (Note 28)	<b>1,219</b>	196	55
Cumulative translation adjustment	<b>(224)</b>	2,681	1,673
Balances at end of year	<b>₱32,571</b>	₱31,576	₱28,699

#### Refundable Deposits

Refundable deposits pertain to amounts paid by the Group as security deposit to various contractors which shall be refunded after the performance/delivery of services/goods.

#### Others

Others consist mainly of advances for the Longos and Nesbitan Gold Projects, which were used for field supplies and other costs during exploration and evaluation phase of the said projects. Others also include other assets of the Group which are considered individually insignificant in amount.

### 14. Accounts Payable and Accrued Liabilities

This account consists of:

	2023	2022
Trade	<b>₱2,456,662</b>	₱2,239,994
Non-trade	<b>225,200</b>	119,258
Accrued expenses		
Coal	<b>159,624</b>	156,238
Services	<b>159,279</b>	48,989
Personnel	<b>43,143</b>	41,599
Rental	<b>38,984</b>	71,201
Power and other utilities	<b>22,889</b>	115,324
Others	<b>121,752</b>	383,985
Government payables	<b>192,887</b>	159,318
Interest (Note 16)	<b>82,647</b>	87,419
	<b>₱3,503,067</b>	₱3,423,325

#### Trade

Trade payables include import and local purchases of equipment, inventories and various parts and supplies used in the operations of the Group. These are non-interest bearing payables to various suppliers and are normally settled on terms ranging from 30 to 90 days.





Interest

Interest pertains to accrued interest on long-term debt and other interest-bearing liabilities.

Government Payables

Government payables consist of mandatory contributions and payments to Social Security System, Philippine Health Insurance Corporation, and Home Development Mutual Fund, withholding tax payable, excise tax payable, and customs duties, which are non-interest bearing and are usually settled within the next month following the month of incurrence.

Non-trade and Other Accrued Expenses

Other accrued expenses include unclaimed termination benefits of former Parent Company employees before the temporary suspension of operations in prior years and other payables related to employee salary deductions, insurance, contracted services and professional fees. These also include miscellaneous non-interest bearing payables.

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**15. Leases**

*Group as a lessee*

The Group has lease contracts for office and parking spaces, and machinery and other equipment used in its operations. Leases of office generally have lease terms between three and 10 years, while leases machinery and other equipment generally have lease terms between three and five years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in statement of income:

	2023	2022	2021
Expenses relating to leases of low-value assets included in general and administrative expenses (Note 22)	<b>₱176,835</b>	₱30,903	₱38,403
Amortization expense of right-of-use assets included in property and equipment (Note 9)	<b>2,303</b>	2,302	2,127
Interest expense on lease liabilities (Note 27)	<b>591</b>	747	366
<b>Total amount recognized in statement of income</b>	<b>₱179,729</b>	₱33,952	₱40,896

The roll forward analysis of the lease liability follows:

	2023	2022
As at January	<b>₱8,253</b>	₱10,062
Interest expense (Note 27)	<b>591</b>	747
Payments	<b>(2,684)</b>	(2,556)
As at December 31	<b>6,160</b>	8,253
Less non-current portion	<b>3,752</b>	6,160
	<b>₱2,408</b>	₱2,093



The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
One year	<b>₱2,818</b>	₱2,684
More than one year up to four years	<b>3,974</b>	6,792

## 16. Long-term Debts and Other Interest Bearing Liabilities

The Group's long-term debts and other interest-bearing liabilities as at December 31, 2023 and 2022 are as follows:

	2023	2022
CBC Term Loan 2021	<b>₱10,466,178</b>	₱11,367,087
BDO Term Loan 2021	<b>5,961,883</b>	5,997,810
	<b>16,428,061</b>	17,364,897
Less non-current portion	<b>13,936,411</b>	15,692,247
	<b>₱2,491,650</b>	₱1,672,650

The maturities of long-term debts and other interest-bearing liabilities at nominal values follow:

	2023	2022
Due in:		
2024	<b>₱2,491,650</b>	₱1,672,650
2025	<b>1,661,100</b>	1,672,650
2026 and thereafter	<b>12,275,311</b>	14,019,597
	<b>₱16,428,061</b>	₱17,364,897

### 1. CBC Term Loan 2021

On November 4, 2021, CCC entered into a term loan agreement with CBC which granted CCC a loan facility with an aggregate amount of US\$420.0 million at an interest rate of 3.75% per annum payable every quarter. The loan is payable within five years from the date of the first drawdown. The proceeds from the loan facility shall be exclusively used by CCC to refinance its existing loans with its shareholders and banks. The loan is not covered by any guarantee or collateral.

#### *First Drawdown from CBC Loan Facility*

On November 8, 2021, CCC has drawn from the loan facility a total amount of US\$174.6 million (CBC Note 1), which will mature on November 8, 2026, and was used to fully settle its loans from CBC, APHC and Alakor, and partially settle its BDO loan. CCC recognized debt issue cost amounting to ₱66,806.

The interest expense recognized on CBC Note 1, excluding amortization of debt issue costs, amounted to ₱311,022, ₱328,916 and ₱44,691 in 2023, 2022 and 2021, respectively (see Note 27). Amortization of debt issue costs amounted to ₱9,043, ₱41,211, and ₱3,372 in 2023,



2022 and 2021, respectively (see Note 27). The total interest payable amounted to ₱45,678 and ₱48,858 as at December 31, 2023 and 2022, respectively (see Note 14).

The movements in unamortized debt issue cost of CBC Note 1 follow:

	2023	2022
Balances at beginning of year	<b>₱23,015</b>	₱63,434
Amortization (Note 27)	<b>(9,043)</b>	(41,211)
Cumulative translation adjustment	<b>2,433</b>	792
Balances at end of year	<b>₱16,405</b>	₱23,015

The carrying value of CBC Note 1 amounted to ₱8,820,775 and ₱9,771,808, net of unamortized debt issue cost amounting to ₱16,405 and ₱23,015, as at December 31, 2023 and 2022, respectively.

#### *Accession and Amendment Agreement*

On December 13, 2021, CCC entered into an accession and amendment agreement with BDO and CBC related to the term loan agreement with the latter on November 4, 2021. As stated in the accession and amendment agreement, BDO participated to the term loan agreement as lender and granted to CCC an aggregate principal amount of up to US\$185.0 million while CBC intends to make available to CCC the remaining portion of the loan facility in an aggregate amount of up to US\$235.0 million.

#### *Second Drawdown from CBC Loan Facility*

On March 14, 2022, CCC has additionally drawn from the loan facility CBC form of note amounting to US\$29.8 million (CBC Note 2), which will mature on November 8, 2026. CCC recognized debt issue cost amounting to ₱12,453.

The interest expense recognized on CBC Note 2, excluding the amortization of debt issue costs, amounted to ₱57,302 and ₱44,910 in 2023 and 2022, respectively (see Note 27). The amortization of debt issue cost recognized amounted to ₱1,697 and ₱5,693, respectively (see Note 27). The total interest payable amounted to ₱6,956 and ₱8,339 as at December 31, 2023 and 2022, respectively (see Note 14).

The movements in unamortized debt issue cost for CBC Note 2 follow:

	2023	2022
Balances at beginning of year	<b>₱6,220</b>	₱—
Addition	—	12,453
Amortization (Note 27)	<b>(1,697)</b>	(5,693)
Cumulative translation adjustment	<b>136</b>	(540)
Balances at end of year	<b>₱4,659</b>	₱6,220

The carrying value of CBC Note 2 amounted to ₱1,645,403 and ₱1,655,279, net of unamortized debt issue cost amounting to ₱4,659 and ₱6,220, as at December 31, 2023 and 2022, respectively.



### *Covenants*

The term loan agreement with CBC imposes certain restrictions and requirements with respect to, among others, the following:

- Indebtedness – CCC shall not contract, create, incur, assume or suffer to exist any indebtedness from banks and other financial institutions other than permitted indebtedness, provided that any such incremental permitted indebtedness shall not at any time result to a Debt to Equity Ratio of more than 1.5. Debt to Equity Ratio is total debt divided by total equity.
- Total Equity – CCC shall maintain at all times a total equity of at least US\$300.0 million.

CCC complied with these requirements as at December 31, 2023 and 2022.

## 2. BDO Term Loan 2021

### *Accession and Amendment Agreement from CBC Term Loan 2021*

On December 13, 2021, CCC entered into an accession and amendment agreement with BDO and CBC related to the term loan agreement with the latter on November 4, 2021, which granted CCC a loan facility with an aggregate amount of US\$420.0 million at an interest rate of 3.75% per annum payable every quarter. As stated in the accession and amendment agreement, BDO participated to the term loan agreement as lender and granted to CCC an aggregate principal amount of up to US\$185.0 million while CBC intends to make available to CCC the remaining portion of the loan facility in an aggregate amount of up to US\$235.0 million.

### *First Drawdown from BDO Loan Facility*

On March 14, 2022, CCC has drawn from the BDO term loan facility a total of US\$58.0 million (BDO Note 1), which will mature on November 6, 2026. CCC recognized debt issue cost amounting to ₱23,693.

The interest expense recognized on BDO Note 1, excluding the amortization of debt issue costs, amounted to ₱111,527 and ₱87,409 in 2023 and 2022, respectively (see Note 27). The amortization of debt issue cost recognized amounted to ₱2,834 and ₱11,079, respectively (see Note 27). The total interest payable amounted to ₱16,118 and ₱16,230 as at December 31, 2023 and 2022, respectively (see Note 14).

The movements in unamortized debt issue cost for BDO Note 1 follow:

	2023	2022
Balances at beginning of year	<b>₱12,108</b>	₱–
Addition	–	23,693
Amortization (Note 27)	<b>(2,834)</b>	(11,079)
Cumulative translation adjustment	<b>237</b>	(506)
Balances at end of year	<b>₱9,511</b>	₱12,108

The carrying value of BDO Note 1 amounted to ₱3,202,020 and ₱3,221,683, net of unamortized debt issue cost amounting to ₱9,511 and ₱12,108, as at December 31, 2023 and 2022, respectively.

### *Second Drawdown from BDO Loan Facility*

On April 29, 2022, CCC has drawn from the BDO term loan facility a total of US\$50.0 million (BDO Note 2), which will mature on November 6, 2026. CCC recognized debt issue cost amounting to ₱20,393.



The interest expense recognized on BDO Note 2, excluding the amortization of debt issue costs, amounted to ₱96,144 and ₱63,482 in 2023 and 2022, respectively (see Note 27). The amortization of debt issue cost recognized amounted to ₱3,174 and ₱8,277, respectively (see Note 27). The total interest payable amounted to ₱13,895 and ₱13,992 as at December 31, 2023 and 2022, respectively (see Note 14).

The movements in unamortized debt issue cost for BDO Note 2 follow:

	2023	2022
Balances at beginning of year	<b>₱11,623</b>	<b>₱—</b>
Addition	—	20,393
Amortization (Note 27)	<b>(3,174)</b>	<b>(8,277)</b>
Cumulative translation adjustment	<b>255</b>	<b>(493)</b>
Balances at end of year	<b>₱8,704</b>	<b>₱11,623</b>

The carrying value of BDO Note 2 amounted to ₱2,759,863 and ₱2,776,127, net of unamortized debt issue cost amounting to ₱8,704 and ₱11,623, as at December 31, 2023 and 2022, respectively.

### 3. BDO Term Loan 2017

On March 16, 2017, CCC availed a secured subordinated term loan from BDO amounting to US\$320.0 million to settle its US\$300.0 million bonds payable and for working capital requirements, with maturity in 2024 and interest of 5.00% per annum, inclusive of final withholding tax and fixed for the first two years with a step up of 1.00% every year and thereafter. Interest is payable semi-annually in arrears from March 16, 2017. On various dates in 2022 and 2021, CCC made full principal payments amounting to US\$127.4 million and partial principal payments amounting to US\$162.6 million, respectively.

Principal payment equivalent to 1% of the full drawn amount is payable at the end of the 5th year and 6th year while the remaining balance of 98% is payable at the end of the term. CCC can prepay the loan in part or full together with accrued interest thereof to prepayment date, subject to a 1% penalty for foreign currency borrowing and 3% penalty for peso borrowing. Prepayment penalty or breakfunding cost on outstanding principal amount under the facility shall be waived subject to at least 15 days prior written notice. The loan is guaranteed by a shareholder through a certificate of deposit. Consequently, the Group recognized a financial guarantee obligation amounting to ₱1,870,312, which is presented in the consolidated statements of financial position as other current liability.

#### *Covenants*

CCC shall not declare or pay dividends to its stockholders or partners (other than dividends payable or paid solely in shares of stock of CCC) or retain, retire, purchase or otherwise acquire any class of its capital stock or make any other capital or other asset distribution to its stockholders or partners upon the occurrence of an event of default. Also, CCC will not extend loans or advances to any of its directors, officers, stockholders or partners, except duly approved employee benefit loans.

#### *Derecognition of the Financial Guarantee Obligation*

In 2022, the Group settled in full the BDO Term Loan 2017. As a result, the financial guaranteed obligation presented as other current liability in the consolidated statements of financial position was derecognized. This also resulted in the recognition of a gain on the derecognition of financial guarantee obligation amounting to ₱2,041,569.



The interest expense recognized on the subordinated term loan, excluding the amortization of debt issue costs, amounted to nil, ₱90,268 and ₱578,879 in 2023, 2022 and 2021, respectively (see Note 27). The amortization of debt issue cost recognized on the subordinated term loan amounted to nil, ₱145,000 and ₱116,882 in 2023, 2022 and 2021, respectively (Note 27). The total interest payable to BDO amounted to nil as at December 31, 2023 and 2022.

The movements in unamortized debt issue cost follow:

	2022
Balances at beginning of year	₱134,994
Amortization (Note 27)	(145,000)
Cumulative translation adjustment	10,006
Balances at end of year	₱—

4. BDO Leasing

Since 2011, CCC has availed of various peso-denominated finance lease facilities from BDO Leasing for the purchase of various equipment. The amounts availed under the facilities are payable within 36 months to 60 months and accrue interest at rates 4.75% to 6.75% per annum. In 2017, CCC availed of additional facilities from BDO Leasing covering the total amount of ₱1,179,207. On various dates in 2022, CCC made full principal payments amounting to US\$2.63 million.

The interest expense on the said facilities amounted to nil, ₱2,777 and ₱12,674 in 2023, 2022 and 2021, respectively (see Note 27).

5. SMIC, APHC and Alakor

On March 21, 2017, CCC availed of unsecured loans from SMIC, APHC and Alakor totaling US\$167.4 million for working capital requirements. The loans shall be subordinated only to loans of CCC from financial institutions. The loans have a term of seven years or will mature on March 20, 2024, extendible at the option of the lender. Interest is 5.00% per annum for the first two years with a step up of 1.00% every year thereafter but subject to repricing at the option of the lenders.

Interest is payable semi-annually in arrears from March 21, 2017. CCC, at its option, prepay the loans in part or full together with accrued interest and other charges accruing thereon up to the date of prepayment with no penalty. In July 2020, December 2019, and August 2017, CCC made partial payments to the lenders amounting to US\$10.0 million, US\$12.0 million and US\$25.4 million, respectively.

In 2021, CCC fully paid the outstanding loans from APHC and Alakor amounting to US\$9.7 million and US\$2.4 million, respectively. In 2022, CCC fully paid the outstanding loan from SMIC amounting to US\$108.4 million.

The interest expense recognized on the said loans, excluding amortization of debt issue costs, amounted to nil, ₱82,269 and ₱318,401 in 2023, 2022 and 2021, respectively (see Note 27).



Presented below is the summary of interest expense recognized on long-term debts (see Note 27):

	2023	2022	2021
CBC Term Loan 2021			
CBC Note 1	<b>₱311,022</b>	₱328,916	₱44,691
CBC Note 2	<b>57,302</b>	44,910	—
BDO Term Loan 2021			
BDO Note 1	<b>111,527</b>	87,409	—
BDO Note 2	<b>96,144</b>	63,482	—
BDO Term Loan 2017	—	90,268	578,879
Shareholders Loan:			
SMIC	—	82,269	290,786
APHC	—	—	22,154
Alakor	—	—	5,461
BDO Leasing	—	2,777	12,674
	<b>₱575,995</b>	<b>₱700,031</b>	<b>₱954,645</b>

Presented below is the summary of amortization of debt issue costs recognized on long-term debts (see Note 27):

	2023	2022	2021
CBC Term Loan 2021			
CBC Note 1	<b>₱9,043</b>	₱41,211	₱3,372
CBC Note 2	<b>1,697</b>	5,693	—
BDO Term Loan 2021			
BDO Note 2	<b>3,174</b>	11,079	—
BDO Note 1	<b>2,834</b>	8,277	—
BDO Term Loan 2017	—	145,000	116,882
	<b>₱16,748</b>	<b>₱211,260</b>	<b>₱120,254</b>

Presented below is the summary of interest payable on long-term debts (see Note 14):

	2023	2022
CBC Form of Note 1	<b>₱45,678</b>	₱48,858
BDO Form of Note 1	<b>16,118</b>	16,230
BDO Form of Note 2	<b>13,895</b>	13,992
CBC Form of Note 2	<b>6,956</b>	8,339
Balances at end of year	<b>₱82,647</b>	<b>₱87,419</b>

## 17. Liability for Mine Rehabilitation

Movements in the liability for mine rehabilitation are as follows:

	2023	2022	2021
Balances at beginning of year	<b>₱64,793</b>	₱69,939	₱74,187
Accretion of interest (Note 27)	<b>2,265</b>	2,783	1,913
Change in accounting estimate (Note 9)	<b>3,948</b>	(14,189)	(10,461)
Cumulative translation adjustment	<b>(27)</b>	6,260	4,300
Balances at end of year	<b>₱70,979</b>	<b>₱64,793</b>	<b>₱69,939</b>



Liability for mine rehabilitation cost represents the present value of future rehabilitation and other related costs. This provision was recognized based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will 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.

In 2023, the estimated discounted future cash flows of CCC's Final Mine Rehabilitation and Decommissioning Plan were updated to reflect forecasted changes in inflation and risk-free rates. As at December 31, 2023 and 2022, the increase (decrease) in the liability for mine rehabilitation amounted to ₱6,186 and (₱5,146), respectively. Discount rates used by the Group in determining the present value of the future rehabilitation costs is 3.28% and 6.42% as at December 31, 2023 and 2022, respectively.

## 18. Equity

### a. Capital Stock

The table below presents the details of the Parent Company's authorized and issued and outstanding capital stock as at December 31:

	2023		2022	
	No. of Shares	Amount	No. of Shares	Amount
Authorized - (₱1 par value)	8,890,000,000	₱8,890,000	8,890,000,000	₱8,890,000
Issued	2,087,032,774	2,087,033	2,087,032,774	2,087,033
Subscribed	1,472,500,000	1,472,500	1,472,500,000	1,472,500
Total shares issued and subscribed	3,559,532,774	₱3,559,533	3,559,532,774	₱3,559,533

### *Increase in Authorized Capital Stock and Stock Subscriptions*

In 2017, the Parent Company's BOD and shareholders approved the increase in authorized capital stock (ACS) of the Parent Company from ₱3,000,000 to ₱8,890,000, divided into 8,890,000,000 common shares with a par value of ₱1 per share, thereby amending its articles of incorporation. In addition, the Parent Company secured from the minority shareholders a waiver of the requirement to the conduct of public or rights offering of the shares subscribed out of the increase in the ACS. A majority vote representing the outstanding shares held by minority shareholders present or represented by proxies granted the said waiver.

Pursuant to the increase in ACS, the Parent Company entered into Stock Subscription Agreements, with subscription price of ₱4.3842 per share, with the following shareholders:

Subscriber	No. of shares subscribed	Total subscription price	Par value amount	Additional paid-in capital	Subscription receivable
SMIC	598,049,708	₱2,621,970	₱598,050	₱2,016,098	₱1,966,477
APHC	845,000,292	3,704,650	845,000	2,848,597	2,778,488
Alakor	29,450,000	129,115	29,450	99,279	96,836
	1,472,500,000	₱6,455,735	₱1,472,500	₱4,963,974	₱4,841,801





The subscription price of ₱4.3842 per share is based on the 90-day volume weighted average price (VWAP) preceding the pricing date, November 16, 2016. In 2017, a portion of the subscriptions were paid in cash amounting to ₱1,613,934.

Transaction costs on the issuance of shares amounting to ₱19,261, were accounted for as a deduction from additional paid-in capital, which include registration and regulatory fees and stamp duties.

The dividend, voting and preemption rights of the subscribed shares are the same with the rights being enjoyed by the current shareholders. The subscribed shares will not have any effect upon the rights of the existing shareholders.

On November 17, 2017, the Philippine Securities Exchange Commission (SEC) approved the Parent Company's application to increase its ACS and amendment of its articles of incorporation.

The increase in the ACS was undertaken for the Company to have sufficient unissued shares of stock to issue the Warrants and the Underlying Common Shares, as a result of the exercise of the warrants as briefly described below, and provide the Company flexibility to raise fresh funds. With available and sufficient unissued capital stock, the Company will have the capability for any future capital initiative.

As at December 31, 2023 and 2022, the Parent Company is compliant with the minimum public float as required by the PSE.

#### 2016

##### *Reduction in Par Value and Decrease in Authorized Capital Stock*

In 2016, the Parent Company's BOD and shareholders approved the change in the par value of common shares from ₱8 per share, with ACS of ₱24,000,000 divided into 3,000,000,000 common shares, to ₱1 per share, with ACS of ₱3,000,000 divided into 3,000,000,000 common shares.

The lower par value of ₱1 per share would allow the Parent Company to raise fresh funds through primary shares issuance, if needed. The decrease in ACS and par value reduction resulted in additional paid-in capital of ₱14,609,229. The SEC approved the reduction in par value and capital stock on June 29, 2016.

#### b. Warrants Issue

On February 21, 2017, the shareholders approved the issuance of approximately 5.6 billion Warrants and the corresponding 5.6 billion underlying common shares for the refinancing of the US\$300.0 million bonds of CCC as well as the Parent Company's shareholders' advances to a subordinated loan with warrants.

The Warrants shall be issued by the Parent Company to its major shareholders or their assigns, among others. As at December 31, 2023, no warrants yet were issued by the Parent Company as the related application with the SEC has not yet been filed.



The following are the salient features, terms and conditions, and other relevant information of the Warrants Issue:

- The number of warrants to be issued to the Parent Company's major shareholders is approximately 5.6 billion, subject to the exchange rate on the date all regulatory approvals are secured and full compliance with all legal laws, rules and regulations for the issuance of warrants.
- Entitlement ratio is one common stock to one warrant; thus the corresponding number of underlying securities is approximately 5.6 billion common shares. Exercise period of the warrants shall be from and including the date of issue of the warrants up to 5:00 p.m. on the day immediately preceding the date of the 7th anniversary of the date of issue of the warrants. Expiry date is the 7th anniversary of the date of the issue of the warrants.
- The basis of determining the exercise price of ₱4.3842 is the 90-day VWAP preceding the pricing date, November 16, 2016.
- Timetable for the issuance of the warrants will be upon obtaining the following:  
(i) shareholders' approval to the increase in the ACS and amendment to Article VII of the Parent Company's articles of incorporation (AOI); (ii) SEC approval of the increase in ACS and amendment to AOI, and (iii) other regulatory approvals and compliance with all legal requirements.
- The warrants constitute direct, unsecured and unsubordinated obligations of the Parent Company, and will at all times rank *pari passu* without preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Parent Company, past and future.
- Exercise of the warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date.
- Warrants are exercisable on any business day during the exercise period.
- The Parent Company may, but is not obligated, at any time to purchase the warrants at any price.
- The Parent Company may modify the terms and conditions without the consent of the warrant holders which the Parent Company may deem necessary or desirable provided the modification is not materially prejudicial to the interests of the warrant holders.
- If any event occurs which would reasonably be expected to have an effect on the exercise price, upon written opinion of an independent investment bank, adjustments shall be made as appropriate on account of such event.



Below is the Parent Company's track record of registration of securities under the Philippine SEC:

Date of Registration (SEC Approval)	Description	Authorized Shares	Number of shares issued/subscribed	Par value per share	Total amount (in 000's)
December 31, 2009	Common shares	12,000,000,000	1,048,931,882	₱10.00	₱10,489,319
October 8, 2010	Increase in number of common shares	14,200,000,000	1,059,931,882	10.00	10,599,319
September 5, 2011	Increase in number of common shares	20,000,000,000	1,336,614,382	10.00	13,366,144
November 8, 2011	Increase in number of common shares	30,000,000,000	1,336,614,382	10.00	13,366,144
January 23, 2013	Decrease in number of common shares and reduction in par value	24,000,000,000	2,074,366,980	8.00	16,594,936
June 29, 2016	Reduction in par value consequently decreasing the number of common shares	3,000,000,000	2,087,032,774	1.00	2,087,033
November 17, 2017	Increase in number of subscribed common shares	8,890,000,000	1,472,500,000	1.00	1,472,500
As at December 31, 2023		8,890,000,000	3,559,532,774	₱1.00	₱3,559,533

c. Additional Paid-In Capital

*Convertible Loans*

Additional paid-in capital amounting to ₱48,847 was recognized in 2017 as a result of the equity conversion option from the ₱1.8 billion convertible loans availed by the Parent Company from SMIC, Alakor and APHC.

Additional paid-in capital amounted to ₱19,650,936 as at December 31, 2023 and 2022. This includes additional paid-in capital amounting to ₱28,886 from 2014 and prior years.

Retained Earnings (Deficit)

The retained earnings (deficit) of the Group's subsidiaries and associates are as follows:

	2023	2022
<i>Subsidiaries</i>		
CCC	<b>₱9,004,073</b>	₱7,594,451
AEI	<b>(108,840)</b>	(108,760)
AI	<b>(32,521)</b>	(32,433)
AHI	<b>(3,529)</b>	(3,445)
<i>Associate</i>		
BNC	<b>125,315</b>	258,762

The retained earnings of the Group's subsidiaries and associate that is not available for dividend declaration amounts to nil as of December 31, 2023 and 2022.

*Dividend Declaration*

There were no dividends declared and paid in 2023 and 2022.

d. Number of Shareholders

As at December 31, 2023 and 2022, the Parent Company has 20,681 and 20,711 shareholders, respectively.



e. Cumulative translation adjustment

Cumulative translation adjustment amounted to ₱3,869,999 and ₱4,046,780 as at December 31, 2023 and 2022, respectively. The exchange differences arising on the translation for consolidation amounted to a decrease of ₱176,781 in 2023 and an increase of ₱1,904,892 and ₱1,047,194 in 2022 and 2021, respectively.

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## 19. Comprehensive Stock Option Plan

On July 18, 2007, the Parent Company's stockholders and BOD approved and ratified the Comprehensive Stock Option Plan for the Parent Company's qualified employees. The salient terms and features of the stock option plan, among others, are as follows:

- i. Participants: directors, officers, managers and key consultants of the Parent Company and its significantly owned subsidiaries;
- ii. Number of underlying shares: 50,000,000 common shares to be taken out of the unissued portion of the Parent Company's ACS with 25,000,000 of the underlying shares already been earmarked for the first-tranche optionees as duly approved by the Parent Company's stockholders during the annual general meeting (AGM) held on July 18, 2007;
- iii. Option period: Three years from the date the stock option is awarded to the optionees;
- iv. Vesting period: 1/3 of the options granted will vest in each year; and
- v. Exercise price: ₱10.00 per share benchmarked on the average closing price of the Parent Company's shares of stock as traded on the PSE during the period between September 6, 2006 (date of the AGM during which the stock option plan was first approved) and June 18, 2007 (the date of the BOD meeting during which the terms of the stock option plan were approved); such average closing price was ₱11.05 (the exercise price represents the average closing price discounted at the rate of 9.50%).

The Parent Company used the Black-Scholes model to compute for the fair value of the stock options based on the following assumptions as at July 18, 2007:

Spot price per share	₱15.00
Time to maturity	3 years
Volatility*	52.55%
Dividend yield	0.00%

*\*Volatility is calculated using historical stock prices and their corresponding logarithmic returns.*

Qualified employees who were previously granted stock option awards did not exercise subscription rights in the past three years: 2023, 2022 and 2021. There are no outstanding stock options as at December 31, 2023 and all options have already lapsed.



## 20. Revenues from Contracts with Customers

Revenue from contracts with customers is disaggregated into the following:

	2023	2022	2021
<b>Type of goods</b>			
Copper concentrate containing:			
Copper	<b>₱17,174,795</b>	₱15,728,779	₱16,594,063
Gold	<b>2,735,155</b>	1,951,128	1,909,302
Smelting and related charges	<b>(1,044,937)</b>	(857,412)	(565,782)
Total revenues from contracts with customers	<b>₱18,865,013</b>	₱16,822,495	₱17,937,583

All revenue from copper concentrate is recognized at a point in time when control transfers to the buyers.

## 21. Mining and Milling Costs

Mining and milling costs consists of:

	2023	2022	2021
Depreciation and depletion (Note 9)	<b>₱4,286,919</b>	₱3,813,943	₱4,041,169
Materials and supplies (Note 7)	<b>4,986,138</b>	5,775,758	3,160,942
Communication, electricity and water	<b>3,339,040</b>	3,437,816	2,271,355
Personnel costs (Note 23)	<b>790,309</b>	635,399	628,178
Contracted services	<b>648,857</b>	488,461	343,031
Other costs	<b>331,236</b>	364,517	182,544
	<b>₱14,382,499</b>	₱14,515,894	₱10,627,219

Other costs consist of freight expenses, customs duties, insurance costs of vehicles used in the mine operations and other expenses, which are individually insignificant in amount.

### Mine Products Taxes

Excise taxes amounting to ₱756,141, ₱667,196 and ₱701,718 in 2023, 2022 and 2021, respectively, pertain to the taxes paid and accrued by the Group related to the production of copper concentrate.

## 22. General and Administrative Expenses

	2023	2022	2021
Personnel costs (Note 23)	<b>₱581,093</b>	₱517,424	₱566,786
Taxes and licenses	<b>227,800</b>	156,223	154,685
Rentals (Note 15)	<b>176,835</b>	30,903	38,403
Professional fees	<b>126,796</b>	125,642	133,266
Insurance	<b>47,974</b>	15,473	31,323

(Forward)



	2023	2022	2021
Depreciation, amortization and depletion (Note 9)	<b>₱39,150</b>	₱35,900	₱31,864
Community assistance	<b>37,219</b>	69,930	55,520
Communication, light and water	<b>22,561</b>	24,701	21,008
Materials and supplies (Note 7)	<b>21,645</b>	21,630	19,894
Transportation and travel	<b>18,747</b>	28,250	16,060
Entertainment, amusement and recreation	<b>12,494</b>	13,745	9,799
Repairs and maintenance	<b>807</b>	985	764
Provision for inventory loss (Note 7)	—	60,823	—
Provision for expected credit losses (Note 5)	—	—	5
Others	<b>15,948</b>	8,368	51,516
	<b>₱1,329,069</b>	₱1,109,997	₱1,130,893

Rentals pertain to land, office and equipment rentals not directly related to the mining operations.

Others consist primarily of insurance fees, diesel fuel costs, costs of general consumption items, medical expenses and cost of training and seminars, not directly related to operations of the Group.

## 23. Personnel Costs

Personnel costs recognized in mining and milling costs, and general and administrative expenses consist of the following:

	2023	2022	2021
Salaries and wages	<b>₱1,180,957</b>	₱974,522	₱958,693
Retirement benefits cost (Note 25)	<b>39,992</b>	49,840	53,191
Other employee benefits	<b>150,453</b>	128,461	183,080
	<b>₱1,371,402</b>	₱1,152,823	₱1,194,964

	2023	2022	2021
Mining and milling costs (Note 21)	<b>₱790,309</b>	₱635,399	₱628,178
General and administrative expenses (Note 22)	<b>581,093</b>	517,424	566,786
	<b>₱1,371,402</b>	₱1,152,823	₱1,194,964

## 24. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Parent Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Parent Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Parent Company and 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 the legal form.

In the normal course of business, transactions with related parties consist mainly of payments made by the Parent Company for various expenses and non-interest bearing, short-term cash advances for working capital requirements.

All intercompany transactions are eliminated at the consolidated level. Items eliminated are separately disclosed in a schedule in accordance with Philippine SEC requirements under the Revised SRC Rule 68.

The consolidated statements of financial position include the following amounts resulting from the various transactions with related parties, which are expected to be settled in cash as at December 31, 2023 and 2022:

	Amount/ Volume	Outstanding Balance	Terms	Conditions
<b>Associates</b>				
<i>Receivables</i> (Note 5)				
BNC	₱–	₱–	On demand; non-interest bearing	Unsecured, no guarantee
URHI	–	3,006	On demand; non-interest bearing	Unsecured, no guarantee
UNC	–	14,824	On demand; non-interest bearing	Unsecured, no guarantee
		<b>₱17,830</b>		

a. Compensation of key management personnel

The Group considers all senior officers as key management personnel.

	2023	2022	2021
Short-term benefits	<b>₱82,809</b>	₱115,234	₱95,360
Retirement benefits	<b>3,748</b>	5,420	4,055
	<b>₱86,557</b>	₱120,654	₱99,415

## 25. Retirement Benefits Liability

The Group has an unfunded defined retirement benefits plan covering substantially all of its employees. The plan provides a retirement of amount equal to one month's salary for every year of service, with six months or more of service considered as one year.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.



Summary of retirement benefits liability and retirement benefits cost as at December 31, 2023, 2022 and 2021:

	2023		2022		2021	
	Retirement benefits liability	Retirement benefits costs	Retirement benefits liability	Retirement benefits costs	Retirement benefits liability	Retirement benefits costs
Parent Company	<b>₱14,101</b>	<b>₱2,011</b>	₱11,455	₱1,961	₱10,691	₱1,819
CCC	<b>516,339</b>	<b>68,981</b>	531,494	73,122	552,351	71,927
	<b>₱530,440</b>	<b>₱70,992</b>	₱542,949	₱75,083	₱563,042	₱73,746

The movements in remeasurement gain on retirement benefits liability, net of tax, of the Parent Company and CCC are as follows:

	2023	2022
Balances at beginning of year	<b>₱188,209</b>	₱104,306
Actuarial gains (losses):		
Financial assumptions	<b>(50,346)</b>	96,691
Experience adjustments	<b>(1,874)</b>	(12,788)
Remeasurement gain on retirement benefits liability – net of tax	<b>₱135,989</b>	₱188,209

#### Parent Company Retirement Benefits Liability

The details of retirement benefits cost follow:

	2023	2022	2021
Current service cost (Note 23)	<b>₱1,187</b>	₱1,417	₱1,433
Interest cost (Note 27)	<b>824</b>	544	386
	<b>₱2,011</b>	₱1,961	₱1,819

The movements in the present value of the retirement benefits liability are as follows:

	2023	2022	2021
Balances at beginning of year	<b>₱11,455</b>	₱10,691	₱10,209
Current service cost (Note 23)	<b>1,308</b>	1,417	1,433
Past service credit (Note 23)	<b>(121)</b>	–	–
Interest cost (Note 27)	<b>824</b>	544	386
Actuarial losses (gains):			
Experience adjustments	<b>₱670</b>	₱1,080	₱188
Financial assumptions	<b>(35)</b>	(2,277)	(1,525)
Balances at end of year	<b>₱14,101</b>	₱11,455	₱10,691

The Parent Company does not have any plan assets.

The retirement benefits cost as well as the present value of the retirement benefits liability is determined using actuarial valuation. The actuarial valuation involves making various assumptions.





The principal assumptions used in determining retirement benefits costs and retirement benefits liability for the Parent Company's defined retirement benefits plan are shown below:

	2023	2022	2021
Discount rate	<b>6.54%</b>	7.19%	5.09%
Expected rate of salary increase	<b>5.00%</b>	5.00%	5.00%
Turnover rate	<b>17% at age 18 decreasing to 0% at age 60</b>	17% at age 18 decreasing to 0% at age 60	17% at age 18 decreasing to 0% at age 60
Mortality rate	<b>2017 Philippine Intercompany Mortality Table</b>	2017 Philippine Intercompany Mortality Table	2017 Philippine Intercompany Mortality Table

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2023	2022
Discount rates	+1%	<b>(P1,015)</b>	(P884)
	-1%	<b>1,156</b>	1,007
Salaries increased rates	+1%	<b>P1,238</b>	P1,081
	-1%	<b>(1,103)</b>	(961)

The Parent Company does not expect to contribute to the defined retirement benefits plan in 2024. The Parent Company does not have a trustee bank, and does not currently employ any asset-liability matching.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2023 and 2022:

	2023	2022
Less than one year	<b>P—</b>	P—
More than one year to five years	<b>10,488</b>	10,724
More than five years to 10 years	<b>1,746</b>	1,778
More than 10 years to 15 years	<b>19,390</b>	—
More than 15 years to 20 years	<b>21,571</b>	40,206
More than 20 years	<b>2,531</b>	3,007
	<b>P55,726</b>	P55,715

The average duration of the defined retirement benefits liability as at December 31, 2023 and 2022 is 10.2 years and 10.9 years, respectively.

