COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	1	1	5	A	

Company Name

Atlas ConsoLidated Mining And
Development Corporation

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

5F FiveE-Com Center Palm Coast
Ave. cor. Pacific Drive Mall of
Asia CompleX, Pasay City 1300,
Metro Manila

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
Atlas1.atlasmining.com.ph	**(632) 84030813**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
20,699(as of February 28, 2022)	**April 26, 2022**	**21/12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Elmer B. Serrano	**elmer.serrano@serranolawph.com**	**(632) 8651-7408**	**-**

Contact Person's Address

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

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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – A

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

1. For the fiscal year ended 31 DECEMBER 2021

2. SEC Identification Number PW0000115A

3. BIR Tax Identification No. 000-154-572

4. **ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION**
Exact name of issuer as specified in its charter

5. PHILIPPINES
Province, country or other jurisdiction of Incorporation or organization

6. (SEC Use Only)
Industry Classification Code

7. 5F FIVEE-COM CENTER, PALM COAST AVENUE CORNER PACIFIC DRIVE MALL OF ASIA COMPLEX, PASAY CITY, METRO MANILA — 1300
Address of principal office — Postal Code

8. (632) 84030813
Issuer's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK, PHP1.00 PAR VALUE	3,559,532,774 (as of December 31, 2021)

11. Are any or all of these securities listed on a Stock Exchange?
Yes ☑ No ☐

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange - Common Stock

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes ☑ No ☐

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

Yes ☑ No ☐

13. Aggregate market value of the voting stock held by non-affiliates (as of December 31, 2022): 24,703,157,451.56

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION

ANNUAL REPORT
SEC FORM 17-A

31 December 2021
Period ended Date

ANNUAL REPORT
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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

(A) Description of Business.

(1) Business Development

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 to 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[1] 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 2021, CCC shipped its copper concentrate output to smelters in China and Japan pursuant to offtake agreements. All of CCC's copper production in 2021 were covered by offtake contracts entered into with Transamine Trading SA, Mitsui & Co. Ltd., IXM SA, Transfigura and MRI Trading AG on account of their ability to provide the most favorable terms and facilities. This shows that CCC is not dependent upon a single counterparty.

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

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[1]*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.

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 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 16 employees, of whom 2 are senior executive officers, 4 are executive officers, 7 are junior/mid-level officers and 3 are rank and file officers. On the other hand, AT's subsidiary company, CCC, has 2,359 employees as of 31 December 2021, of whom 9 are senior executive officers, 450 are junior/mid-level managers, and 1,900 are rank and file. Around 1,354 (71%) of these rank-and-file employees are members of the Ilaw Buklod Manggagawa United Miners of Carmen Copper Workers Solidary Network (IBM UMCC WSN).

Last 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 last 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, 14.36 hectares of mine affected areas were reforested with 35,899 seedlings planted and another 5.6 hectares where enriched and planted with various native trees to improve floral diversity.

In relation to the Company's seedling donation program, a total of 11,000 seedlings were donated to local government unit and private entities in support of their respective tree planting/growing activities.
CCC invested PhP110.7 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 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 2021, PhP 81.9 million was allocated for the Company's Final Mine Rehabilitation and Decommissioning Fund ("FMRDF").

CCC's operation continues to adhere with the ISO 14001:2015 standards and in accordance to the certification from TUV Rheinland, which provides a standardized method for resource, waste and materials management and environmental monitoring, development and closure planning and rehabilitation and remediation measures. The company is still firm on the direction of integrating the current ISO 14001:2015 for Environmental Management with the new ISO 45001: 2018 for Occupational Health and Safety Standards (upgrade from the current OHSAS 18001:2007) and plans on completing the recertification audits on the 1st half of 2022.

- *Sustainable Communities*

AT and CCC take a strategic and long-term view in building self-reliant communities in Toledo City. In 2020, 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 for the Social Development and Management Program ("SDMP") which provides for social safety nets such as access to health care, education, livelihood and public infrastructure for its partner communities.

In promoting self-sustaining livelihood projects, CCC provided the community access to capital and capacity building activities and trainings. To date, there are 774,370 beneficiaries that have improved access to basic services.

CCC constantly works at enlarging the scope of its SDMP initiatives by building various infrastructure developments that include the construction, improvement, and/or maintenance of farm-to-market roads, water systems, school buildings, health centers, post-harvest facilities and training centers, among others.

CCC continued to invest in educating the youth by providing scholarship grants to 307 underprivileged children with 3 in Elementary, 89 scholars in Secondary, 193 scholars in College or Tertiary education and 22 under Technical Vocational (TechVoc) program. Moreover, in 2021, eighteen (18) Technical Vocational (TechVoc) scholars and five (5) college scholars graduated in various degrees (Engineering and Non Engineering Courses). Some of them have already joined the Company's workforce. By the end of SY 2021-2022, we are expecting 83 college scholars to graduate from their respective programs and soon to be future engineers, educators, accountants etc. To date, CCC also built and repaired sixty-nine 69 classrooms and assisted in the construction of six 6 covered courts or multipurpose halls.

Since 2015, there are 22,176 patients who were served through the "Doktor to the Barangay" Program. To complement its medical support program, CCC also donated 21 ambulances to host and neighboring communities with 72,000 residents served to date.

The year, 2021, was a challenge for everybody with the continuing battle against COVID-19. However, with resilience and genuine desire for community welfare, the Company has established its own Vaccination Program which started in July 2021. Almost 6,600 individuals were vaccinated with complementary free medicines and food. Moreover, the Company turned over ventilators and high flow nasal cannulas to 10 public hospitals in Cebu Province with the help of the Cebu Provincial Government.

Aside from COVID-19, the Company was faced with another disaster towards the end of the year with the onslaught of Supertyphoon Odette in December 2021. Despite being severely affected, the Company stayed true to its commitment and compassion for its assisted communities and other affected areas through immediate relief operations. Basic necessities like foods (3-wave distribution), water (domestic and drinking), electricity and generator sets were immediately distributed to all hosts and neighboring communities to address the apparent need and lack of resources as a result of Odette's ravage. In total, the Company provided aid to the immediate needs of over 6, 070 families/households including members of its organized People's Organizations (POs).

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 2,353 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. Despite the limitations brought about by the continuing COVID-19 pandemic in 2021, the company was able to conduct 88 safety orientations and 88 safety trainings having its respective total of 1087 attendees and 1473 participants in a virtual or online training platform.