#### CCC Retirement Benefits Liability

The details of retirement benefits costs follow:

	2023	2022	2021
Current service cost (Note 23)	<b>P38,805</b>	P48,423	P51,758
Interest cost (Note 27)	<b>30,176</b>	24,699	20,169
	<b>P68,981</b>	P73,122	P71,927



The movements in present value of the retirement benefits liability are as follows:

	2023	2022	2021
Balances at beginning of year	<b>₱531,494</b>	₱552,351	₱544,081
Current service cost (Note 23)	<b>38,805</b>	48,423	51,758
Interest cost (Note 27)	<b>30,176</b>	24,699	20,169
Actuarial losses (gains):			
Experience adjustments	<b>2,534</b>	15,970	15,352
Financial assumptions	<b>66,456</b>	(126,643)	(87,102)
Benefits paid	<b>(44,749)</b>	(32,730)	(30,227)
Cumulative translation adjustment	<b>(108,377)</b>	49,424	38,320
Balances at end of year	<b>₱516,339</b>	₱531,494	₱552,351

CCC does not have any plan assets.

The retirement benefits cost, as well as the present value of the retirement benefits liability is determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining retirement benefits costs and retirement benefits liability for CCC's defined retirement benefits plan are shown below:

	2023	2022	2021
Discount rate	<b>6.13%</b>	7.30%	5.14%
Expected rate of salary increase	<b>6.00%</b>	6.00%	6.00%
Turnover rate	<b>9% at age 18 decreasing to 0% at age 65</b>	9% at age 18 decreasing to 0% at age 65	9% at age 18 decreasing to 0% at age 65
Mortality rate	<b>2017 Philippine Intercompany Mortality Table</b>	2017 Philippine Intercompany Mortality Table	2017 Philippine Intercompany Mortality Table

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2023	2022
Discount rates	+1%	<b>(₱57,654)</b>	(₱44,680)
	-1%	<b>68,692</b>	52,891
Salaries increased rates	+1%	<b>₱70,656</b>	₱55,162
	-1%	<b>(60,245)</b>	(47,259)

CCC does not expect to contribute to the defined retirement benefits plan in 2024. CCC does not have a trustee bank, and does not currently employ any asset-liability matching.



Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2023 and 2022:

	2023	2022
Less than one year	<b>₱19,978</b>	₱15,551
More than one year to five years	<b>96,282</b>	98,369
More than five years to 10 years	<b>305,191</b>	287,960
More than 10 years to 15 years	<b>494,856</b>	455,594
More than 15 years to 20 years	<b>659,380</b>	628,855
More than 20 years	<b>2,114,119</b>	1,912,317
	<b>₱3,689,806</b>	₱3,398,646

The average duration of the defined retirement benefits liability as at December 31, 2023 and 2022 is 16.3 years and 15.3 years, respectively.

The defined retirement benefits plan typically exposes the Group to a number of risks such as interest rate risk and salary risk. The most significant of which relate to interest rate risk. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement liability. An increase in government bond yields will decrease the defined benefit obligation. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Group.

## 26. Income Taxes

The components of the provision for (benefit from) income tax are as follow:

	2023	2022	2021
Current	<b>₱628,959</b>	₱525,221	₱1,039,115
Effect of CREATE Act – current	–	–	(33,344)
Effect of CREATE Act – deferred	–	–	(290,095)
Deferred	<b>(43,408)</b>	(294,659)	(151,638)
	<b>₱585,551</b>	₱230,562	₱564,038

The provision for current income tax pertains to the RCIT and MCIT in 2023 and 2022 and MCIT in 2021.

### Parent Company, AEI, AHI and AI

The Parent Company, AEI, AHI and AI has the following carry-forward benefits of NOLCO and MCIT, and deductible temporary differences in 2023 and 2022, for which no deferred tax assets were recognized as it is not probable that sufficient future taxable profits will be available against which the benefits can be utilized:

	2023	2022
Allowance for impairment losses on:		
Inventory obsolescence	<b>₱316,239</b>	₱316,239
Expected credit losses	<b>4,679</b>	37,251
Quoted equity instrument	<b>2,867</b>	2,867
Input VAT	<b>758</b>	68

(Forward)



	2023	2022
Carry-forward benefits of:		
NOLCO	₱18,687	₱717
MCIT	15	19
Retirement benefits liability	14,101	11,404
Unrealized foreign exchange losses	911	180
	<b>₱358,257</b>	<b>₱368,745</b>

The components of deferred tax liabilities of the Parent Company as at December 31, 2023 and 2022 are as follows:

	2023	2022
<i>Recognized directly in profit or loss</i>		
Deferred tax liability:		
Mining rights	₱1,666,552	₱1,737,716
Unrealized fair value gain on investment in pooled funds	3,436	2,007
Unrealized foreign exchange gains	15,312	12,485
	<b>1,685,300</b>	<b>1,752,208</b>
<i>Recognized in other comprehensive income</i>		
Revaluation increment on land	321,153	106,739
Remeasurement gain on retirement benefits liability	5,041	5,200
Cumulative translation adjustments		—
	<b>326,194</b>	<b>111,939</b>
Deferred tax liabilities	<b>₱2,011,494</b>	<b>₱1,864,147</b>

### CCC

The components of deferred tax assets of CCC as at December 31, 2023 and 2022:

	2023	2022
<i>Recognized directly in profit or loss</i>		
Deferred tax assets:		
Unrealized foreign exchange losses	₱1,417,626	₱1,513,711
Retirement benefits liability	95,698	115,653
Provision for impairment losses:		
Inventory obsolescence	106,397	106,632
Input VAT	102,687	102,914
Expected credit loss	—	8,463
Cumulative translation adjustment	85,510	121,558
Liability for mine rehabilitation	17,829	16,198
Debt issue cost	9,790	—
Loss on asset derecognition	5,615	5,749
	<b>1,841,152</b>	<b>1,990,878</b>
Deferred tax liabilities:		
Unrealized foreign exchange gains	1,134,805	1,187,707
Unrealized gain on hedging transactions	—	61,556
	<b>1,134,805</b>	<b>1,249,263</b>
<i>Recognized in other comprehensive income</i>		
Remeasurement gain on retirement benefits liability	(33,997)	(10,144)
Deferred tax assets	<b>₱740,344</b>	<b>₱751,759</b>



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 consecutive taxable years immediately following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three consecutive years only.

As of December 31, 2023, the Group has NOLCO before and after taxable year 2020 and 2021, respectively, which can be claimed as deduction from the regular taxable income for the next three consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2023	2024-2026	₱18,939	₱–	₱–	₱–	₱18,939
2022	2023-2025	223	–	–	–	223
		₱19,162	₱–	₱–	₱–	₱19,162

As of December 31, 2022, the Group has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five consecutive taxable years pursuant to the Bayanihan to Recover As One Act as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2021	2022-2026	₱219	₱–	₱–	₱–	₱219
2020	2021-2025	275	–	–	–	275
		₱494	₱–	₱–	₱–	₱494

As at December 31, 2023, the Group’s MCIT that can be claimed as deduction against future taxable liabilities are as follows:

Year incurred	Available until	MCIT
2023	2026	₱95
2022	2025	₱66
2021	2024	4
		₱165

Movements in MCIT are as follows:

	2023	2022
MCIT:		
Beginning of year	₱89	₱90
Additions	95	66
Application	–	–
Expirations	(19)	(67)
End of year	₱165	₱89



- b. A reconciliation of the benefit from income tax computed at the statutory income tax rate with the benefit from income tax is presented as follows:

	2023	2022	2021
Provision for (benefit from)			
income tax at statutory			
income tax rates	<b>₱425,777</b>	₱862,162	₱1,106,405
Additions to (reductions in)			
income tax resulting from:			
Non-deductible expenses	<b>284,928</b>	85,157	419,591
Income exempt from			
income tax	<b>(275,435)</b>	(536,211)	(576,270)
Cumulative translation			
adjustments	<b>207,713</b>	(73,665)	(369,359)
Depletion of mining rights	<b>(71,164)</b>	(77,368)	(74,473)
Movements on unrecognized			
deferred tax assets	<b>15,885</b>	(13,209)	(67,946)
Interest income subject to			
final tax and others	<b>(11,184)</b>	(1,213)	(946)
Equity in net loss (earnings)			
in associates	<b>8,455</b>	(30,898)	(55,501)
Adjustment in liability for			
mine rehabilitation	<b>557</b>	2,030	—
Expired MCIT	<b>19</b>	66	105
Expired NOLCO	—	13,361	12,274
Reversal of allowance for			
inventory obsolescence	—	292	—
Excess MCIT over RCIT	—	58	4
Application of MCIT	—	—	358,951
Effect of CREATE Act	—	—	(323,439)
Application NOLCO	—	—	134,642
	<b>₱585,551</b>	<b>₱230,562</b>	<b>₱564,038</b>

“Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” Bill

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

The following are the key changes to the Philippine tax law pursuant to the CREATE act which have an impact on the Group:

- Effective July 1, 2020, 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%;
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and



- Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) or enhanced deductions (ED).

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group was subjected to lower MCIT rate of 1% effective July 1, 2020. This resulted in lower deferred tax assets and liabilities as of December 31, 2020 by ₱269,717 and ₱559,812, respectively, and provision for deferred tax for the year then ended by ₱290,095. These reductions were recognized in the 2021 consolidated financial statements.

The passage of the CREATE Act into law on March 26, 2021 was considered as a non-adjusting subsequent event as of December 31, 2020. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 were computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Section 27 of the National Internal Revenue Code, as amended, provides that an MCIT of 2% (1% until June 20, 2023 under CREATE Act) based on the gross income as at the end of the taxable year shall be imposed on a corporation beginning the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the MCIT is greater than the RCIT computed for the taxable year.

*Board of Investments (BOI) of CCC*

CCC benefits from the automatic VAT zero-rating of its purchase of goods and services from domestic suppliers on account of the certification by the BOI that 100% of its sales are export sales.

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## 27. Interest Income and Finance Charges

Sources of interest income are as follows:

	2023	2022	2021
Cash in banks and cash equivalents (Note 4)	<b>₱23,010</b>	₱2,199	₱1,493
Investment in pooled funds – SMIC (Note 8)	<b>2,096</b>	1,856	1,419
Other non-current assets (Note 13)	<b>14</b>	735	873
	<b>₱25,120</b>	<b>₱4,790</b>	<b>₱3,785</b>



Finance charges consists of:

	2023	2022	2021
Interest expense on long-term debts and other interest-bearing liabilities (Note 16)	<b>₱575,995</b>	₱700,031	₱1,098,678
Amortization of debt issue cost (Note 16)	<b>16,748</b>	211,260	120,254
Interest cost on retirement benefits liability (Note 25)	<b>31,000</b>	25,243	20,555
Accretion of interest on liability for mine rehabilitation cost (Note 17)	<b>2,265</b>	2,783	1,913
Lease liability (Note 15)	<b>591</b>	747	366
	<b>₱626,599</b>	₱940,064	₱1,241,766

The Group capitalized borrowing costs amounting to nil, nil and ₱3,155 in 2023, 2022 and 2021, respectively.

## 28. Others – Net

The others – net account under costs and expenses section of the consolidated statement of comprehensive income consists of:

	2023	2022	2021
Rental of facilities	<b>₱74,610</b>	₱111,147	₱40,013
Unrealized fair value gain on investment in pooled funds (Note 8)	<b>13,743</b>	5,082	1,313
Unrealized fair value gain on investment in UITF (Note 13)	<b>1,219</b>	196	55
Loss on retirement of property and equipment (Note 9)	<b>(1,080)</b>	(9,168)	(90,587)
Gain (loss) on disposal of property and equipment (Note 9)	<b>492</b>	(12,838)	–
Impairment losses on input VAT (Note 13)	<b>(21)</b>	(21)	(20)
Reversal of impairment losses on property, plant and equipment (Note 9)	–	–	534,472
Miscellaneous	<b>43,298</b>	(2,962)	(8,863)
	<b>₱132,261</b>	₱91,436	₱476,383

Miscellaneous includes bank charges, staff club charges and hospital charges.





## 29. Segment Information

The primary segment reporting format is determined to be the business segments since the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. The mining segment is engaged in exploration and mining operations. Meanwhile, the non-mining segment is engaged in bulk water supply or acts as holding company.

The Group's operating business segments remain to be neither organized nor managed by geographical segment.

2023:	Mining	Non-Mining	Total	Eliminations	Consolidated
<b>Segment revenue</b>					
From external customers	₱18,865,013	₱-	₱18,865,013	₱-	₱18,865,013
<b>Cost of sales</b>	₱14,382,499	₱-	₱14,382,499	₱-	₱14,382,499
General and administrative expenses	1,273,953	55,116	1,329,069	-	1,329,069
Mine tax/royalties/business tax	756,141	-	756,141	-	756,141
Depletion of mining rights	-	-	-	284,657	284,657
Operating income (loss)	2,452,420	(55,116)	2,397,304	(284,657)	2,112,647
Depreciation, amortization and depletion	4,323,688	2,381	4,326,069	284,657	4,610,726
Other charges	12,965	-	12,965	(33,819)	(20,854)
<b>EBITDA</b>	<b>₱6,789,073</b>	<b>(₱52,735)</b>	<b>₱6,736,338</b>	<b>(₱33,819)</b>	<b>₱6,702,519</b>
<b>Segment results</b>					
Income (loss) before income tax	₱2,049,279	(₱27,696)	₱2,021,583	(₱318,476)	₱1,703,107
Provision for income tax	(652,364)	(4,351)	(656,715)	71,164	(585,551)
<b>Net income (loss)</b>	<b>₱1,396,915</b>	<b>(₱32,047)</b>	<b>₱1,364,868</b>	<b>(₱247,312)</b>	<b>₱1,117,556</b>
<b>Assets</b>					
Total assets	₱48,430,631	₱27,706,352	₱76,136,983	(₱7,908,225)	₱68,228,758
Investments	-	25,801,934	25,801,934	(25,504,632)	297,302
Goodwill	-	-	-	19,026,119	19,026,119
Mining rights	-	-	-	6,666,209	6,666,209
<b>Liabilities</b>					
Total liabilities	20,822,884	388,543	21,211,427	1,674,641	22,886,068
<b>Other segment information</b>					
Depreciation, amortization and depletion	4,323,688	2,381	4,326,069	284,657	4,610,726
Finance charges	625,184	1,415	626,599	-	626,599
<b>2022:</b>	<b>Mining</b>	<b>Non-Mining</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Segment revenue</b>					
From external customers	₱16,822,495	₱-	₱16,822,495	₱-	₱16,822,495
<b>Cost of sales</b>	₱14,515,894	₱-	₱14,515,894	₱-	₱14,515,894
General and administrative expenses	1,041,823	68,174	1,109,997	-	1,109,997
Mine tax/royalties/business tax	667,196	-	667,196	-	667,196
Depletion of mining rights	-	-	-	309,471	309,471
Operating income (loss)	597,582	(68,174)	529,408	(309,471)	219,937
Depreciation, amortization and depletion	3,847,457	2,386	3,849,843	309,471	4,159,314
Other income	904,149	-	904,149	123,592	1,027,741
<b>EBITDA</b>	<b>₱5,349,188</b>	<b>(₱65,788)</b>	<b>₱5,283,400</b>	<b>₱123,592</b>	<b>₱5,406,992</b>
<b>Segment results</b>					
Income before income tax	₱3,679,103	₱5,824	₱3,684,927	(₱236,279)	₱3,448,648
Provision for income tax	(304,087)	(3,843)	(307,930)	77,368	(230,562)
<b>Net income</b>	<b>₱3,375,016</b>	<b>₱1,981</b>	<b>₱3,376,997</b>	<b>(₱158,911)</b>	<b>₱3,218,086</b>



2022:	Mining	Non-Mining	Total	Eliminations	Consolidated
<b>Assets</b>					
Total assets	₱48,174,404	₱26,858,975	₱75,033,379	(₱7,584,577)	₱67,448,802
Investments	—	25,801,934	25,801,934	(25,470,813)	331,121
Goodwill	—	—	—	19,026,119	19,026,119
Mining rights	—	—	—	6,950,866	6,950,866
<b>Liabilities</b>					
Total liabilities	21,722,842	169,038	21,891,880	1,746,030	23,637,910
<b>Other segment information</b>					
Depreciation, amortization and depletion	3,847,457	2,386	3,849,843	309,471	4,159,314
Finance charges	938,772	1,292	940,064	—	940,064
<b>2021:</b>	<b>Mining</b>	<b>Non-Mining</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Segment revenue</b>					
From external customers	₱17,937,583	₱—	₱17,937,583	₱—	₱17,937,583
Cost of sales	10,627,219	—	₱10,627,219	—	₱10,627,219
General and administrative expenses	1,058,083	72,810	1,130,893	—	1,130,893
Mine tax/royalties/business tax	701,718	—	701,718	—	701,718
Depletion of mining rights	—	—	—	297,892	297,892
Operating income (loss)	5,550,563	(72,810)	5,477,753	(297,892)	5,179,861
Depreciation, amortization and depletion	4,070,481	2,552	4,073,033	297,892	4,370,925
Other income	—	—	—	222,005	222,005
<b>EBITDA</b>	<b>₱9,621,044</b>	<b>(₱70,258)</b>	<b>₱9,550,786</b>	<b>₱222,005</b>	<b>₱9,772,791</b>
<b>Segment results</b>					
Income before income tax	₱4,564,964	₱138,146	₱4,703,110	(₱277,487)	₱4,425,623
Benefit from (provision for) income tax	(1,023,967)	7,545	(1,016,422)	452,384	(564,038)
<b>Net income</b>	<b>₱3,540,997</b>	<b>₱145,691</b>	<b>₱3,686,688</b>	<b>₱174,897</b>	<b>₱3,861,585</b>
<b>Assets</b>					
Total assets	₱46,453,241	₱19,751,489	₱66,204,730	(₱11,216)	₱66,193,514
Investments	—	25,801,934	25,801,934	(25,544,005)	257,929
Goodwill	—	—	—	19,026,119	19,026,119
Mining rights	—	—	—	7,260,337	7,260,337
<b>Liabilities</b>					
Total liabilities	25,599,430	166,493	25,765,923	1,823,580	27,589,503
<b>Other segment information</b>					
Depreciation, amortization and depletion	4,070,481	2,552	4,073,033	297,892	4,370,925
Finance charges	1,241,011	755	1,241,766	—	1,241,766

The following table shows the reconciliation of consolidated EBITDA to consolidated net income for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
<b>EBITDA</b>	<b>₱6,702,519</b>	<b>₱5,406,992</b>	<b>₱9,772,791</b>
Less:			
Depreciation, depletion and amortization (see Notes 9 and 10)	4,610,726	4,159,314	4,370,925
Finance charges (see Note 27)	626,599	940,064	1,241,766
Provisions for income tax (see Note 26)	585,551	230,562	564,038
Others	(237,913)	(3,141,034)	(265,523)
	<b>5,584,963</b>	<b>2,188,906</b>	<b>5,911,206</b>
<b>Net income</b>	<b>₱1,117,556</b>	<b>₱3,218,086</b>	<b>₱3,861,585</b>



Adjustments and Eliminations:

No operating segments have been aggregated to form the above reportable segments.

The president is the chief operating decision maker and 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 revenues, Earnings before EBITDA and profit or loss, and are measured consistently in the consolidated financial statements. The Group defines EBITDA as revenues from contracts with customers less costs and expenses, excluding financing charges, income tax, depreciation, depletion, and other provisions and charges.

The Group's management reporting and controlling systems use accounting policies that are the same as those described in Note 2 to the consolidated financial statements. Segment assets principally comprise all assets while segment liabilities principally comprise all liabilities.

Adjustments and eliminations are part of the detailed reconciliations presented below.

Reconciliation of segment income before tax:

	2023	2022	2021
Total segment net income before tax	<b>₱2,021,583</b>	₱3,684,927	₱4,703,110
Depletion of mining rights (Note 10)	<b>(284,657)</b>	(309,471)	(297,892)
Share in net income (loss) of associates (Note 12)	<b>(33,819)</b>	123,592	222,005
Dividend income (Note 12)	—	(50,400)	(201,600)
Combined segment net income before tax	<b>₱1,703,107</b>	₱3,448,648	₱4,425,623

Reconciliation of segment assets:

	2023	2022	2021
Total segment assets	<b>₱76,136,983</b>	₱75,033,379	₱73,433,824
Receivables	<b>7,929,140</b>	7,599,560	7,420,190
Goodwill (Note 10)	<b>19,026,119</b>	19,026,119	19,026,119
Property, plant and equipment at cost	<b>33,499,237</b>	35,067,654	34,097,988
Mining rights (Note 10)	<b>6,666,209</b>	6,950,866	7,260,337
Quoted equity instrument	<b>5,338</b>	5,375	4,916
Investments in shares of stocks	<b>25,801,934</b>	25,801,934	25,801,934
Investment in associates (Note 12)	<b>297,302</b>	331,121	257,929
Other non-current assets	<b>3,236,382</b>	2,086,087	1,538,955
Combined segment assets	<b>₱172,598,644</b>	₱171,902,095	₱168,842,192

Reconciliation of segment liabilities:

	2023	2022	2021
Total segment liabilities	<b>₱21,193,030</b>	₱29,273,392	₱33,013,341
Accounts payable and accrued liabilities	<b>21,211,427</b>	21,891,880	25,765,923
Payable to related parties	<b>7,478,987</b>	7,473,778	7,366,249
Deferred tax liabilities	<b>335,155</b>	116,644	112,567
Combined segment liabilities	<b>₱50,218,599</b>	₱58,755,694	₱66,258,080



Revenues of the Group, through CCC, are from TTSA and WERCO and are covered by Pricing Agreements.

	2023	2022	2021
WERCO	<b>₱18,865,013</b>	₱15,444,430	₱—
TTSA	—	1,378,065	16,027,087
Mitsui	—	—	1,910,496
	<b>₱18,865,013</b>	<b>₱16,822,495</b>	<b>₱17,937,583</b>

### 30. Basic/Diluted Earnings Per Share

Basic and diluted earnings per share is computed as follows:

	2023	2022	2021
Net income	<b>₱1,117,556</b>	₱3,218,086	₱3,861,585
Divided by basic weighted average number of common shares outstanding (in thousands)	<b>3,557,553</b>	3,557,553	3,557,553
	<b>₱0.3141</b>	<b>₱0.9046</b>	<b>₱1.0855</b>

The Group's weighted average number of common shares outstanding (in thousands) used in computing basic and diluted earnings per share is 3,557,553 in 2023, 2022 and 2021.

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of authorization of these consolidated financial statements.

### 31. Financial Risk Management Objectives and Policies

The Group's main financial instruments are cash in banks, cash equivalents, short-term investments, investment in pooled funds, quoted equity instrument, investment in UITF and refundable deposits under other non-current assets, long-term debts and other interest-bearing liabilities, and derivatives. It has various other financial assets and liabilities such as receivables, and accounts payable and accrued liabilities, which mainly arise from the Group's operations.

The main risks arising from the Group's financial instruments are market risk, credit risk, and liquidity risk. The BOD reviews and adopts relevant policies for managing each of these risks and these are summarized onto the succeeding paragraphs.

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in foreign currency exchange rates, interest rates, equity prices and other market changes.



### Foreign Currency Risk

Foreign currency risk is that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group has foreign currency risk arising from its cash in banks, cash equivalents, short-term investments, receivables, bank loans, accounts payable, contract liability and accrued liabilities and long-term debt and derivatives. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. The Group also uses foreign currency forwards to hedge its risk exposures.

As at December 31, 2023 and 2022, foreign currency-denominated assets and liabilities follow:

	2023		2022	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
<b>Assets</b>				
Cash in banks and cash equivalents	US\$2,899 GB£131 JP¥326	P160,542 9,255 128	US\$19,329 GB£131 JP¥202	P1,077,688 8,812 85
Trade receivables – at fair value through profit or loss	US\$7,030	389,232	US\$740	41,281
Other receivables – at amortized cost	US\$27,004	1,495,208	US\$29,167	1,626,184
	US\$36,933	2,044,982	US\$49,236	2,745,153
	GB£131	9,255	GB£131	8,812
	JP¥326	128	JP¥202	85
<b>Liabilities</b>				
Accounts payable and accrued expenses	US\$22,921 JP¥227,195 AU\$365	1,269,155 89,288 13,855	US\$16,526 JP¥– AU\$540	921,407 – 20,387
Long-term debts	US\$296,696	16,428,061	US\$312,400	17,417,862
	US\$319,617	17,697,216	US\$328,926	18,339,269
	JP¥227,195	89,288	JP¥–	–
	AU\$365	13,855	AU\$540	20,387
Net liabilities in US\$	(US\$282,684)	(P15,652,234)	(US\$279,690)	(P15,594,116)
Net assets (liabilities) in JP¥	(JP¥226,869)	(P89,160)	JP¥202	P85
Net liabilities in AU\$	(AU\$365)	(P13,855)	(AU\$540)	(P20,387)
Net assets in GB£	GB£131	P9,255	GB£131	P8,812

As at December 31, 2023 and 2022, foreign exchange closing rates used in converting foreign currency-denominated assets and liabilities are as follows:

	2023	2022
US\$	55.370	55.755
AU\$	37.947	37.802
JP¥	0.393	0.417
GB£	70.759	67.439



Based on the historical movement of the US\$ and the Philippine Peso, the management believes that the estimated reasonably possible change in the next 12 months would be:

	2023		2022	
	Peso Strengthens	Peso Weakens	Peso Strengthens	Peso Weakens
US\$	<b>₱0.60</b>	<b>₱0.88</b>	<b>₱1.00</b>	<b>₱1.11</b>

Sensitivity of the Group's pre-tax income to foreign currency risks are as follows:

Year ended December 31, 2023:

- An increase of ₱169,936 in the pre-tax income if peso strengthens by ₱0.60 against the US\$.
- A decrease of ₱250,206 in the pre-tax income if peso weakens by ₱0.88 against the US\$.

Year ended December 31, 2022:

- An increase of ₱280,515 in the pre-tax income if peso strengthens by ₱1.00 against the US\$.
- A decrease of ₱310,512 in the pre-tax income if peso weakens by ₱1.11 against the US\$.

Management assessed that the foreign currency risk associated with AU\$, JP¥, GB£-denominated accounts will not have a significant effect on consolidated financial statements, and as such, management did not present a sensitivity analysis as it is considered insignificant.

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

*Commodity Price Risk*

The Group's copper concentrate revenues are based on international commodity quotations (i.e., primarily on the LME) over which the Group has no significant influence or control.

This exposes the Group's results of operations to commodity price volatilities that may significantly impact its cash inflows. The Group enters into derivative transactions as a means to mitigate the risk of fluctuations in the market prices of its mine products. An analysis is made based on the assumption that copper prices move using the implied volatility based on one year historical LME copper prices, with all other variables held constant.

Shown below is the Group's sensitivity to changes in the copper prices arising from its copper derivatives and trade receivables (subject to provisional pricing) in 2023 and 2022 follows:

**December 31, 2023:**

Change in Copper Prices	Effect on Income Before Income Tax
Increase by 2%	<b>₱347,331</b>
Decrease by 2%	<b>(356,881)</b>

**December 31, 2022:**

Change in Copper Prices	Effect on Income Before Income Tax
Increase by 3%	<b>₱502,278</b>
Decrease by 3%	<b>(502,278)</b>



The rate used for the sensitivity analysis of changes in copper prices changed from 2% to 3% to reflect the actual monthly changes in copper prices to represent a more accurate sensitivity analysis on the commodity price risk.

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

#### *Equity Price Risk*

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to equity price risk because of its investment in shares of stock of an entity listed in the local stock exchange, and its investment in UITF, which are classified as financial asset at fair value through profit or loss. Management believes that the fluctuation in the fair value of financial asset at fair value through profit or loss and investment in pooled funds will not have a significant effect on the consolidated financial statements, and as such, did not present a sensitivity analysis.

#### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

#### *Cash in banks and cash equivalents*

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with its policies. Credit risk is mitigated by the short-term and/or liquid nature of its cash investments placed with approved financial institutions of high credit standing. The expected credit loss on the Group's cash in banks and cash equivalents is calculated using the general approach.

#### *Trade receivables*

Customer credit risk is managed by the Group's policy, procedures, and control relating to customer credit risk management. The Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, short-term liquidity and financial position. In addition, outstanding trade receivable balances are regularly monitored on an ongoing basis, with the result that the Group's exposure to credit-impaired balances and bad debts is not significant. The Group's trade receivables are not subject to the recognition of expected credit loss since these are measured at fair value through profit or loss.

In 2023 and 2022, the Group only have two customers that accounted for all trade receivables. The maximum exposure to credit risk for trade receivables at the reporting date is also the carrying value (see Note 5). The Group does not hold collateral as security.

#### *Other financial assets*

With respect to credit risk arising from the other financial assets of the Group, which comprise investment in pooled funds, quoted equity instrument, and investment in UITF and refundable deposits under other non-current assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group limits its counterparty credit risk on these assets by dealing only with financial institutions with high credit ratings. The expected credit loss on the other financial assets of the Group measured at amortized cost is computed using the general approach.



The following table summarizes the gross maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure shown is gross, before the effect of any allowance for impairment.

	2023	2022
Cash in banks	<b>₱354,884</b>	₱941,044
Cash equivalents	<b>1,344,165</b>	311,757
Receivables		
Trade	<b>389,232</b>	41,281
Non-trade	<b>42,911</b>	118,098
Interest	<b>847</b>	234
Advances to		
Related parties	<b>17,830</b>	17,830
Officers and employees	<b>4,012</b>	19,444
Other current asset		
Investment in pooled funds	<b>345,051</b>	352,512
Other non-current assets		
Investment in UITF	<b>32,571</b>	31,576
Refundable deposits	<b>3,214</b>	3,220
	<b>₱2,534,717</b>	₱1,836,996

#### *General Approach*

The credit risk of financial assets under the general approach are determined to be under Stage 1. Individually impaired that were specifically determined by the Group is under Stage 3 and is fully provided with expected credit losses.

	2023				
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Cash in banks	<b>₱354,884</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱354,884</b>
Cash equivalents	<b>1,344,165</b>	-	-	-	<b>1,344,165</b>
Receivables					
Non-trade	-	<b>38,232</b>	<b>4,679</b>	-	<b>42,911</b>
Interest	<b>847</b>	-	-	-	<b>847</b>
Advances to					
Related parties	-	<b>17,830</b>	-	-	<b>17,830</b>
Officers and employees	-	<b>4,012</b>	-	-	<b>4,012</b>
Other non-current assets					
Refundable deposits	<b>3,214</b>	-	-	-	<b>3,214</b>
	<b>₱1,703,110</b>	<b>₱60,074</b>	<b>₱4,679</b>	<b>₱-</b>	<b>₱1,767,863</b>

	2022				
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Cash in banks	<b>₱941,044</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱941,044</b>
Cash equivalents	<b>311,757</b>	-	-	-	<b>311,757</b>
Receivables					
Non-trade	-	<b>46,993</b>	<b>71,105</b>	-	<b>118,098</b>
Interest	<b>234</b>	-	-	-	<b>234</b>
Advances to					
Related parties	-	<b>17,830</b>	-	-	<b>17,830</b>
Officers and employees	-	<b>19,444</b>	-	-	<b>19,444</b>
Other non-current assets					
Refundable deposits	<b>3,220</b>	-	-	-	<b>3,220</b>
	<b>₱1,256,255</b>	<b>₱84,267</b>	<b>₱71,105</b>	<b>₱-</b>	<b>₱1,411,627</b>





### *Concentration of Risk*

In 2023 and 2022, the Group's copper production were sold to one customer. However, it has no significant concentration of credit risk since it can sell its copper concentrate to other third party customers. The Company continuously monitors the receivable of one customer resulting from the valuation of the provisionally-priced shipments at year end.

### *Collateral and other credit enhancements*

The amount and type of collateral required depends on the assessment of the credit risk of the borrower or counterparty. The Group has no collateral held and other credit enhancements as at December 31, 2023 and 2022.

### *Interest Rate Risk*

Management assessed that the Group is not exposed to interest rate fluctuations because the interest rates its of bank loans, long-term debts and other interest bearing liabilities are fixed.

### Liquidity Risk

Liquidity risk is the risk where the Group becomes unable to meet its payment obligations when these fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group also manages its liquidity risk on a consolidated basis based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The tables below of the Group, as well as financial assets considered by management as part of its liquidity risk management based on remaining undiscounted contractual obligations as at December 31, 2023 and 2022 follow:

The aging analyses and maturity profile of the Group's financial assets and liabilities are as follow:

### **December 31, 2023**

	On demand	Within one year	1 to < 3 years	> 3 years	Total
<b>Financial assets:</b>					
Cash on hand	P5,068	P-	P-	P-	P5,068
Cash in banks	354,884	-	-	-	354,884
Cash equivalents	-	1,344,165	-	-	1,344,165
Receivables					
Trade	-	389,232	-	-	389,232
Non-trade	42,911	-	-	-	42,911
Interest	-	847	-	-	847
Advances to					
Related parties	17,830	-	-	-	17,830
Officers and employees	4,012	-	-	-	4,012
Other current asset					
Investment in pooled funds	-	345,051	-	-	345,051
Other non-current assets					
Investment in UITF	-	-	-	32,571	32,571
Refundable deposits	-	-	-	3,214	3,214
	424,705	2,079,295	-	35,785	2,539,785
<b>Financial liabilities:</b>					
Accounts payable and accrued liabilities*	-	3,310,180	-	-	3,310,180
Long-term debt and other interest-bearing liabilities	-	2,491,650	13,936,411	-	16,428,061
Lease liability	-	2,818	3,974	-	6,792
	-	5,804,648	13,940,385	-	19,745,033
	P424,705	(P3,725,353)	(P13,940,385)	P35,785	(P17,205,248)

\*\*Excluding government payables



December 31, 2022

	On demand	Within one year	1 to < 3 years	> 3 years	Total
Financial assets:					
Cash on hand	₱6,113	₱—	₱—	₱—	₱6,113
Cash in banks	941,044	—	—	—	941,044
Cash equivalents	—	311,757	—	—	311,757
Receivables					
Trade	—	41,281	—	—	41,281
Non-trade	118,098	—	—	—	118,098
Interest	—	234	—	—	234
Advances to					
Related parties	17,830	—	—	—	17,830
Officers and employees	19,444	—	—	—	19,444
Other current asset					
Investment in pooled funds	—	352,512	—	—	352,512
Other non-current assets					
Investment in UITFd	—	—	—	31,576	31,576
Refundable deposits	—	—	—	3,220	3,220
	1,102,529	705,784	—	34,796	1,843,109
Financial liabilities:					
Accounts payable and accrued liabilities*	—	3,264,007	—	—	3,264,007
Long-term debt and other interest-bearing liabilities	—	1,672,650	15,692,247	—	17,364,897
Derivative liability	—	51,367	—	—	51,367
Lease liability	—	2,684	6,792	—	9,476
	—	4,990,708	15,699,039	—	20,689,747
	₱1,102,529	(₱4,284,924)	(₱15,699,039)	₱34,796	(₱18,846,638)

\*\*Excluding government payables

## 32. Fair Value of Financial Instruments

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments other than those with carrying amounts that are reasonable approximations of fair values as at December 31 of each year:

	Carrying Values		Fair Values	
	2023	2022	2023	2022
<b>Financial Liabilities</b>				
Long-term debts and other interest-bearing liabilities:				
CBC Note 1	₱8,820,775	₱9,711,808	₱8,837,052	₱9,661,812
BDO Note 1	3,202,020	3,221,683	3,211,460	3,209,552
BDO Note 2	2,759,863	2,776,127	2,768,500	2,766,888
CBC Note 2	1,645,403	1,655,279	1,650,026	1,649,046
	₱16,428,061	₱17,364,897	₱16,467,038	₱17,287,298

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

### *Cash in Banks, Cash Equivalents and Receivables*

The carrying amounts of cash in banks, cash equivalents and interest receivables approximate their fair value due to the relatively short-term maturities of these financial instruments.

Trade receivables are measured at fair value. Subsequent movements on provisionally priced trade receivables are being recognized in fair value gain/loss in the consolidated statement of comprehensive income. The fair value of provisionally priced trade receivables is determined by



obtaining future prices of copper and gold and applying the projected prices to the outstanding trade receivables.

*Investment in Pooled Funds*

The fair value of investment in pooled funds is determined by referencing the fund's portfolio with the fair value of other similar funds.

*Investment in UITF*

The fair value of the investment in UITF is determined by the movements of its net asset value per unit, which is computed as the total market value of the assets, less fees, taxes, and other qualified expenses divided by total outstanding units.