In 2021, CCC remained compliant to OHSAS 18001:2007 for Occupational Health and Safety Management by TUV Rheinland. The company implemented initiatives to educate key representatives from varied departments for the preparation of the new ISO 45001 standards prior to its migration.

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 starting April of the year.

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, Drug Testing and COVID-19 Rapid Antigen Test (RAT).

Further, it also implemented an information drive to all employees to reduce the impact of COVID-19 outbreak conditions in the Company. The Company also updated plans to address the specific exposure risks, sources of exposure, and routes of transmission including unique characteristics of the COVID -19 virus.

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). The Company also implemented COVID-19 planning guidance based on traditional infection prevention and industrial hygiene practices. It focused on the need for employees' work practice controls and personal protective equipment (PPE).

Moreover, during whole year of 2021, special surgery procedures, emergency & elective procedures, were done in the Company's Hospital based on its Level I hospital capacity.

Item 2. 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) Landholdings:

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
Sub Total		84	563.8738
2.	AT-managed parcels of land		
2.1	Titled Lands		17.5982
2.2	Land/s w/ Tax Declarations	288	2,896.9718
	Sub-Total	289	2,904.5700
3.	CCC – owned parcels of land		
3.1	Acquired (ongoingregistration)	56	85.6052
3.2	Titled	1	0.1150
3.3	With Tax Declarations	6	6.1867
Sub- Total		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 relevant details on the mining rights of the AT Group:

- CEBU

i) APPROVED MPSAs

MPSA Number	Location	Mortgage, Lien or Encumbrance	AREA COVERED (in hectares) Owned by AT	Under Operating Agreement	Total Area	Date of Approval	Work Performed
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		

ii) PENDING MPSA APPLICATIONS

MPSA Application Number	Location	Mortgage, Lien or Encumbrance	AREA (in hectares) Owned by AT	Under Operating Agreement	Total Area	Status of Application	Work Performed
1. APSA-000013VII	Toledo City, Cebu	None	287.6172		287.6172	Application under evaluation by MGB Central Office	None. For exploration upon approval of APSA
2. APSA-000042VII	Pinamungajan, Cebu	None	252.3926		252.3926	Application under evaluation by MGB Central Office	-do-
3. APSA-000044VII	Toledo City, Cebu	None	275.2029	256.7019	531.9048	Application under evaluation by MGB Central	-do-
4. APSA-000045VII	Toledo City and Balamban, Cebu	None		2,552.0993	2,552.0993	Application under evaluation by MGB Central Office	-do-
5. APSA-000046VII	Toledo City and Cebu City, Cebu	None	1,286.8032	406.0730	1,692.8762	Application under evaluation by MGB Central Office	-do-
6. APSA-000196VII	Toledo City, Cebu	None	570.4192	194.3474	764.7666	Application under evaluation by MGB Central Office	-do-
Sub-total =			2,672.4351	3,409.2216	6,081.6567		

iii) EXPLORATION PERMIT APPLICATION

Exploration Permit Application Number	Location	Mortgage, Lien or Encumbrance	AREA (in hectares) Owned by AT	Under Operating Agreement	Total Area	Status of Application	Work Performed
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) Owned by AT	Under Operating Agreement	Total Area	Status of Application	Work Performed
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 2021 and 2020:

CCC Summary of Operations:

Table 1: CCC Mineral Resources as of December 31, 2021 @ 0.20% Cut-off

Deposits	*Measured* Tonnage 000	Grade (%Cu)	*Indicated* Tonnage 000	Grade (%Cu)	*Inferred* Tonnage 000	Grade (%Cu)	*Combined* Tonnage 000	Grade (%Cu)
Lutopan Pit	541,100	0.34%	13,900	0.29%	16,500	0.23%	571,500	0.34%
Carmen Pit	138,700	0.37%	66,800	0.35%	29,300	0.26%	234,800	0.35%
Total	*679,800*	*0.35%*	*80,700*	*0.34%*	*45,800*	*0.25%*	*806,300*	*0.34%*

Year-on-Year	2021	2020	*Change*
Production			
Milling Tonnage *('000 dmt)*	18,261	18,372	*-1%*
Daily Milling Average *(dmt per day)*	50,030	50,196	*0%*
Ore Grade	0.247%	0.304%	*-19%*
Copper Concentrate *('000 dmt)*	145	182	*-20%*
Copper Metal Gross *(in million lbs)*	82.41	107.09	*-23%*
Gold *(ounces)*	25,173	47,857	*-47%*
Shipment			
Number of Shipments	29	36	*-19%*
Copper Concentrate *('000 dmt)*	143	180	*-20%*
Copper Metal Gross *(in million lbs)*	80.80	106.07	*-24%*
Gold *(payable ounces)*	22,857	43,480	*-47%*

CCC Summary of Costs:

Year-on-Year (US$/lb Cu)	2021	2020	*Change*
C1	1.63	0.90	*80%*
C2	2.69	1.78	*51%*
C3	3.16	2.28	*38%*

Metal Prices (Average Invoiced Price):

Year-on-Year	2021	2020	*Change*
Copper (US$/lb)	4.26	2.79	*53%*
Gold (US$/ounce)	1,802	1,777	*1%*

(D) Proven and Probable Reserves

Table 2: CCC Mineral Reserves as of December 31, 2021 @ 0.20%Cu Cut-off						
Deposits	*Proven Reserves* Tonnage 000	Grade (%Cu)	*Probable Reserves* Tonnage 000	Grade (%Cu)	*Combined* Tonnage 000	Grade (%Cu)
Lutopan Pit	140,000	0.31%	70,000	0.31%	210,000	0.31%
Carmen Pit	127,100	0.37%	47,900	0.35%	175,000	0.37%
Total	267,100	0.34%	170,900	0.33%	385,000	0.34%

Item 3. LEGAL PROCEEDINGS

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

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

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

(A) Market Price of and Dividends on AT's common equity and Related Stockholder Matters

(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, 18 March 2022, is Php6.60 per share. The trading price range of AT shares of stock for each calendar quarter of the last two (2) fiscal years:

Quarter	2020		2021	
	High	Low	High	Low
1Q	2.65	1.50	7.38	5.55
2Q	2.05	1.7	8.85	5.88
3Q	4.5	1.99	7.48	5.60
4Q	6.97	3.72	6.88	5.76

(2) Holders

As of 28 February 2022, there were a total of 20,698 individuals holding AT shares of stock and 1.88% of the total issued and outstanding AT shares of stock were held by foreigners.