*Accounts Payable, and Accrued Liabilities except Government Payables, Bank Loans and Other Current Liability*

The carrying amounts of accounts payable and accrued liabilities excluding government payables, other current liability and bank loans approximate their fair values due to the relatively short-term maturities of these financial instruments.

*Long-term Debts and Other Interest-bearing Liabilities*

Fair value of long-term debt and other interest-bearing liabilities is estimated using the discounted cash flow methodology using the benchmark risk-free rates for similar types of long-term debt and other interest-bearing liabilities.

The fair value hierarchy of the financial assets and liabilities is presented in the following table:

**December 31, 2023**

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value:</b>				
Trade receivables	P—	P389,232	P—	P389,232
Investment in pooled funds	345,051	—	—	345,051
Investment in unit investment trust fund	32,571	—	—	32,571
<b>Total</b>	<b>P377,622</b>	<b>P389,232</b>	<b>P—</b>	<b>P766,854</b>
<b>Liability for which fair values are disclosed:</b>				
Long-term debts and other interest-bearing liabilities	—	—	(16,467,038)	(16,467,038)
<b>Total</b>	<b>P—</b>	<b>P—</b>	<b>(P16,467,038)</b>	<b>(P16,467,038)</b>

**December 31, 2022**

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value:</b>				
Trade receivables	P—	P41,281	P—	P41,281
Investment in pooled funds	352,512	—	—	352,512
Investment in unit investment trust fund	31,576	—	—	31,576
<b>Total</b>	<b>P384,088</b>	<b>P41,281</b>	<b>P—</b>	<b>P425,369</b>
<b>Liability for which fair values are disclosed:</b>				
Long-term debts and other interest-bearing liabilities	—	—	(17,287,298)	(17,287,298)
<b>Total</b>	<b>P—</b>	<b>P—</b>	<b>(P17,287,298)</b>	<b>(P17,287,298)</b>

There were no transfers between levels of fair value measurement as at December 31, 2023 and 2022.



### 33. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

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 adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during 2023 and 2022.

The table below summarizes the total capital considered by the Group:

	2023	2022
Capital stock (Note 18)	<b>₱3,559,533</b>	₱3,559,533
Additional paid-in capital (Note 18)	<b>19,650,936</b>	19,650,936
Subscription receivable (Note 18)	<b>(4,841,801)</b>	(4,841,801)
Revaluation increment on land (Note 9)	<b>963,460</b>	320,217
Remeasurement gain on retirement benefits liability (Note 25)	<b>135,989</b>	188,209
Cumulative translation adjustments	<b>3,869,999</b>	4,046,780
Retained earnings	<b>22,027,841</b>	20,910,285
Cost of 1,980,000 treasury shares held by a subsidiary	<b>(23,267)</b>	(23,267)
	<b>₱45,342,690</b>	₱43,810,892

### 34. Commitments and Contingencies

#### CCC

#### Power Agreements

In June 2008, CCC entered into a power supply agreement with Cebu III Electric Cooperative, Inc. (CEBECO III) for the supply of 2MW of firm electric power at agreed prices.

On June 5, 2012, CCC signed a 12-year Electric Power Purchase Agreement (EPPA) with Toledo Power Company (TPC). Pursuant to the terms of the EPPA, TPC will build and operate a 72-megawatt net output clean coal-fired power plant in Toledo City (the Plant) that will guarantee the supply of up to 60 megawatts of electric power to the CCC's mining operations upon its commissioning. The power plant was completed in December 2014.

On December 15, 2014, CCC and TPC executed a 12-year Energy Conversion Agreement pursuant to which CCC shall supply to TPC the coal needed to generate electric power from the plant under the terms of the EPPA.

The EPPA was renegotiated and amended on April 19, 2021 with a validity period commencing on April 26, 2021 and ending on the second anniversary of such commencement date which may be extended dependent on the operational viability of CCC. On April 26, 2021, the EPPA was renewed until April 25, 2023. However, on August 25, 2022, The EPPA fix rate Php3.39 per kWh was terminated due to high price of coal. TPC offer fix rate on non-fuel at Php1.39 per kWh and CCC will provide fuel to TPC1A (ECA like terms) from August 26, 2022 to April 25, 2023.



Total utilities expense related to the said power agreements amounted to ₱3,355,464, ₱3,455,530 and ₱2,284,452 in 2023, 2022 and 2021, respectively. Related accrued expenses amounted to ₱22,998 and ₱115,324 as at December 31, 2023 and 2022, respectively.

#### Fuel and Lubricants Supply Agreements

In May 2016, CCC signed a new four-year supply agreement with Pilipinas Shell Petroleum Corporation for the purchase of fuel at established pricing formulas. CCC's supply agreement for lubricants with Shell Petroleum expired in December 2020 and negotiation is on-going for its renewal.

Total expenses related to the fuel supply agreement amounted to ₱2,070,893, ₱2,122,553 and ₱994,642 in 2023, 2022 and 2021, respectively. Accrued expenses amounted to nil and ₱3,402 as at December 31, 2023 and 2022, respectively.

#### Legal Contingencies

The Group is a party to minor labor cases arising from its operations. The Group's management and legal counsel believe that the eventual resolution of these cases will not have a material effect on the Group's consolidated financial statements. Accordingly, no provision for probable losses was recognized by the Group in 2023, 2022 and 2021.

#### Collective Bargaining Agreement (CBA)

A new CBA was executed on January 30, 2015 (the 2015 CBA). The 2015 CBA shall be valid as to the representation aspect for a period of five years. Under the provisions of the Labor Code, the economic provisions of the 2015 CBA shall be re-negotiated on the third anniversary of its execution.

On January 31, 2018, CCC and the Union agreed and signed on the economic terms of the remaining two-year term of the 2015 CBA.

On October 9, 2020, a run-off elections for the Union amongst rank-and-file employees of CCC was held under the supervision of the Department of Labor and Employment (DOLE) Region VII.

On April 29, 2021, a new five-year CBA (the 2021 CBA) was executed by CCC and the Union commencing on May 1, 2021 until April 30, 2026. The 2021 CBA shall be valid as to the representation aspect for a period of five years. Under the provisions of the Labor Code, the economic provisions of the 2021 CBA shall be re-negotiated on its third year.

#### Consignment Agreements

##### *Orica Philippines, Inc.*

CCC has a consignment agreement with Orica Philippines, Inc. for the supply of explosives and blasting accessories for use in mining and mine development activities. The consignment agreement ensures the availability of the goods covered thereby and pegs a price range for the supply of such goods during the period of effectivity. The consignment agreement expired on July 31, 2023 and the renewal of the agreement is still on-going, subject to final negotiations on the price.

##### *Shorr Industrial Sales, Inc.*

CCC has a consignment agreement with Shorr Industrial Sales, Inc. for the supply of parts and tools for heavy equipment. The consignment agreement has been renewed and subject to the receipt of notarized copy with counterparty signature.

##### *Le Price International Corporation*

CCC has a consignment agreement with Le Price International Corporation for the supply of a centralized lubrication, a filtration, a fire suppression and a refueling system. The consignment



agreement ensures the availability of the goods covered thereby and pegs a price range for the supply of such goods during the period of effectivity. The existing agreement has expired in December 2020 and negotiation for renewal is still continuously evaluated subject to an acceptable pricing mechanism by the parties. Consignment contract was already presented to Le Price International Corporation in May 2022 for its conformity and acceptance.

*Morse Hydraulics*

CCC has a consignment agreement with Morse Hydraulics for the supply of hydraulic hoses and fittings at established price list. The agreement expired on January 14, 2021. The renewal is still being reviewed pending subject to the final pricing mechanism acceptable to the parties.

*Atlas Copco Phils.*

CCC has a consignment agreement with Atlas Copco for the supply of drill equipment parts and accessories. This ensured the availability of the critical parts required for continued operations and pegs a price range for the supply of such goods during the period of effectivity. The consignment agreement is currently under negotiation for renewal subject to an acceptable pricing mechanism to be reviewed by the parties involved.

*Maxima Machineries, Inc.*

CCC has a consignment agreement with Maxima Machineries, Inc. for the supply of excavators, dump trucks, bulldozers and other heavy equipment parts and accessories. This ensured the availability of the critical parts required for continued operations, and pegs a price range for the supply of such goods during the period of effectivity. The consignment agreement has been renewed in December 2021 for a period of three years.

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**35. Other Matters**

a. SDMP

The five-year SDMP plans of CCC covering years 2014-2018 and years 2019-2023, in compliance with DENR Administrative Order 2010-21, were duly approved by the MGB. In 2023 and 2022, actual spent and commitment totaled ₱136,495 and ₱120,262, respectively.

CCC has a five-year SDMP in compliance with DENR Administrative Order 96-40, as amended. CCC has been implementing its SDMP as approved by the MGB.

b. Operating Agreement (the Agreement) with CCC

On May 5, 2006, the Parent Company and CCC executed the Agreement wherein the Parent Company conveyed to CCC its exploration, development and utilization rights with respect to certain mining rights and claims (the "Toledo Mine Rights") and the right to rehabilitate, operate and/or maintain certain of its fixed assets.

In consideration of CCC's use of the Toledo Mine Rights, the Agreement provides that CCC shall pay the Parent Company a fee equal to 10% of the sum of the following:

- a. Royalty payments to third party claim holders of the Toledo Mine Rights,
- b. Lease payments to third party owners of the relevant portions of the parcels of land covered by the surface rights, and
- c. Real property tax payments on the parcels of land covered by the surface rights and on the relevant fixed assets



On March 10, 2010, the Parent Company and CCC agreed on a royalty payment arrangement and on the computation of the basis of royalty income which is 2% of the gross sales by CCC of copper concentrates.

Pursuant to the Operating Agreement, the BOD of the Parent Company approved the moratorium on its entitlement to receive royalties from CCC for the years 2023, 2022 and 2021.

### 36. Supplemental Disclosure to Consolidated Statements of Cash Flows

The following table summarizes the changes in liabilities arising from financing activities:

	January 1, 2023	Cash flows		Effect of exchange rate changes	Others	December 31, 2023
		Availments	Payments			
Long-term debts and other interest-bearing liabilities	₱17,364,897	₱—	(₱834,477)	(₱119,107)	₱16,748	₱16,428,061
Principal portion of lease liability	8,253	—	(2,684)	—	591	6,160
	₱17,373,150	₱—	(₱837,161)	(₱119,107)	₱17,339	₱16,434,221

	January 1, 2022	Cash flows		Effect of exchange rate changes	Others	December 31, 2023
		Availments	Payments			
Long-term debts and other interest-bearing liabilities	₱20,864,159	₱7,683,039	(₱13,291,993)	₱1,955,985	₱153,707	₱17,364,897
Principal portion of lease liability	10,062	—	(2,556)	—	747	8,253
	₱20,874,221	₱7,683,039	(₱13,294,549)	₱1,955,985	₱154,454	₱17,373,150

The other non-cash activities of the Group pertain to the recognition and amortization of debt issue costs on its long-term debts and recognition of lease liability and related interest expense under PFRSs 16.

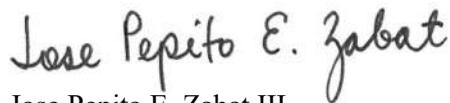


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Atlas Consolidated Mining and Development Corporation  
Five E-com Center, Palm Coast Avenue corner Pacific Drive  
Mall of Asia Complex, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Atlas Consolidated Mining and Development Corporation and Subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in this form 17-A, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat 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

March 5, 2024



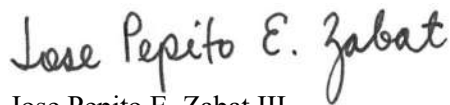


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
Atlas Consolidated Mining and Development Corporation  
Five E-com Center, Palm Coast Avenue corner Pacific Drive  
Mall of Asia Complex, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Atlas Consolidated Mining and Development Corporation and Subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat 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

March 5, 2024



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
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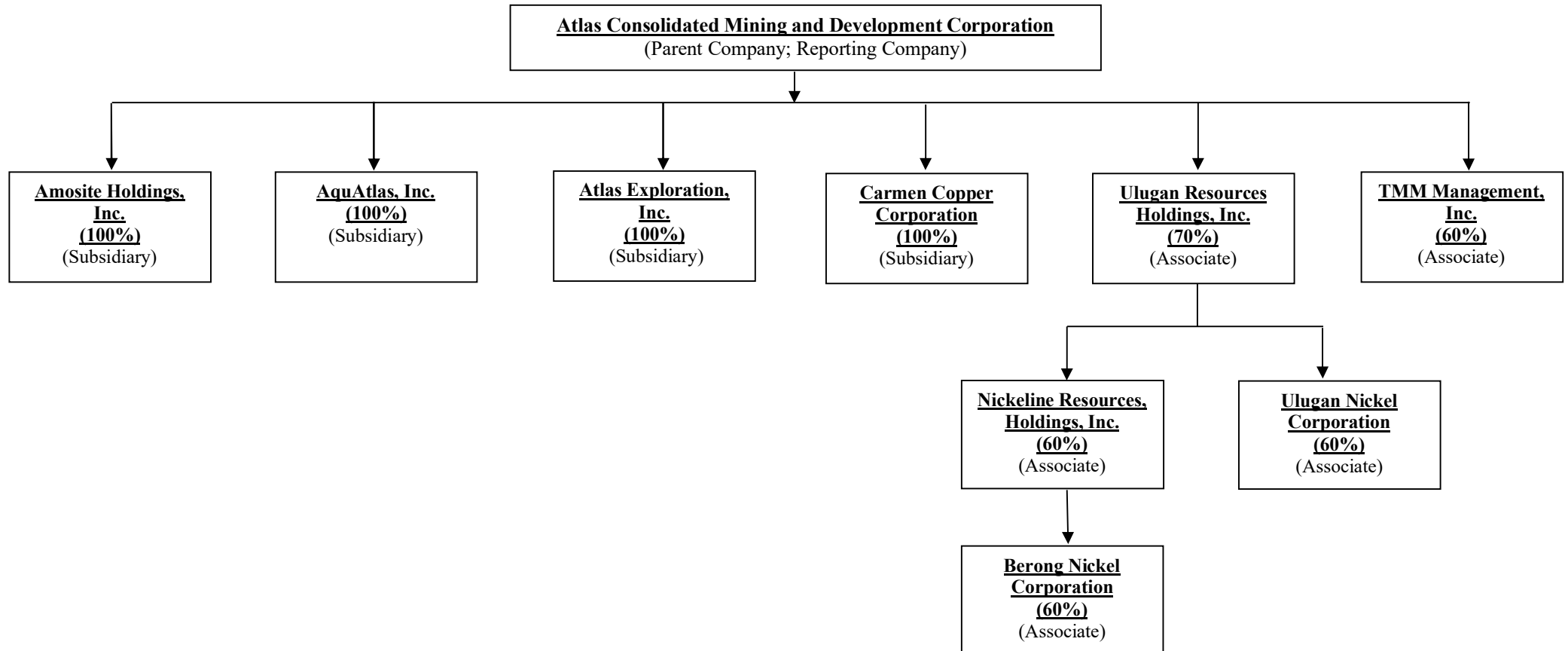
**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS  
PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED  
DECEMBER 31, 2023**

<b>Ratio</b>	<b>Formula</b>	<b>Current Year</b>	<b>Prior Year</b>
Current Ratio	Total Current Assets divided by Total Current Liabilities	0.61	0.59
	Total Current Assets 3,883,345		
	Divide by: Total Current Liabilities 6,332,992		
	Current Ratio 0.61		
Acid test ratio	Quick assets ( <i>Total Current Assets less Inventories and Other Current Assets</i> ) divided by Total Current Liabilities	0.34	0.33
	Total Current Assets 3,883,345		
	Less: Inventories 1,011,040		
	Other current assets 718,035		
	Quick assets 2,154,270		
	Divide by: Total Current Liabilities 6,333,402		
Solvency ratio	Acid test ratio 0.34	0.25	0.31
	Net Income After Tax Plus Depreciation, Amortization and Depletion divided by Total Liabilities		
	Net Income After Tax 1,117,556		
	Add: Depreciation, Amortization and Depletion 4,610,726		
	Net Income After Tax Plus Depreciation, Amortization and Depletion 5,728,282		
	Divide by: Total Liabilities 22,886,068		
Debt-to-equity ratio	Solvency ratio 0.25	0.55	0.59
	Total Liabilities divided by Total Equity (Excluding Cumulative Translation Adjustment and Treasury Shares)		
	Total Liabilities 22,886,068		
	Divide by: Total Equity		
	Total Equity 45,342,690		
	Less: Cumulative translation adjustment 3,869,999		
	Add: Treasury Shares 23,267		
	Subtotal 41,495,958		
	Debt-to-equity ratio 0.55		

Ratio	Formula	Current Year	Prior Year
Asset-to-equity ratio	Total Assets divided by Total Equity ( <i>Excluding Cumulative Translation Adjustment and Treasury Shares</i> )	1.64	1.70
	Total Assets 68,228,758		
	Divide by: Total Equity		
	Total Equity 45,342,690		
	Less: Cumulative translation adjustment 3,869,999		
	Add: Treasury Shares 23,267		
	Subtotal 41,495,958		
	Asset-to-equity ratio 1.64		
Interest rate coverage ratio	Earnings Before Interest and Taxes divided by Interest Expense	3.72	4.67
	Net Income Before Tax 1,703,107		
	Add: Finance Charges 626,599		
	Earnings Before Interest and Taxes 2,329,706		
	Divide by: Finance Charges 626,599		
	Interest rate coverage ratio 3.72		
Return on equity	Net Income After Tax divided by Total Equity ( <i>Excluding Cumulative Translation adjustment and Treasury Shares</i> )	2.51%	7.81%
	Net Income After Tax 1,117,556		
	Divide by: Average Total Equity		
	Equity at beginning of the year 43,810,892		
	Equity at end of the year 45,342,690		
	Average Total Equity 44,576,791		
	Return on equity 2.51%		
Return on assets	Net Income After Tax divided by Total Assets	1.65%	4.82%
	Net Income After Tax 1,117,556		
	Divide by: Average Total Assets		
	Assets at beginning of the year 67,448,802		
	Assets at end of the year 68,228,758		
	Average Total Assets 67,838,780		
	Return on assets 1.65%		
Net profit margin	Net Income After Tax divided by Total Revenue	5.92%	19.13%
	Net Income After Tax 1,117,556		
	Divide: Total Revenue 18,865,013		
	Net profit margin 5.92%		

Ratio	Formula	Current Year	Prior Year
Operating profit margin	Net Income Before Tax divided by Total Revenue	9.03%	20.50%
	Net Income Before Tax 1,703,107		
	Divide: Total Revenue 18,865,013		
	Net profit margin 9.03%		
Gross profit margin	Gross Profit Tax ( <i>Total Revenues less Cost of Sales</i> ) divided by Total Revenue	23.76%	13.71%
	Total Revenues 18,865,013		
	Less: Cost of Sales (Mining and Milling Costs) 14,382,499		
	Gross Profit 4,482,514		
	Divide: Total Revenue 18,865,013		
	Net profit margin 23.76%		

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES**  
**MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP**  
**PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2023**



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
PURSUANT TO THE REVISED SEC RULE 68**

**As of December 31, 2023**

(Amounts in thousands)

<b>Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning</b>		<b>₱292,926</b>
<b>Less: Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	—	
Retained Earnings appropriated during the reporting period	—	
Adjustment for treasury shares	(23,267)	
Others	—	(23,267)
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>292,926</b>
<b>Add/Less: Net loss for the current year</b>		<b>(31,794)</b>
<b>Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	909	
Equity in net income of associate/joint venture	33,820	
Unrealized fair value gain or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	(34,729)
Sub-total		(66,523)
<b>Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	—	—
<b>Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</b>		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents.	—	—
<b>Add: Non-actual losses</b>		
Unrealized actuarial loss	3,155	
Depreciation on revaluation increment (after tax)	—	3,155
<b>Adjusted Net Income/Loss</b>		<b>(63,368)</b>
<b>Less: Other items that should be excluded from the determination of the amount available for dividends distribution</b>		
Net movement of treasury shares (except for reacquisitions or redeemable shares)	—	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	—	
Others	—	—
<b>TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND</b>		<b>₱229,558</b>

**SCHEDULE A****ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**FINANCIAL ASSETS**  
**DECEMBER 31, 2023**

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (figures in thousands)	Values based on market quotation at end of reporting period	Income received and accrued
Cash in banks	—	₱354,884	₱354,884	₱2,926
Cash equivalents	—	1,344,165	1,344,165	20,084
Receivables				
Trade	—	389,232	389,232	—
Non-trade	—	42,911	42,911	—
Interest	—	847	847	—
Advances to				
Related parties	—	17,830	17,830	—
Officers and employees	—	4,012	4,012	—
Investment in pooled funds	239,687	345,051	345,051	2,096
Investment in UITF	N/A	32,571	32,571	—
Refundable deposits	—	3,214	3,214	—



## SCHEDULE B

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS**  
**(OTHER THAN RELATED PARTIES)**  
**DECEMBER 31, 2023**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written-off	Current	Not Current	Balance at end period
			NONE				

**SCHEDULE C**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**AMOUNTS RECEIVABLE / PAYABLE FROM RELATED PARTIES**  
**WHICH ARE ELIMINATED DURING THE**  
**CONSOLIDATION OF FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written-off	Current	Not Current	Balance at end period
CCC	(₱7,242,766,466)	₱—	₱—	₱—	(₱7,242,766,466)	₱—	(₱7,242,766,466)
AEI	101,080,734	79,572	—	—	101,160,306	—	101,160,306
AI	32,224,462	88,344	—	—	32,312,806	—	32,312,806
AHI	(1,593,406)	83,561	—	—	(1,509,845)	—	(1,509,845)

**SCHEDULE D****ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**LONG-TERM DEBT**  
**DECEMBER 31, 2023**

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under the caption "Current Portion of long-term borrowings" in related balance sheet	Amount shown under the caption "Long-term borrowings - net of current portion" in related balance sheet	Interest rates	Number of periodic installment payments	Maturity date
China Banking Corporation – <i>Term Loan</i>	₱–	₱2,491,650,000	₱6,329,124,365	3.75%		November 8, 2026
Banco De Oro (BDO) Unibank, Inc. – <i>Form of Note 1</i>	–	–	3,202,020,319	3.75%		November 8, 2026
BDO Unibank, Inc. – <i>Form of Note 2</i>	–	–	2,759,861,805	3.75%		November 8, 2026
China Banking Corporation – <i>Form of Note 1</i>	–	–	1,645,403,379	3.75%		November 8, 2026

**SCHEDULE E**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES  
INDEBTEDNESS TO RELATED PARTIES  
(LONG-TERM LOANS FROM RELATED COMPANIES)  
DECEMBER 31, 2023**

Name of Related Party	Balance at beginning of period	Balance at end of period
	NONE	

*Notes:*

*On March 21, 2017, Carmen Copper Corporation, a subsidiary of the Parent Company availed of loans from SM Investments Corporation, Anglo Philippine Holdings Corporation and Alakor Corporation for working capital requirements. Carmen Copper Corporation fully paid the loan from SM Investments Corporation in 2022 and the loans from Anglo Philippine Holdings Corporation and Alakor Corporation in 2021.*

**SCHEDULE F**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES  
GUARANTEES OF SECURITIES OF OTHER ISSUERS  
DECEMBER 31, 2023**

Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
--	--	--	---	---------------------

NOT APPLICABLE

**SCHEDULE G****ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES  
CAPITAL STOCK  
DECEMBER 31, 2023**

The Parent Company's authorized share capital is ₱8.89 billion divided into 8.89 billion shares at ₱1 par value. As at December 31, 2023, total shares issued and subscribed is 3,559,532,774 held by 20,681 shareholders. The Parent Company has 1,472,500,000 subscribed shares as at December 31, 2023.

Title of Issue	Number of shares authorized	Number of shares issued and subscribed as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversions and other rights		Number of shares held by related parties	Directors, officers, and employees	Others
Common Stock	8,890,000,000	3,559,532,774		–	2,616,455,535	109,673,417	833,403,822



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Atlas Consolidated Mining and Development Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.


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.

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

  
Frederic C. Dubuncio  
Chairman of the Board

  
Adrian Paulino S. Ramos  
President

  
Rodymio B. Rañada  
Vice President / Chief Finance Officer



16 MAR 2023

SUBSCRIBED AND SWORN to before me, this 16 day of March 2023 at PASAY CITY, affiant with Taxpayer Identification Numbers as follows:

Name	Tax Identification Number
Frederic C. Dybuncio	103-192-854
Adrian Paulino S. Ramos	188-355-989
Rodyardo B. Rañada	156-816-793

  
**MA. CLOFE L. JAIME**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2023  
COMMISSION NO. 20-04  
PSE 101-17799  
PTR NO. 40841-1 PSE 101-17799  
ISSUED ON 10/10/2021 ISSUED BY ISP  
W/O 101-105-2-13-02  
PSE 101-105-2-13-02  
ISSUED ON 10/10/2021 VALID UNTIL  
APRIL 14, 2025

Doc. No. 488  
Page No. 97  
Book No. 5  
Series of 2023



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders  
Atlas Consolidated Mining and Development Corporation  
Five E-com Center, Palm Coast Avenue corner Pacific Drive  
Mall of Asia Complex, Pasay City

### Opinion

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

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

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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 the 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



### ***Impairment Testing of Goodwill, Property, Plant and Equipment, and Mining Rights***

The Group is required to annually test the amount of goodwill for impairment. In addition, in the event that an impairment indicator is identified, the Group tests the recoverability of property, plant and equipment, and mining rights. As of December 31, 2022, the Group has goodwill attributable to Carmen Copper Corporation amounting to ₱19.03 billion, and property, plant and equipment, and mining rights amounting to ₱41.91 billion, which are considered significant to the consolidated financial statements. The assessment of the recoverability of goodwill, property, plant and equipment, and mining rights requires significant judgment and involves estimation and assumptions about the expected life of the project, future production levels and costs, contributions to the government based on current regulations as well as external inputs such as copper and gold prices and discount rate. Hence, such assessment is a key audit matter in our audit.

The disclosures in relation to property, plant and equipment, mining rights and goodwill are included in Notes 9 and 10 to the consolidated financial statements.

### ***Audit Response***

We evaluated the methodology and the assumptions used. These assumptions include the expected life of the project, future production levels and costs, contributions to the government based on current regulations as well as external inputs such as copper prices and discount rate. We compared the key assumptions used against the mine life based on the mineral reserve report, production reports from the operations departments, current tax laws, and forecasted copper and gold prices. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill, property, plant and equipment, and mining rights.

### **Other Information**

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

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

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



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

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

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

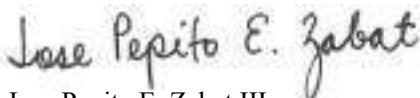
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is  
Jose Pepito E. Zabat III.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat 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

SEC Partner Accreditation No. 85501-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-060-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9566022, January 3, 2023, Makati City

March 7, 2023



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Thousands, Except Number of Shares)

	December 31	
	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4)	₱947,157	₱909,101
Short-term investments (Note 4)	311,757	283,600
Trade and other receivables (Note 5)		
At fair value through profit or loss	41,281	2,013
At amortized cost – net	84,501	51,928
Inventories (Note 7)	1,053,628	1,590,248
Derivative asset (Note 6)	200,167	78,385
Other current assets (Note 8)	584,596	756,438
<b>Total Current Assets</b>	<b>3,223,087</b>	<b>3,671,713</b>
<b>Non-current Assets</b>		
Property, plant and equipment (Note 9):		
At cost	34,456,058	33,486,392
At revalued amount	506,787	505,379
Mining rights (Note 10)	6,950,866	7,260,337
Goodwill (Note 10)	19,026,119	19,026,119
Investments in associates (Note 12)	331,121	257,929
Deferred tax assets – net (Note 25)	751,759	506,663
Deferred mine exploration costs (Note 11)	193,625	16,707
Other non-current assets (Note 13)	2,009,380	1,462,275
<b>Total Noncurrent Assets</b>	<b>64,225,715</b>	<b>62,521,801</b>
<b>TOTAL ASSETS</b>	<b>₱67,448,802</b>	<b>₱66,193,514</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable, contract liability and accrued liabilities (Note 14)	₱3,423,326	₱2,044,893
Lease liability – current (Note 15)	2,684	2,556
Current portion of long-term debts and other interest bearing liabilities (Note 16)	1,672,650	2,592,437
Derivative liability (Note 6)	51,367	4,029
Income tax payable	318,179	185,586
Other current liability (Note 16)	–	1,910,355
<b>Total Current Liabilities</b>	<b>5,468,206</b>	<b>6,739,856</b>
<b>Non-current Liabilities</b>		
Long-term debts and other interest-bearing liabilities – net of current portion (Note 16)	15,692,247	18,271,722
Retirement benefits liability (Note 24)	542,948	563,042
Lease liability – net of current portion (Note 15)	5,569	7,506
Liability for mine rehabilitation (Note 17)	64,793	69,939
Deferred tax liabilities (Note 25)	1,864,147	1,937,438
<b>Total Non-current Liabilities</b>	<b>18,169,704</b>	<b>20,849,647</b>
<b>Total Liabilities</b>	<b>23,637,910</b>	<b>27,589,503</b>

(Forward)



	December 31	
	2022	2021
<b>Equity</b>		
Capital stock (Note 18)	₱3,559,533	₱3,559,533
Additional paid-in capital (Note 18)	19,650,936	19,650,936
Subscription receivable (Note 18)	(4,841,801)	(4,841,801)
Revaluation increment on land (Note 9)	320,217	320,217
Remeasurement gain on retirement benefits liability (Note 24)	188,209	104,306
Cost of 1,980,000 treasury shares held by a subsidiary	(23,267)	(23,267)
Retained earnings (Note 18)	20,910,285	17,692,199
Cumulative translation adjustments	4,046,780	2,141,888
<b>Total Equity</b>	<b>43,810,892</b>	<b>38,604,011</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱67,448,802</b>	<b>₱66,193,514</b>

*See accompanying Notes to the Consolidated Financial Statements*



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands, Except Loss Per Share)

	<b>Years Ended December 31</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>REVENUES FROM CONTRACTS WITH CUSTOMERS (Note 20)</b>			
Copper concentrate	<b>₱16,822,495</b>	<b>₱17,937,583</b>	<b>₱17,509,200</b>
<b>COSTS AND EXPENSES – NET</b>			
Mining and milling costs (Note 21)	<b>14,515,894</b>	10,627,219	11,262,137
General and administrative expenses (Note 22)	<b>1,109,997</b>	1,130,893	1,396,934
Mine products taxes (Note 21)	<b>667,196</b>	701,718	685,120
Depletion of mining rights (Note 10)	<b>309,471</b>	297,892	232,577
Others – net (Note 27)	<b>(91,436)</b>	(476,383)	381,882
	<b>16,511,122</b>	12,281,339	13,958,650
<b>OTHER INCOME (CHARGES)</b>			
Fair value gain (loss) on derivatives – net (Note 6)	<b>2,385,648</b>	113,107	(870,237)
Gain on derecognition of financial guarantee obligation (Note 16)	<b>2,041,569</b>	–	–
Finance charges (Note 26)	<b>(940,064)</b>	(1,241,766)	(1,872,049)
Foreign exchange gains (losses) – net	<b>(519,475)</b>	(326,973)	237,659
Share in net income of associates (Note 12)	<b>123,592</b>	222,005	112,135
Fair value gain (loss) on provisionally priced receivables – net (Notes 5 and 6)	<b>41,215</b>	(779)	(64,697)
Interest income (Note 26)	<b>4,790</b>	3,785	20,008
	<b>3,137,275</b>	(1,230,621)	(2,437,181)
<b>INCOME BEFORE INCOME TAX</b>	<b>3,448,648</b>	4,425,623	1,113,369
<b>PROVISION FOR INCOME TAX (Note 25)</b>	<b>(230,562)</b>	(564,038)	(995,676)
<b>NET INCOME</b>	<b>₱3,218,086</b>	<b>₱3,861,585</b>	<b>₱117,693</b>

(Forward)



	Years Ended December 31		
	2022	2021	2020
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Remeasurement gain (loss) on retirement benefits liability (Note 24)	<b>₱83,903</b>	₱47,051	(₱40,631)
Share in other comprehensive income (loss) of associates	<b>553</b>	(212)	339
<i>Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax):</i>			
Cumulative translation adjustments	<b>1,904,892</b>	1,047,194	(809,335)
	<b>1,989,348</b>	1,094,033	(849,627)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱5,207,434</b>	₱4,955,618	(₱731,934)
<b>EARNINGS (LOSS) PER SHARE</b> (Note 29)			
Basic earnings (loss) per share	<b>₱0.9046</b>	₱1.0855	₱0.0331
Diluted earnings (loss) per share	<b>₱0.9046</b>	₱1.0855	₱0.0331

See accompanying Notes to the Consolidated Financial Statements





**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**

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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

**(Amounts in Thousands, Except Par Value Per Share)**

	Capital stock (Note 18)	Additional paid-in capital (Note 18)	Subscriptions receivable (Note 18)	Revaluation increment on land (Note 9)	Remeasurement gain (loss) on retirement benefits liability (Note 24)	Cumulative translation adjustments	Retained earnings (Note 18)	Treasury shares held by a subsidiary	Total
BALANCES AT JANUARY 1, 2020	₱3,559,533	₱19,650,936	(₱4,841,801)	₱298,869	₱94,069	₱1,903,902	₱13,712,921	(₱23,267)	₱34,355,162
Net income	-	-	-	-	-	-	117,693	-	117,693
Other comprehensive loss	-	-	-	-	(40,631)	(808,996)	-	-	(849,627)
Total comprehensive income (loss)	-	-	-	-	(40,631)	(808,996)	117,693	-	(731,934)
BALANCES AT DECEMBER 31, 2020	3,559,533	19,650,936	(4,841,801)	298,869	53,438	1,094,906	13,830,614	(23,267)	33,623,228
Effect of change in tax rate	-	-	-	21,348	3,817	-	-	-	25,165
Net income	-	-	-	-	-	-	3,861,585	-	3,861,585
Other comprehensive income	-	-	-	-	47,051	1,046,982	-	-	1,094,033
Total comprehensive income	-	-	-	-	47,051	1,046,982	3,861,585	-	4,955,618
BALANCES AT DECEMBER 31, 2021	3,559,533	19,650,936	(4,841,801)	320,217	104,306	2,141,888	17,692,199	(23,267)	38,604,011
Net income	-	-	-	-	-	-	3,218,086	-	3,218,086
Other comprehensive income	-	-	-	-	83,903	1,904,892	-	-	1,988,795
Total comprehensive income	-	-	-	-	83,903	1,904,892	3,218,086	-	5,206,881
BALANCES AT DECEMBER 31, 2022	₱3,559,533	₱19,650,936	(₱4,841,801)	₱320,217	₱188,209	₱4,046,780	₱20,910,285	(₱23,267)	₱43,810,892

*See accompanying Notes to the Consolidated Financial Statements*



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)

	Years Ended December 31		
	2022	2021	2020
<b>OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱3,448,648</b>	<b>₱4,425,623</b>	<b>₱1,113,369</b>
Adjustments for:			
Depreciation, amortization and depletion (Notes 7, 9 and 10)	<b>4,159,314</b>	4,370,925	4,664,433
Gain on derecognition of financial guarantee obligation (Note 16)	<b>(2,041,569)</b>	—	—
Finance charges (Note 26)	<b>940,064</b>	1,241,766	1,872,049
Unrealized loss (gain) on derivatives (Note 6)	<b>(145,456)</b>	(49,630)	289,012
Share in net income of associates (Note 12)	<b>(123,592)</b>	(222,005)	(112,135)
Unrealized fair value loss (gain) on provisionally priced sales – net (Notes 5 and 6)	<b>(41,215)</b>	779	64,697
Movement in retirement benefits liability (Note 24)	<b>(33,376)</b>	22,349	20,068
Loss (gain) on disposal of property and equipment (Note 9)	<b>12,838</b>	—	(375)
Loss on retirement of property and equipment (Notes 9 and 27)	<b>9,168</b>	90,587	691
Unrealized foreign exchange losses (gains) – net	<b>(5,030)</b>	122,011	107,909
Unrealized fair value gain on investment in unit investment trust fund (Note 13)	<b>(5,082)</b>	(54)	(562)
Interest income (Note 26)	<b>(4,790)</b>	(3,785)	(20,008)
Unrealized fair value gain on investment in pooled funds (Notes 8 and 27)	<b>(196)</b>	(1,313)	(395)
Provision for (reversal of) impairment of property, plant and equipment (Note 27)	—	(534,472)	538,151
Gain on loan restructuring – net (Notes 16 and 27)	—	—	(362,129)
Operating income before working capital changes	<b>6,169,726</b>	9,462,781	8,174,775
Decrease (increase) in:			
Receivables	<b>707,557</b>	1,080,412	270,100
Inventories	<b>1,249,145</b>	(183,904)	280,352
Other current assets	<b>206,940</b>	(396,689)	78,545
Other noncurrent assets	<b>(409,229)</b>	184,416	228,115
Increase (decrease) in accounts payable, contract liability and accrued liabilities	<b>1,218,406</b>	(902,945)	(481,268)
Net cash generated from operations	<b>9,142,545</b>	9,244,071	8,550,619
Income taxes paid	<b>(409,935)</b>	(494,767)	(134,493)
Interest paid	<b>(681,314)</b>	(1,216,526)	(1,809,248)
Interest received	<b>4,706</b>	3,673	21,229
Net cash flows from operating activities	<b>8,056,002</b>	7,536,451	6,628,107
<b>INVESTING ACTIVITIES</b>			
Proceeds from:			
Dividends received (Note 12)	<b>33,690</b>	302,400	75,726
Disposal of property and equipment (Note 9)	<b>549</b>	12	375
Short-term investments	—	—	2,847,170
Additions to:			
Deferred exploration costs (Note 11)	<b>(176,918)</b>	—	—
Property, plant and equipment (Note 9)	<b>(2,291,227)</b>	(1,308,715)	(2,390,280)
Short-term investments	—	(7,144)	(2,226,495)
Net cash flows used in investing activities	<b>(₱2,433,906)</b>	(₱1,013,447)	(₱1,693,504)

(Forward)



	<b>Years Ended December 31</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>FINANCING ACTIVITIES</b>			
Availments of:			
Long-term debts and other interest-bearing liabilities (Note 35)	<b>₱7,683,039</b>	₱8,540,570	₱—
Payments of:			
Long-term debts and other interest-bearing liabilities (Note 35)	<b>(13,291,993)</b>	(8,801,431)	(2,220,811)
Bank loans (Note 35)	—	(6,629,870)	(1,920,920)
Principal portion of of lease liability (Notes 15 and 35)	<b>(2,556)</b>	(1,839)	(2,316)
Net cash flows used in financing activities	<b>(5,611,510)</b>	(6,892,570)	(4,144,047)
<b>NET EFFECT OF EXCHANGE RATE CHANGES</b>			
<b>ON CASH</b>	<b>27,470</b>	73,506	(230,854)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>38,056</b>	(296,060)	559,702
<b>CASH AT BEGINNING OF YEAR</b>	<b>909,101</b>	1,205,161	645,459
<b>CASH AT END OF YEAR (Note 4)</b>	<b>₱947,157</b>	₱909,101	₱1,205,161

*See accompanying Notes to the Consolidated Financial Statements*



# ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Loss Per Share Data and as Otherwise Indicated)

### 1. Corporate Information, Business Operations, and Authorization for the Issuance of the Consolidated Financial Statements

#### Corporate Information

Atlas Consolidated Mining and Development Corporation (the Parent Company) was incorporated and was registered with the Philippine Securities and Exchange Commission (SEC) as “Masbate Consolidated Mining Company, Inc.” on March 9, 1935 as a result of the merger of assets and equities of three pre-war mining companies, namely, Masbate Consolidated Mining Company, Antamok Goldfields Mining Company and IXL Mining Company. Thereafter, it amended its articles of incorporation to reflect the present corporate name and to extend its corporate life up to March 2035. The registered business address of the Parent Company is Five E-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City.

The Parent Company, through its subsidiaries, is engaged in metallic mineral mining and exploration, and currently produces copper concentrate (with gold and silver).

The Parent Company’s shares of stock were listed with the Philippine Stock Exchange (PSE) on November 17, 1970.

A major restructuring of the Parent Company was undertaken in 2004 and 2005 with the creation of three special-purpose subsidiaries to develop the Toledo Copper Project, the Berong Nickel Project, and the Toledo-Cebu Bulk Water and Reservoir Project. As a result, Carmen Copper Corporation (CCC), Berong Nickel Corporation (BNC) and AquAtlas, Inc. (AI) were incorporated and, subsequently, were positioned to attract project financing, as well as specialist management and operating expertise. In addition, the Parent Company incorporated wholly owned subsidiaries: Atlas Exploration Inc. (AEI), to host, explore and develop copper, gold, nickel and other mineral exploration properties; and Amosite Holdings, Inc. (AHI) to hold assets for investment purposes. AEI will also explore for other metalliferous and industrial minerals to increase and diversify the mineral holdings and portfolio of the Parent Company.

#### Business Operations

The Parent Company has control of CCC, AI, AEI and AHI as at December 31, 2022 and 2021. The Parent Company has no geographical segments as these entities were incorporated and are operating within the Philippines.



The table below contains the details of the Parent Company's equity interest in its subsidiaries and a description of the nature of the business of each subsidiary as at December 31, 2022 and 2021:

Nature of Business		Percentage of Ownership	
		2022	2021
<u>Subsidiaries as at December 31, 2022 and 2021</u>			
AEI	Incorporated in the Philippines on August 26, 2005 to engage in the business of searching, prospecting, exploring and locating of ores and mineral resources, and other exploration work	100%	100%
AI	Incorporated in the Philippines on May 26, 2005 to provide and supply wholesale or bulk water to local water districts and other customers	100%	100%
AHI (see Note 10)	Incorporated in the Philippines on October 17, 2006 to hold assets for investment purposes	100%	100%
CCC (see Note 10)	Incorporated in the Philippines on September 16, 2004 primarily to engage in exploration work for the purpose of determining the existence of mineral resources, extent, quality and quantity, and the feasibility of mining them for profit	100%	100%

a. *AEI*

In 2022, AEI continued its exploration activities for the geotechnical survey of the Sigpit gold prospect and for the drilling at the southern extension of the Lutopan orebody. AEI incurred a net loss of ₱76 in 2022 and has cumulative capital deficiency of ₱108,760 as at December 31, 2022.

b. *AI*

In 2022, AI continued to explore and assess the feasibility of projects involving the bulk supply of potable water from the Parent Company's Malubog Dam. AI incurred a net loss of ₱87 in 2022 and has cumulative capital deficiency of ₱32,433 as at December 31, 2022.

c. *AHI*

AHI is the owner of certain real properties that are used in the mining operations of CCC. AHI incurred a net loss of ₱80 in 2022 and has cumulative deficit of ₱3,445 as at December 31, 2022.

d. *CCC*

In July 2011, the Parent Company acquired all of the equity interest of CASOP Atlas BV and CASOP Atlas Corporation (collectively called CASOP) in CCC. As a result, the Parent Company became the owner of 100% of CCC's outstanding capital stock. Prior to such acquisition, the Parent Company owned 54.45% of the outstanding capital stock of CCC.

On May 5, 2006, the Parent Company entered into an Operating Agreement with CCC (the Operating Agreement) respecting the terms of the assignment by the Parent Company to CCC of operating rights over the Toledo mining complex, and the right to acquire certain fixed assets. The agreement may be terminated by the Parent Company upon 30 days' prior written notice (see Note 34).



#### Carmen Pit Incident

On December 21, 2020, a landslide occurred at the Carmen Pit of CCC. This incident prompted the Mines and Geosciences Bureau (MGB) to order the immediate suspension of the operations at the Carmen Pit.

On February 5, 2021, MGB approved the Risk Reduction Management Plan (RRMP) submitted by the Company. The RRMP outlines the mitigating measures and the related safety protocols the Group will adopt and implement.

On March 9, 2021, the Secretary of the Department of Environment and Natural Resources (DENR) approved the partial lifting of the suspension order. The partial lifting of the suspension order allows the Group to resume mining operations in the Carmen Pit except in areas that were affected by the landslide, subject to compliance with certain conditions. The Group is currently undertaking safety measures for the rehabilitation of the impacted areas at Carmen pit. The Group is working closely with the various regulating agencies, local government units in addressing the on-going rehabilitation and redevelopment initiatives.

On May 11, 2022, the Acting Secretary of DENR approved the full lifting of the suspension order, subject to compliance with the specific post-lifting requirements.

#### Russia-Ukraine Conflict

On February 24, 2022, Russia launched a military attack on Ukraine that escalated an ongoing conflict that began in 2014.

This event sets several uncertainties with the potential to disrupt businesses and institutions and poses threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. The Group has no exposure to investments in Ukraine or Russia.

The scale and duration of these developments and event remain uncertain as of March 7, 2023. It is not possible to estimate the overall impact of the outbreak and war's near-term and longer effects, and could have a material impact on the Group's financial results for the rest of 2023 and even periods thereafter. Considering the evolving nature of the pandemic and the war, the Group will continue to closely monitor these situations.

#### Authorization for the Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Parent Company and its subsidiaries as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 were authorized for issuance by the Board of Directors on March 7, 2023.

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## **2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Summary of Significant Accounting Policies**

#### Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for parcels of land, which are carried at revalued amounts, trade receivables, derivatives, investment in pooled funds, quoted equity instrument, and investment in unit investment trust fund which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the presentation currency of the Group under Philippine Financial Reporting Standards (PFRSs). Based on the economic substance of the underlying circumstances relevant to Atlas Consolidated



Mining and Development Corporation and Subsidiaries (collectively, the Group), the functional currencies of the Parent Company and its associates and subsidiaries is the Philippine Peso, except for CCC whose functional currency is the United States Dollar (US\$). All values are rounded to the nearest thousands (₱000), except when otherwise indicated.

#### Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with PFRSs.

#### Basis of Consolidation

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

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.

Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result 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 arrangement 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 reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the 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 are attributed to the equity holders of the Parent Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group'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 loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities and other components of equity while any gain or loss is recognized in the consolidated statement of comprehensive income. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same accounting period as the Parent Company using uniform accounting policies.



#### Changes in Accounting Policies

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

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The Group adopted the amendments beginning January 1, 2022.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments did not impact the consolidated financial statements because the Group has no mining projects which are currently under the development phase and are producing incidental mineral ores.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- Annual Improvements to PFRSs 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to PFRS, if no





adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture*, *Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

#### Standard Issued but not yet Effective

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

#### *Effective beginning on or after January 1, 2023*

- 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. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- 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.



An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- 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).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

*Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.



The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

#### *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*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

#### Summary of Significant Accounting Policies

##### 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 the consolidated statement of financial position based on current or non-current classification. An asset is current when it is:

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



All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

#### Cash

Cash consists of cash on hand and in banks. Cash in banks earns interest at the respective bank deposit rates.

#### Short-term Investments

Short-term investments are cash placements with original maturities of more than three months but less than one year, and earn interest at the respective short-term investment rates. Short-term investments with maturities of more than 12 months after the reporting period are presented under non-current assets.

#### 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 measured at fair value on initial recognition, and are subsequently measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss.

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely for payments of principal and interest on the principal amount outstanding. This assessment is referred to as the solely for payments of principal and interest 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.

#### *Subsequent Measurement*

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

- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### *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 solely for payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost include cash, short-term investments, nontrade receivables, interest receivables, advances to related related parties, advances to officers and employees, and refundable deposits under other non-current assets.

#### *Financial Assets at Fair Value through Profit or Loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, 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 solely for payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with



changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As PFRS 9 now has the solely for payments of principal and interest test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the solely for payments of principal and interest test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Group's trade receivables. These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant quotational period (QP) stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the solely for payments of principal and interest test.

As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognized in fair value gain/loss on provisionally priced trade receivables in the consolidated statement of comprehensive income.

Aside from trade receivables, this category also includes derivative asset, quoted equity instrument, investment in unit investment trust fund and investment in pooled funds which the Group classified at fair value through profit or loss.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) 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 an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement-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.

#### *Impairment of Financial Assets*

The Group recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses 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.

Expected credit losses are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month expected credit losses). 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 expected credit losses).

For any other financial assets carried at amortized cost (which are due in more than 12 months), the expected credit losses is based on the 12-month expected credit losses. The 12-month expected credit losses is the proportion of lifetime expected credit losses 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 expected credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

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

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

#### Financial Liabilities

##### *Initial Recognition and Measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include payables and loans, borrowings and derivative liabilities.

##### *Subsequent Measurement*

##### *Financial Liabilities at Amortized Cost*

After initial recognition, loans and borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of comprehensive income 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 finance costs in the consolidated statement of comprehensive income.

*Financial Liabilities at Fair Value through Profit or Loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Group has designated its derivative liability as at fair value through profit or loss.

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

*Exchange or Modification of Financial Liabilities*

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.





If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

The Group's policy is to treat restructuring as extinguishment when there is revision of nominal interest rates for liabilities that are prepayable at par at a current market rate, and the prepayment at par i.e. unpaid principal and interest, at any time is with no penalty. The revision of the rates is in substance a settlement of the existing loan through the exercise of the prepayment option and commencement of a new loan at a market rate of interest. The cash flows of the original loan are deemed to have expired and should be derecognized with a corresponding new loan recognized.

#### Offsetting Financial Instruments

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

The Group measures financial instruments, such as derivatives, provisionally priced trade receivables, and non-financial asset such as land, at fair value at the end of the reporting period.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- |   |                    |
|---|--------------------|
| • Significant estimates and assumptions                 | Note 3             |
| • Derivatives   | Notes 5 and 6      |
| • Financial assets at fair value through profit or loss | Notes 8, 11 and 13 |
| • Land  | Note 9             |
| • Financial instruments                                 | Note 31            |

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 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 best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit 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 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; and
- 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.

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.

#### Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward commodity contracts, to hedge its commodity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.



Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### *Fair Value Hedges*

The change in the fair value of a hedging instrument is recognized in the statement of comprehensive income as other income (charges). The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of comprehensive income as other income (charges).

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortised fair value is recognised immediately in profit or loss.

As at December 31, 2022, the Group has freestanding derivative instruments such as commodity swap transactions used to hedge risks associated with copper and gold prices.

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

#### Inventories

Mine products inventory, which includes coarse ore and fine ores and, copper concentrate containing copper, gold and silver, and materials and supplies are valued at the lower of cost and net realizable value (NRV).

Cost is determined using the following methods:

#### *Mine Products Inventory*

The cost of mine products is determined using the moving average method and are comprised of materials and supplies, depreciation, depletion, personnel costs and other cost that are directly attributable in bringing the copper concentrates in its saleable condition.

#### *Materials and Supplies*

Materials and supplies primarily pertain to consumable bearing and grinding balls, coolant and lubricants for the concentrators, concentrator supplies such as flotation reagent for the processing of the extracted ores, spare parts for concentrator machinery, crushers and conveyors, supplies such as diesel and gasoline fuels used by dump trucks and drilling machinery in extracting and transporting



the ores, and explosives and blasting accessories for open pit mining. Cost is determined using the moving average method.

The Group determines the NRV of inventories at the end of the reporting period. NRV for mine product inventories is the selling price in the ordinary course of business, less the estimated costs of completion and costs of selling the final product. In the case of materials and supplies, NRV is the value of the inventories when sold at their condition at the end of the reporting period. If the cost of the inventories exceeds its NRV, the asset is written down to its NRV and impairment loss is recognized in the consolidated statement of comprehensive income in the period the impairment is incurred.

In case the NRV of the inventories increased subsequently, the NRV will increase carrying amount of inventories but only to the extent of the impairment loss previously recognized. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken by the Group to determine the extent of any provision for obsolescence.

#### Other Current Assets

Other current assets pertain to other resources controlled by the Group as a result of past events. Other current assets are composed of investment in pooled funds, deposits and advances to suppliers, creditable withholding taxes, prepaid insurance, and others. These are recognized in the financial statements when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

#### *Prepayments*

Prepayments include expenses already paid but not yet incurred and from which future economic benefits are expected to flow to the Group within 12 months from the end of the reporting period. These are measured at cost less impairment loss, if any.

#### *Creditable Withholding Taxes (CWT)*

CWTs are amounts withheld from income subject to expanded withholding taxes (EWT). CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within 12 months are classified as part of "Other current assets" in the consolidated statement of financial position.

#### *Deposits and Advances to Suppliers*

Deposits and advances to suppliers pertain to deposits made in connection with the mobility and security of delivery of goods and services

#### *Investment in Pooled Funds*

Investment in pooled funds are non-derivative financial assets that are not classified in any other categories. These are purchased and held indefinitely, and may be sold or withdrawn in response to liquidity requirements or changes in market conditions. Subsequent to initial recognition, investment in pooled funds are carried at fair value in the consolidated statement of financial position. Changes in the fair value of such assets are reported as net unrealized gain or loss on investment in pooled funds in the consolidated statement of comprehensive income under "Net unrealized gain (loss) on pooled investment funds" until the investment is derecognized or the investment is determined to be impaired. Interest earned on holding investment in pooled funds is recognized in the consolidated statement of income using the effective interest method. Investment in pooled funds are investment of extra cash to maximize earnings. Assets under this category are classified as current if expected to be disposed of within 12 months after the reporting period.



#### Other Non-current Assets

Other non-current assets are composed of input VAT, deposits and advances to suppliers, deferred mine exploration costs, investment in unit investment trust fund, refundable deposits and others.

#### Input VAT

Input VAT represents the VAT imposed on the Group by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations. Deferred input VAT represents input VAT on the purchase of capital goods exceeding one million pesos. The related input VAT is recognized over five years or the useful life of the capital goods, whichever is shorter. Effective January 1, 2022, input VAT on the purchase of capital goods shall be fully recognized outright. The input VAT is recognized as an asset and will be used to offset against the Group's current output VAT liabilities and any excess can be claimed as tax credits. Input VAT is stated at cost less allowance for impairment.

#### Property, Plant and Equipment

Items of property, plant and equipment, except land, are carried at cost less accumulated depreciation and depletion, and any impairment in value. Parcels of land of the Group are carried at revalued amount less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes, and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been placed into operation, such as repairs and maintenance costs, are normally recognized in the consolidated statement of comprehensive income in the period they are incurred. When property, plant and equipment items are sold or retired, the cost and related accumulated depletion and depreciation are removed from the accounts and any resulting gain or loss is recognized in the consolidated statement of comprehensive income.

Depreciation of property, plant and equipment, except mine development costs, is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Roadways and bridges	5 - 40
Buildings and improvements	5 - 25
Machinery and equipment	3 - 20
Transportation equipment	5 - 7
Furniture and fixtures	5

Depreciation or depletion of an item of property, plant 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. Depreciation or depletion ceases at the earlier of the date that the 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, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The estimated mineral reserves, useful lives, and depreciation and depletion methods are reviewed periodically to ensure that the estimated mineral reserves, periods and methods of depreciation and depletion are consistent with the expected pattern of economic benefits from the items of property, plant and equipment. The assets' useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at the end of the reporting period.



Property, plant and equipment also include the estimated costs of rehabilitating the mine site, for which the Group is constructively and legally liable. These costs, included under mine development costs, are amortized using the units-of-production method based on the estimated mineral reserves until the Group actually incurs these costs in the future.

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 asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

Expenditures on major maintenance refits or repairs comprise the cost of replacement assets or parts of assets and overhaul cost. Where an asset or part of an asset that was separately depreciated and is now written-off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, expenditure is capitalized. All other day-to-day maintenance costs are expensed as incurred.

Parcels of land are measured at fair value at the date of revaluation. Valuations are performed with sufficient frequency to ensure that carrying amount of revalued asset does not differ materially from its fair value. The net appraisal increment resulting from the revaluation of land is credited to the Revaluation increment on land account shown under the equity section of the consolidated statement of financial position. Any appraisal decrease is first offset against revaluation increment on earlier revaluation. The revaluation increment pertaining to disposed land is transferred to the retained earnings account.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

#### *Mine Development Costs*

Mine development costs are stated at cost, which includes cost of construction, borrowing costs and other direct costs. Mine development costs pertain to costs attributable to current commercial operations and are depleted using the units-of-production method based on estimated mineral reserves.

Mine development costs also include the estimated costs of rehabilitating the mine site, for which the Group is constructively and legally liable. These costs are amortized using the units-of-production method based on the estimated mineral reserves until the Group actually incurs these costs in the future.

#### *Construction In-progress*

Construction in-progress includes mine development costs which are not attributable to current commercial operations and are not depleted until such time as the relevant assets are completed and become available for use. Construction in-progress are transferred to the related property, plant and



equipment account when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are complete and the property, plant and equipment are ready for service.

#### *Deferred Stripping Costs*

Stripping costs incurred in the development of a mine before production commences are capitalized as part of the cost of constructing the mine (under construction in-progress) and subsequently amortized over the estimated life of the mine on a units-of-production basis. Where a mine operates several open pit that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping (i.e., overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping relating to the combined operation.

For stripping costs incurred subsequently during the production stage of the operation, the stripping activity cost is accounted as part of the cost of inventory if the benefit from the stripping activity will be realized in the current period. When the benefit is the improved access to ore, the Group shall recognize these costs as stripping activity assets. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the deferred stripping cost is carried at its cost less depreciation or depletion and less impairment losses.

#### Deferred Mine Exploration Costs

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to the consolidated statement of comprehensive income as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalized, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. Exploration and evaluation expenditure is capitalized provided the rights to tenure of the area of interest is current and either: the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or exploration and



evaluation activities in the area of interest have not, at the reporting date, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, then, any fulfillment exploration and evaluation expenditure is reclassified as mine properties and mine development costs included as part of property, plant and equipment. Prior to reclassification, exploration and evaluation expenditure is assessed for impairment.

When a project is abandoned, the related deferred mine exploration costs are written off.

Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

#### Mining Rights

Mining rights are identifiable intangible assets acquired by the entity to explore, extract, and retain, at least, a portion of the benefits from mineral deposits. A mining right shall be recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

The cost of a separately acquired mining right comprises: (a) its purchase price and non-refundable purchase taxes; and (b) any directly attributable cost of preparing the asset for its intended use. Mining rights acquired through business combination is initially valued at its fair value at the acquisition date. The fair value of a mining right will reflect expectations about the probability that the expected future economic benefits embodied in the asset will flow to the entity.

Mining rights shall be subsequently depleted using the units-of-production method based on estimated mineral reserves in tonnes or legal right to extract the minerals, whichever is shorter.

Depletion shall begin when the asset is available for use and shall cease at the earlier of the date that the asset is classified as held for sale in accordance with PFRS 5 and the date that the asset is derecognized. The depletion expense for each period shall be recognized in the consolidated statement of comprehensive income.

#### Business Combinations and Goodwill

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 non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets 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, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date, and any gain or loss is recognized in the consolidated statement of comprehensive income.





Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9, either in the consolidated statement of comprehensive income or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the contingent consideration is not within the scope of PFRS 9, it is measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for any previous interest held, over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### Investments in Associates

Associates are entities over which the Group is able to exert significant influence. Significant influence is the power to participate in the financial and reporting policy decisions of the investee, but has no control or joint control over those policies. The consideration made in determining significant influence is similar to those necessary to determine control activities. The Group's investments in associates are accounted for using the equity method, less any impairment in value, in the consolidated statement of financial position. Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

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

The financial statements of the associates are prepared for the same reporting period and using uniform accounting policies as the Group. When necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.



#### Impairment of Nonfinancial Assets

##### *Property, Plant and Equipment, and Mining Rights*

Property, plant and equipment and mining rights 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 is written down to its recoverable amount.

The estimated recoverable amount is the higher of an asset's or cash-generating unit fair value less cost to sell and value-in-use, 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 which case the asset is tested as part of a large cash-generating unit. The fair value less cost 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, using a pre-tax discount rate, 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. The pre-tax discount rate used reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of comprehensive income.

Recovery of impairment losses recognized in prior periods 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 recovery of an impairment loss is recognized to the extent 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 periods.

##### *Deferred Mine Exploration Costs*

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.

##### *Goodwill*

Goodwill is reviewed for impairment annually. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Where goodwill forms part of cash-generating unit (or groups of cash-generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative fair values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses relating to goodwill cannot be reversed in the future periods.



#### *Investments in Associates*

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as impairment loss in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value.

Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

#### *Other Nonfinancial Assets*

The Group provides allowance for impairment losses on other nonfinancial assets when these can no longer be realized. The amount 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 other nonfinancial assets.

#### Foreign Currencies

The Group's consolidated financial statements are presented in Philippine Peso, which is also the functional currencies of the Parent Company, associates and subsidiaries, except CCC. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### *Transactions and Balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to consolidated statement of comprehensive income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

#### *Group Companies*

On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the weighted average exchange rates of the year. The exchange differences arising on translation for consolidation are recognized in other comprehensive income, and are accumulated in the cumulative translation adjustments account. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of comprehensive income.



### Leases

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

#### *Lease Liabilities – Group as a Lessee*

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

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

#### *Short-term Leases and Leases of Low-value Assets*

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

### 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 rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the end of the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

#### *Deferred Tax*

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses from net operating loss carry-over (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and NOLCO can be utilized.



Deferred tax liabilities are recognized for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when 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

The carrying amount of deferred tax assets are reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized before their reversal or expiration. Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the income tax rates that are expected to apply in 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 end of the reporting period.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

#### *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.

#### Share-based Payments

The cost of equity-settled transactions with employees is measured by reference to their fair value at the date they are granted, determined using the acceptable valuation techniques.

The cost of equity-settled transactions, together with a corresponding increase in equity, is recognized over the period in which the performance and/or service conditions are fulfilled ending on the date on which the employees become fully entitled to the award (vesting date).



The cumulative expense recognized for equity-settled transactions at the end of the reporting period up to and until the vesting date reflects the extent to which the vesting period has expired, as well as the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for the period represents the movement in cumulative expense recognized at the beginning and end of that period. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which awards are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. An additional expense is likewise recognized for any modification which increases the total fair value of the share-based payment arrangement or which is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. If a new award, however, is substituted for the cancelled awards and designated as a replacement award, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in the consolidated statement of changes in equity as a deduction, net of tax, from the proceeds.

#### Subscription Receivable

Subscription receivable represents outstanding receivables from stock subscription agreements.

The Group may present the subscription receivable as part of current assets when they have established the right to receive the outstanding receivables within the next 12 months from the end of the reporting period. Otherwise, this is presented as a deduction from equity.

#### Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Share options exercised during the reporting period are satisfied with treasury shares.

#### Retained Earnings

The amount included in retained earnings includes profit (loss) attributable to the Parent Company's equity holders and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the Parent Company's stockholders. Interim dividends, if any, are deducted from equity when these are paid. Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions. Retained earnings may be appropriated for any plant expansion, investments and funding of certain reserve accounts to be established pursuant to the requirements of the lenders in accordance with the agreement. When appropriation is no longer needed, it is reversed.



When retained earnings account has a debit balance, it is called deficit. A deficit is not an asset but a deduction from equity.

#### Other Comprehensive Income

Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the profit or loss for the year in accordance with PFRSs.

#### Revenue from Contracts with Customers

The Group is principally engaged in the business of producing copper concentrate and in some instances, magnetite concentrate. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods before transferring these to the customer.

#### *Contract Assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. The Group does not have any contract assets as at December 31, 2022 as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

#### *Trade Receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### *Contract Liability*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. The Group has nil contract liability as at December 31, 2022 and 2021 (see Note 14).

#### *Copper Concentrate Sales*

The Group's copper concentrate has copper, gold and silver. For copper concentrate sales, the enforceable contract is each purchase agreement, which is an individual, short-term contract, while the performance obligation is the delivery of the concentrate.

Recognition of sales revenue for the commodities is based on determined metal in concentrate and the London Metal Exchange (LME) quoted prices, net of smelting and related charges. The sales of copper concentrate allow for price adjustments based on the LME price at the end of the Quotational Period (QP) stipulated in the contract. These are referred to as provisional pricing arrangements. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP can be between one and four months. The end of the QP also marks the settlement date for each shipment.



For its various customers, 80%-95% of the value of copper, gold and silver based on provisional prices is collected upon shipment, while the remaining 5%-20% is collected upon the determination of the final shipment value on final weight and assays for metal content and prices during the QP less deduction for smelting and other related charges.

Revenue is recognized when control passes to the customer, which occurs at a point in time when the copper concentrate is physically transferred onto the buyer's vessel and date of the bill of lading issued by the buyer's shipping agent. Under the terms of offtake agreements with customers, the Group issues a provisional invoice for the entire volume of concentrate loaded to customer's vessel. Final invoice is made thereafter upon customer's outturn of concentrates delivered and submission of their final assay report. Adjustment is accordingly made against the final invoice with respect to provisional collections received by the Group to determine amounts still owing from/to customers.

For these provisional pricing arrangements, any future changes that occur over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of PFRS 9 and not within the scope of PFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within PFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognized in the consolidated statement of comprehensive income each period and presented separately from revenue from contracts with customers as part of fair value gain/loss on provisionally priced trade receivables. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for gold and copper as well as taking into account relevant other fair value considerations as set out in PFRS 13, including interest rate and credit risk adjustments (see Note 30).

As the enforceable contract for the arrangements is the purchase agreement, the transaction price is determined at the date of each sale (i.e., for each separate contract) and, therefore, there is no future variability within scope of PFRS 15 and no further remaining performance obligations under those contracts.

#### *Magnetite Concentrate Sales*

For magnetite concentrate sales, the enforceable contract is each purchase order, which is an individual, short-term contract, while the performance obligation is the delivery of the concentrate. Revenue is recognized when control passes to the customer, which occurs at a point in time when the magnetite concentrate is physically transferred onto the buyer's vessel and date of the bill of lading issued by the buyer's shipping agent. Selling prices are based on agreed prices between the customers and the Company which are known or can be reasonably estimated.

#### *Interest Income*

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

#### *Others*

Other income items are recognized in the consolidated statement of comprehensive income as these are earned.

#### 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 decreases in equity, other than those relating to distributions to equity participants. Costs and expenses which include mining and milling costs, general administrative expenses, mine product taxes and depletion of mining rights, are generally recognized in the consolidated statement of comprehensive income when the services are used or the expenses are incurred.





### Operating Segments

For management purposes, the Group is organized into two major operating segments (mining and non-mining businesses) according to the nature of products and the services provided with each segment representing a strategic business unit that offers different products and serves different markets. The entities are the bases upon which the Group reports its primary segment information. Financial information on business segments is presented in Note 28.

### Basic Earnings/Loss Per Share

Basic earnings per share amounts are calculated by dividing net income (loss) attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the year.

### Diluted Earnings/Loss Per Share

Diluted earnings per share amounts are calculated by dividing the net income (loss) attributable to common equity holders of the Parent Company (after adjusting for interest on convertible preferred shares, warrants and stock options) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all dilutive potential common shares into common shares.

### Provisions

#### *General*

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

Where the Group expects a provision to be reimbursed, 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.

#### *Liability for Mine Rehabilitation*

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in the consolidated statement of comprehensive income under finance charges. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and liability for mine rehabilitation cost, respectively, when these occur.



The liability is reviewed on an annual basis for changes to obligations or legislation or discount rates that affect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the liability resulting from changes in the estimated cash flows or discount rate, and the adjusted cost of the asset is depleted prospectively.

When rehabilitation is conducted progressively over the life of the operation, rather than at the time of closure, liability is made for the estimated outstanding continuous rehabilitation work at each end of the reporting period and the cost is charged to the consolidated statement of comprehensive income.

The ultimate cost of mine rehabilitation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in mineral reserves or production rates. As a result, there could be significant adjustments to the liability for mine rehabilitation cost, which would affect future financial results.

#### 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).

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
- Remeasurements 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 the 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 the consolidated statement of comprehensive 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 retirement benefits liability) are recognized immediately in other comprehensive income in the period in which these arise. Remeasurements are not reclassified to the 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 Benefits*

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 Entitlements*

Employee entitlements to annual leave are recognized as a liability when these 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 the reporting period.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but 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 in the notes to consolidated financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

#### Events After the End of the Reporting Period

Events after the end of the reporting period that provide additional information about the Group's financial 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 when material.

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### **3. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to exercise judgment, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Accounting assumptions, estimates and judgments 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.

Other disclosures relating to the Group's exposure to risks and uncertainties include capital management, financial risk management and policies and sensitivity analyses disclosures (see Notes 30 and 32).



### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on amounts recognized in the consolidated financial statements:

#### *Going Concern*

Management has made an assessment on the Group's ability to continue as a going concern and is satisfied that it has the resources to continue business for the foreseeable future.

#### *Determination of Functional Currency*

The Parent Company and most of its subsidiaries, based on the relevant economic substance of the underlying circumstances, have determined their functional currency to be the Philippine Peso. CCC's functional currency is US\$. In making this judgment, each entity in the Group considered the following:

- The currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales price for its financial instruments and services are denominated and settled)
- The currency in which funds from financing activities are generated and
- The currency in which receipts from operating activities are usually retained

#### *Assessing Existence of Significant Influence*

In assessing whether significant influence still exists, the Group considered not only its percentage ownership but other factors such as board seat representations it has in an associate's governing body and its interchange of managerial personnel with an associate, among others.

As at December 31, 2022 and 2021, the Group assessed that it has significant influence over the associates and has accounted for the investments as investments in associates. The Group has the ability to participate in the financial and reporting decisions of the investee, but has no control or joint control over those policies (see Note 12).

#### *Definition of Default and Credit Impaired Financial Assets*

The Group defines financial instruments as in default, which is fully aligned with the definition of credit-impaired, when a customer is more than 90 days past due on its contractual obligations. 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.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to calculate the Group's expected loss.

An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria.

#### *General Approach for Debt Financial Assets Measured at Amortized Cost*

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.



*Significant Increase in Credit Risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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



Expected credit losses are the discounted product of the probability of default, loss given default, and exposure at default, defined as follows:

- *Probability of default.* The probability of default represents the likelihood of a debtor or customer defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. Probability of default estimates are estimates at a certain date, which are calculated based on available market data using rating tools tailored to the various categories of counterparties and exposures. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated probability of default. Probability of defaults are estimated considering the contractual maturities of exposures.

The 12-month and lifetime probability of default represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic condition that affect credit risk.

- *Loss given default.* Loss given default represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. Loss given default varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. Loss given default is expressed as a percentage loss per unit of exposure at the time of default.
- *Exposure at default.* Exposure at default is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

#### *Incorporation of Forward-looking Information*

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of expected credit loss.

To do this, the Group has considered a range of relevant forward- looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of expected credit losses.

Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group considers two or more economic scenarios and the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, and credit risk and credit losses. The Group considers macro-economic factors such as local GDP growth rates, inflation rates, and copper prices in its analysis.

Predicted relationship between the key indicators and default and loss rates on portfolios of financial assets have been developed based on analyzing historical data over the past three years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.



The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on expected credit loss due to lack of reasonable and supportive information.

*Grouping of Instruments for Losses Measured on Collective Basis*

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. The Group considers in its collective assessment the type of counterparties and its geographical location.

*Business Model Assessment*

Classification and measurement of financial assets depends on the results of the solely for payments of principal and interest and the business model test (Note 2).

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

*Estimating the Incremental Borrowing Rate - Leases*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates)

The Group's lease liability amounted to ₱8,253 and ₱10,062 as at December 31, 2022 and 2021, respectively (see Note 15).

*Bill and Hold Sales*

The Group recognized sale on deliveries classified as bill and hold when there is transfer of risk and reward from the Group to the buyer due to the following:

- It is probable that delivery will be made
- The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognized
- The buyer specifically acknowledges the deferred delivery instructions and
- The usual payment terms apply



Bill and hold sale in 2022 amounting to ₱95,502 pertains to copper concentrate shipment recognized on December 29, 2022 and was subsequently shipped on January 15, 2023. The buyer nominated the deferred shipment on December 29, 2022. A third party surveyor was engaged by the Group and the buyer to conduct a visual inspection of the copper concentrate on December 29, 2022. The third party surveyor concluded that the quantity of the copper concentrate disclosed in the Group's holding certificate was in conformity with their visual estimation. There were no bill and hold sales transactions in 2021 and 2020.

#### *Determination of Lease Term of Contracts with Renewal and Termination Options*

The Group has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The renewal option for lease of office space is not included as part of the lease term because the Group might relocate depending on the decision of the stockholders. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. The renewal option for the leases of the other assets was not included as part of the lease terms because the Group might not exercise the said option.

#### *Assessing Production Start Date*

The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to the following:

- The level of capital expenditure compared to construction cost estimates
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce ore in saleable form and
- Ability to sustain ongoing production of ore

The Group determines when a mine moves into a production phase when the mine, is in the location and condition necessary for it to be capable of operating in the manner intended by the Group.

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

#### *Identification of the Enforceable Contract*

For copper concentrate sales, while there are master services agreements (offtake contracts) with key customers that set out the general terms and conditions governing any sales that occur, they do not contain any minimum volumes, i.e., the customer is not required to buy any concentrate. The customer is only obliged to purchase metal in concentrate when it places a purchase order for each shipment. Also, there are no terms which link separate purchase orders. For example, there are no rebates or discounts provided if a customer buys more than a specified amount each year, and there





are no penalties that impact overall sales during a period. Therefore, for these arrangements, the enforceable contract has been determined to be each purchase order.