Top 20 Shareholders of AT as of 28 February 2022:

No.	Name	No. of Shares Held	% of Ownership
1	PCD Nominee Corporation (Filipino)	1,730,196,939	48.61
2	Anglo Philippine Holdings Corporation	966,000,292	27.14
3	SM Investments Corporation	607,739,708	17.07
4	Alakor Corporation	139,450,000	3.92
5	PCD Nominee Corporation (Foreign)	44,176,703	1.24
6	Alfredo C. Ramos	10,467,434	0.29
7	National Book Store	9,203,407	0.26
8	The Bank of Nova Scotia	4,425,254	0.12
9	Bank of Nova Scotia	2,950,169	0.08
10	DFC Holdings, Inc.	2,606,061	0.07
11	Tytana Corporation	2,562,439	0.07
12	Mitsubishi Metal Corporation	2,319,048	0.07
13	Globalfund Holdings, Inc.	1,787,000	0.05
14	Metropolitan Bank and Trust Company	1,701,281	0.05
15	National Financial Services LLC	1,474,233	0.04
16	Lucio W. Yan &/or Clara Yan	1,100,000	0.03
17	Eric C. Lim or Christine Yao Lim	1,000,000	0.03
	Toledo City Government	1,000,000	0.03

18	Asian Oceanic Holdings Phils., Inc.	972,501	0.03
19	Donald R. Osborn as Trustee U/W/O Andres Soriano Jr	945,677	0.03
20	Anscor Consolidated Corporation	839,313	0.02

(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 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 Authorized Capital Stock (ACS) of 5.89billion, 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") is Php6,455,734,500 based on the Subscription Price of Php4.3842/share, the 90-day Volume Weighted Average Price (VWAP) preceding the Pricing Date. The amount of Php1,613,933,625 was paid in cash by the Subscribers upon execution of the Subscription Agreements with the balance upon call:

Subscriber	*Number of Shares to be subscribed*	*Percentage*	*Subscription Price at Php4.3842/share*	*Paid-Up*
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
Total	*1,472,500,000*	*100*	*Php6,455,734,500*	*Php1,613,933,625*

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 Corporation that would delay, defer or prevent a change in control of the Corporation.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

(1) As of 31 December 2021

	2021	Δ%	2020	Δ%	2019	Δ%
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:Php48.02as 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)*:

	2021	2020	2019
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 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 Total 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.

(2) As of 31 December 2020

	2020	Δ%	*2019*	Δ%	*2018*	Δ%
Consolidated net income/(loss)	117,693	121%	(565,186)	-67%	(1,719,662)	-13%
Consolidated gross revenues	18,316,157	7%	17,128,588	21%	14,209,893	19%
Consolidated net revenues	17,509,200	8%	16,162,945	22%	13,295,914	20%
Costs and operating expenses	13,958,650	-2%	14,181,962	7%	13,268,467	31%

AT reported a net income of Php 118 million for the year 2020, a 121% improvement from the Php565 million net loss in 2019 Revenues increased by 8% and operating costs decreased by 2%. The summary points year-on-year:

- Copper concentrate shipped in 2020 decreased by 7% from 193,400 tonnes to 180,400 tonnes. Copper metal content decreased by 4% to 106.07 million pounds and gold content increased by 23% to 43,480 ounces.
- Copper prices in 2020 were higher year-on-year with average realized copper price al US$2.79/b in 2020, 2% higher than US$2.721b in 2019; average realized gold price was 27% higher at US$1,777 /oz in 2020 as against US$1, 394/oz in 2019.
- Improvement in operating efficiencies that increased throughput and realized higher grades resulted in a lower average cost per pound by 34% from US$1.38/lb in 2019 to US$0.90/lb in 2020. Moreover, cash costs were 14% lower from Php11.09 billion to Php9.51 billion primarily due to significant decreases in waste stripping, fuel, power, explosives and maintenance parts.
- Equity in net earnings of associates notably increased to Php112.135 million income as compared to net income of Php80.233 million recognized in 2019.

Gross revenue for the year reached Php18.316 billion, 7% higher year-on-year due to higher production and shipment volumes enhanced by higher copper prices. Copper revenues decreased by 1% from Php14.581 billion to Php14.420 billion in 2020.

- CCC shipped 180,400dmt and 193,400 dmt of copper concentrates in 2020 & 2019, respectively. Copper metal content for the year is 106.07 million lbs. while gold is 43,480 oz., representing a decrease of 4% and an increase of 23% respectively vis-a-vis last year.
- CCC's average daily milling rate increased by 4%, from 48,151 to 50,196 dmt. Realized copper grade decreased by 5% from 0.319% to 0.304%. Copper concentrates produced decreased by 3% lo 181.801dmt from 186.501 dmt in 2019. Gold yield increased by 27% to 47,857 ounces from 37,785 ounces production volume last year. Additional revenue from silver amounted to Php 11.05 million.
- Average copper prices increased by 2% to USD2.79/lb. while average gold prices increased by 27% to 1,777/oz.

*Cost and operating expenses (*80% of net revenues) ware lower by 2% due to lower volume shipped in 2020. *Finance charges* (11% of net revenue) decreased by 17% due to settlement of loans. *Other income (charges)* increased by 33% primarily due to the effect of foreign exchange gains and losses and fair value gain (loss) on provisionally priced receivables.

USD:Php Exchange rate closed at USD1.00:Php48.02 as at 31 December 2020 against USD1.00/Php50.64 as at 31 December 2019. This triggered the recognition of net foreign exchange gain of Php238 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 39% due to the application of NOLCO to RCIT.

Changes in Financial Position

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

	2020	2019	2018
Assets	67,336,397	75,617,332	79,776,974
Liabilities	33,763,169	41,262,170	44,164,223
Retained Earnings	13,830,614	13,712,921	14,278,107

Audited consolidated financial condition of the Group as of 31 December 2020 vis-à-vis 31 December 2019:

Cash and cash equivalents increased by 87% mainly due to collection al 2019 receivables and termination of short term investments to meet working capital requirement and partial settlement of loans. *Short-term investments* decreased by 72% arising from termination of investments to finance working capital requirements and partial settlement of loans. Receivables arise from its shipments of copper concentrates and advances to related parties and officers and employees. It decreased by 51% due to collection of 2019 receivables in 2020. Inventories registered a decrease of 21% mainly due to increased consumption of materials to support higher production requirement.