#### *Allocation of Stripping Costs*

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

#### *Determination of Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates*

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax treatments. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group assessed whether the Interpretation had an impact on its consolidated financial statements. The Group determined, based on its tax assessment, in consultation with its tax counsel, that it has no uncertain tax treatments (including those for the subsidiaries). Accordingly, the interpretation did not have significant impact on the consolidated financial statements of the Group.

#### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainties at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

#### *Estimating Impairment of Goodwill, Property, Plant and Equipment, and Mining Rights*

PFRSs require that an impairment review be performed when certain impairment indicators are present for property, plant and equipment and mining rights while goodwill is required to be tested for impairment at least annually. Impairment is determined for goodwill, property, plant and equipment, and mining rights by assessing the recoverable amount of the cash-generating unit to which those assets relate. Where recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods while any impairment loss for property, plant and equipment and mining rights may be reversed and such reversal must not exceed the carrying amount that would have been determined (net of depreciation and depletion) had no impairment loss been recognized in prior years.



Future events could cause the Group to conclude that the goodwill, property, plant and equipment and mining rights are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

Management performed impairment test as at December 31, 2022 and 2021. The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering the mine life of the cash-generating unit.

The calculation of value-in-use for the cash-generating unit incorporates the following key assumptions: a) expected life of the project; b) future production levels and costs which are based on the Group's historical experience; c) contributions to the government based on current regulations; d) commodity prices which are estimated with reference to external market forecasts; and e) pre-tax discount rates of 11.43% and 12.03% as at December 31, 2022 and 2021, respectively.

The Group also provides impairment loss on individual assets when impairment indicators are present and aimed at individual assets rather than the cash-generating unit of which they are part of.

Provision for impairment loss is on specifically identified property, plant and equipment items amounted to nil, nil and ₱538,151 in 2022, 2021 and 2020, respectively (see Note 9).

#### *Measurement of Expected Credit Losses*

Expected credit losses are derived from unbiased and probability weighted estimates of expected loss, and 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 the original effective interest rate, or an approximation thereof. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to contractual terms.

The Group recognized provision for expected credit losses amounting to nil, ₱5 and ₱41,683 in 2022, 2021 and 2020, respectively. Allowance for expected credit losses on receivables amounted to ₱71,105 and ₱71,100 as at December 31, 2022 and 2021, respectively. Receivables, net of allowance for expected credit losses, amounted to ₱84,501 and ₱51,928 as at December 31, 2022 and 2021, respectively (see Note 5).

#### *Estimating Mineral Reserves*

Mineral reserves estimate for development projects is, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies, which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven mineral reserves estimate is attributed to future development projects only when there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven mineral reserves estimate for partially developed areas is subject to greater uncertainty over their future life than estimate to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Mineral reserves estimate for undeveloped or partially developed areas is subject to greater uncertainty over their future life than estimates of mineral reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven mineral reserves will be subject to future revision once additional information becomes available. As those areas are



further developed, new information may lead to revisions. In 2021, the SEC En Banc approved the 2020 Philippine Mineral Reporting Code (PMRC), which was modelled after the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves of the Australasian Joint Ore Reserves Committee (2012 JORC Code) and the 2019 International Reporting Template of the Committee for Mineral Reserves International Reporting Standards. The SEC required that the 2020 PMRC shall take effect immediately. To comply with the 2020 PMRC, the Group adopted the 2017 Mineral Resource and Ore Reserve Update Report for the Toledo Copper Project, which was prepared in accordance with the 2012 JORC Code. Based on PAS 8, a change in the mineral reserve estimate is considered as a change in accounting estimates and is to be accounted for prospectively. As of December 31, 2022, there was no change in the mineral reserve estimate.

*Estimating Fair Value of Financial Assets and Financial Liabilities*

PFRSs requires that certain financial assets and liabilities be carried at fair value, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (e.g., foreign exchange rates, interest rates and volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and financial liabilities would directly affect net income or loss (see Note 31).

*Estimating NRV of Mine Products Inventory*

The selling price estimation of mine products inventory is based on the LME, which also represents an active market for the product. CCC concurrently uses the prices as agreed with its customers, and the weight and assay for metal content in estimating the fair value less cost to sell of mine products inventory. Any changes in the assay for metal content of the mine products inventory is accounted for and adjusted accordingly.

As at December 31, 2022 and 2021, the cost of mine products inventory is lower than its NRV.

No provision for impairment loss on of mine products inventory was recognized in 2022 and 2021. Mine products inventory amounted to ₱29,241 and ₱554,701 as at December 31, 2022 and 2021, respectively (see Note 7).

*Estimating Allowance for Inventory Obsolescence on Materials and Supplies Inventory*

The Group provides allowance for materials and supplies whenever NRV of inventories becomes lower than cost due to damage, inventory losses, physical deterioration, obsolescence, changes in price levels or other causes. Materials and supplies inventory amounting to ₱742,768 and ₱650,488 as at December 31, 2022 and 2021, respectively, had been fully provided with an allowance for inventory obsolescence (see Note 7).

Materials and supplies inventories, net of allowance for inventory obsolescence, amounted to ₱1,024,387, and ₱1,035,547 as at December 31, 2022 and 2021, respectively (see Note 7).

*Estimating Volume of Mine Products Inventories*

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained concentrates in dry metric tonnes is based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys. As of December 31, 2022 and 2021, the coarse ore stockpiles of the Group amounted to ₱29,241,156 and ₱3,239,150, respectively while the Fine Ore Stockpiles amounted to nil and ₱3,815,898, respectively.



*Estimating Useful Lives of Property, Plant and Equipment, Except Land*

The Group estimates the useful lives of property, plant and equipment based on the results of assessment of internal or external appraisers. 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 assets. During 2022 and 2021, there were no changes in the estimated useful lives of the Group's property, plant and equipment.

*Determining Appraised Value of Land*

The appraised value of land is based on a valuation by an independent appraiser firm, which management believes holds a recognized and relevant professional qualification and has recent experience in the location and category of the land being valued. The appraiser firm uses the market data approach in determining the appraised value of land. As at December 31, 2022 and 2021, the fair value of the land amounted to P506,787 and P505,379, respectively, based on the latest valuation obtained by the Group (see Note 9).

*Units-of-production Depreciation/Depletion*

Estimated recoverable mineral reserves are used in determining the depreciation/depletion of mine specific assets. This results in a depreciation/depletion charge proportional to the depletion of the anticipated remaining mine life. Each item's life, which is assessed annually, has regard to both physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. The calculations require the use of estimates of future capital expenditure. The Group uses the tonnes of ore produced as the basis for depletion or depreciation. Any change in estimates is accounted for prospectively. Average depletion rates used by CCC in 2022, 2021 and 2020 are 4.09%, 3.94% and 2.99%, respectively.

*Estimating Recoverability of Deferred Mine Exploration Costs*

The application of the Group's accounting policy for deferred mine exploration costs requires judgment and estimates in determining whether it is likely that the future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available.

If, after deferred mine explorations costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the consolidated statement of comprehensive income in the period when the new information becomes available.

The Group reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying values of these assets are not recoverable and exceed their fair value. In 2022, 2021 and 2020, no provision for impairment loss on the Group's deferred mine exploration costs was recognized (see Note 13).

*Estimating Impairment of Investments in Associates*

The Group determines whether its investments in associates and other nonfinancial assets are impaired at least on an annual basis. This requires an estimation of recoverable amount, which is the higher of an asset's or cash-generating unit's fair value less cost to sell and value-in-use. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose an appropriate discount rate in order to calculate the present value of those cash flows. Estimating the fair value less cost to sell is based on the information available to reflect the amount that the Group could obtain as at the end of the reporting period. In determining this amount, the Group considers the outcome of recent transactions for similar assets within the same



industry. No provision for impairment loss on the investments in associates was recognized by the Group in 2022, 2021 and 2020.

#### *Estimating Impairment of Input VAT*

The Group assesses on a regular basis if there is objective evidence of impairment of input VAT. The amount of impairment loss is measured as the difference between the carrying amount and the estimated recoverable amount. The recognition of impairment requires the Group to assess the status of its application for refund and tax credit certificates with government agencies.

The Group recognized allowance for impairment losses on input VAT amounting to ₱412,395 and ₱377,259 as at December 31, 2022 and 2021, respectively (see Note 13).

#### *Estimating Retirement Benefits Costs*

The cost of defined retirement benefits as well as the present value of the retirement benefits liability 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, defined benefit retirement liability are highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of the reporting period.

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 retirement benefits liability.

Further details about the assumptions used are provided in Note 24.

#### *Estimating Liability for Mine Rehabilitation*

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the liability for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required.

Changes to estimated future costs are recognized in the consolidated statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with PAS 16. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of comprehensive 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 is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with PAS 36. Also, rehabilitation costs that are incurred during the production phase of a mine should be expensed as incurred. Liability for mine rehabilitation recognized as at December 31, 2022 and 2021 amounted to ₱64,793 and ₱69,939, respectively (see Note 17).

#### *Provisions and Contingencies*

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the



consolidated financial statements. Accordingly, no provision for probable losses arising from contingencies was recognized by the Group in 2022, 2021 and 2020 (see Note 33).

*Measurement of Mine Products Sales*

Mine products sales are provisionally priced as these are not settled until predetermined future dates based on market prices at that time. Revenue on these sales are initially recognized based on shipment values calculated using the provisional metal prices, shipment weights and assays for metal content less deduction for insurance and smelting charges. The final shipment values are subsequently determined based on final weights and assays for metal content and prices during the applicable quotational period. Total mine product sales, net of smelting and related charges, amounted to ₱16,822,495, ₱17,937,583 and ₱17,509,200 in 2022, 2021 and 2020, respectively (see Note 20).

*Estimating Realizability of Deferred Tax Assets*

The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. As at December 31, 2022 and 2021, the Group has deductible temporary differences, NOLCO and excess MCIT totaling ₱368,745 and ₱421,371, respectively (see Note 25), for which no deferred tax assets were recognized. As at December 31, 2022 and 2021, deferred tax assets amounting to ₱1,869,320 and ₱623,700 were recognized as management assessed that sufficient future taxable profits will be available against which benefits of the deferred tax assets can be utilized (see Note 25).

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#### 4. Cash and Short-term Investments

Cash

	2022	2021
Cash on hand	<b>₱6,113</b>	₱38,485
Cash in banks	<b>941,044</b>	870,616
	<b>₱947,157</b>	₱909,101

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from cash in banks amounted to ₱448, ₱802 and ₱1,286 in 2022, 2021 and 2020, respectively (see Note 26).

Short-term Investments

A portion of the proceeds from operations was placed in time deposit accounts with various maturity periods reckoned from the date of placement. Such deposits amounting to ₱311,757 and ₱283,600 as at December 31, 2022 and 2021, respectively, are classified as short-term investments in the consolidated statement of financial position.

Interest income earned from short-term investments amounted to ₱1,751, ₱691 and ₱14,566 in 2022, 2021 and 2020, respectively (see Note 26). Interest receivable from the said short-term investments amounted to ₱234 and ₱150 as at December 31, 2022 and 2021, respectively (see Note 5).



## 5. Trade and Other Receivables

	2022	2021
Trade receivables – at fair value through profit or loss	<b>₱41,281</b>	<b>₱2,013</b>
Other receivables – at amortized cost:		
Nontrade	<b>₱118,098</b>	<b>₱90,538</b>
Advances to:		
Related parties (Note 23)	<b>17,830</b>	17,830
Officers and employees	<b>19,444</b>	14,510
Interest (Note 4)	<b>234</b>	150
	<b>155,606</b>	123,028
Less allowance for expected credit losses	<b>71,105</b>	71,100
	<b>₱84,501</b>	<b>₱51,928</b>

The Group's trade receivables arise from its shipments of copper concentrate, containing copper, gold and silver.

Trade receivables (subject to provisional pricing) are non-interest bearing, but are exposed to future commodity price movements over the QP and, hence, fail the solely for payments of principal and interest test and are measured at fair value up until the date of settlement.

These trade receivables are initially measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP. Approximately 80%-95% of the provisional invoice (based on the provisional price, calculated as the average price five to 10 days prior to delivery) is received in cash when the goods are loaded onto the ship, which reduces the initial receivable recognized under PFRS 15.

The QPs can range between one and four months post shipment and final payment is due between 30 to 60 days from the end of the QP.

Based on the Group's pricing agreements with its customers, copper concentrate sales will be provisionally priced at shipment subject to price and quantity adjustment after the QP. Under the offtake contracts with one of its customers, the Group, with the consent of the customer, can price fix the copper shipments before the QP. Copper concentrate sales that were not subject to price fixing are assessed as having embedded derivatives that are not clearly and closely related.

The Group recognized net fair value gain amounting to ₱41,215 in 2022 and net fair value loss amounting to ₱779 and ₱64,697 in 2021 and 2020, respectively, on provisionally priced receivables.

Nontrade receivables mainly comprise of dividends receivables and receivables from the outstanding balance of other billings, which are not related to Group's operations. These are non-interest bearing and are generally collectible within one year. Advances to officers and employees are non-interest bearing and are subject to payroll deduction.



Movements in allowance for expected credit losses are as follows:

	2022	2021	2020
Balance at beginning of year	<b>₱71,100</b>	₱71,088	₱32,747
Provisions (Note 22)	–	5	41,683
Cumulative translation adjustment	<b>5</b>	7	(3,343)
Balances at end of year	<b>₱71,105</b>	₱71,100	₱71,087

Provision for expected credit losses amounting to nil, ₱5 and ₱41,683 was recognized in 2022, 2021 and 2020, respectively, related to receivables, which were considered as credit-impaired.

## 6. Pricing Agreements, Hedging and Derivative Financial Instruments

### Hedging Objectives

The Group's revenues are based on LME prices over which the Group has no influence or control. The volatilities in commodity prices expose the Group to significant risk in the results of its operations and cash inflows. To manage commodity price risk, the Group applies a mix of pricing agreements on both freestanding and embedded derivatives. The Group implements this mix of derivatives by diligently considering key elements affecting the trend of and prevailing commodity prices in support of the stability of its business plan. The underlying objective of implementing hedge transactions is to stabilize the results of operations and cash inflows and not as a means to generate gains or losses.

In 2022 and 2021, the Group, through CCC, has freestanding commodity swap agreements and embedded derivatives involving provisional pricing in shipment contracts. The Group has not designated any of these derivatives as accounting hedges. The Group has accounted for its derivatives at fair value and any changes in the fair value are recorded in the consolidated statement of comprehensive income.

### Pricing Agreements

In the normal course of selling its copper concentrate, the Group entered into several contracts of purchase, whereby the Group agreed to sell a fixed volume of copper concentrate based on LME prices (as published in the Metal Bulletin) and as averaged over the QP.

The quality and quantity of the copper concentrate sold is determined through a sampling weight and assay analysis by an appointed independent surveyor. Under the contracts with one of its customers, CCC and its customer have the option to price-fix in advance of the QP the payable copper contents of the concentrate to be delivered, subject to adjustments during the QP. If the option to price-fix prior to the QP is exercised, (i) the fixed price and the volume to which the fixed price applies will be confirmed in writing by the parties, and (ii) an addendum to the contract of purchase will be executed to confirm the actual volume of the copper concentrate shipped based on the fixed price.

No price fixing was exercised in 2022, 2021 and 2020. The Group recognized copper concentrate sales amounting to ₱16,822,495, ₱17,937,583 and ₱17,509,200 in 2022, 2021 and 2020, respectively (see Note 20).





### Embedded Derivatives

#### *Provisional Pricing*

Based on CCC's pricing agreements, the copper concentrate sales will be provisionally priced at shipment date subject to price and quantity adjustment at the end of the QP. Copper concentrate sales that were not subject to price fixing are assessed as having embedded derivatives that are not clearly and closely related, and once the commodities have been delivered, it must be bifurcated on the delivery date or once the shipment is considered sold (in case of bill and hold sales).

The Group, through CCC, recognized net fair value gain amounting to ₱41,215 in 2022 and net fair value loss amounting to ₱779 and ₱64,697 in 2021 and 2020, respectively, on provisionally priced receivables.

### Freestanding Derivatives

#### *Commodity Swap Transactions*

The Group, through CCC, entered into commodity swap transactions with Standard Chartered Bank to help stabilize and support the business plan upon due consideration of the impact of the pandemic on the world commodity market. In 2022 and 2021, CCC entered into commodity swap transactions fixing the copper prices at certain levels per dry metric tonne (DMT) for a total notional quantity of 18,750 DMT and 17,850 DMT, respectively; and gold prices at certain levels per ounce (oz) for a total notional quantity of nil and 7,020 oz, respectively. The settlement dates were five to 10 business days following the end of each calendar month based on the official settlement price (seller) for copper and gold.

The Group has derivative asset amounting to ₱200,167 and ₱78,385 as at December 31, 2022 and 2021, respectively, and derivative liability amounting to ₱51,367 and ₱4,029 as at December 31, 2022 and 2021, respectively. The derivative asset and liability of the Group represent the hedging component of shipments covered by the hedging agreement, but which remained unshipped as at December 31, 2022.

The Group recognized net gain on derivative financial instruments amounting to ₱2,385,648 and ₱113,107 in 2022 and 2021, respectively, and net loss on derivative financial instruments of ₱870,237 in 2020 on its commodity swap transactions. The Group recognized net gains amounting to ₱145,456 and ₱49,630 as at December 31, 2022 and 2021, respectively, and net losses amounting to ₱289,012 as at December 31, 2020 on outstanding derivative financial instruments.

## **7. Inventories**

This account consists of:

	2022	2021
At cost:		
Mine products		
Coarse and fine ore	₱29,241	₱7,055
Copper concentrate	—	547,646
	<b>29,241</b>	<b>554,701</b>
At lower of cost and NRV		
Materials and supplies (net of allowance for inventory obsolescence of ₱742,768 and ₱650,488 as at December 31, 2022 and 2021, respectively)	<b>1,024,387</b>	1,035,547
	<b>₱1,053,628</b>	<b>₱1,590,248</b>



#### Mine Products

Mine products include copper concentrate containing copper, gold and silver. The cost of mine products includes depreciation and depletion of property, plant and equipment amounting to ₱564,223, ₱188,442 and ₱43,367 as at December 31, 2022, 2021 and 2020, respectively (see Note 9).

#### Materials and Supplies

Materials and supplies consist of consumable items and spare parts. Materials and supplies with cost amounting to ₱742,768 and ₱650,488 as at December 31, 2022 and 2021, respectively, are fully provided with allowance for inventory obsolescence.

Movements of the allowance for inventory loss are as follows:

	2022	2021	2020
Balances at beginning of year	<b>₱650,488</b>	₱632,940	₱510,372
Provision for inventory loss (Note 22)	<b>60,823</b>	—	176,766
Write-off	—	(2,009)	(38,480)
Cumulative translation adjustment	<b>31,457</b>	19,557	(15,718)
Balances at end of year	<b>₱742,768</b>	₱650,488	₱632,940

Provision for inventory loss amounting to ₱60,823, nil and ₱176,766 in 2022, 2021 and 2020, respectively, was recognized on inventory items assessed by management as obsolete, non-moving, expired and/or damaged.

The Group has written-off materials and supplies inventory amounting to nil, ₱2,009 and ₱38,480 in 2022, 2021 and 2020, respectively, which pertain to disposed inventories and parts of dump trucks that have been retired. The materials and supplies written-off during the year have related allowance for inventory loss recognized in prior years.

The cost of inventories recognized as expense amounted to ₱5,797,388, ₱3,180,836 and ₱3,383,827 in 2022, 2021 and 2020, respectively (see Notes 21 and 22).

The Group has no inventories pledged as security for liabilities as at December 31, 2022 and 2021. The Group also has no inventories carried at fair value less cost to sell as at December 31, 2022 and 2021.

## **8. Other Current Assets**

This account consists of:

	2022	2021
Investment in pooled funds	<b>₱352,512</b>	₱378,574
Deposits and advances to suppliers	<b>158,686</b>	259,953
Creditable withholding taxes	<b>58</b>	76,093
Prepaid insurance	<b>46,053</b>	13,797
Others	<b>27,287</b>	28,021
	<b>₱584,596</b>	₱756,438



Investment in Pooled Funds

In 2022, the Group invested in pooled funds for the purpose of earning interest and gains from the changes in the fair value of such funds. The Group recognized interest income on such funds amounting to ₱1,856, ₱1,419 and ₱2,023 in 2022, 2021 and 2020, respectively (see Note 26).

Investment in pooled funds is an investment of excess cash to maximize earnings. The pooling of funds is facilitated by SM Investments Corp. (SMIC) to provide a better return to the cash investments. Change in the fair value of investment in pooled funds amounting to ₱5,082, ₱1,313 and ₱395 in 2022, 2021 and 2020, respectively, is reported as unrealized gain in the consolidated statement of comprehensive income (see Note 27).

Deposits and Advances to Suppliers

Deposits and advances to suppliers are nonfinancial assets arising mainly from advanced payments made by the Group to its suppliers and contractors before goods or services have been received or rendered. The eventual realization of such advances is determined by the usage/realization of the asset to which it was advanced for. These are classified as current if such will be applied as payments for assets to be classified as inventories or other working capital accounts and are recognized in the books at amounts initially paid. Purchases from suppliers generally require advance payments equivalent to 10% to 60% of the contract price.

Amounts deposited will be applied as part of the full payment of the contract price upon completion of the contract. Other deposits and advances to suppliers in Note 13 were presented as non-current since these are expected to be applied as payments for assets to be classified as property, plant and equipment or other noncurrent assets.

Creditable Withholding Taxes (CWTs)

CWTs which are claimed against the income tax due, represent excess of the tax payable and are carried over in the succeeding period for the same purpose.

Prepayments

Prepayments consist mainly of prepaid insurance and rent.

Others

Prepaid others consist of advance payments on real property taxes and other expenses of the Group.



## 9. Property, Plant and Equipment

The composition of and movements of this account follow:

December 31, 2022:

	Mine Development Costs	Roadways and Bridges	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Construction In-progress	Right-of-use Asset (Note 2)	Total (at cost)	Land at Revalued Amount
Revalued amount/cost:										
Balances at beginning of year,	₱34,829,241	₱282,547	₱2,736,285	₱21,857,087	₱195,636	₱8,428	₱191,384	₱11,514	₱60,112,122	₱505,379
Additions	-	-	-	-	-	-	2,291,227	-	2,291,227	-
Retirements	-	-	(12,639)	(440,084)	(1,802)	-	-	-	(454,525)	-
Change in estimate (Note 17)	(15,587)	-	-	-	-	-	-	-	(15,587)	-
Disposals	-	-	-	(233,101)	-	-	-	-	(233,101)	-
Reclassifications	70,940	9,328	51,319	1,676,527	101,367	-	(1,909,481)	-	-	-
Cumulative translation adjustment	3,335,563	34,145	289,103	2,247,593	27,737	196	26,625	-	5,960,962	1,408
Balances at end of year	38,220,157	326,020	3,064,068	25,108,022	322,938	8,624	599,755	11,514	67,661,098	506,787
Accumulated depreciation, amortization, depletion and impairment:										
Balances at beginning of year	11,355,394	252,374	1,979,143	12,879,248	152,754	5,857	-	960	26,625,730	-
Depreciation, amortization and depletion (Notes 7, 21 and 22)	1,985,849	6,454	177,542	2,217,484	24,423	12	-	2,302	4,414,066	-
Retirements	-	-	(6,264)	(437,291)	(1,802)	-	-	-	(445,357)	-
Change in estimate (Note 17)	(1,398)	-	-	-	-	-	-	-	(1,398)	-
Disposals	-	-	-	(219,714)	-	-	-	-	(219,714)	-
Cumulative translation adjustment	1,133,806	31,265	221,542	1,423,111	21,793	196	-	-	2,831,713	-
Balances at end of year	14,473,651	290,093	2,371,963	15,862,838	197,168	6,065	-	3,262	33,205,040	-
Net book values	₱23,746,506	₱35,927	₱692,105	₱9,245,184	₱125,770	₱2,559	₱599,755	₱8,252	₱34,456,058	₱506,787



December 31, 2021:

	Mine Development Costs	Roadways and Bridges	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Construction In-progress	Right-of-use Asset (Note 2)	Total (at cost)	Land at Revalued Amount
Revalued amount/cost:										
Balances at beginning of year,	₱32,599,421	₱261,316	₱2,494,587	₱20,885,427	₱161,684	₱8,244	₱209,826	₱4,827	₱56,625,332	₱504,500
Additions	-	-	-	290	-	61	1,296,850	11,514	1,308,715	-
Retirements	-	-	-	(1,520,034)	(2,802)	-	-	(4,827)	(1,527,663)	-
Capitalization of borrowing cost	-	-	-	-	-	-	3,155	-	3,155	-
Change in estimate (Note 17)	(10,461)	-	-	-	-	-	-	-	(10,461)	-
Disposals	-	-	-	(42)	-	-	-	-	(42)	-
Reclassifications	157,665	-	62,965	1,088,434	21,304	-	(1,330,368)	-	-	-
Cumulative translation adjustment	2,082,616	21,231	178,733	1,403,012	15,450	123	11,921	-	3,713,086	879
Balances at end of year	34,829,241	282,547	2,736,285	21,857,087	195,636	8,428	191,384	11,514	60,112,122	505,379
Accumulated depreciation, amortization, depletion and impairment:										
Balances at beginning of year	8,994,291	226,479	1,688,219	11,630,506	127,627	5,710	-	3,660	22,676,492	-
Depreciation, amortization and depletion (Notes 7, 21 and 22)	1,829,356	6,594	166,250	2,242,195	14,929	24	-	2,127	4,261,475	-
Retirements	-	-	-	(1,429,447)	(2,802)	-	-	(4,827)	(1,437,076)	-
Reversal of impairment loss (Note 27)	(105,747)	-	(7,484)	(421,241)	-	-	-	-	(534,472)	-
Disposals	-	-	-	(30)	-	-	-	-	(30)	-
Cumulative translation adjustment	637,494	19,301	132,158	857,265	13,000	123	-	-	1,650,341	-
Balances at end of year	11,355,394	252,374	1,979,143	12,879,248	152,754	5,857	-	960	26,625,730	-
Net book values	₱23,473,847	₱30,173	₱757,142	₱8,977,839	₱42,882	₱2,571	₱191,384	₱10,554	₱33,486,392	₱505,379

Construction in-progress includes cost of various projects at different stages of completion as at December 31, 2022 and 2021.

The Group capitalized borrowing costs amounting to nil in 2022 and ₱3,155 on construction in-progress in 2021. The rate used to determine the amount of borrowing cost eligible for capitalization is nil and 2.69% in 2022 and 2021, respectively (see Note 16).



Mine development costs consist of the following:

**December 31, 2022:**

	Mining Properties	Development Costs	Mine Rehabilitation Costs	Total
<b>Cost:</b>				
Balances at beginning of year	₱1,297,044	₱33,525,050	₱7,147	₱34,829,241
Reclassifications	—	70,940	—	70,940
Change in estimate (Note 17)	(7,949)	—	(7,638)	(15,587)
Cumulative translation adjustment	127,083	3,207,989	491	3,335,563
<b>Balances at end of year</b>	<b>1,416,178</b>	<b>36,803,979</b>	<b>—</b>	<b>38,220,157</b>
<b>Accumulated depletion:</b>				
Balances at beginning of year	355,638	10,998,781	975	11,355,394
Depletion	42,873	1,942,619	357	1,985,849
Change in estimate	—	—	(1,398)	(1,398)
Cumulative translation adjustment	40,480	1,093,260	66	1,133,806
<b>Balances at end of year</b>	<b>438,991</b>	<b>14,034,660</b>	<b>—</b>	<b>14,473,651</b>
<b>Net book values</b>	<b>₱977,187</b>	<b>₱22,769,319</b>	<b>₱—</b>	<b>₱23,746,506</b>

**December 31, 2021:**

	Mining Properties	Development Costs	Mine Rehabilitation Costs	Total
<b>Cost:</b>				
Balances at beginning of year	₱1,217,409	₱31,365,089	₱16,923	₱32,599,421
Reclassifications	—	157,665	—	157,665
Change in estimate (Note 17)	—	—	(10,461)	(10,461)
Cumulative translation adjustment	79,635	2,002,296	685	2,082,616
<b>Balances at end of year</b>	<b>1,297,044</b>	<b>33,525,050</b>	<b>7,147</b>	<b>34,829,241</b>
<b>Accumulated depletion:</b>				
Balances at beginning of year	294,497	8,699,180	614	8,994,291
Depletion	37,385	1,791,659	312	1,829,356
Reversal of impairment loss (Note 27)	—	(105,747)	—	(105,747)
Cumulative translation adjustment	23,756	613,689	49	637,494
<b>Balances at end of year</b>	<b>355,638</b>	<b>10,998,781</b>	<b>975</b>	<b>11,355,394</b>
<b>Net book values</b>	<b>₱941,406</b>	<b>₱22,526,269</b>	<b>₱6,172</b>	<b>₱23,473,847</b>

*Revaluation Increment on Land at Revalued Amount*

The fair value of the land amounted to ₱506,787 and ₱505,379 as at December 31, 2022 and 2021, respectively, based on the latest valuation obtained by the Group. The resulting increase in the valuation of land amounting to ₱298,869 is presented as revaluation increment on land, net of the related deferred tax liability (see Note 25). The enactment of the CREATE Act resulted in the increase in revaluation increment on land to ₱320,217. The carrying amount of the land had it been carried using the cost model is ₱77,544 as at December 31, 2022 and 2021.



*Fully Depreciated Property, Plant and Equipment*

Fully depreciated property, plant and equipment still used by the Group amounted to ₱4,609,503 and ₱5,167,102 as at December 31, 2022 and 2021, respectively. These are retained in the Group's records until these are disposed. No further depreciation is charged to current operations for these items.

*Disposals*

The Group sold items of property, plant and equipment in 2022, 2021 and 2020 with cost amounting to ₱233,101, ₱42 and ₱864, respectively and corresponding accumulated depreciation of ₱219,714, ₱30 and ₱864, respectively. Proceeds from the sales in 2022, 2021 and 2020 amounted to ₱549, ₱12 and ₱375, respectively, and the Group recognized loss on the disposal of items of property, plant and equipment amounting to ₱12,838 in 2022 and gains amounting to nil and ₱375 in 2021 and 2020, respectively.

*Retirements*

Total cost of property and equipment retired in 2022, 2021 and 2020 amounted to ₱454,525, ₱1,527,663 and ₱573,048, respectively, with corresponding accumulated depreciation of ₱445,357, ₱1,473,076 and ₱572,380, respectively. The said retirements resulted in losses amounting to ₱9,168, ₱90,587 and ₱691 in 2022, 2021 and 2020, respectively.

*Impairment Loss*

Provision for impairment losses on property, plant and equipment amounted to ₱538,151 in 2020 (see Note 27). The provision pertains to specific individual assets such as trucks, dewatering facility, molybdenum plant and pumps. Management recognized the provision for impairment losses on the assessment that the said assets are damaged, obsolete and no longer operational. In 2021, the Group reversed the said impairment losses on property, plant and equipment (see Note 27).

*Collaterals*

The carrying value of the property, plant and equipment mortgaged as collaterals for various borrowings of the Group amounted to nil and ₱363,377 as at December 31, 2022 and 2021, respectively (see Note 16).

*Commitments*

The Group has capital expenditure commitments amounting to ₱1,800,698 and ₱712,681 as at December 31, 2022 and 2021, respectively.

*Depreciation, Amortization and Depletion*

The allocation of depreciation, amortization and depletion is as follows:

	2022	2021	2020
Inventories (Note 7)	<b>₱564,223</b>	₱188,442	₱43,367
Mining and milling costs (Note 21)	<b>3,813,943</b>	4,041,169	4,376,898
General and administrative expenses (Note 22)	<b>35,900</b>	31,864	54,958
	<b>₱4,414,066</b>	₱4,261,475	₱4,475,223



## 10. Mining Rights and Goodwill

### *Mining Rights*

The carrying amount of mining rights amounted to ₱6,950,866 and ₱7,260,337 as at December 31, 2022 and 2021, respectively. The Group recognized depletion of mining rights amounting to ₱309,471, ₱297,892 and ₱232,577 in 2022, 2021 and 2020, respectively. The Group recognized the related reversal of deferred tax liability arising from the depletion of mining rights amounting to ₱77,368, ₱74,473 and ₱69,773 in 2022, 2021 and 2020, respectively. The enactment of CREATE Act resulted in the additional reversal of deferred tax liability on mining rights amounting to ₱377,911 in 2021.

### *Goodwill*

The carrying amount of goodwill includes:

Balance as at December 31, 2022 and 2021:	
CCC	₱19,011,108
AHI	15,011
	<u>₱19,026,119</u>

### Key Assumptions Used in the Value in Use Calculations of CCC and the Sensitivity to Changes in Assumptions

The Group performed its annual impairment test as at December 31, 2022. The cash-generating unit is concluded to be the assets attributable to CCC, including goodwill, mining rights, and property, plant and equipment.

The recoverable amount of the cash-generating unit has been determined based on a discounted cash flows (DCF) calculation using cash flow projections from financial budgets approved by senior management.

The projected cash flows have been developed to reflect the expected mine production over the life of the mine adjusted by the effects of other factors such as inflation rate. The pre-tax discount rate applied to cash flow projections as at December 31, 2022 is 11.53%. As a result of this analysis, management concluded that the goodwill is not impaired.

The calculation of DCF and cash-generating unit is most sensitive to the following assumptions:

- Expected life of the project
- Future production levels and costs
- Contributions to the government
- Copper and gold prices
- Pre-tax discount rate

- Expected Life of the Project

The Group projected the expected life of the project based on the remaining mineral ore reserves of the project and their capacity to mine those remaining mineral reserves.

The remaining mineral reserves are based on the updated mineral resources and mineral reserves estimates report, issued by an accredited competent person, prepared in accordance with the JORC Code which the Group adopted to comply with the 2020 PMRC (see Estimating Mineral Reserves in Note 3).





b. Future Production Levels and Costs

Future production levels and costs include direct and indirect costs used to concentrate the mined mineral reserves for the remaining life of the mine.

c. Contributions to the Government

The Group assumes the prevailing tax rates imposed on an entity that is engaged in mining operations.

d. Copper and Gold Prices

The Group considers the effect of commodity price changes. The Group considered the possible effect of the changes in the price of copper and gold as it relates to the revenues that may be generated by the Group and the attainment of the cash flow projections. The Group used the data from the Wood Mackenzie Limited, a global mining and metals research and consultancy firm. The price is the function of a number of factors, which includes, among others, copper grade, gold content, moisture content and factor rate.

The Group expects that the overall price of copper concentrate will improve throughout the life of mine.

e. Pre-tax Discount Rate

Discount rate represents the current market assessment of the risks specific to cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments, and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Specific risk is incorporated by applying individual beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-discount rate. The pre-tax discount rates used by the Group are 11.53% and 12.03% as at December 31, 2022 and 2021, respectively.

No impairment loss on goodwill was recognized in 2022, 2021 and 2020.

## 11. Deferred Mine Exploration Costs

	2022	2021
Balances at beginning of year	<b>₱16,707</b>	₱16,707
Additional deferred mine exploration costs	<b>176,918</b>	–
Balances at end of year	<b>₱193,625</b>	₱16,707

These pertains to field supplies and other costs incurred during evaluation and exploration of projects of the Parent Company. In 2013, deferred mine exploration costs pertain to BNC's exploration expenditures on the Moorsom, Dangla and Longpoint Projects (adjacent area covering the Berong Nickel Project). Management has established that economically recoverable reserves exist in the area, resulting in the decision to develop the area for commercial mining operation. BNC started to explore and develop the area adjacent to the Berong Nickel Project in 2008.



On March 17, 2021, a deed of assignment was executed by and between South Davao Development Company, Inc. (SDDCI) and CCC, wherein SDDCI assigned to CCC all its rights and interests in under Mineral Production Sharing Agreement (MPSA) No. 321-2010-XII for the exploration, development and commercial utilization of gold, copper and other associated mineral deposits existing within the area covered by the MPSA for a consideration amounting to ₱150.0 million. The MPSA is situated in the municipalities of Tampakan, province of South Cotabato, and Columbio, province of Sultan Kudarat.

No provision for impairment loss on the deferred mine exploration costs was recognized in 2022 and 2021.

## 12. Investments in Associates

The Group has the following investments in associates (collectively called the Nickel Corporations), which are domiciled in the Philippines:

Company	Principal Activities
TMM Management, Inc. (TMI)	Management Services
Ulugan Resources Holdings, Inc. (URHI)	Holding Company
Ulugan Nickel Corporation (UNC)	Mining
Nickeline Resources Holdings, Inc. (NRHI)	Holding Company
Berong Nickel Corporation (BNC)	Mining

The remaining ownership of the above associates is owned by the combined interests of Toledo Mining Corporation (TMC) and DMCI Mining Corporation (DMCI), a third party.