Other Current Assets are other resources with probability to bring future economic benefits to the Company. These were investments in pooled funds, creditable withholding takes, advances to suppliers, prepaid takes, and various prepayments for 2020 operations.

Property, plant and equipment (51% of total assets) decreased by 11% 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 (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 Php11M or 5% representing its share in the net income of the Nickel Corporations. *Deferred tax assets* (1% of total assets) decreased by 71% due to the net effects of the unrealized foreign exchange gains and losses, provision for impairment losses, excess of MCIT over RCIT, gain/loss on asset derecognition and debt issue cost, and utilized NOLCO.

Other Noncurrent Assets (2% of total assets) decreased by 17% due to monetization of tax credit certificate from the Bureau Customs (BOC).

Accounts payable and accrued liabilities (8% of total liabilities) decreased by 20% mostly due to settlement of advances from customers and obligation to vendors for the purchases of materials to support the production requirements. *Leased Liability* pertains to the obligation recognized for office space, parking lot and other equipment under lease contracts. *Bank Loans* which are short-term in nature decreased by 27% due to partial settlement of loans in 2020. *Current and non-current portions of long-term de*bts (1% and 58% of total liabilities) decreased by 13% and 15%, respectively due to amortization of leasing in 2020 and partial settlement of long term loans.

Derivative liabilities represent the hedging component of two lot shipments covered by the hedging agreement, but which remained unshipped as at December 31, 2020. *Income tax payable* pertains to the income tax liability for the year. *Other current liabilities* of Php1.798 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 15% due actuarial valuation adjustment for 2020. *Liability for mine rehabilitation cost* increased by 9% due to change in estimate of asset retirement obligation. *Deferred tax liabilities* decreased by 31% mainly due to decrease in unrealized foreign exchange gains and re-measurement gain on retirement liabilities. Re-measurement gain on retirement benefits liability decreased by 43% due to actuarial gain and losses on retirement benefits liability. No increase in Authorized Capital Stock, Additional Paid-In Capital and Subscription Receivable (11%, 58% and 14% respectively of the Total Equity) remained the same in 2020. Movement in Retained Earnings pertain to the net income for the year amounting to Php117 million. Cumulative translation adjustments relate to the impact of changes in foreign exchange rates.

<u>Key Performance Indicators</u>

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

Particulars	2020	2019	2018
Current ratio	0.33:1	0.35:1	0.45:1
Debt to equity	1.04:1	1.27:1	1.16:1
Return on equity	0.36%	-1.72%	-5.19%
Return on assets	0.16%	-0.73%	-2.23%
Net profit margin	0.67%	-3.50%	-12.93%

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 Total Company / Total Consolidated Net Revenues

<u>Liquidity and Capital Resources</u>

Below is a summary of the Group's audited consolidated cash flow as of 31 December 2020:

Particulars *(in Php million)*	
Net cash flow from operating activities	6,628
Net cash flows used in investing activities	(1,694)
Net cash flows used for financing activities	(4,144)
Net increase in cash and cash equivalents	560

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 May 2020, CCC paid a total of US$20 million as partial settlement of its short-term loan with China Bank Corp.

- In July 2020, CCC paid a total of US$10 million as partial settlement of its Shareholder Loans.

- In September 2020, CCC paid a total of US$10 million as partial settlement of its long-term loan with BDO.

- In October 2020, CCC paid US$10 million each to BDO and China Bank Corp. as partial settlement of its long-term and short term loans respectively.

(3) As of 31 December 2019

	2019	Δ%	*2018*	Δ%	*2017*	Δ%
Consolidated net income/(loss)	(565,186)	-67%	(1,719,662)	-13%	(1,967,948)	124%
Consolidated gross revenues	17,128,588	21%	14,209,893	19%	11,964,162	-1%
Consolidated net revenues	16,162,945	22%	13,295,914	20%	11,070,571	1%
Costs and operating expenses	14,111,377	8%	13,092,699	30%	10,096,189	-3%

AT reported a significantly lower net loss of Php565 million for the year 2019, a 67% improvement from the Php1.72 billion net loss in 2018. Revenues and operating costs increased by 22% and 8%, respectively. The summary points year-on-year:

- With sustained and stable production, copper concentrate shipped in 2019 increased by 31% from 147,400 tonnes to 193,400 tonnes. Copper metal content increased by 31% to 110.25 million pounds and gold content increased by 42% to 35,374 ounces. This tempered the effect of lower copper prices as explained below.
- Copper prices in 2019 were lower year-on-year with average realized copper price at US$2.72/lb in 2019, 8% lower than US$2.96/kb in 2018; average realized gold price was 10% higher at US$1,394/oz in 2019 as against US$1,270/oz in 2018.
- Improvement in operating efficiencies that increased throughput and realized higher grades resulted in a lower average cost per pound by 26% from US$1.86/lb in 2018 to US$1 .38/lb in 2019. However, due to the higher volume of shipments, cash costs were 8% higher from Php10.43 billion to Php11.28 billion.
- Equity in net earnings of associates slightly decreased to Php80.233 million income as compared to net income of Php81.417 million recognized in 2018;

Gross revenue for the year reached Php17.129 billion, 21% higher year-on-year due to higher production and shipment volumes that tempered the impact of lower copper prices. Copper revenues improved by 16% from Php12.572 billion to Php14.581 in 2019.

- CCC shipped 193,400dmt and 147,400 dmt of copper concentrates in 2019 & 2018, respectively. Copper metal content for the year is 110,25 million lbs. while gold is 35,374 oz., representing an increase of 31% and 42% respectively vis-a-vis last year.
- CCC's average daily milling rate increased by 8%, from 44,536 to 48,151 dmt. Realized copper grade increased by 15% from 0.278% to 0.319%. Copper concentrates produced increased by 25% to 186.501dmt from 149.254dmt in 2018. Gold yield increased by 40% to 37,786 ounces from 27,013 ounces production volume last year. Additional revenue from silver amounted to Php 883,000.
- Average copper prices decreased by 8% to USD2.72/lb. while average gold prices increased by 10% to 1,394/oz.

Cost and operating expenses (87% of net revenues) were higher by 8% due to higher volume shipped in 2019. *Finance charges* (14% of net revenue) decreased by 3% due to settlement of loans. *Other income (charges)* decreased by 12% primarily due to the effect of foreign exchange gains and losses and fair value gain (loss) on provisionally priced receivables.

USD:Php Exchange rate closed at USD1.00:Php50.64 as at 31 December 2019 against USD1.00:Php52.58 as at 31 December 2018. This triggered the recognition of net foreign exchange gain of Php193 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 392% due to the application of NOLCO to RCIT.

<u>*Changes in Financial Position*</u>

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

	2019	2018	2017
Assets	75,617,332	79,776,974	74,402,874
Liabilities	41,262,170	44,164,223	38,011,671
Retained Earnings	13,712,921	14,278,107	15,992,908

The audited consolidated financial condition of the Group as of 31 December 2019 vis-a-vis that as of 31 December 2018:

Cash and cash equivalents decreased by 47% mainly due to settlement of obligations with creditors, and full and partial settlement of loans. Short-term investments decreased by 67% arising from termination of investments to finance working capital requirements. Receivables arise from its shipments of copper concentrates and advances to related parties and officers and employees. *Inventories* registered a decrease of 36% mainly due to higher shipment and increase consumption of materials to support higher production requirement.

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 2019 operations. *Property, plant and equipment* (51% of total assets) slightly decreased by 1% due to retirement and disposal of assets. Movement in *Mining Rights* (10% of total assets) was due to production-driven depletion during the year.

Goodwill (25% of total assets) pertain 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 Php4.5M or 2% representing its share in the net income of the Nickel Corporations. *Deferred tax assets* (4% of total assets) decreased by 20% due to the net effects of the unrealized foreign exchange gains and losses, provision for impairment losses, excess of MCIT over RCIT, gain/loss on asset derecognition and debt issue cost and utilized NOLCO.

Other Noncurrent Assets (2% of total assets) decreased by 23% due to monetization of tax credit certificate from the Bureau of Customs (BOC).

Accounts payable and accrued liabilities (9% of total liabilities) increased by 27% mostly due to advance payment received from one of the customers and increase of obligation to vendors for the purchases of materials on account to support the production requirements. *Current and non-current portions of long-term debts* (1% and 56% of total liabilities) decreased by 5%, respectively due to settlement of loans that matured in 2019 and partial settlement of long term loans. *Leased Liability* pertains to the obligation recognized for office space, parking lot and other equipment under lease contracts.

Bank Loans which are short-term in nature decreased by 22% due to settlement of loans maturing in 2019. Other current liabilities of Php1.896 billion represent the recognition of a non-cash financing activity pertaining to the financial guarantee by a shareholder on CCC's term loan.

Income tax payable pertains to the income tax liability for the year. *Retirement benefits liability* increased by 56% due actuarial valuation adjustment for 2019. *Liability for mine rehabilitation* cost decreased by 12% due to change of estimate of asset retirement obligation. *Remeasurement gain on retirement benefits liability* increased by 54% due to actuarial gain and losses on retirement benefits liability. No increase in Authorized Capital Stock, Additional Paid-In Capital and Subscription Receivable (10%, 57% and 14% respectively of the Total Equity) remained the same in 2019. Movement in *Retained Earnings* pertain to the net loss for the year amounting to Php565 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	0.35:1	0.45:1	0.44:1
Debt to equity	1.27:1	1.16:1	1.09:1
Return on equity	-1.72%	-5.19%	-5.62%
Return on assets	-0.73%	-2.23%	-2.65%
Net profit margin	-3.50%	-12.93%	-17.78%

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 Total Company / Total Consolidated Net Revenues

Liquidity and Capital Resources

Summary of the Group's audited consolidated cash flow as of 31 December 2019:

Particulars *(in Php million)*	
Net cash flow from operating activities	5,393
Net cash flows used in investing activities	(1,763)
Net cash flows used for financing activities	(4,197)
Net increase in cash and cash equivalents	(580)

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 July 2019, CCC received US$20 million of advance payment from one of its customers for the shipment of 50,000 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. US$4 million of the advance payment was settled in 2019 from the proceeds of two shipments made in November and December 2019.

- In 2019, CCC paid a total of US$52.7 million as full or partial settlement of its various short-term and long-term loans.

- *Risk and impact of COVID-19:* The operation of AT was not adversely affected by COVID-19. The operation of its wholly owned subsidiary, CCC, continued as it is an export-oriented business and operated at 100% level even during the implementation of the Enhance Community Quarantine (ECQ) and the General Community Quarantine (GCQ). In Q1 2020, the company milled 4.453 million tonnes of ore which increased in Q2 to 4.621 million tonnes during the period of the ECQ/GCQ. Shipments of its products went unhampered during the ECQ/GCQ wherein CCC made 9 shipments each for Q1 and Q2. Sourcing of services, materials and supplies needed for its operation were not also adversely affected. To manage the risk on its operations, the Atlas Group established early and constant consultation with its key suppliers, local government units and government agencies and implemented health, safety and communication protocols to ensure compliance with guidelines recommended by health and government authorities.

Item 7. FINANCIAL STATEMENTS

The Consolidated Audited Financial Statements of AT and Subsidiaries (the "AT Group") for 2021 are incorporated herein by reference.

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

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.

a) *Sycip Gorres Velayo & Company* ("SGV") is the external auditor for the current year. SGV was re-appointed as external auditor at the scheduled Annual General Meeting of the Shareholders held on 26 April 2022 (the "AGM" or the "Meeting"). The Audit Committee (the "AuditCom") recommended and endorsed to the BOD the re-appointment of the external auditor and the fixing of audit fees.

   The Corporation engaged Mr. Jose Peptio E. Zabat III of SGV for the examination of the Corporation's financial statements for 2021. Mr. Martin C. Guantes, Mr. John C. Ong, and Ms. Eleanore A. Layug of SGV were engaged by AT for the examination of the Corporation's financial statements for the period 2009, 2009-2013 and 2013-2017 respectively. AT has always faithfully complied with the five (5)-year rotation requirement with respect to its external auditor's certifying partner.

b) The representatives of SGV (i) were present at the Meeting, (ii) had the opportunity to make a statement if they desire to do so, and (iii) were 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 2021, 2020, and 2019 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:

Particulars		*2021*	*2020*		*2019*
Audit	Php	3,600,000	P3,600,000	Php	3,600,000
Tax compliance/advice related services	Php	472,000	746,000	Php	680,000
Total	Php	4,072,000	4,346,000	Php	4,280,000

e) There were no other professional services rendered by SGV during the period. The Company did not engage any other firm for tax accounting, compliance, advice, planning and any form of tax services covering the year 2021.