In June 2014, the voting rights held by the Group were assigned to the representative of the DMCI and the management team from the DMCI assumed key positions in the said entities. Further, on July 11, 2014, a Memorandum of Agreement (MOA) was entered between TMC and the Group, which sets out the material terms under which the parties have agreed to hold their respective investments in respect of the exploration, development and utilization of Berong Mineral Properties [mining tenements or MPSA applications underlying the Berong Nickel Project necessary for operations] defined in the joint venture agreement dated January 9, 2005. The said MOA sets out the rights of each of the Group and TMC including the assignment of board seats, majority of which were assigned to TMC, and delegation to TMC of the operations and critical decision making in running the mining operations. Due to these factors the above entities were accounted for as associates, instead of subsidiaries. Consequently, the Group deconsolidated the above entities in 2014.

As at December 31, 2022 and 2021, the percentages of ownership of investment in associates are as follows:

a.) TMI	60.00%	direct interest
b.) URHI	70.00%	direct interest
c.) UNC	42.00%*	effective interest
d.) NRHI	42.00%*	effective interest
e.) BNC	25.20%*	effective interest

\*URHI owns 60% of UNC and NRHI. NRHI owns 60% of BNC.



As at December 31, 2022, 2021 and 2020, the movements in the investments in associates account are as follows:

	2022	2021	2020
Balances at beginning of year	<b>₱257,929</b>	₱237,524	₱226,189
Accumulated equity:			
Share in net income	<b>123,592</b>	222,005	112,135
Dividend income	<b>(50,400)</b>	(201,600)	(100,800)
Balances at end of year	<b>₱331,121</b>	₱257,929	₱237,524

The Group received dividends amounting to ₱33,690, ₱302,400 and ₱75,726 in 2022, 2021 and 2020, respectively.

The associates prepare financial statements for the same financial reporting period as the Parent Company.

Summarized financial information of the investments in associates as at December 31, 2022 and 2021, which are accounted for under the equity method, follow:

	2022	2021
Current assets	<b>₱483,765</b>	₱641,214
Noncurrent assets	<b>496,085</b>	272,985
Total assets	<b>979,850</b>	914,199
Current liabilities	<b>261,727</b>	324,866
Noncurrent liabilities	<b>84,065</b>	124,183
Total liabilities	<b>345,792</b>	449,049
Net assets	<b>₱634,058</b>	₱465,150
Net income (loss)	<b>(₱261,391)</b>	₱1,631,500
Other comprehensive income	<b>2,193</b>	748
Total comprehensive income (loss)	<b>(₱259,198)</b>	₱1,632,248

### 13. Other Noncurrent Assets

This account consists of:

	2022	2021
Input VAT (net of allowance for impairment losses of ₱412,395 and ₱377,259 as at December 31, 2022 and 2021, respectively)	<b>₱1,578,351</b>	₱1,246,271
MRF	<b>87,485</b>	86,753
Deposits and advances to suppliers	<b>230,856</b>	18,971
SDMP fund	<b>68,521</b>	68,510
Investment in unit investment trust fund	<b>31,576</b>	28,699
Refundable deposits	<b>3,220</b>	3,169
Others	<b>9,371</b>	9,902
	<b>₱2,009,380</b>	₱1,462,275



#### Input VAT

The Group, through CCC, was able to monetize tax credit certificates from the Bureau of Customs (BOC) amounting to ₱145,142, ₱271,776 and ₱163,237 in 2022, 2021 and 2020, respectively.

Movements of the allowance for impairment losses on input VAT are as follows:

	2022	2021	2020
Balances at beginning of year	<b>₱377,259</b>	₱355,266	₱210,952
Provision (Note 27)	<b>21</b>	20	160,341
Cumulative translation adjustment	<b>35,115</b>	21,973	(16,027)
Balances at end of year	<b>₱412,395</b>	₱377,259	₱355,266

Provisions for impairment losses on input VAT amounting to ₱21 and ₱20 in 2022 and 2021, respectively (see Note 27) pertain mainly to input VAT that have been disallowed by the Bureau of Internal Revenue (BIR), BOC and Court of Tax Appeals.

#### Deposits and Advances to Suppliers

The advances will be classified as non-current if such will be applied as payment for assets to be classified as property, plant and equipment or investment properties.

#### MRF

MRF pertains to rehabilitation trust funds that the Group is required by regulations to establish and maintain through cash deposits to cover their rehabilitation liability upon the closure of the mine and to ensure payment of compensable damages that may be caused by mine waste. The rehabilitation trust funds are held in government depository banks.

Interest income earned from MRF amounted to ₱735, ₱873 and ₱1,615 in 2022, 2021 and 2020 respectively (see Note 26).

#### Social Development and Management Program (SDMP) Fund

SDMP fund pertains to the deposits for the unexpended budget identified as on-going projects under the Group's Social Development and Management Program.

Interest income earned from SDMP fund amounted to nil, nil and ₱518 in 2022, 2021 and 2020 respectively (see Note 26).

#### Investment in Unit Investment Trust Fund

On January 26, 2018, CCC entered into a Transmission Service Agreement with National Grid Power Corporation (NGPC). This required CCC to provide credit support to NGPC through opening of a bank account assignable to NGPC. On July 11, 2018, CCC instructed Banco de Oro (BDO) to debit from CCC's current account the amount of ₱28,126 and to invest the amount to a unit investment trust fund. The unit investment trust fund is then assigned to NGPC as basic security deposit. The Group has assessed the investment in unit investment trust fund is not for contractual cash inflows and that no interest will be collected, given that fair value changes are expected to arise from movements of the net asset value per unit.

As at December 31, 2022 and 2021, the Group has investment in unit investment trust fund amounting to ₱31,576 and ₱28,699, which have been measured at fair value. Unrealized gain on investment in unit investment trust fund, presented under Others - net in the consolidated statement of comprehensive income, amounted to ₱196, ₱54 and ₱562 in 2022, 2021 and 2020, respectively, with



cumulative translation adjustment of ₱2,676, ₱1,673 and ₱1,455 in 2022, 2021 and 2020, respectively.

#### Refundable Deposits

Refundable deposits pertain to amounts paid by the Group as security deposit to various contractors which shall be refunded after the performance/delivery of services/goods.

#### Others

Others consist mainly of advances for the Longos and Nesbitan Gold Projects, which were used for field supplies and other costs during exploration and evaluation phase of the said projects. Others also include other assets of the Group which are considered individually insignificant in amount.

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### 14. Accounts Payable and Accrued Liabilities

This account consists of:

	2022	2021
Trade	<b>₱2,239,994</b>	₱1,066,546
Nontrade	<b>119,258</b>	144,977
Accrued expenses		
Coal	<b>156,238</b>	214,308
Services	<b>48,989</b>	80,447
Rental	<b>71,201</b>	68,168
Power and other utilities	<b>115,324</b>	28,656
Personnel	<b>41,599</b>	27,546
Others	<b>383,986</b>	215,968
Government payables	<b>159,318</b>	130,867
Interest (Note 16)	<b>87,419</b>	67,410
	<b>₱3,423,326</b>	₱2,044,893

#### Trade

Trade payables include import and local purchases of equipment, inventories and various parts and supplies used in the operations of the Group. These are non-interest bearing payables to various suppliers and are normally settled on terms ranging from 30 to 60 days.

In April 2020, the Company received from the same customer \$12.0 million as advance payment for the shipment of 30,000 DMT of copper concentrate to be delivered in lots of 5,000 DMT per shipment at some future dates in accordance with the purchase agreement entered into by the parties in April 2019. Proceeds from shipments amounting to \$4.0 million, \$24.0 million and \$4.0 million were offset against the advance payments in 2021, 2020 and 2019, respectively.

#### Interest

Interest pertains to accrued interest on bank loans and long-term debt and other interest-bearing liabilities.

#### Government Payables

Government payables consist of mandatory contributions and payments to Social Security System, Philippine Health Insurance Corporation, and Home Development Mutual Fund, withholding tax payable, excise tax payable, and customs duties, which are non-interest bearing and are usually settled within the next month following the month of incurrence.



#### Nontrade and Other Accrued Expenses

Other accrued expenses include unclaimed termination benefits of former Parent Company employees before the temporary suspension of operations in prior years and other payables related to employee salary deductions, insurance, contracted services and professional fees. These also include miscellaneous non-interest bearing payables.

### 15. Leases

#### *Group as a lessee*

The Group has lease contracts for office and parking spaces, and machinery and other equipment used in its operations. Leases of office generally have lease terms between three and 10 years, while leases machinery and other equipment generally have lease terms between three and five years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in statement of income:

	2022	2021	2020
Expenses relating to leases of low-value assets included in general and administrative expenses (Note 22)	<b>₱30,903</b>	₱38,403	₱296,898
Amortization expense of right-of-use assets included in property and equipment (Note 9)	<b>2,302</b>	2,127	1,791
Interest expense on lease liabilities (Note 26)	<b>747</b>	366	156
Total amount recognized in statement of income	<b>₱33,952</b>	₱40,896	₱298,845

The rollforward analysis of the lease liability follows:

	2022	2021
As at January	<b>₱10,062</b>	₱782
Additions	—	10,753
Interest expense (Note 26)	<b>747</b>	366
Payments	<b>(2,556)</b>	(1,839)
As at December 31	<b>8,253</b>	10,062
Less noncurrent portion	<b>5,569</b>	7,506
	<b>₱2,684</b>	₱2,556

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.



Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
One year	<b>₱2,684</b>	₱2,556
More than one year up to five years	<b>5,569</b>	7,506

#### 16. Bank Loans, Long-term Debts and Other Interest Bearing Liabilities

##### a. Bank loans

The Group entered into various short-term, unsecured loans from different financial institutions. Outstanding balances as at December 31, 2022 and 2021 are as follows:

##### 1. CBC

On January 16, 2018, March 2, 2018 and October 11, 2018, CCC obtained from CBC short-term clean loans amounting to US\$50.0 million, US\$15.0 million and US\$105.0 million, respectively, with maturities in 2018 and interest rates of 2.87% to 3.95%. The loans were rolled over several times with the last roll-over done on December 18, 2020 to mature on January 18, 2021. On various dates in 2021, CCC made principal payments amounting to US\$130.0 million.

The interest expense recognized on the loans from CBC amounted ₱147,188 and ₱260,545 in 2021 and 2020, respectively (see Note 26).

CCC capitalized borrowing cost amounting to ₱3,155 related to expenditures for machinery and equipment completed during the year and construction-in-progress 2021. The rate used to determine the amount of borrowing cost eligible for capitalization is 2.69% in 2021 (see Note 9).

Presented below is the summary of interest expense recognized on bank loans (see Note 26):

	2022	2021
CBC	<b>₱—</b>	₱147,188

##### b. Long-term debts and other interest-bearing liabilities

The Group's long-term debts and other interest-bearing liabilities as at December 31, 2022 and 2021 are as follows:

	2022	2021
CBC	<b>₱9,711,808</b>	₱8,841,676
BDO Form of Note 1	<b>3,221,683</b>	—
BDO Form of Note 2	<b>2,776,127</b>	—
CBC Form of Note 1	<b>1,655,279</b>	—
BDO	—	6,361,593
SMIC (Note 23)	—	5,526,604
BDO Leasing & Finance, Inc. (BDO Leasing)	—	134,286
	<b>17,364,897</b>	20,864,159
Less non-current portion	<b>15,692,247</b>	18,271,722
	<b>₱1,672,650</b>	₱2,592,437



The maturities of long-term debts and other interest-bearing liabilities at nominal values follow:

	2022	2021
Due in:		
2023	<b>₱1,672,650</b>	₱2,592,437
2024	<b>1,672,650</b>	11,724,976
2025 and thereafter	<b>14,019,597</b>	6,546,746
	<b>₱17,364,897</b>	₱20,864,159

#### Restructuring of loans

On September 15, 2020, an amendment to BDO term loan's nominal interest rates was agreed between BDO and the Group, changing the incremental nominal interest rates to a fixed single rate of 5.37%. The amendment was effective starting September 16, 2020 until maturity of loan. The change on the interest rate was assessed by the Group as a substantial modification which resulted in the derecognition of the old loan and recognition of new financial liability. Loss on loan restructuring recognized in the consolidated statement of comprehensive income amounted to ₱11,903 in 2020 (see Note 27).

On September 20, 2020, an amendment to the shareholders' loans' nominal interest rate was agreed between the Shareholders and the Company, changing the incremental nominal interest rates to a fixed single rate of 5.37%. The amendment was effective starting September 21, 2020 until maturity of loan. The change on the interest rate was assessed by the Group as a substantial modification which resulted in the derecognition of the old loans and recognition of new financial liabilities. Gain on loan restructuring recognized on loans from SMIC, APHC and Alakor amounted to ₱336,635, ₱30,001 and ₱7,396, respectively in 2020 (see Note 27). The total gain on loan restructuring attributable to the shareholders in the 2020 consolidated statement of comprehensive income amounted to ₱374,032.

Presented below is the summary of gains (losses) on the loan restructuring (see Note 27):

	2020
SMIC	₱336,635
APHC	30,001
Alakor	7,396
	374,032
BDO	(11,903)
Total	₱362,129

#### 1. CBC

On November 4, 2021, CCC entered into a term loan agreement with CBC, which makes available to the Company a loan facility with an aggregate amount of US\$420.0 million at an interest rate of 3.75% per annum payable every quarter. The loan is payable within five years from the date of the first drawdown. The proceeds from the loan facility shall be exclusively used by CCC to refinance its existing shareholders' loans, the loan from CBC and the loan from BDO. The loan is not covered by any guarantee or collateral.

On November 8 2021, CCC has drawn from the loan facility a total amount of US\$174.6 million, which was used to fully settle its loans from CBC, APHC and Alakor, and partially settle its BDO loan. CCC recognized debt issue cost amounting to ₱66,806.





#### *Covenants*

The term loan agreement with CBC imposes certain restrictions and requirements with respect to, among others, the following:

- Indebtedness - CCC shall not contract, create, incur, assume or suffer to exist any indebtedness from banks and other financial institutions other than permitted indebtedness, provided that any such incremental permitted indebtedness shall not at any time result to a Debt to Equity Ratio of more than 1.5. Debt to Equity Ratio is total debt divided by total equity.
- Total Equity – CCC shall maintain at all times a total equity of at least US\$300.0 million.

The interest expense recognized on the loan, excluding amortization of debt issue costs, amounted to ₱328,916 in 2022 (see Note 26). Amortization of debt issue costs amounted to ₱41,211 in 2022 (see Note 26). The total interest payable amounted to ₱48,858 as at December 31, 2022 (see Note 14).

The carrying value of the loan as at December 31, 2022, amounted to ₱9,771,808 net of unamortized debt issue cost amounting to ₱23,015.

The movements in unamortized debt issue cost follow:

	2022	2021
Balances at beginning of year	₱63,434	₱66,806
Amortization (Note 26)	(41,211)	(3,372)
Cumulative translation adjustment	792	—
Balances at end of year	₱23,015	₱63,434

#### *Accession and Amendment Agreement*

On December 13, 2021, CCC entered into an accession and amendment agreement with BDO and CBC related to the term loan agreement with the latter on November 4, 2021, which makes available to CCC a loan facility with an aggregate amount of US\$420.0 million at an interest rate of 3.75% per annum payable every quarter. As stated in the accession and amendment agreement, BDO is willing to accede to the term loan agreement as lender and participate in making available to CCC an aggregate principal amount of up to US\$185.0 million while CBC intends to make available to CCC the remaining portion of the loan facility in an aggregate amount of up to US\$235.0.

#### *CBC Form of Note*

On March 14, 2022, CCC has drawn from the loan facility CBC form of note amounting to US\$29.8 million, which will mature on November 8, 2026. CCC recognized debt issue cost amounting to ₱12,453.

In 2022, the interest expense recognized on the CBC form of note, excluding the amortization of debt issue costs, amounted to ₱44,910 (see Note 26). The amortization of debt issue cost recognized on the CBC forms of note amounted to ₱5,693 (Note 26). The total interest payable amounted to ₱8,339 (see Note 14).

The carrying value of the forms of note as at December 31, 2022 amounted to ₱1,655,279, net of debt issue costs with carrying value of ₱6,220.



The movements in unamortized debt issue cost for CBC form of note 1 follow:

	2022
Additions to debt issue cost	₱12,453
Amortization (Note 26)	(5,693)
Cumulative translation adjustment	(540)
Balances at end of year	₱6,220

2. **BDO**

On March 16, 2017, CCC availed a secured subordinated term loan from BDO amounting to US\$320.0 million to settle its US\$300.0 million bonds payable and for working capital requirements, with maturity in 2024 and interest of 5.00% per annum, inclusive of final withholding tax and fixed for the first two years with a step up of 1.00% every year thereafter. Interest is payable semi-annually in arrears from March 16, 2017. On various dates in 2022 and 2021, CCC made full principal payments amounting to US\$127.4 million and partial principal payments amounting to US\$162.6 million, respectively.

CCC shall not declare or pay dividends to its stockholders or partners (other than dividends payable or paid solely in shares of stock of CCC) or retain, retire, purchase or otherwise acquire any class of its capital stock or make any other capital or other asset distribution to its stockholders or partners upon the occurrence of an event of default. Also, CCC will not extend loans or advances to any of its directors, officers, stockholders or partners, except duly approved employee benefit loans.

Principal payment equivalent to 1.00% of the full drawn amount is payable at the end of the 5th year and 6th year while the remaining balance of 98.00% is payable at the end of the term. CCC can prepay the loan in part or full together with accrued interest thereof to prepayment date, subject to a 1% penalty for foreign currency borrowing and 3% penalty for peso borrowing. Prepayment penalty or breakfunding cost on outstanding principal amount under the facility shall be waived subject to at least fifteen (15) days prior written notice. The loan is guaranteed by a shareholder through a certificate of deposit. Consequently, the Group recognized a financial guarantee obligation amounting to ₱1,870,312, which is presented in the consolidated statements of financial position as other current liability.

*Restructuring of Loans*

On September 15, 2020, an amendment to the loan's nominal interest rates was agreed between BDO and the Group, changing the incremental nominal interest rates to a fixed single rate of 5.37%. The amendment was effective starting September 16, 2020 until maturity of loan. The change on the interest rate was assessed by the Group as a substantial modification which resulted in the derecognition of the old loan and recognition of new financial liability. Loss on loan restructuring recognized in the consolidated statement of comprehensive income amounted to ₱11,903 in 2020 (see Note 27).

*Derecognition of the Financial Guarantee Obligation*

In 2022, the Group settled in full the loan it obtained from BDO in 2017. As a result, the financial guaranteed obligation presented as other current liability in the consolidated statements of financial position was derecognized. This also resulted in the recognition of a gain on the derecognition of financial guarantee obligation amounting to ₱2,041,569.



The interest expense recognized on the subordinated term loan, excluding the amortization of debt issue costs, amounted to ₱90,268, ₱578,879 and ₱900,760 in 2022, 2021 and 2020, respectively (see Note 26). The amortization of debt issue cost recognized on the subordinated term loan amounted to ₱144,998, ₱116,882 and ₱274,597 in 2022, 2021 and 2020, respectively (Note 26). The total interest payable to BDO amounted to ₱12,744 as at December 31, 2021 (see Note 14).

The carrying value of the loan as at December 31, 2021 amounted to ₱6,361,593, net of debt issue costs with carrying value of ₱134,994.

The movements in unamortized debt issue cost follow:

	2022	2021	2020
Balances at beginning of year	<b>₱134,994</b>	₱239,993	₱545,384
Amortization (Note 26)	<b>(144,999)</b>	(116,882)	(274,597)
Effect of loan restructuring	—	—	(11,903)
Cumulative translation adjustment	<b>10,005</b>	11,883	(18,891)
Balances at end of year	<b>₱—</b>	₱134,994	₱239,993

#### *Accession and Amendment Agreement*

On December 13, 2021, CCC entered into an accession and amendment agreement with BDO and CBC related to the term loan agreement with the latter on November 4, 2021, which makes available to CCC a loan facility with an aggregate amount of US\$420.0 million at an interest rate of 3.75% per annum payable every quarter. As stated in the accession and amendment agreement, BDO is willing to accede to the term loan agreement as lender and participate in making available to CCC an aggregate principal amount of up to US\$185.0 million while CBC intends to make available to CCC the remaining portion of the loan facility in an aggregate amount of up to US\$235.0.

#### *BDO Forms of Note*

On March 14, 2022 and April 29, 2022, CCC has drawn from the loan facility BDO forms of note amounting to US\$58.0 million and US\$50.0 million, respectively, which will both mature on November 6, 2026. CCC recognized debt issue cost amounting to ₱24,238 and ₱20,862 for the first and second BDO forms of note, respectively.

In 2022, the interest expense recognized on the BDO forms of note, excluding the amortization of debt issue costs, amounted to ₱87,409 and ₱63,482 for the first and second BDO forms of note, respectively (see Note 26). The amortization of debt issue cost recognized on the BDO forms of note amounted to ₱11,079 and ₱8,278 for the first and second BDO forms of note, respectively (Note 26). The total interest payable amounted to ₱16,230 and ₱13,992 for the first and second BDO forms of note, respectively (see Note 14).

The carrying value of the forms of note as at December 31, 2022 amounted to ₱3,221,683 and ₱2,776,127 for the first and second BDO forms of note, respectively, net of debt issue costs with carrying value of ₱12,108 and ₱11,623, respectively.



The movements in unamortized debt issue cost for BDO form of note 1 follow:

	2022
Additions to debt issue cost	₱24,238
Amortization (Note 26)	(11,079)
Cumulative translation adjustment	(1,051)
Balances at end of year	₱12,108

The movements in unamortized debt issue cost for BDO form of note 2 follow:

	2022
Additions to debt issue cost	₱20,862
Amortization (Note 26)	(8,278)
Cumulative translation adjustment	(961)
Balances at end of year	₱11,623

3. BDO Leasing

Since 2011, CCC has availed of various peso-denominated finance lease facilities from BDO Leasing for the purchase of various equipment. The amounts availed under the facilities are payable within 36 months to 60 months and accrue interest at rates 4.75% to 6.75% per annum. In 2017, CCC availed of additional facilities from BDO Leasing covering the total amount of ₱1,179,207. On various dates in 2022, CCC made full principal payments amounting to US\$2.63 million.

The carrying value of the property, plant and equipment mortgaged as collaterals for the BDO Leasing facilities amounted to ₱363,377 as at December 31, 2021 (see Note 9).

The interest expense on the said facilities amounted to ₱2,777, ₱12,674 and ₱22,991 in 2022, 2021 and 2019, respectively (see Note 26).

4. SMIC, APHC and Alakor

On March 21, 2017, CCC availed of unsecured loans from SMIC, APHC and Alakor totaling US\$167.4 million for working capital requirements. The loans shall be subordinated only to loans of CCC from financial institutions. The loans have a term of seven years or will mature on March 20, 2024, extendible at the option of the lender. Interest is 5.00% per annum for the first two years with a step up of 1.00% every year thereafter but subject to repricing at the option of the lenders.

Interest is payable semi-annually in arrears from March 21, 2017. CCC, at its option, prepay the loans in part or full together with accrued interest and other charges accruing thereon up to the date of prepayment with no penalty. In July 2020, December 2019, and August 2017, CCC made partial payments to the lenders amounting to US\$10.0, US\$12.0 and US\$25.4 million, respectively. In 2021, CCC fully paid the outstanding loans from APHC and Alakor amounting to US\$9.659 million and US\$2.381 million, respectively. In 2022, CCC fully paid the outstanding loan from SMIC amounting to US\$108.367 million.

*Restructuring of Loans*

On September 20, 2020, an amendment to the loan's nominal interest rate was agreed between the Shareholders and CCC, changing the incremental nominal interest rates to a fixed single rate of 5.37%. The amendment was effective starting September 21, 2020 until maturity of loan. The change on the interest rate was assessed by CCC as a substantial modification which resulted in



the derecognition of the old loans and recognition of new financial liabilities. Gain on loan restructuring recognized on loans from SMIC, APHC and Alakor amounted to ₱336,635, ₱30,001 and ₱7,396, respectively in 2020 (see Note 27). The total gain on loan restructuring attributable to the shareholders in the 2020 consolidated statement of comprehensive income amounted to ₱374,032.

The interest expense recognized on the said loans, excluding amortization of debt issue costs, amounted to ₱318,401 and ₱404,697 in 2021 and 2020, respectively (see Note 26). The full amortization of debt issue costs recognized amounted to ₱32,046 in 2020. The total interest payable amounted to ₱9,975 as at December 31, 2021 (see Note 14).

The carrying value of the loans as at December 31, 2021 amounted to ₱5,526,604.

The movements in unamortized debt issue cost follow:

	2020
Balances at beginning of year	₱349,380
Effect of loan restructuring	(374,032)
Amortization (Note 26)	32,046
Cumulative translation adjustment	(7,394)
Balances at end of year	₱—

Presented below is the summary of interest expense recognized on long-term debts (see Note 26):

	2022	2021	2020
CBC	₱328,916	₱44,691	₱—
BDO	90,268	578,879	900,760
BDO Form of Note 1	87,409	—	—
Shareholders Loan:			
SMIC	82,269	290,786	364,311
APHC	—	22,154	32,400
Alakor	—	5,461	7,986
BDO Form of Note 2	63,482	—	—
CBC Form of Note 1	44,910	—	—
BDO Leasing	2,777	12,674	22,991
Balances at end of year	₱700,031	₱954,645	₱1,328,448

Presented below is the summary of interest payable on long-term debts (see Note 14):

	2022	2021
CBC	₱48,858	₱44,691
BDO Form of Note 1	16,230	—
BDO Form of Note 2	13,992	—
CBC Form of Note 1	8,339	—
BDO	—	12,744
Shareholders' Loan:		
SMIC	—	9,975
Balances at end of year	₱87,419	₱67,410



## 17. Liability for Mine Rehabilitation

Movements in the liability for mine rehabilitation are as follows:

	2022	2021	2020
Balances at beginning of year	<b>₱69,939</b>	₱74,187	₱68,334
Accretion of interest (Note 26)	<b>2,783</b>	1,913	787
Change in accounting estimate (Note 9)	<b>(14,189)</b>	(10,461)	8,617
Cumulative translation adjustment	<b>6,260</b>	4,300	(3,551)
Balances at end of year	<b>₱64,793</b>	₱69,939	₱74,187

Liability for mine rehabilitation cost represents the present value of future rehabilitation and other related costs. This provision was recognized based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will 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.

### CCC

In 2021, the estimated discounted future cash flows of CCC's Final Mine Rehabilitation and Decommissioning Plan were updated to reflect forecasted changes in inflation and risk-free rates. As at December 31, 2022 and 2021, the decrease/increase in the liability for mine rehabilitation amounted to ₱5,146 and ₱10,461, respectively. Discount rates used by the Group in determining the present value of the future rehabilitation costs is 6.42% and 3.98% as at December 31, 2022 and 2021, respectively.

## 18. Equity

### a. Capital Stock

The table below presents the details of the Parent Company's authorized and issued and outstanding capital stock as at December 31:

	2022		2021	
	No. of Shares	Amount	No. of Shares	Amount
Authorized - (₱1 par value)	<b>8,890,000,000</b>	<b>₱8,890,000</b>	8,890,000,000	₱8,890,000
Issued	<b>2,087,032,774</b>	<b>2,087,033</b>	2,087,032,774	2,087,033
Subscribed	<b>1,472,500,000</b>	<b>1,472,500</b>	1,472,500,000	1,472,500
Total shares issued and subscribed	<b>3,559,532,774</b>	<b>₱3,559,533</b>	3,559,532,774	₱3,559,533

### *Increase in Authorized Capital Stock and Stock Subscriptions*

In 2017, the Parent Company's BOD and shareholders approved the increase in authorized capital stock (ACS) of the Parent Company from ₱3,000,000 to ₱8,890,000, divided into 8,890,000,000 common shares with a par value of ₱1 per share, thereby amending its articles of incorporation. In addition, the Parent Company secured from the minority shareholders a waiver of the



requirement to the conduct of public or rights offering of the shares subscribed out of the increase in the authorized capital stock. A majority vote representing the outstanding shares held by minority shareholders present or represented by proxies granted the said waiver.

Pursuant to the increase in authorized capital stock, the Parent Company entered into Stock Subscription Agreements, with subscription price of ₱4.3842 per share, with the following shareholders:

Subscriber	No. of shares subscribed	Total subscription price	Par value amount	Additional paid-in capital	Subscription receivable
SMIC	598,049,708	₱2,621,970	₱598,050	₱2,016,098	₱1,966,477
APHC	845,000,292	3,704,650	845,000	2,848,597	2,778,488
Alakor	29,450,000	129,115	29,450	99,279	96,836
	1,472,500,000	₱6,455,735	₱1,472,500	₱4,963,974	₱4,841,801

The subscription price of ₱4.3842 per share is based on the 90-day volume weighted average price (VWAP) preceding the pricing date, November 16, 2016. In 2017, a portion of the subscriptions were paid in cash amounting to ₱1,613,934.

Transaction costs on the issuance of shares amounting to ₱19,261, were accounted for as a deduction from additional paid-in capital, which include registration and regulatory fees and stamp duties.

The dividend, voting and preemption rights of the subscribed shares are the same with the rights being enjoyed by the current shareholders. The subscribed shares will not have any effect upon the rights of the existing shareholders.

On November 17, 2017, the Philippine Securities Exchange Commission (SEC) approved the Parent Company's application to increase its ACS and amendment of its articles of incorporation.

The increase in the ACS was undertaken for the Company to have sufficient unissued shares of stock to issue the Warrants and the Underlying Common Shares, as a result of the exercise of the warrants as briefly described below, and provide the Company flexibility to raise fresh funds. With available and sufficient unissued capital stock, the Company will have the capability for any future capital initiative.

As at December 31, 2022 and 2021, the Parent Company is compliant with the minimum public float as required by the PSE.

## 2016

### *Reduction in Par Value and Decrease in Authorized Capital Stock*

In 2016, the Parent Company's BOD and shareholders approved the change in the par value of common shares from ₱8 per share, with ACS of ₱24,000,000 divided into 3,000,000,000 common shares, to ₱1 per share, with ACS of ₱3,000,000 divided into 3,000,000,000 common shares.

The lower par value of ₱1 per share would allow the Parent Company to raise fresh funds through primary shares issuance, if needed. The decrease in ACS and par value reduction resulted in additional paid-in capital of ₱14,609,229. The SEC approved the reduction in par value and capital stock on June 29, 2016.



b. Warrants Issue

On February 21, 2017, the shareholders approved the issuance of approximately 5.6 billion Warrants and the corresponding 5.6 billion underlying common shares for the refinancing of the US\$300.0 million bonds of CCC as well as the Parent Company's shareholders' advances to a subordinated loan with warrants.

The Warrants shall be issued by the Parent Company to its major shareholders or their assigns, among others. As at December 31, 2022, no warrants yet were issued by the Parent Company as the related application with the SEC has not yet been filed.

The following are the salient features, terms and conditions, and other relevant information of the Warrants Issue:

- The number of warrants to be issued to the Parent Company's major shareholders is approximately 5.6 billion, subject to the exchange rate on the date all regulatory approvals are secured and full compliance with all legal laws, rules and regulations for the issuance of warrants.
- Entitlement ratio is one common stock to one warrant; thus the corresponding number of underlying securities is approximately 5.6 billion common shares. Exercise period of the warrants shall be from and including the date of issue of the warrants up to 5:00 p.m. on the day immediately preceding the date of the 7th anniversary of the date of issue of the warrants. Expiry date is the 7th anniversary of the date of the issue of the warrants.
- The basis of determining the exercise price of ₱4.3842 is the 90-day VWAP preceding the pricing date, November 16, 2016.
- Timetable for the issuance of the warrants will be upon obtaining the following:  
(i) shareholders' approval to the increase in the ACS and amendment to Article VII of the Parent Company's articles of incorporation (AOI); (ii) SEC approval of the increase in ACS and amendment to AOI, and (iii) other regulatory approvals and compliance with all legal requirements.
- The warrants constitute direct, unsecured and unsubordinated obligations of the Parent Company, and will at all times rank *pari passu* without preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Parent Company, past and future.
- Exercise of the warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date.
- Warrants are exercisable on any business day during the exercise period.
- The Parent Company may, but is not obligated, at any time to purchase the warrants at any price.
- The Parent Company may modify the terms and conditions without the consent of the warrant holders which the Parent Company may deem necessary or desirable provided the modification is not materially prejudicial to the interests of the warrant holders.





- If any event occurs which would reasonably be expected to have an effect on the exercise price, upon written opinion of an independent investment bank, adjustments shall be made as appropriate on account of such event.

Below is the Parent Company's track record of registration of securities under the Philippine SEC:

Date of Registration (SEC Approval)	Description	Authorized Shares	Number of shares issued/subscribed	Par value per share	Total amount (in 000's)
December 31, 2009	Common shares	12,000,000,000	1,048,931,882	₱10.00	₱10,489,319
October 8, 2010	Increase in number of common shares	14,200,000,000	1,059,931,882	10.00	10,599,319
September 5, 2011	Increase in number of common shares	20,000,000,000	1,336,614,382	10.00	13,366,144
November 8, 2011	Increase in number of common shares	30,000,000,000	1,336,614,382	10.00	13,366,144
January 23, 2013	Decrease in number of common shares and reduction in par value	24,000,000,000	2,074,366,980	8.00	16,594,936
June 29, 2016	Reduction in par value consequently decreasing the number of common shares	3,000,000,000	2,087,032,774	1.00	2,087,033
November 17, 2017	Increase in number of subscribed common shares	8,890,000,000	1,472,500,000	1.00	1,472,500
As at December 31, 2022		8,890,000,000	3,559,532,774	₱1.00	₱3,559,533

c. Additional Paid-In Capital

*Convertible Loans*

Additional paid-in capital amounting to ₱48,847 was recognized in 2017 as a result of the equity conversion option from the ₱1.8 billion convertible loans availed by the Parent Company from SMIC, Alakor and APHC.

Additional paid-in capital amounted to ₱19,650,936 as at December 31, 2022 and 2021. This includes additional paid-in capital amounting to ₱28,886 from 2014 and prior years.

Retained Earnings

The details and movements of the Group's retained earnings are as follows:

	2022	2021
Beginning balances	₱17,692,199	₱13,830,614
Net income	3,218,086	3,861,585
Ending balances	₱20,910,285	₱17,692,199

*Dividend Declaration*

There were no dividends declared and paid in 2022 and 2021.

d. Number of Shareholders

As at December 31, 2022 and 2021, the Parent Company has 20,711 and 20,699 shareholders, respectively.



## 19. Comprehensive Stock Option Plan

On July 18, 2007, the Parent Company's stockholders and BOD approved and ratified the Comprehensive Stock Option Plan for the Parent Company's qualified employees. The salient terms and features of the stock option plan, among others, are as follows:

- i. Participants: directors, officers, managers and key consultants of the Parent Company and its significantly owned subsidiaries;
- ii. Number of underlying shares: 50,000,000 common shares to be taken out of the unissued portion of the Parent Company's authorized capital stock with 25,000,000 of the underlying shares already been earmarked for the first-tranche optionees as duly approved by the Parent Company's stockholders during the annual general meeting (AGM) held on July 18, 2007;
- iii. Option period: Three years from the date the stock option is awarded to the optionees;
- iv. Vesting period: 1/3 of the options granted will vest in each year; and
- v. Exercise price: ₱10.00 per share benchmarked on the average closing price of the Parent Company's shares of stock as traded on the PSE during the period between September 6, 2006 (date of the AGM during which the stock option plan was first approved) and June 18, 2007 (the date of the BOD meeting during which the terms of the stock option plan were approved); such average closing price was ₱11.05 (the exercise price represents the average closing price discounted at the rate of 9.50%).

The Parent Company used the Black-Scholes model to compute for the fair value of the stock options based on the following assumptions as at July 18, 2007:

Spot price per share	₱15.00
Time to maturity	3 years
Volatility*	52.55%
Dividend yield	0.00%

\*Volatility is calculated using historical stock prices and their corresponding logarithmic returns.

Qualified employees who were previously granted stock option awards did not exercise subscription rights in the past three years: 2022, 2021 and 2020. There are no outstanding stock options as at December 31, 2022 and all options have already lapsed.

## 20. Revenues from Contracts with Customers

Revenue from contracts with customers is disaggregated into the following:

	2022	2021	2020
<b>Type of goods</b>			
Copper concentrate containing:			
Copper	₱15,728,779	₱16,594,063	₱14,420,431
Gold	1,951,128	1,909,302	3,884,677
Silver	—	—	11,049
Smelting and related charges	(857,412)	(565,782)	(806,957)
Total revenues from contracts with customers	₱16,822,495	₱17,937,583	₱17,509,200

All revenue from copper concentrate is recognized at a point in time when control transfers to the buyers.