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 beginning July 2021; (ii) Roberto C.O. Lim (ID) – Member; (iii) Jose P. Leviste, Jr. (ID) – Member beginning June 2021; (iv) Frederic C. DyBuncio – Member, and (v) Gerard Anton S. Ramos - Member.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

a) Information regarding the Corporation's Directors and Officers

(1) *Identity of each of the Directors and Executive Officers.* The Corporation's Board of Directors ("BOD") is composed of ten (10) members, elected by the Shareholders at the AGM to hold office for a period of one (1) year or until removed or replaced by a duly-elected and qualified candidate. The principal key officers of the Corporation are elected annually by the BOD during its organizational meeting following the AGM, each to hold office until removed or replaced by a duly elected and qualified candidate.

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

Name	Position	Citizenship	Age
Alfredo C. Ramos	Chairman of the Board of Directors	Filipino	78
Frederic C. DyBuncio	Vice Chairman of the Board of Directors	Filipino	62
Adrian Paulino S. Ramos	Director/ President	Filipino	43
Martin C. Buckingham	Director	British	69
Isidro A. Consunji	Director	Filipino	73
Gerard Anton S. Ramos	Director	Filipino	48
Jose T. Sio	Director	Filipino	81
Jose P. Leviste, Jr.	Independent Director	Filipino	76
Emilio S. de Quiros, Jr.	Independent Director	Filipino	73
Roberto Cecilio O. Lim	Independent Director	Filipino	64
Elmer B. Serrano	Corporate Secretary	Filipino	54
Alexei Jerome G. Jovellana	Executive Vice President /Compliance Officer	Filipino	48
Fernando A. Rimando	Vice President-Finance/ Chief Financial Officer	Filipino	55
Leila Marie P. Cabanes	Treasurer	Filipino	43
Axel G. Tumulak	Asst. Compliance Officer/Asst. Corporate Secretary / Head, Corporate Legal Affairs & Corporate Governance	Filipino	42

(2) *Significant Employees:* The Corporation has no employee who is not an executive officer but is expected to make a significant contribution to the business.

(3) *Family Relationships:* Other than those between Mr. Alfredo C. Ramos and his sons, Messrs. Adrian Paulino S. Ramos and Gerard Anton S. Ramos, there are no immediate family relationships among the directors and officers.

(4) 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.

Business Experience in the last five (5) years of incumbent Directors and Executive Officers of the Corporation including the additional nominee for Independent Director (ID):

Alfredo C. Ramos has been a Director of AT since 1989, and has served as its Chairman and President since 2 April 2013 until his resignation from the latter post on 1 April 2015. He is concurrently the incumbent (i) Chairman of the BOD of Carmen Copper Corporation, Anglo Philippine Holdings Corporation, Anvil Publishing, Inc., and NBS Express, Inc.; (ii) Chairman of the BODs of Alakor Corporation National Book Store, Inc. The Philodrill Corporation, Vulcan Industrial & Mining Corporation, and United Paragon Mining Corporation; (iii) Vice-Chairman of the BODs of MRT Development Corporation and Shang Properties, Inc.; and (iii) President of Abacus Book & Card Corporation, MRT Holdings Corporation, Power Books, Inc., TMM Management, Inc., and Zenith Holdings Corporation. Mr. Ramos obtained his bachelor's degree from the Ateneo de Manila University.

Frederic C. DyBuncio has been a member of the BOD since August 2011, and has served as its Vice-Chairman since August 2012. He is concurrently the President and Chief Executive of SM Investments Corporation and 2GO Group, Inc. and Vice Chairman of CCC. Prior to holding the post, he was a career banker who spent over 20 years with JPMorgan 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 from the Asian Institute of Management.

Adrian Paulino S. Ramos has been a member of the BOD 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.

Martin C. Buckingham has been a member of the BOD since December 1996 and served as its Executive Vice-President from July 2002 until December 2018. He is currently the Chairman of Celsius Resources Ltd., a listed company on the Australian Stock Exchange (CLA: ASX) and a Director of its subsidiaries in Australia, United Kingdom, Africa and the Philippines. He is also a Director of CCC. He obtained his law degree from Cambridge University (United Kingdom).

Isidro A. Consunji has been a member of the BOD of AT and CCC since April 2012. He is currently a member of the Board of Semirara Mining and Power Corporation and the President of DMCI Holdings, Inc. He graduated with a degree in Bachelor of Science and Engineering from the University of the Philippines, and obtained his Master of Business Economics 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 BOD 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 BOD since 12 August 2011. He is a Certified Public Accountant and holds a Bachelor of Science Degree in Commerce (major in Accounting) from the University of San Agustin. He obtained his Master's in Business Administration from New York University, USA. He is the Chairman of the BOD of SMIC. Likewise, he is a member of the BOD of the following companies listed in the PSE: (i) China Banking Corporation; (ii) Belle Corporation (iii) Far Eastern University; and Adviser to the BOD of BDO Unibank, Inc. and Premium Leisure Corp. He was a senior partner of SyCip Gorres Velayo & Co. (SGV) from 1977 to 1990 and was voted as CFO of the year in 2009 by the Financial Executives of the Philippines (FINEX). He was also awarded as Best CFO (Philippines) in various years by Hong Kong–based publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia and The Asset.

Emilio S. de Quiros, Jr. has served as an ID of AT since July 2017. He is currently an ID of Crown Equities, Inc. and Sunlife Investments Management & Trust Corporation. He has served as President and CEO of the Social Security System ("SSS") and as Chairman of the BOD 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 ID of AT since May 2019. Dr. Leviste is the Chairman of Constellation Energy Corporation. He is also (i) an ID 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 Senior Adviser of Italpina 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 Bachelors 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.

Roberto Cecilio O. Lim was elected as an ID in August 2020. He is a History/Political Science and Business Administration graduate from De La Salle University. He studied law at the University of the Philippines. He is currently an independent director of the Pacific Online Systems Corporation and Asian Terminals, Inc. where he is the Chairman of the Audit Committee and a member of the Risk Committee. He is at present the Vice Chairman and Executive Director of Air Carriers Association of the Philippines (ACAP) and the Chairman of

InteliConsult Corporation. Aside from working for the government as Undersecretary of the Department of Transportation for Aviation and Airport from 2016 to 2017 and the 1986 Constitutional Commission, he also worked for ACCRALAW; Philippine Airlines as Vice President, General Counsel and Corporate Compliance Officer; Abacus International as Director and Corporate Secretary; and International Air Transport Association (IATA) Philippines as Country Head. He also joined the academe where he taught Transportation Law, Administrative Law and Corporate Governance at the joint MBA/Law degree of the De La Salle University and Far Eastern University. He is currently teaching Transportation Law in the Lyceum of the Philippines University College of Law and has been a speaker in international forums.

Atty. Lim took up Masters of Law at King's College in England and worked in London and Sydney to practice commercial, insurance, maritime and aviation law. He also worked in the London insurance market. He is qualified as a member of the Australian Institute of Company Directors and also the Institute of Corporate Directors in the Philippines.

Officers

Elmer B. Serrano was first appointed Corporate Secretary of AT and CCC on July 2021. Mr. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner of the law firm SERRANO LAW. Mr. Serrano has been awarded "Asia Best Lawyer" by the International Financial Law Review and named "Leading Individual" by the Legal 500 Asia Pacific. He is a practicing lawyer specializing in Mergers & Acquisitions, Capital Markets and Banking and Finance. In 2020, he was named Asia Best Lawyer by the International Financial Law Review (IFLR). He is also consistently ranked as a leading lawyer by the Legal 500 Asia Pacific and IFLR1000. Mr. Serrano is a director of 2GO Group, Inc. He is also the Corporate Secretary of SMIC, SM Prime Holdings, Inc., Premium Leisure Corp., Crown Equities, Inc., as well as various subsidiaries of BDO Unibank, and also serves as the Corporate Information Officer of BDO Unibank and BDO Leasing and Finance, Inc. He is also Corporate Secretary of, and counsel to, prominent banking industry associations and companies such as the Bankers Association of the Philippines and PDS Group. Mr. Serrano is a Certified Associate Treasury Professional (2017) and was among the top graduates of the Trust Institute of the Philippines in 2001. Mr. Serrano holds a Juris Doctor degree from the Ateneo Law School and a BS Legal Management degree from Ateneo de Manila University.

Alexei Jerome G. Jovellana is a Certified Public Accountant. He has served as Executive Vice President and Compliance Officer of AT since November 2018 and August 2020 respectively. He is likewise a Vice President of SM Investment Corporation since January 2018. Prior to joining SMIC and AT, he was with Silangan Mindanao Mining Company, Inc. (SMMCI), a subsidiary of Philex Mining Corporation, as its CFO and Project Director. He has also a stint overseas, serving as Director for PT Petrosea Tbk, a subsidiary of Indika Energy Tbk, the 4th largest coal mining company in Indonesia. His past experiences include being an Auditor, Equity Analyst, Financial Planning Analyst and Investment Analyst. He obtained his Bachelor's Degree in BS Accountancy from De La Salle University – Taft in 1995.

Fernando A. Rimando has served as the Chief Finance Officer (CFO) and Vice President of AT since September 2012. He was appointed as the Chief Risk Officer (CRO) of AT in 2018. Mr. Rimando is also the CFO and Vice President of CCC. He has more than 30 years of experience in the fields of audit and finance and has held executive positions in the mining, energy and telecommunication industries. He is a Certified Public Accountant with a Bachelor of Commerce in Accountancy Degree obtained from Saint Louis University.

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 Metrobank, 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.

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.

- *Representations regarding the nominees*

The Corporate Governance Committee, confirmed by the Board, pre-qualified the following nominees for election as directors for 2022-2023 at the Meeting:

ALFREDO C. RAMOS
FREDERIC C. DYBUNCIO
ADRIAN PAULINO S. RAMOS
MARTIN C. BUCKINGHAM
ISIDRO A. CONSUNJI
GERARD ANTON S. RAMOS
JOSE T. SIO
EMILIO S. DE QUIROS, JR. (ID)
JOSE P. LEVISTE (ID)
ROBERTO CECILIO O. LIM (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 (ID)
ROBERTO CECILIO O. LIM (ID)

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

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. The nominee Independent Directors executed sworn *Certifications on Qualifications and Disqualification of Independent Directors* attached to this Information Statement. 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 ID, are the following: (i) Jose P. Leviste, Jr. (ID) – Chairman; (ii) Emilio S. de Quiros, Jr. (ID) - Member; and (iii) Roberto C.O. Lim – Member.

Item 10. EXECUTIVE COMPENSATION

1) Executive Compensation of Executive Officers. Aggregate cash compensation paid during the last three (3) fiscal years ended 31 December 2021 to the five (5) most highly compensated officers and to all other officers as a group, including the estimate for 2022 are shown below.

2) Summary Compensation Table

Aggregate annual cash compensation (Php)				
Name and Principal Position	Year	Salaries	Bonuses	Other compensation
President/Chief Executive Officer (CEO) & four (4) Most Highly Compensated Officers *(1)* Adrian Paulino S. Ramos, CEO/President *(2)* Fernando A. Rimando, Chief Financial Officer (CFO), VP-Finance, Chief Risk Officer (CRO) *(3)* Feliciano B. Alvarez, Chief Audit Executive (CAE), AVP- Internal Audit *(4)* Leila C. Cabañes, Treasurer, Manager-Treasury & Commercial Development	2022 (estimate) 2021 2020	23,851,306 23,851,306 19,180,288	-0- -0- -0-	-0- -0- -0-
All other officers as a group	2022 (estimate)	-0-	-0-	-0-
	2021	-0-	-0-	-0-
	2020	-0-	-0-	-0-

In 2021, the Directors as a group received a total of Php17.718 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 2021:

Name	Total Amount (Php)
Independent Directors	
Laurito E. Serrano*	900,000.00
Emilio S. de Quiros, Jr.	2,911,111.00
Jose P. Leviste, Jr.	2,911,111.00
Roberto Cecilio O. Lim	2,911,111.00
<u>Regular Directors</u>	
Alfredo C. Ramos	1,181,111.00
Adrian Paulino S. Ramos	1,070,000.00
Frederic C. DyBuncio	1,120,000.00
Gerard Anton S. Ramos	1,221,111.00
Isidro A. Consunji	1,141,111.00
Jose T. Sio	1,181,111.00

Martin C. Buckingham * served as ID until June 2021	1,171,111.00

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

The total amount of fees for 2021 allocated among directors does not exceed 10% of the total income of the Company before tax for 2021 in accordance with relevant laws and regulations.