## 21. Mining and Milling Costs

Mining and milling costs consists of:

	2022	2021	2020
Depreciation and depletion (Note 9)	<b>₱3,813,943</b>	₱4,041,169	₱4,376,898
Materials and supplies (Note 7)	<b>5,775,758</b>	3,160,942	3,369,345
Communication, electricity and water	<b>3,437,816</b>	2,271,355	2,061,657
Personnel costs (Note 22)	<b>635,399</b>	628,178	645,563
Contracted services	<b>488,461</b>	343,031	570,840
Other costs	<b>364,517</b>	182,544	237,834
	<b>₱14,515,894</b>	₱10,627,219	₱11,262,137

Other costs consist of freight expenses, customs duties, insurance costs of vehicles used in the mine operations and other expenses, which are individually insignificant in amount.

### Mine Products Taxes

Excise taxes amounting to ₱667,196, ₱701,718 and ₱685,120 in 2022, 2021 and 2020, respectively, pertain to the taxes paid and accrued by the Group related to the production of copper concentrate.

## 22. General and Administrative Expenses

	2022	2021	2020
Personnel costs	<b>₱517,424</b>	₱566,786	₱421,172
Taxes and licenses	<b>156,223</b>	154,685	169,259
Professional fees	<b>125,642</b>	133,266	89,324
Community assistance	<b>69,930</b>	55,520	54,346
Provision for inventory loss (Note 7)	<b>60,823</b>	—	176,766
Depreciation, amortization and depletion (Note 9)	<b>35,900</b>	31,864	54,958
Rentals (Note 15)	<b>30,903</b>	38,403	296,898
Transportation and travel	<b>28,250</b>	16,060	9,572
Communication, light and water	<b>24,701</b>	21,008	18,620
Materials and supplies (Note 7)	<b>21,630</b>	19,894	14,482
Insurance	<b>15,473</b>	31,323	27,874
Entertainment, amusement and recreation	<b>13,745</b>	9,799	8,702
Repairs and maintenance	<b>985</b>	764	764
Provision for expected credit losses (Note 5)	—	5	41,683
Others	<b>8,368</b>	51,516	12,514
	<b>₱1,109,997</b>	₱1,130,893	₱1,396,934



Rentals pertain to land, office and equipment rentals not directly related to the mining operations.

Others consist primarily of insurance fees, diesel fuel costs, costs of general consumption items, medical expenses, drilling expenses, and cost of training and seminars, not directly related to operations of the Group.

Personnel costs recognized in mining and milling costs, and general and administrative expenses consist of the following:

	2022	2021	2020
Salaries and wages	<b>₱974,522</b>	₱958,693	₱919,553
Retirement benefits cost (Note 24)	<b>51,670</b>	53,191	45,626
Other employee benefits	<b>126,631</b>	183,080	101,556
	<b>₱1,152,823</b>	₱1,194,964	₱1,066,735
<hr/>			
	2022	2021	2020
Mining and milling costs (Note 21)	<b>₱635,399</b>	₱628,178	₱645,563
General and administrative expenses (Note 22)	<b>517,424</b>	566,786	421,172
	<b>₱1,152,823</b>	₱1,194,964	₱1,066,735

## 23. 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 Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and 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 the legal form.

In the normal course of business, transactions with related parties consist mainly of payments made by the Parent Company for various expenses and non-interest bearing, short-term cash advances for working capital requirements.

All intercompany transactions are eliminated at the consolidated level. Items eliminated are separately disclosed in a schedule in accordance with Philippine SEC requirements under the Revised SRC Rule 68.



The consolidated statements of financial position include the following amounts resulting from the various transactions with related parties, which are expected to be settled in cash as at December 31:

2022				
	Amount/ Volume	Outstanding Balance	Terms	Conditions
<b>Associates</b>				
<i>Receivables</i> (Note 5)				
BNC	P=	P=	On demand; non-interest bearing	Unsecured, no guarantee
URHI	—	3,006	On demand; non-interest bearing	Unsecured, no guarantee
UNC	—	14,824	On demand; non-interest bearing	Unsecured, no guarantee
	P=	P17,830		
<b>Entities with significant influence over the Group</b>				
<i>Loans</i> (Note 16)				
SMIC	P=	P=	Interest-bearing; 5.37%; repriceable at the option of the lender at prevailing market rates	Unsecured, no guarantee
APHC	—	—	Interest-bearing; 5.37%; repriceable at the option of the lender at prevailing market rates	Unsecured, no guarantee
Alakor	—	—	Interest-bearing; 5.37%; repriceable at the option of the lender at prevailing market rates	Unsecured, no guarantee
	P=	P=		
2021				
	Amount/ Volume	Outstanding Balance	Terms	Conditions
<b>Associates</b>				
<i>Receivables</i> (Note 5)				
BNC	P=	P=	On demand; non-interest bearing	Unsecured, no guarantee
URHI	—	3,006	On demand; non-interest bearing	Unsecured, no guarantee
UNC	—	14,824	On demand; non-interest bearing	Unsecured, no guarantee
	P=	P17,830		
<b>Entities with significant influence over the Group</b>				
<i>Loans</i> (Note 16)				
SMIC	P322,500	P5,526,604	Interest-bearing; 5.37%; repriceable at the option of the lender at prevailing market rates	Unsecured, no guarantee
APHC	(463,843)	—	Interest-bearing; 5.37%; repriceable at the option of the lender at prevailing market rates	Unsecured, no guarantee
Alakor	(114,340)	—	Interest-bearing; 5.37%; repriceable at the option of the lender at prevailing market rates	Unsecured, no guarantee
	(P255,683)	P5,526,604		



a. Compensation of key management personnel

The Group considers all senior officers as key management personnel.

	2022	2021	2020
Short-term benefits	<b>₱115,234</b>	₱95,360	₱64,666
Retirement benefits	<b>5,420</b>	4,055	558
	<b>₱120,654</b>	₱99,415	₱65,224

## 24. Retirement Benefits Liability

The Group has an unfunded defined retirement benefits plan covering substantially all of its employees. The plan provides a retirement of amount equal to one month's salary for every year of service, with six months or more of service considered as one year.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Summary of retirement benefits liability and retirement benefits cost as at December 31, 2022, 2021 and 2020:

	2022		2021		2020	
	Retirement benefits liability	Retirement benefits costs	Retirement benefits liability	Retirement benefits costs	Retirement benefits liability	Retirement benefits costs
Parent Company	<b>₱11,455</b>	<b>₱1,961</b>	₱10,691	₱1,819	₱10,209	₱1,479
CCC	<b>531,494</b>	<b>73,122</b>	552,351	71,927	544,081	65,244
	<b>₱542,948</b>	<b>₱75,083</b>	₱563,042	₱73,746	₱554,290	₱66,723

The movements in remeasurement gain on retirement benefits liability, net of tax, of the Parent Company and CCC are as follows:

	2022	2021
Balances at beginning of year	<b>₱104,306</b>	₱53,438
Effect of CREATE Act	—	3,817
Actuarial gains (losses):		
Financial assumptions	<b>96,691</b>	66,471
Experience adjustments	<b>(12,788)</b>	(11,656)
	<b>188,209</b>	54,815
Cumulative translation adjustment	—	(7,764)
Remeasurement gain on retirement benefits liability		
— net of tax	<b>₱188,209</b>	₱104,306



Parent Company Retirement Benefits Liability

The details of retirement benefits cost follow:

	2022	2021	2020
Current service cost (Note 22)	<b>₱1,417</b>	₱1,433	₱1,117
Interest cost (Note 26)	<b>544</b>	386	362
	<b>₱1,961</b>	<b>₱1,819</b>	<b>₱1,479</b>

The movements in the present value of the retirement benefits liability are as follows:

	2022	2021	2020
Balances at beginning of year	<b>₱10,691</b>	₱10,209	₱7,385
Current service cost (Note 22)	<b>1,417</b>	1,433	1,117
Interest cost (Note 26)	<b>544</b>	386	362
Actuarial losses (gains):			
Financial assumptions	<b>(2,277)</b>	(1,525)	1,165
Experience adjustments	<b>1,080</b>	188	180
Demographic assumptions	—	—	—
Benefits paid	—	—	—
Balances at end of year	<b>₱11,455</b>	<b>₱10,691</b>	<b>₱10,209</b>

The Parent Company does not have any plan assets.

The retirement benefits cost as well as the present value of the retirement benefits liability is determined using actuarial valuation. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining retirement benefits costs and retirement benefits liability for the Parent Company's defined retirement benefits plan are shown below:

	2022	2021	2020
Discount rate	<b>7.19%</b>	5.09%	3.78%
Expected rate of salary increase	<b>5.00%</b>	5.00%	5.00%
Turnover rate	<b>17% at age 18</b>	17% at age 18	17% at age 18
	<b>decreasing to</b>	decreasing to	decreasing to
	<b>0% at age 60</b>	0% at age 60	0% at age 60

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2022	2021
Discount rates	+1%	<b>₱10,571</b>	₱9,712
	-1%	<b>12,462</b>	11,823
Salaries increased rates	+1%	<b>₱12,536</b>	₱11,871
	-1%	<b>10,494</b>	9,655

The Parent Company does not expect to contribute to the defined retirement benefits plan in 2022. The Parent Company does not have a trustee bank, and does not currently employ any asset-liability matching.



Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2022 and 2021:

	2022	2021
Less than one year	<b>₱—</b>	<b>₱—</b>
More than one year to five years	<b>10,724</b>	10,136
More than five years to 10 years	<b>1,778</b>	1,674
More than 10 years to 15 years	<b>—</b>	<b>—</b>
More than 15 years to 20 years	<b>40,206</b>	36,867
More than 20 years	<b>3,007</b>	5,097
	<b>₱55,715</b>	<b>₱53,774</b>

The average duration of the defined retirement benefits liability as at December 31, 2022 and 2021 is 10.9 years and 14.9 years, respectively.

#### CCC Retirement Benefits Liability

The details of retirement benefits costs follow:

	2022	2021	2020
Current service cost (Note 22)	<b>₱48,423</b>	₱51,758	₱44,509
Interest cost (Note 26)	<b>24,699</b>	20,169	20,735
	<b>₱73,122</b>	<b>₱71,927</b>	<b>₱65,244</b>

The movements in present value of the retirement benefits liability are as follows:

	2022	2021	2020
Balances at beginning of year	<b>₱493,398</b>	₱544,081	₱474,845
Current service cost (Note 22)	<b>48,423</b>	51,758	44,509
Interest cost (Note 26)	<b>24,699</b>	20,169	20,735
Actuarial losses (gains):			
Experience adjustments	<b>15,970</b>	15,352	(11,242)
Demographic assumptions	<b>—</b>	<b>—</b>	<b>—</b>
Financial assumptions	<b>(126,643)</b>	(87,102)	66,112
Benefits paid	<b>(32,730)</b>	(30,227)	(25,261)
Cumulative translation adjustment	<b>108,377</b>	38,320	(25,617)
Balances at end of year	<b>₱531,494</b>	<b>₱552,351</b>	<b>₱544,081</b>

CCC does not have any plan assets.

The retirement benefits cost, as well as the present value of the retirement benefits liability is determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining retirement benefits costs and retirement benefits liability for CCC's defined retirement benefits plan are shown below:

	2022	2021	2020
Discount rate	<b>7.30%</b>	5.14%	3.96%
Expected rate of salary increase	<b>6.00%</b>	6.00%	6.00%
Turnover rate	<b>9% at age 18 decreasing to 0% at age 65</b>	9% at age 18 decreasing to 0% at age 65	9% at age 18 decreasing to 0% at age 65





The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2022	2021
Discount rates	+1%	<b>(P44,680)</b>	(P58,298)
	-1%	<b>52,891</b>	70,168
Salaries increased rates	+1%	<b>P55,162</b>	P71,310
	-1%	<b>(47,259)</b>	(60,292)

CCC does not expect to contribute to the defined retirement benefits plan in 2022. CCC does not have a trustee bank, and does not currently employ any asset-liability matching.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2022 and 2021:

	2022	2021
Less than one year	<b>P15,551</b>	P18,663
More than one year to five years	<b>98,369</b>	89,943
More than five years to 10 years	<b>287,960</b>	262,493
More than 10 years to 15 years	<b>455,594</b>	391,733
More than 15 years to 20 years	<b>628,855</b>	556,184
More than 20 years	<b>1,912,317</b>	1,829,998
	<b>P3,398,646</b>	P3,149,014

The average duration of the defined retirement benefits liability as at December 31, 2022 and 2021 is 15.31 years and 21.26 years, respectively.

The defined retirement benefits plan typically exposes the Group to a number of risks such as interest rate risk and salary risk. The most significant of which relate to interest rate risk. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement liability. An increase in government bond yields will decrease the defined benefit obligation. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Group.

## 25. Income Taxes

The components of the provision for (benefit from) income tax are as follow:

	2022	2021	2020
Current	<b>P525,221</b>	P1,039,115	P134,439
Effect of CREATE Act – current	–	(33,344)	–
Effect of CREATE Act – deferred	–	(290,095)	–
Deferred	<b>(294,659)</b>	(151,638)	861,237
	<b>P230,562</b>	P564,038	P995,676



The provision for current income tax pertains to the RCIT and MCIT in 2022 and 2021 and MCIT in 2020.

Parent Company, AEI, AHI and AI

The Parent Company, AEI, AHI and AI has the following carry-forward benefits of NOLCO and MCIT, and deductible temporary differences in 2022 and 2021, for which no deferred tax assets were recognized as it is not probable that sufficient future taxable profits will be available against which the benefits can be utilized:

	2022	2021
Allowance for impairment losses on:		
Provision for inventory obsolescence	<b>₱316,239</b>	₱316,239
Unrealized foreign exchange losses	<b>180</b>	211
Carry-forward benefits of:		
NOLCO	<b>717</b>	53,976
MCIT	<b>19</b>	90
Provision for expected credit loss	<b>37,251</b>	37,251
Retirement benefits liability	<b>11,404</b>	10,683
Allowance for impairment losses on quoted equity instrument	<b>2,867</b>	2,867
Allowance for impairment of input VAT	<b>68</b>	54
	<b>₱368,745</b>	₱421,371

The components of deferred tax liabilities of the Parent Company as at December 31, 2022 and 2021 are as follows:

	2021	2021
<i>Recognized directly in profit or loss</i>		
Deferred tax liability:		
Mining rights	<b>₱1,747,503</b>	₱1,824,871
Unrealized foreign exchange gains	<b>4,705</b>	805
Effect of PFRS 16	<b>—</b>	123
	<b>1,752,208</b>	1,825,799
<i>Recognized in other comprehensive income</i>		
Revaluation increment on land	<b>106,739</b>	106,739
Remeasurement gain on retirement benefits liability	<b>5,200</b>	4,900
	<b>111,939</b>	111,639
Deferred tax liabilities	<b>₱1,864,147</b>	₱1,937,438

CCC

The components of deferred tax assets of CCC as at December 31, 2022 and 2021:

	2022	2021
<i>Recognized directly in profit or loss</i>		
Deferred tax assets:		
Unrealized foreign exchange losses	<b>₱1,513,711</b>	₱346,494
Gain on asset dere	<b>5,749</b>	—

(Forward)



	2022	2021
Provision for impairment losses:		
Input VAT	<b>₱102,914</b>	₱86,913
Inventory obsolescence	<b>106,632</b>	80,070
Expected credit loss	<b>8,463</b>	8,461
Retirement benefits liability	<b>115,653</b>	84,277
Unrealized loss on hedging transactions	—	—
Liability for mine rehabilitation	<b>16,198</b>	17,485
	<b>1,869,320</b>	623,700
Deferred tax liabilities:		
Unrealized foreign exchange gains	<b>1,187,707</b>	289,823
Unrealized gain on hedging transactions	<b>61,556</b>	12,839
	<b>1,249,263</b>	302,662
<i>Recognized in other comprehensive income</i>		
Remeasurement loss (gain) on retirement benefits liability	<b>(10,144)</b>	(39,072)
Cumulative translation adjustments	<b>(121,558)</b>	224,697
	<b>(131,702)</b>	185,625
Deferred tax assets	<b>₱751,759</b>	₱506,663

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 consecutive taxable years immediately following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three consecutive years only.

As of December 31, 2022, the Group has NOLCO before and after taxable year 2020 and 2021, respectively, which can be claimed as deduction from the regular taxable income for the next three consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2019	2020-2022	₱53,482	₱—	₱53,482	₱—	₱—

As of December 31, 2022, the Group has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five consecutive taxable years pursuant to the Bayanihan to Recover As One Act as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2022	2023-2025	₱223	₱—	₱—	₱—	₱223
2021	2022-2026	219	—	—	—	219
2020	2021-2025	275	—	—	—	275
		<b>₱717</b>	<b>₱—</b>	<b>₱—</b>	<b>₱—</b>	<b>₱</b>



As at December 31, 2022, the Group's MCIT that can be claimed as deduction against future taxable liabilities are as follows:

Year incurred	Available until	MCIT
2022	2025	P66
2021	2024	4
2020	2023	19
		<b>P89</b>

Movements in MCIT are as follows:

	2022	2021
MCIT:		
Beginning of year	<b>P90</b>	P359,142
Additions	<b>66</b>	4
Application	—	(358,951)
Expirations	<b>(67)</b>	(105)
End of year	<b>P89</b>	P90

- b. A reconciliation of the benefit from income tax computed at the statutory income tax rate with the benefit from income tax is presented as follows:

	2022	2021	2020
Provision for (benefit from)			
income tax at statutory			
income tax rates	<b>P921,244</b>	P1,106,405	P776,681
Additions to (reductions in)			
income tax resulting from:			
Income exempt from			
income tax	<b>(536,211)</b>	(576,270)	(719,999)
Cumulative translation			
adjustments	<b>(163,645)</b>	(369,359)	(299,081)
Nondeductible expenses	<b>85,157</b>	419,591	754,440
Depletion of mining rights	<b>(77,368)</b>	(74,473)	(69,773)
Expired NOLCO	<b>13,361</b>	12,274	48,146
Movements on unrecognized			
deferred tax assets	<b>(13,209)</b>	(67,946)	(435,494)
Adjustment in liability for			
mine rehabilitation	<b>2,030</b>	—	—
Interest income subjected to			
final tax and others	<b>(1,213)</b>	(946)	(6,054)
Reversal of allowance for			
inventory obsolescence	<b>292</b>	—	—
Expired MCIT	<b>66</b>	105	69,764
Excess MCIT over RCIT	<b>58</b>	4	133,379
Application of MCIT	—	358,951	—
Effect of CREATE Act	—	(323,439)	—
Application NOLCO	—	134,642	777,308
Equity in net earnings in an			
associate	—	(55,501)	(33,641)
	<b>P230,562</b>	P564,038	P995,676



“Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” Bill

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

The following are the key changes to the Philippine tax law pursuant to the CREATE act which have an impact on the Group:

- Effective July 1, 2020, 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%;
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and
- Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) or enhanced deductions (ED).

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group was subjected to lower minimum corporate income tax rate of 1% effective July 1, 2020. This resulted in lower deferred tax assets and liabilities as of December 31, 2020 by ₱269,717 and ₱559,812, respectively, and provision for deferred tax for the year then ended by ₱290,095. These reductions were recognized in the 2021 consolidated financial statements.

The passage of the CREATE Act into law on March 26, 2021 was considered as a non-adjusting subsequent event as of December 31, 2020. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 were computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Section 27 of the National Internal Revenue Code, as amended, provides that an MCIT of 2% (1% until June 20, 2023 under CREATE Act) based on the gross income as at the end of the taxable year shall be imposed on a corporation beginning the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the MCIT is greater than the RCIT computed for the taxable year.

*Board of Investments (BOI) of CCC*

CCC benefits from the automatic VAT zero-rating of its purchase of goods and services from domestic suppliers on account of the certification by the BOI that 100% of its sales are export sales.



## 26. Interest Income and Finance Charges

Sources of interest income are as follows:

	2022	2021	2020
Investment in pooled funds – SMIC (Note 8)	<b>₱1,856</b>	₱1,419	₱2,023
Short-term investments (Note 4)	<b>1,751</b>	691	14,566
Other noncurrent assets (Note 13)	<b>735</b>	873	2,133
Cash in banks (Note 4)	<b>448</b>	802	1,286
	<b>₱4,790</b>	<b>₱3,785</b>	<b>₱20,008</b>

Finance charges consists of:

	2022	2021	2020
Interest expense on loans and long-term debts and other interest-bearing liabilities (Note 16)	<b>₱700,031</b>	₱1,098,678	₱1,543,366
Amortization of debt issue cost (Note 16)	<b>211,260</b>	120,254	306,643
Interest cost on retirement benefits liability (Note 24)	<b>25,243</b>	20,555	21,097
Accretion of interest on liability for mine rehabilitation cost (Note 17)	<b>2,783</b>	1,913	787
Lease liability (Note 15)	<b>747</b>	366	156
	<b>₱940,064</b>	<b>₱1,241,766</b>	<b>₱1,872,049</b>

The Group capitalized borrowing costs amounting to nil, ₱3,155 and ₱44,155 in 2022, 2021 and 2020, respectively (see Note 9).

## 27. Others – Net

The Others – net account under costs and expenses section of the consolidated statement of comprehensive income consists of:

	2022	2021	2020
Loss (gain) on retirement of property and equipment (Note 9)	<b>₱12,838</b>	₱–	(₱375)
Loss on retirement of property and equipment (Note 9)	<b>9,168</b>	90,587	691
Unrealized fair value gain on investment in pooled funds (Note 8)	<b>(5,082)</b>	(1,313)	(395)
Impairment losses on input VAT (Note 13)	<b>21</b>	20	160,341

(Forward)



	2022	2021	2020
Provision for (reversal of) impairment losses on property, plant and equipment (Note 9)	P—	(P534,472)	P538,151
Gain on loan restructuring – net (Note 16)	—	—	(362,129)
Miscellaneous	(108,381)	(31,205)	45,598
	<b>(P91,436)</b>	<b>(P476,383)</b>	<b>P381,882</b>

Miscellaneous includes bank charges, staff club charges, hospital charges and income from usage of the Group's facilities.

## 28. Segment Information

The primary segment reporting format is determined to be the business segments since the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. The mining segment is engaged in exploration and mining operations. Meanwhile, the non-mining segment is engaged in bulk water supply or acts as holding company.

The Group's operating business segments remain to be neither organized nor managed by geographical segment.

2022:	Mining	Non-Mining	Total	Eliminations	Consolidated
<b>Segment revenue</b>					
From external customers	P16,822,495	P—	P16,822,495	P—	P16,822,495
Cost of sales	P14,515,894	P—	P14,515,894	P—	P14,515,894
General and administrative expenses	1,041,892	68,105	1,109,997	—	1,109,997
Mine tax/royalties/business tax	667,196	—	667,196	—	667,196
Depletion of mining rights	—	—	—	309,471	309,471
Operating income (loss)	597,513	(68,105)	529,408	(309,471)	219,937
Depreciation, amortization and depletion	4,690,782	2,386	4,693,168	309,471	5,002,639
Other income (charges)	—	—	—	123,592	123,592
Earnings before interest, income taxes, and depreciation and amortization (EBITDA)	P5,288,295	(P65,719)	P5,222,576	P123,592	P5,346,168
<b>Segment results</b>					
Income before income tax	P3,679,026	P5,901	P3,684,927	(P236,279)	P3,448,648
Benefit from (provision for) income tax	(304,086)	(3,844)	(307,930)	77,368	(230,562)
Net income	P3,374,940	P2,057	P3,379,054	158,911	P3,218,086
<b>Assets</b>					
Total assets	P48,202,812	P19,756,980	P67,959,792	(P376,898)	P67,582,894
Investments	—	25,801,934	25,801,934	(25,470,812)	331,122
Goodwill	—	—	—	19,026,119	19,026,119
Mining rights	—	—	—	6,950,866	6,950,866
<b>Liabilities</b>					
Total liabilities	21,857,514	168,460	22,025,974	1,746,030	23,772,004
<b>Other segment information</b>					
Depreciation, amortization and depletion	—	4,693,168	4,693,168	5,002,639	9,695,807
Finance charges	938,772	1,300	940,072	—	940,072



2021:	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	₱17,937,583	₱-	₱17,937,583	₱-	₱17,937,583
Cost of sales	10,627,219	-	10,627,219	-	10,627,219
General and administrative expenses	1,058,150	72,743	1,130,893	-	1,130,893
Mine tax/royalties/business tax	701,718	-	701,718	-	701,718
Depletion of mining rights	-	-	-	297,892	297,892
Operating income (loss)	5,550,496	(72,743)	5,477,753	(297,892)	5,179,861
Depreciation, amortization and depletion	4,070,481	2,552	4,073,033	297,892	4,370,925
Other income (charges)	-	-	-	222,005	222,005
Earnings before interest, income taxes, and depreciation and amortization (EBITDA)	₱9,620,977	(₱70,191)	₱9,550,786	₱222,005	₱9,772,791
Segment results					
Income before income tax	₱4,564,891	₱138,219	₱4,703,110	(₱277,487)	₱4,425,623
Benefit from (provision for) income tax	(1,023,967)	7,545	(1,016,422)	452,384	(564,038)
Net income	₱3,540,924	₱145,764	₱3,686,688	₱174,897	₱3,861,585
Assets					
Total assets	₱46,453,241	₱19,751,489	₱66,204,730	(₱11,216)	₱66,193,514
Investments	-	25,801,934	25,801,934	(25,544,005)	257,929
Goodwill	-	-	-	19,026,119	19,026,119
Mining rights	-	-	-	7,260,337	7,260,337
Liabilities					
Total liabilities					
Other segment information					
Depreciation, amortization and depletion	4,070,481	2,552	4,073,033	297,892	4,370,925
Finance charges	1,241,011	755	1,241,766	-	1,241,766
2020:	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	₱17,509,200	₱-	₱17,509,200	₱-	₱17,509,200
Cost of sales	₱11,262,137	₱-	₱11,262,137	₱-	₱11,262,137
General and administrative expenses	1,331,333	65,601	1,396,934	-	1,396,934
Mine tax/royalties/business tax	685,120	-	685,120	-	685,120
Depletion of mining rights	-	-	-	232,577	232,577
Operating income (loss)	4,230,610	(65,601)	4,165,009	(232,577)	3,932,432
Depreciation, amortization and depletion	4,429,106	2,750	4,431,856	232,577	4,664,433
Other income (charges)	209,919	-	209,919	112,135	322,054
Earnings before interest, income taxes, and depreciation and amortization (EBITDA)	₱8,869,635	(₱62,851)	₱8,806,784	₱112,135	₱8,918,919
Segment results					
Income before income tax	₱1,312,231	₱22,378	₱1,334,609	(₱221,240)	₱1,113,369
Benefit from (provision for) income tax	(1,068,349)	2,900	(1,065,449)	69,773	(995,676)
Net income	₱243,882	₱25,278	₱269,160	(₱151,467)	₱117,693
Assets					
Total assets	₱47,439,178	₱19,599,169	₱67,038,347	₱348,050	₱67,386,397
Investments	-	25,801,934	25,801,934	(25,564,410)	237,524
Goodwill	-	-	-	19,026,119	19,026,119
Mining rights	-	-	-	7,558,229	7,558,229
Liabilities					
Total liabilities	₱38,557,370	₱177,139	₱38,734,509	(₱4,971,340)	₱33,763,169
Other segment information					
Depreciation, amortization and depletion	4,429,106	2,750	4,431,856	232,577	4,664,433
Finance charges	1,871,531	518	1,872,049	-	1,872,049





The following table shows the reconciliation of consolidated earnings before interest, income taxes, and depreciation and amortization to consolidated net income for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
EBITDA	<b>₱5,406,991</b>	<b>₱9,772,791</b>	<b>₱8,918,919</b>
Less:			
Depreciation, depletion and amortization (see Notes 9 and 10)	<b>4,159,314</b>	4,370,925	4,664,433
Finance charges (see Note 26)	<b>940,064</b>	1,241,766	1,872,049
Provisions for (benefit from) income tax (see Note 25)	<b>230,562</b>	564,038	995,676
Others	<b>(3,141,035)</b>	(265,523)	1,269,068
	<b>2,188,905</b>	5,911,206	8,801,226
Net income (loss)	<b>₱3,218,086</b>	<b>₱3,861,585</b>	<b>₱117,693</b>

Adjustments and Eliminations:

No operating segments have been aggregated to form the above reportable segments.

The president is the chief operating decision maker and 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 revenues, EBITDA and profit or loss, and are measured consistently in the consolidated financial statements. The Group defines EBITDA as revenues from contracts with customers less costs and expenses, excluding financing charges, income tax, depreciation, depletion, and other provisions and charges.

The Group's management reporting and controlling systems use accounting policies that are the same as those described in Note 2 to the consolidated financial statements. Segment assets principally comprise all assets while segment liabilities principally comprise all liabilities.

Adjustments and eliminations are part of the detailed reconciliations presented below.

Reconciliation of segment income before tax:

	2022	2021	2020
Total segment net income before tax	<b>₱3,684,926</b>	₱4,703,110	₱1,334,611
Depletion of mining rights (Note 10)	<b>(309,471)</b>	(297,892)	(232,577)
Share in net income (loss) of associates (Note 12)	<b>123,592</b>	222,005	112,135
Dividend income (Note 12)	<b>(50,400)</b>	(201,600)	(100,800)
Combined segment net income (loss) before tax	<b>₱3,448,647</b>	₱4,425,623	₱1,113,369

Reconciliation of segment assets:

	2022	2021	2020
Total segment assets	<b>₱67,959,792</b>	₱66,204,730	₱67,038,348
Receivables	<b>(266,100)</b>	(137,155)	(55,664)
Goodwill (Note 10)	<b>19,026,119</b>	19,026,119	19,026,119
Property, plant and equipment at cost	<b>(551,596)</b>	(551,596)	(551,596)
Mining rights (Note 10)	<b>6,950,866</b>	7,260,337	7,558,229

(Forward)



	2022	2021	2020
Deferred tax assets	P–	P–	P–
Quoted equity instrument	(5,375)	(4,916)	(4,629)
Investments in shares of stocks	(25,801,934)	(25,801,934)	(25,801,934)
Investment in associates (Note 12)	331,121	257,929	237,524
Other noncurrent assets	(60,000)	(60,000)	(60,000)
Combined segment assets	<b>P67,582,893</b>	<b>P66,193,514</b>	<b>P67,386,397</b>

Reconciliaton of segment liabilities:

	2022	2021	2020
Total segment liabilities	<b>P29,273,392</b>	<b>P33,013,341</b>	<b>P38,734,509</b>
Accounts payable, contract liability and accrued liabilities	(1,473)	(1,291)	(1,178)
Payable to related parties	(7,247,418)	(7,247,418)	(7,247,418)
Deferred tax liabilities	1,747,503	1,824,871	2,277,256
Combined segment liabilities	<b>P23,772,004</b>	<b>P27,589,503</b>	<b>P33,763,169</b>

Revenues of the Group, through CCC, are from TTSA and WERCO and are covered by Pricing Agreements.

	2022	2021	2020
WERCO	<b>P15,444,430</b>	P–	P–
TTSA	1,378,065	16,027,087	8,543,017
Mitsui	–	1,910,496	5,823,119
IXM SA	–	–	1,609,166
Trafigura	–	–	1,089,996
MRI	–	–	443,902
	<b>P16,822,495</b>	<b>P17,937,583</b>	<b>P17,509,200</b>

## 29. Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed as follows:

	2022	2021	2020
Net income (loss)	<b>P3,218,086</b>	<b>P3,861,585</b>	<b>P117,693</b>
Divided by basic weighted average number of common shares outstanding (in thousands)	<b>3,557,553</b>	<b>3,557,553</b>	<b>3,557,553</b>
	<b>P0.9046</b>	<b>P1.0855</b>	<b>P0.0331</b>

Diluted earnings (loss) per share is computed as follows:

	2022	2021	2020
Net income (loss)	<b>P3,218,086</b>	<b>P3,861,585</b>	<b>P117,693</b>
Divided by basic weighted average number of common shares outstanding (in thousands)	<b>3,557,553</b>	<b>3,557,553</b>	<b>3,557,553</b>
	<b>P0.9046</b>	<b>P1.0855</b>	<b>P0.0331</b>



Reconciliation of the weighted average number of common shares outstanding (in thousands) used in computing basic and diluted earnings per share as follows:

	2022	2021	2020
Basic weighted average number of common shares outstanding	3,557,553	3,557,553	3,557,553
Diluted weighted average number of common shares outstanding	3,557,553	3,557,553	3,557,553

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of authorization of these consolidated financial statements.

### 30. Financial Risk Management Objectives and Policies

The Group's main financial instruments are cash, short-term investments, investment in pooled funds, quoted equity instrument, investment in unit investment trust fund and refundable deposits under other noncurrent assets, bank loans, long-term debts and other interest-bearing liabilities, and derivatives. It has various other financial assets and liabilities such as receivables, and accounts payable, contract liability and accrued liabilities, which mainly arise from the Group's operations.

The main risks arising from the Group's financial instruments are market risk, credit risk, and liquidity risk. The BOD reviews and adopts relevant policies for managing each of these risks and these are summarized onto the succeeding paragraphs.

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in foreign currency exchange rates, interest rates, equity prices and other market changes.

#### *Foreign Currency Risk*

Foreign currency risk is that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group has foreign currency risk arising from its cash in banks, short-term investments, receivables, bank loans, accounts payable, contract liability and accrued liabilities and long-term debt and derivatives. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. The Group also uses foreign currency forwards to hedge its risk exposures.

As at December 31, 2022 and 2021, foreign currency-denominated assets and liabilities follow:

	2022		2021	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
<u>Assets</u>				
Cash in banks	US\$13,737	P765,906	US\$11,581	P590,641
	JP¥202	85	JP¥1	1
	GB£131	8,812	GB£177	12,205

(Forward)



	2022		2021	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Short-term investments	US\$5,592	311,782	US\$5,561	283,600
Receivables	US\$29,907	1,667,465	US\$28,466	1,451,762
	JP¥–	–	JP¥5	2
	US\$49,236	₱2,745,153	US\$45,608	₱3,193,926
	GB£131	₱8,812	GB£177	₱12,213
	JP¥202	₱85	JP¥6	₱7
<b>Liabilities</b>				
Accounts payable, contract liabilities and accrued expenses	US\$16,526	921,407	US\$10,803	₱550,932
	AU\$540	20,387	AU\$8	278
	EU€–	–	EU€17	977
Long-term debts	US\$312,400	17,417,862	US\$407,706	20,792,623
Bank loans	US\$–	–	US\$–	–
	US\$328,926	₱18,339,269	US\$418,509	₱21,343,555
	AU\$540	20,387	AU\$8	₱278
	EU€–	–	EU€17	₱977
Net liabilities in US\$	US\$279,690	₱15,594,116	US\$372,901	₱19,017,552
Net assets in GB£	GB£131	₱8,812	GB£177	₱12,205
Net liabilities in AU\$	AU\$540	₱20,387	AU\$8	₱278
Net assets (liabilities) in JP¥	(JP¥202)	(₱85)	(JP¥6)	(₱3)
Net liabilities in EU€	EU€–	₱–	EU€17	₱977

As at December 31, 2022 and 2021, foreign exchange closing rates used in converting foreign currency-denominated assets and liabilities are as follows:

	2022	2021
US\$	55.755	50.999
AU\$	37.802	37.070
JP¥	0.417	0.444
EU€	59.554	57.854
GB£	67.439	68.917

Based on the historical movement of the US\$, AU\$, JP¥, EU€, GB£ and the Philippine Peso, the management believes that the estimated reasonably possible change in the next 12 months would be:

	2022		2021	
	Peso Strengthens	Peso Weakens	Peso Strengthens	Peso Weakens
US\$	₱1.00	₱1.11	₱0.31	₱0.88

Sensitivity of the Group's pre-tax income to foreign currency risks are as follows:

**Year ended December 31, 2022:**

- An increase of ₱280,515 in the pre-tax income if peso strengthens by ₱1.0 against the US\$.
- A decrease of ₱310,512 in the pre-tax income if peso weakens by ₱1.11 against the US\$.

**Year ended December 31, 2021:**

- An increase of ₱113,735 in the pre-tax income if peso strengthens by ₱0.31 against the US\$.
- A decrease of ₱326,288 in the pre-tax income if peso weakens by ₱0.88 against the US\$.



Management assessed that the foreign currency risk associated with AU\$, JP¥, EU€, GB£-denominated accounts will not have a significant effect on consolidated financial statements, and as such, did not present a sensitivity analysis are considered insignificant.

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

#### *Commodity Price Risk*

The Group's copper concentrate revenues are based on international commodity quotations (i.e., primarily on the LME) over which the Group has no significant influence or control.

This exposes the Group's results of operations to commodity price volatilities that may significantly impact its cash inflows. The Group enters into derivative transactions as a means to mitigate the risk of fluctuations in the market prices of its mine products. An analysis is made based on the assumption that copper prices move using the implied volatility based on one year historical LME copper prices, with all other variables held constant.

Shown below is the Group's sensitivity to changes in the copper prices arising from its copper derivatives and trade receivables (subject to provisional pricing) in 2022 and 2021 follows:

#### **December 31, 2022:**

<b>Change in Copper Prices</b>	<b>Effect on Income Before Income Tax</b>
<b>Increase by 3%</b>	<b>₱502,278</b>
<b>Decrease by 3%</b>	<b>(502,278)</b>

#### **December 31, 2021:**

<b>Change in Copper Prices</b>	<b>Effect on Income Before Income Tax</b>
<b>Increase by 3%</b>	<b>₱527,597</b>
<b>Decrease by 3%</b>	<b>(527,597)</b>

The rate used for the sensitivity analysis of changes in copper prices changed from 3% to 5% to reflect the actual monthly changes in copper prices to represent a more accurate sensitivity analysis on the commodity price risk.

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

#### *Equity Price Risk*

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to equity price risk because of its investment in shares of stock of an entity listed in the local stock exchange, and its investment in unit investment trust fund, which are classified as financial asset at fair value through profit or loss. Management believes that the fluctuation in the fair value of financial asset at fair value through profit or loss and investment in pooled funds will not have a significant effect on the consolidated financial statements, and as such, did not present a sensitivity analysis.

#### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.



*Cash in banks and short-term investments*

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with its policies. Credit risk is mitigated by the short-term and/or liquid nature of its cash investments placed with approved financial institutions of high credit standing. The expected credit loss on the Group's cash in banks and short-term investments is calculated using the general approach.

*Trade receivables*

Customer credit risk is managed by the Group's policy, procedures, and control relating to customer credit risk management. The Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, short-term liquidity and financial position. In addition, outstanding trade receivable balances are regularly monitored on an ongoing basis, with the result that the Group's exposure to credit-impaired balances and bad debts is not significant. The Group's trade receivables are not subject to the recognition of expected credit loss since these are measured at fair value through profit or loss.

At December 31, 2022 and 2021, the Group only had two customers that accounted for all trade receivables. The maximum exposure to credit risk for trade receivables at the reporting date is also the carrying value (see Note 5). The Group does not hold collateral as security.

*Other financial assets*

With respect to credit risk arising from the other financial assets of the Group, which comprise investment in pooled funds, quoted equity instrument, and investment in unit investment trust fund and refundable deposits under other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group limits its counterparty credit risk on these assets by dealing only with financial institutions with high credit ratings. The expected credit loss on the other financial assets of the Group measured at amortized cost is computed using the general approach.

The following table summarizes the gross maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure shown is gross, before the effect of any allowance for impairment.

	2022	2021
Cash in banks	<b>₱941,044</b>	₱870,616
Short-term investments	<b>311,757</b>	283,600
Receivables		
Trade	<b>41,281</b>	2,013
Nontrade	<b>118,098</b>	90,538
Interest	<b>234</b>	150
Advances to		
Related parties	<b>17,830</b>	17,830
Officers and employees	<b>19,444</b>	14,510
Other current asset		
Investment in pooled funds	<b>352,512</b>	378,574
Other noncurrent assets		
Investment in unit investment trust fund	<b>31,576</b>	28,699
Refundable deposits	<b>3,220</b>	3,169
	<b>₱1,836,996</b>	₱1,689,699



*Credit Quality Per Class of Financial Assets*

The credit quality by class of asset for the Group's financial assets as at December 31, 2022 and 2021 based on credit rating system follows:

**December 31, 2022**

	Neither Past due nor impaired High Grade	Past Due But Not Impaired	Impaired	Total
Cash in banks	₱941,044	₱—	₱—	₱941,044
Short-term investments	311,757	—	—	311,757
Receivables				
Trade	41,281	—	—	41,281
Nontrade	—	46,993	71,105	
Interest	234	—	—	234
Advances to				
Related parties	—	17,830	—	17,830
Officers and employees	—	19,444	—	19,444
Other current asset				
Investment in pooled funds	352,512	—	—	352,512
Other noncurrent assets				
Investment in unit investment trust fund	31,576	—	—	31,576
Refundable deposits	3,220	—	—	3,220
	₱1,681,624	₱37,274	₱71,105	₱

**December 31, 2021**

	Neither Past due nor impaired High Grade	Past Due But Not Impaired	Impaired	Total
Cash in banks	₱870,616	₱—	₱—	₱870,616
Short-term investments	283,600	—	—	283,600
Receivables				
Trade	2,013	—	—	2,013
Nontrade	—	14,902	75,636	90,538
Interest	150	—	—	150
Advances to				—
Related parties	—	17,830	—	17,830
Officers and employees	—	14,510	—	14,510
Other current asset				
Investment in pooled funds	378,574	—	—	378,574
Other noncurrent assets				
Investment in unit investment trust fund	28,699	—	—	28,699
Refundable deposits	3,169	—	—	3,169
	₱1,566,821	₱47,242	₱75,636	₱1,689,699

The credit quality of the financial assets was determined as follows:

- Cash in banks, short-term investments and related interest receivables are assessed as high-grade since these are deposited in reputable banks, which have a low probability of insolvency.
- Trade receivables, which pertain mainly to receivables from sale of copper concentrate, are assessed as high-grade. These are assessed based on past collection experience of full settlement within two months after invoice date with no history of default.
- Nontrade receivables, which mainly pertain to receivables from the settlement of commodity swap transactions, and other billings not related to main operations, consist of past due but not impaired and impaired accounts.



- Advances to related parties are assessed as past due but not impaired since the Group still expects to collect the balance from its related parties.
- Advances to officers and employees, which pertain mainly to advances subject to payroll deduction, consist of both past due but not impaired, and impaired accounts.
- Investment in pooled funds is assessed as high grade since this is investment in a diversified market which have low probability of insolvency.
- Investment in unit investment trust fund is assessed as high grade since this is deposited in a reputable bank.
- Refundable deposits are assessed as high grade since these are still expected to be received after the completion/performance of the Group's contracts with various counterparties.

#### *Interest Rate Risk*

Management assessed that the Group is not exposed to interest rate fluctuations because the interest rates its of bank loans, long-term debts and other interest bearing liabilities are fixed.

#### *Concentration of Risk*

In 2022 and 2021, the Group's copper production were sold to two customers. However, it has no significant concentration of credit risk since it can sell its copper concentrate to other third party customers. The Company continuously monitors the receivable of one customer resulting from the valuation of the provisionally-priced shipments at year end.

#### Liquidity Risk

Liquidity risk is the risk where the Group becomes unable to meet its payment obligations when these fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group also manages its liquidity risk on a consolidated basis based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The tables below of the Group, as well as financial assets considered by management as part of its liquidity risk management based on remaining undiscounted contractual obligations as at December 31, 2022 and 2021 follow:

The aging analyses and maturity profile of the Group's financial assets and liabilities are as follow:

#### **December 31, 2022**

	On demand	Within one year	1 to < 3 years	> 3 years	Total
<b>Financial assets:</b>					
Cash in banks	P941,044	P-	P-	P-	P941,044
Cash on hand	6,113	-	-	-	6,113
Short-term investments	-	311,757	-	-	311,757
Receivables					
Trade	-	41,281	-	-	41,281
Nontrade	118,098	-	-	-	118,098
Interest	-	234	-	-	234
Advances to					
Related parties	17,830	-	-	-	17,830
Officers and employees	19,444	-	-	-	19,444
Other current asset					
Investment in pooled funds	-	352,512	-	-	352,512

(Forward)





	On demand	Within one year	1 to < 3 years	> 3 years	Total
<b>Financial assets:</b>					
<b>Other noncurrent assets</b>					
Investment in unit investment trust fund	P=	P=	P=	P31,576	P31,576
Refundable deposits	-	-	-	3,220	3,220
	1,102,529	705,784	-	34,796	1,843,109
<b>Financial liabilities:</b>					
Accounts payable, contact liabilities and accrued liabilities*	P=	P3,264,008	P=	P=	P3,264,008
Long-term debt and other interest-bearing liabilities	-	1,672,650	15,692,247	-	51,367
Derivative liability	-	51,367	-	-	8,253
Lease liability	-	2,684	5,569	-	3,323,628
	-	4,990,709	15,697,816	-	(P1,102,529)
	(P1,102,529)	(P4,284,925)	(P15,697,816)	P34,796	(P1,480,519)

\*\*Excluding government payables

### December 31, 2021

	On demand	Within one year	1 to < 3 years	> 3 years	Total
<b>Financial assets:</b>					
Cash in banks	P870,616	P=	P=	P=	P 870,616
Cash on hand	38,485	-	-	-	38,485
Short-term investments	-	283,600	-	-	283,600
Receivables					
Trade	2,013	-	-	-	2,013
Nontrade	90,538	-	-	-	90,538
Interest	-	150	-	-	150
Advances to					
Related parties	17,830	-	-	-	17,830
Officers and employees	14,510	-	-	-	14,510
Other current asset					
Investment in pooled funds	-	378,574	-	-	378,574
Other noncurrent assets					
Investment in unit investment trust fund	-	-	-	28,699	28,699
Refundable deposits	-	-	-	3,169	3,169
	1,033,992	662,324	-	31,868	1,728,184
<b>Financial liabilities:</b>					
Accounts payable, contact liabilities and accrued liabilities*	P=	P1,914,026	P=	P=	P1,914,026
Other current liability	-	1,910,355	-	-	1,910,355
Long-term debt and other interest-bearing liabilities	-	2,592,437	11,725,001	6,546,721	20,864,159
Derivative liability	-	4,029	-	-	4,029
Lease liability	-	10,062	-	-	10,062
	-	6,430,909	11,725,001	6,546,721	24,702,631
	P1,033,992	(P5,768,586)	(P11,725,001)	(P6,514,853)	(P22,974,448)

\*\*Excluding government payables



### 31. Fair Value of Financial Instruments

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments other than those with carrying amounts that are reasonable approximations of fair values as at December 31 of each year:

	Carrying Values		Fair Values	
	2022	2021	2022	2021
<b>Financial Liabilities</b>				
Long-term debts and other interest-bearing liabilities:				
CBC	<b>₱9,711,808</b>	₱8,841,676	<b>₱9,661,812</b>	₱8,837,643
BDO Form of Note 1	<b>3,221,683</b>	—	<b>3,209,552</b>	—
BDO Form of Note 2	<b>2,776,127</b>	—	<b>2,766,888</b>	—
CBC Form of Note 1	<b>1,655,279</b>	—	<b>1,649,046</b>	—
BDO	—	6,361,593	—	6,497,273
SMIC	—	5,526,604	—	5,526,604
BDO Leasing	—	134,286	—	134,285
	<b>₱</b>	<b>₱20,864,159</b>	<b>₱17,287,298</b>	<b>₱20,995,805</b>

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

#### *Cash in Banks, Short-term Investments and Receivables*

The carrying amounts of cash in banks, short-term investments and interest receivables approximate their fair value due to the relatively short-term maturities of these financial instruments.

Trade receivables are measured at fair value. Subsequent movements on provisionally priced trade receivables are being recognized in fair value gain/loss in the consolidated statement of comprehensive income. The fair value of provisionally priced trade receivables is determined by obtaining future prices of copper and gold and applying the projected prices to the outstanding trade receivables.

#### *Investment in Pooled funds*

The fair value of investment in pooled funds is determined by referencing the fund's portfolio with the fair value of other similar funds.

#### *Equity Instrument*

The fair value of quoted equity instrument is determined by reference to market bid quotes at the end of the reporting period and is carried at fair value.

#### *Investment in Unit Investment Trust Fund*

The fair value of the investment in unit investment trust fund is determined by the movements of its net asset value per unit, which is computed as the total market value of the assets, less fees, taxes, and other qualified expenses divided by total outstanding units.

#### *Accounts Payable, Contract Liability and Accrued Liabilities except Government Payables, Bank Loans and Other Current Liability*

The carrying amounts of accounts payable, contract liabilities and accrued liabilities excluding government payables, other current liability and bank loans approximate their fair values due to the relatively short-term maturities of these financial instruments.



*Long-term Debts and Other Interest-bearing Liabilities*

Fair value of long-term debt and other interest-bearing liabilities is estimated using the discounted cash flow methodology using the benchmark risk-free rates for similar types of long-term debt and other interest-bearing liabilities.

The fair value hierarchy of the financial assets and liabilities is presented in the following table:

<b>December 31, 2022</b>				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value:</b>				
Trade receivables	P–	P41,281	P–	P41,281
Investment in pooled funds	352,512	–	–	352,512
Investment in unit investment trust fund	31,576	–	–	31,576
<b>Total</b>	<b>P384,088</b>	<b>P41,281</b>	<b>P–</b>	<b>P425,369</b>
<b>Liability for which fair values are disclosed:</b>				
Long-term debts and other interest-bearing liabilities	–	–	(17,287,298)	(17,287,298)
<b>Total</b>	<b>P–</b>	<b>P–</b>	<b>(P17,287,298)</b>	<b>(P17,287,298)</b>
<b>December 31, 2021</b>				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value:</b>				
Trade receivables	P–	P2,013	P–	P2,013
Investment in pooled funds	378,574	–	–	378,574
Investment in unit investment trust fund	28,699	–	–	28,699
<b>Total</b>	<b>P407,273</b>	<b>P2,013</b>	<b>P–</b>	<b>P409,286</b>
<b>Liability for which fair values are disclosed:</b>				
Long-term debts and other interest-bearing liabilities	–	–	(20,995,805)	(20,995,805)
<b>Total</b>	<b>P–</b>	<b>P–</b>	<b>(P20,995,805)</b>	<b>(P20,995,805)</b>

There were no transfers between levels of fair value measurement as at December 31, 2022 and 2021.

## 32. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

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 adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during 2022 and 2021.



The table below summarizes the total capital considered by the Group:

	2022	2021
Capital stock (Note 18)	<b>₱3,559,533</b>	₱3,559,533
Additional paid-in capital (Note 18)	<b>19,650,936</b>	19,650,936
Subscription receivable (Note 18)	<b>(4,841,801)</b>	(4,841,801)
Revaluation increment on land (Note 9)	<b>320,217</b>	320,217
Remeasurement gain on retirement benefits liability (Note 24)	<b>188,209</b>	104,306
Cumulative translation adjustments	<b>4,046,780</b>	2,141,888
Retained earnings (Note 18)	<b>20,910,285</b>	17,692,199
Cost of 1,980,000 treasury shares held by a subsidiary	<b>(23,267)</b>	(23,267)
	<b>₱</b>	<b>₱38,604,011</b>

### 33. Commitments and Contingencies

#### CCC

##### Power Agreements

In June 2008, CCC entered into a power supply agreement with Cebu III Electric Cooperative, Inc. (CEBECO III) for the supply of 2MW of firm electric power at agreed prices.

On June 5, 2012, CCC signed a 12-year Electric Power Purchase Agreement (EPPA) with Toledo Power Company (TPC). Pursuant to the terms of the EPPA, TPC will build and operate a 72-megawatt net output clean coal-fired power plant in Toledo City (the Plant) that will guarantee the supply of up to 60 megawatts of electric power to the CCC's mining operations upon its commissioning. The power plant was completed in December 2014.

On December 15, 2014, CCC and TPC executed a 12-year Energy Conversion Agreement pursuant to which CCC shall supply to TPC the coal needed to generate electric power from the plant under the terms of the EPPA.

The EPPA was renegotiated and amended on April 19, 2021 with a validity period commencing on April 26, 2021 and ending on the second anniversary of such commencement date which may be extended dependent on the operational viability of CCC. On April 26, 2021, the EPPA was renewed until April 25, 2023. However, on August 25, 2022, the EPPA was terminated as TPC was unable to supply at agreed prices. Both parties discussed and agreed to extend the EPPA from August 26, 2022 to April 25, 2023 with CCC supplying the coal needed to generate electric power.

Total utilities expense related to the said power agreements amounted to ₱3,455,530, ₱2,284,452 and ₱2,073,390 in 2022, 2021 and 2020, respectively. Related accrued expenses amounted to ₱115,324 and ₱28,321 as at December 31, 2022 and 2021, respectively.

##### Waste Stripping Services Agreement

A contract for lease was executed between Galeo Equipment and Mining Company, Inc. (Galeo) and CCC covering a period of 16 months beginning on September 22, 2016 or from the time the equipment is made available at CCC, whichever is earlier.



On November 1, 2018, CCC and Galeo signed a new Mining Equipment Rental Agreement (Rental Agreement) with a rental period of up to January 20, 2020 or not less than 15 months from date of effectivity. Pursuant to the Rental Agreement, CCC duly terminated the Rental Agreement in July 2020.

Total expenses related to waste stripping services agreement and lease amounted to nil, ₱775,387 and ₱1,771,388 in 2022, 2021 and 2020, respectively.

#### Fuel and Lubricants Supply Agreements

In May 2016, CCC signed a new four-year supply agreement with Pilipinas Shell Petroleum Corporation for the purchase of fuel at established pricing formulas. CCC's supply agreement for lubricants with Shell Petroleum expired in December 2020 and negotiation is on-going for its renewal.

Total expenses related to the fuel supply agreement amounted to ₱2,122,553, ₱994,642 and ₱895,310 in 2022, 2021 and 2020, respectively. Accrued expenses amounted to ₱3,402 and ₱9,266 as at December 31, 2022 and 2021, respectively.

#### Legal Contingencies

The Group is a party to minor labor cases arising from its operations. The Group's management and legal counsel believe that the eventual resolution of these cases will not have a material effect on the Group's consolidated financial statements. Accordingly, no provision for probable losses was recognized by the Group in 2022, 2021 and 2020.

#### Collective Bargaining Agreement (CBA)

A new CBA was executed on January 30, 2015 (the 2015 CBA). The 2015 CBA shall be valid as to the representation aspect for a period of five years. Under the provisions of the Labor Code, the economic provisions of the 2015 CBA shall be re-negotiated on the third anniversary of its execution.

On January 31, 2018, CCC and the Union agreed and signed on the economic terms of the remaining two-year term of the 2015 CBA.

On October 9, 2020, a run-off elections for the Union amongst rank-and-file employees of CCC was held under the supervision of the Department of Labor and Employment (DOLE) Region VII.

On April 29, 2021, a new five-year CBA (the 2021 CBA) was executed by CCC and the Union commencing on May 1, 2021 until April 30, 2026. The 2021 CBA shall be valid as to the representation aspect for a period of five years. Under the provisions of the Labor Code, the economic provisions of the 2021 CBA shall be re-negotiated on its third year.

#### Consignment Agreements

##### *Orica Philippines, Inc.*

CCC has a consignment agreement with Orica Philippines, Inc. for the supply of explosives and blasting accessories for use in mining and mine development activities. The consignment agreement ensures the availability of the goods covered thereby and pegs a price range for the supply of such goods during the period of effectivity. The consignment agreement has since renewed and the new contract is set to expire on July 31, 2023.

##### *Shorr Industrial Sales, Inc.*

CCC has a consignment agreement with Shorr Industrial Sales, Inc. for the supply of parts and tools for heavy equipment. The consignment agreement expired on September 6, 2021 and the renewal of the agreement is still on-going, subject to final negotiations on the price.



*Le Price International Corporation*

CCC has a consignment agreement with Le Price International Corporation for the supply of a centralized lubrication, a filtration, a fire suppression and a refueling system. The consignment agreement ensures the availability of the goods covered thereby and pegs a price range for the supply of such goods during the period of effectivity. The existing agreement has expired in December 2020 and negotiation for renewal is still continuously evaluated subject to an acceptable pricing mechanism by the parties. Consignment contract was already presented to Le Price International Corporation in May 2022 for its conformity and acceptance.

*Morse Hydraulics*

CCC has a consignment agreement with Morse Hydraulics for the supply of hydraulic hoses and fittings at established price list. The agreement expired on January 14, 2021. The renewal is still being reviewed pending subject to the final pricing mechanism acceptable to the parties.

*Atlas Copco Phils.*

CCC has a consignment agreement with Atlas Copco for the supply of drill equipment parts and accessories. This ensured the availability of the critical parts required for continued operations and pegs a price range for the supply of such goods during the period of effectivity. The consignment agreement was not renewed and the drill equipment was incorporated in the Maintenance Service Agreement that CCC executed with Epiroc Philippines, Inc.

*Maxima Machineries, Inc.*

CCC has a consignment agreement with Maxima Machineries, Inc. for the supply of excavators, dump trucks, bulldozers and other heavy equipment parts and accessories. This ensured the availability of the critical parts required for continued operations, and pegs a price range for the supply of such goods during the period of effectivity. The consignment agreement has been renewed in December 2021 for a period of three years.

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**34. Other Matters**

a. SDMP

The five-year SDMP plans of CCC covering years 2014-2018 and years 2019-2023, in compliance with DENR Administrative Order 2010-21, were duly approved by the MGB. In 2022 and 2021, actual spent and commitment totaled ₱120,262 and ₱132,696, respectively.

CCC has a five-year SDMP in compliance with DENR Administrative Order 96-40, as amended. CCC has been implementing its SDMP as approved by the MGB.

b. Operating Agreement (the Agreement) with CCC

On May 5, 2006, the Parent Company and CCC executed the Agreement wherein the Parent Company conveyed to CCC its exploration, development and utilization rights with respect to certain mining rights and claims (the "Toledo Mine Rights") and the right to rehabilitate, operate and/or maintain certain of its fixed assets.

In consideration of CCC's use of the Toledo Mine Rights, the Agreement provides that CCC shall pay the Parent Company a fee equal to 10% of the sum of the following:

- a. Royalty payments to third party claim holders of the Toledo Mine Rights,
- b. Lease payments to third party owners of the relevant portions of the parcels of land covered by the surface rights, and
- c. Real property tax payments on the parcels of land covered by the surface rights and on the relevant fixed assets



On March 10, 2010, the Parent Company and CCC agreed on a royalty payment arrangement and on the computation of the basis of royalty income which is 2% of the gross sales by CCC of copper concentrates.

Pursuant to the Operating Agreement, the BOD of the Parent Company approved the moratorium on its entitlement to receive royalties from CCC for the years 2022, 2021 and 2020.

### 35. Supplemental Disclosure to Consolidated Statements of Cash Flows

The following table summarizes the changes in liabilities arising from financing activities:

	January 1, 2022	Cash flows		Effect of exchange rate changes	Others	December 31, 2022
		Availments	Payments			
Long-term debts and other interest-bearing liabilities	₱20,864,159	₱7,683,039	(₱13,291,993)	₱1,955,985	₱153,707	₱
Principal portion of lease liability	10,062	–	(2,556)	–	747	8,253
	₱20,874,221	₱	(₱13,294,549)	₱	₱	₱

	January 1, 2021	Cash flows		Effect of exchange rate changes	Others	December 31, 2021
		Availments	Payments			
Bank loans	₱6,242,990	₱–	(₱6,629,870)	₱386,880	₱–	₱–
Long-term debts and other interest-bearing liabilities	19,795,909	8,540,570	(8,801,431)	1,208,857	120,254	20,864,159
Principal portion of lease liability	782	–	(1,839)	–	11,119	10,062
	₱26,039,681	₱8,540,570	(₱15,433,140)	₱1,595,737	₱131,373	₱20,874,221

The other non-cash activities of the Group pertain to the recognition and amortization of debt issue cost on its long-term debts and recognition of lease liability and related interest expense under PFRS 16 in 2022.

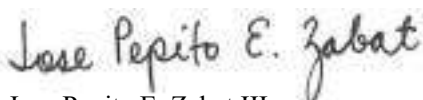


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Atlas Consolidated Mining and Development Corporation  
Five E-com Center, Palm Coast Avenue corner Pacific Drive  
Mall of Asia Complex, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Atlas Consolidated Mining and Development Corporation and Subsidiaries (the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this form 17-A, and have issued our report thereon dated March 7, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat 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

SEC Partner Accreditation No. 85501-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-060-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9566022, January 3, 2023, Makati City

March 7, 2023



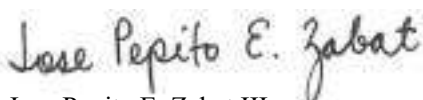


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
Atlas Consolidated Mining and Development Corporation  
Five E-com Center, Palm Coast Avenue corner Pacific Drive  
Mall of Asia Complex, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Atlas Consolidated Mining and Development Corporation and Subsidiaries (the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 7, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



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

SEC Partner Accreditation No. 85501-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-060-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9566022, January 3, 2023, Makati City

March 7, 2023



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
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- Schedule G. Capital Stock

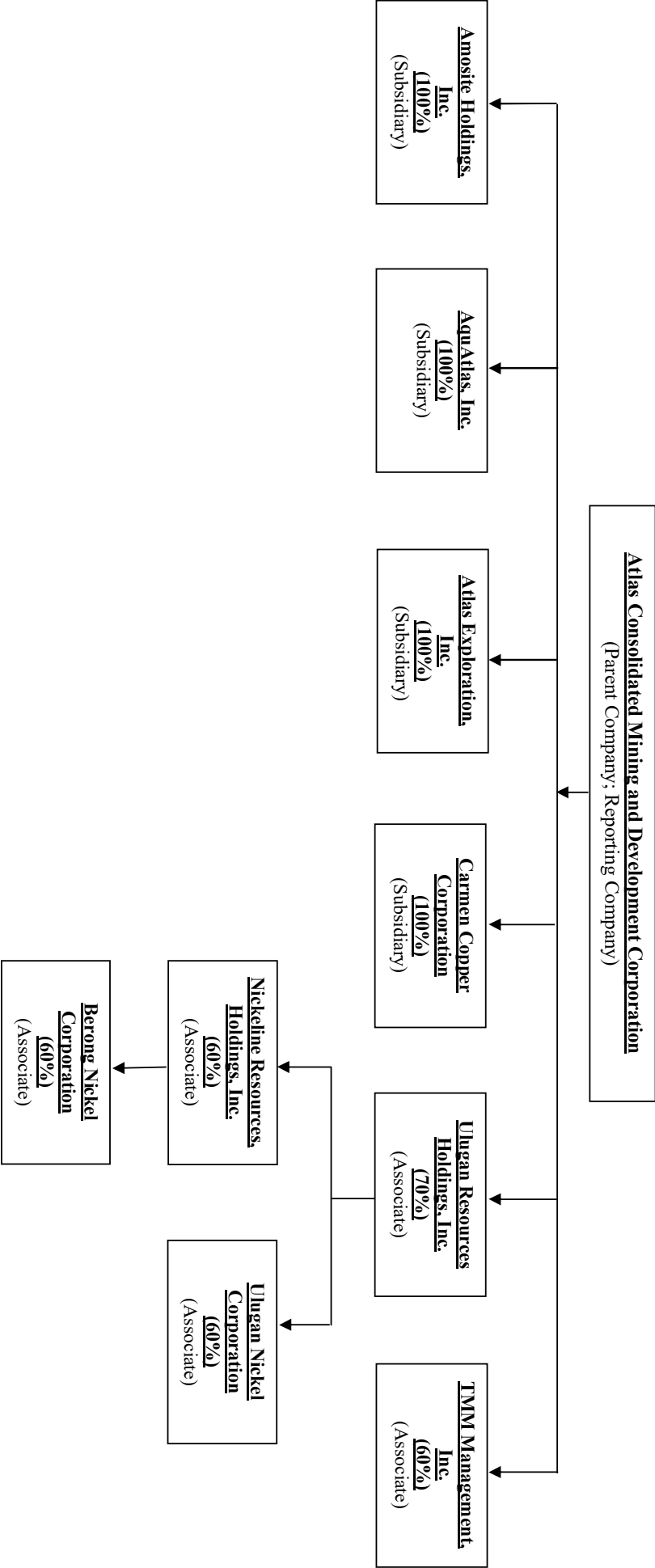
**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES**  
**COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**  
**PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2022**

<b>Ratio</b>	<b>Formula</b>	<b>Current Year</b>	<b>Prior Year</b>
Current Ratio	Total Current Assets divided by Total Current Liabilities	0.59	0.54
	Total Current Assets 3,223,087		
	Divide by: Total Current Liabilities 5,468,206		
	Current Ratio 0.59		
Acid test ratio	Quick assets ( <i>Total Current Assets less Inventories and Other Current Assets</i> ) divided by Total Current Liabilities	0.33	0.20
	Total Current Assets 3,463,086		
	Less: Inventories 1,053,628		
	Other current assets 584,596		
	Quick assets 1,824,862		
	Divide by: Total Current Liabilities 5,468,206		
	Acid test ratio 0.33		
Solvency ratio	Net Income After Tax Plus Depreciation, Amortization and Depletion divided by Total Liabilities	0.31	0.30
	Net Income After Tax 3,218,086		
	Add: Depreciation, Amortization and Depletion 4,159,314		
	Net Income After Tax Plus Depreciation, Amortization and Depletion 7,377,400		
	Divide by: Total Liabilities 23,637,910		
	Solvency ratio 0.31		
Debt-to-equity ratio	Total Liabilities divided by Total Equity (Excluding Cumulative Translation Adjustment and Treasury Shares)	0.59	0.76
	Total Liabilities 23,637,910		
	Divide by: Total Equity		
	Total Equity 43,810,892		
	Less: Cumulative translation adjustment 4,046,780		
	Add: Treasury Shares 23,267		
	Subtotal 39,787,379		
	Debt-to-equity ratio 0.59		

Ratio	Formula	Current Year	Prior Year
Asset-to-equity ratio	Total Assets divided by Total Equity ( <i>Excluding Cumulative Translation Adjustment and Treasury Shares</i> )	1.70	1.81
	Total Assets 67,448,802		
	Divide by: Total Equity		
	Total Equity 43,810,892		
	Less: Cumulative translation adjustment 4,046,780		
	Add: Treasury Shares 23,267		
	Subtotal 39,787,379		
	Asset-to-equity ratio 1.70		
Interest rate coverage ratio	Earnings Before Interest and Taxes divided by Interest Expense	4.67	4.56
	Net Income Before Tax 3,448,648		
	Add: Finance Charges 940,064		
	Earnings Before Interest and Taxes 4,388,712		
	Divide by: Finance Charges 940,064		
	Interest rate coverage ratio 4.67		
Return on equity	Net Income After Tax divided by Total Equity ( <i>Excluding Cumulative Translation adjustment and Treasury Shares</i> )	7.81%	11.19%
	Net Income After Tax 3,218,086		
	Divide by: Average Total Equity		
	Equity at beginning of the year 38,604,011		
	Equity at end of the year 43,810,892		
	Average Total Equity 41,207,452		
	Return on equity 7.81%		
Return on assets	Net Income After Tax divided by Total Assets	4.82%	5.78%
	Net Income After Tax 3,218,086		
	Divide by: Average Total Assets		
	Assets at beginning of the year 66,193,514		
	Assets at end of the year 67,448,802		
	Average Total Assets		
	Return on assets 4.82%		
Net profit margin	Net Income After Tax divided by Total Revenue	19.13%	21.53%
	Net Income After Tax 3,218,086		
	Divide: Total Revenue 16,822,495		
	Net profit margin 19.13%		

Ratio	Formula	Current Year	Prior Year
Operating profit margin	Net Income Before Tax divided by Total Revenue	20.50%	24.60%
	Net Income Before Tax 3,448,648		
	Divide: Total Revenue 16,822,495		
	Net profit margin 20.50%		
Gross profit margin	Gross Profit Tax ( <i>Total Revenues less Cost of Sales</i> ) divided by Total Revenue	13.71%	40.75%
	Total Revenues 16,822,495		
	Less: Cost of Sales (Mining and Milling Costs) 14,515,894		
	Gross Profit 2,306,601		
	Divide: Total Revenue 16,822,495		
	Net profit margin 13.71%		

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES**  
**MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP**  
**PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2022**



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
PURSUANT TO THE REVISED SEC RULE 68**

**As of December 31, 2022**

(Amounts in thousands)

<b>Unappropriated Retained Earnings, beginning</b>	P447,440
Adjustment for treasury shares	(23,267)
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>	<u>P424,173</u>
<b>Add: Net income actually earned/realized during the period</b>	
Net income (loss) during the period closed to Retained Earnings	P2,225
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/joint venture	123,592
Unrealized foreign exchange gain - net (except those attributable to Cash)	10,778
Provision for deferred income tax	—
Unrealized actuarial gain	—
Fair value adjustment (mark-to-market gains)	—
Fair value adjustment of investment property resulting to gain	—
Adjustment due to deviation from PFRS - gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	—
Subtotal	<u>134,370</u>
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	—
Adjustment due to deviation from PFRS - loss	—
Unrealized actuarial loss	898
Loss on fair value adjustment of investment property (after tax)	—
Subtotal	<u>898</u>
Add (Less):	
Dividend declarations during the period	—
Appropriations of retained earnings	—
Reversals of appropriations	—
Treasury shares	—
Subtotal	<u>P— (131,247)</u>
<b>Unappropriated Retained Earnings, as adjusted, ending</b>	<u><u>P292,926</u></u>

**SCHEDULE A**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**FINANCIAL ASSETS**  
**DECEMBER 31, 2022**

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (figures in thousands)	Values based on market quotation at end of reporting period	Income received and accrued
Cash in banks	–	₱940,991	₱940,991	₱448
Short-term investments	–	311,757	311,757	1,183
Receivables				
Trade	–	41,281	41,281	–
Nontrade	–	118,098	118,098	–
Interest	–	234	234	–
Advances to				
Related parties	–	17,830	17,830	–
Officers and employees	–	27,554	27,554	–
Investment in pooled funds	62,515	352,512	352,512	1,856
Quoted equity instrument	2,100	–	–	–
Investment in unit investment trust fund	N/A	31,576	31,576	–
Refundable deposits	–	3,220	3,220	–



## **SCHEDULE B**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS**  
**(OTHER THAN RELATED PARTIES)**  
**DECEMBER 31, 2021**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written-off	Current	Not Current	Balance at end period
NONE							

**SCHEDULE C**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**AMOUNTS RECEIVABLE / PAYABLE FROM RELATED PARTIES**  
**WHICH ARE ELIMINATED DURING THE**  
**CONSOLIDATION OF FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written-off	Current	Not Current	Balance at end period
CCC	(P7,378,211,423)	P131,170,098	P-	P-	(P7,247,041,325)	P-	(P7,247,041,325)
AEI	105,654,641	76,031	-	-	105,730,252	-	105,730,252
AI	32,137,115	87,347	-	-	32,224,462	-	32,224,462
AHI	(1,673,443)	80,037	-	-	(1,593,406)	-	(1,593,406)

**SCHEDULE D**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**LONG-TERM DEBT**  
**DECEMBER 31, 2022**

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under the caption "Current Portion of long-term borrowings" in related balance sheet	Amount shown under the caption "Long-term borrowings - net of current portion" in related balance sheet	Interest rates	Number of periodic installment payments	Maturity date
China Banking Corporation – <i>Term Loan</i>	₱–	₱1,672,650,000	₱8,039,158,085	3.75%		November 8, 2026
Banco De Oro (BDO) Unibank, Inc. – <i>Form of Note 1</i>	–	–	3,221,682,452	3.75%		November 6, 2026
BDO Unibank, Inc. – <i>Form of Note 2</i>	–	–	2,776,127,016	3.75%		November 6, 2026
China Banking Corporation – <i>Form of Note 1</i>	–	–	1,655,279,124	3.75%		November 6, 2026

**SCHEDULE E**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES  
INDEBTEDNESS TO RELATED PARTIES  
(LONG-TERM LOANS FROM RELATED COMPANIES)  
DECEMBER 31, 2022**

Name of Related Party	Balance at beginning of period	Balance at end of period
SM Investments Corporation	₱5,526,604,316	₱—

*Notes:*

*On March 21, 2017, Carmen Copper Corporation, a subsidiary of the Parent Company availed of loans from SM Investments Corporation, Anglo Philippine Holdings Corporation and Alakor Corporation for working capital requirements. Carmen Copper Corporation fully paid the loan from SM Investments Corporation in 2022 and the loans from Anglo Philippine Holdings Corporation and Alakor Corporation in 2021.*

**SCHEDULE F**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES  
GUARANTEES OF SECURITIES OF OTHER ISSUERS  
DECEMBER 31, 2021**

Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
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NOT APPLICABLE

**SCHEDULE G**

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CAPITAL STOCK**  
**DECEMBER 31, 2022**

The Parent Company's authorized share capital is ₱8.89 billion divided into 8.89 billion shares at ₱1 par value. As at December 31, 2022, total shares issued and subscribed is 3,559,532,774 held by 20,711 shareholders. The Parent Company has 1,472,500,000 subscribed shares as at December 31, 2022.

Title of Issue	Number of shares authorized	Number of shares issued and subscribed as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversions and other rights			Number of shares held by related parties	Directors, officers, and employees	Others
Common Stock	8,890,000,000	3,559,532,774	–	2,616,455,535	115,828,851	827,248,388		