1) *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 28 February 2022.

2) *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:

Name	Position	No. of Shares
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
Total		14,017,546

   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.

3) *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 2021. Directors attended the online in-house Advanced Corporate Governance Training seminar conducted by the Institute of Corporate Directors held last September 30, 2021 through Zoom meetings.

   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. The 2019 annual self-assessment was completed by the Board and has been assessed by an external facilitator.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

i. Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of 28 February 2022:

Title of Class	Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held[2]	Percentage Held *(%)*
Common	SM Investments Corporation (**SMIC**) 10th Floor, One E-Com Center Mall of Asia Complex, Pasay City (Shareholder)	SMIC[3]	Filipino	1,212,028,143	34.05
Common	Alakor Corporation (**Alakor**) Quad Alpha Centrum 125 Pioneer St., Mandaluyong City (Shareholder)	Alakor[4]	Filipino	387,239,661	10.87
Common	Anglo Philippine Holdings Corporation (**Anglo**) Quad Alpha Centrum 125 Pioneer St., Mandaluyong City (Shareholder)	Anglo[5]	Filipino	1,019,570,792	28.64
Common	PCD Nominee Corp. (Filipino)[6] (**PCNC**) 37F Tower 1, The Enterprise Center, Ayala Ave., Makati City	PCD Participants[7]	Filipino	1,730,196,939	48.61

ii. Security Ownership of Directors and Executive Officers of AT as of 28 February 2022:

Title of Class	Name of Beneficial Owner and Position	Citizenship	Amount and Nature of Beneficial Ownership	Percentage of Ownership
Common	Alfredo C. Ramos[8] (Director/Chairman of the Board)	Filipino	1,417,195,887 (D, I)	39.81
Common	Frederic C. DyBuncio (Director/Vice-Chairman)	Filipino	1,001 (I)	0.00
Common	Martin C. Buckingham (Director)	British	10,078,902 (I)	0.28

[3] 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.

[4] 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.

5 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.

6 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.

7 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 247,789,661 shares. PCNC beneficial owners have the power to decide how their shares are to be voted.

[8] Mr. Ramos has indirect shareholdings in Alakor and Anglo.

Title of Class	Name of Beneficial Owner and Position	Citizenship	Amount and Nature of Beneficial Ownership	Percentage of Ownership
Common	Isidro A. Consunji (Director)	Filipino	95,991,305 (I)	2.70
Common	Adrian Paulino S. Ramos (Director/President)	Filipino	5,418,010 (I)	0.15
Common	Gerard Anton S. Ramos (Director)	Filipino	4,001,000 (I)	0.11
Common	Jose T. Sio (Director)	Filipino	1,001 (I)	0.00
Common	Roberto Cecilio O. Lim (Independent Director)	Filipino	1,000 (I)	0.00
Common	Jose P. Leviste, Jr. (Independent Director)	Filipino	100,000 (I)	0.00
Common	Emilio S. de Quiros, Jr. (Independent Director)	Filipino	20,100 (I)	0.00
Common	Elmer B. Serrano (Corporate Secretary)	Filipino	0	0.00
Common	Alexie Jerome G. Jovellana (Executive Vice President/ Compliance Officer)	Filipino	0	0.00
Common	Fernando A. Rimando (Chief Financial Officer/ Chief Risk Officer & VP – Finance)	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			1,532,808,206	

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of February 28, 2022.

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

On February 21, 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 2021, no Warrants was 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 12. 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 2021.

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.	Atty. Roberto Cecilio O. Lim	–	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 2021. 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.

PART IV – CORPORATE GOVERNANCE

Item 13. 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 2019.

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.

On the 14 June 2021 ASM, Amendments to AT By-Laws were done to be consistent with the Revised Corporation Code, various SEC memorandum circulars, regulations and guidelines, the Securities Regulations Act, and the Company's CCG. The amendments were made for the furtherance and promotion of good corporate governance and to align the By-laws and for consistency with the present situation of the Company.

Likewise, on the 14 June 2021 Organizational Meeting of the BOD, the respective Chairman and members of the various BOD committees were duly elected and assumed office. 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.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(A) Exhibits:

Consolidated Financial Statements:
Statement of Management's Responsibility for Consolidated Financial Statements
Independent Auditor's Report
Audited Financial Statements and Notes for the year ended 31 December 2021

Supplementary Schedules:
Independent Auditor's Report on Supplementary Schedules
Index to Consolidated Financial Statements and Supplementary Schedules
Schedule I: Financial Ratios Pursuant to SRC Rule 68, As Amended
Schedule II: Map of the Relationships of the Companies within the Group
Schedule III: Schedule of Effective Standards and Interpretations under the PFRS
Schedule IV: Reconciliation of Retained Earnings Available for Dividend Declaration
Schedules for Annex 68-E of SRC Rule 68, As Amended
Schedule A. Financial Assets in Equity Securities
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
Schedule C. Amounts Receivable From Related Parties which are Eliminated During the Consolidation of Financial Statements
Schedule D. Intangible Assets - Other Assets
Schedule E. Long-Term Debt
Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
Schedule G. Guarantees of Securities of Other Issuers
Schedule H. Capital Stock

(B) Reports on SEC Form 17-C:

Date Reported	*Item/s Reported*
02 November 2021	Press release on the unaudited financial and operations results of Atlas Consolidated Mining and Development Corporation (AT) for the third quarter of 2021
26 July 2021	Resignation and Appointment of Corporate Secretary; Change in officers
23 July 2021	Press release on the unaudited financial and operations results of Atlas Consolidated Mining and Development Corporation (AT) for the second quarter of 2021
15 June 2021	Results of the Organizational Meeting of the Board of Directors (BOD
15 June 2021	Results of the 2021 Annual General Meeting of the Shareholders (AGM)
14 June 2021	Material Information; Board approval of the proposed amendments to the Corporation's By-Laws, the adoption and issuance of data privacy policy and updating of some existing corporate governance policies
26 May 2021	Amendment to the Notice of Schedule of the 2021 Annual General Meeting of Shareholders (AGM) on 14 June 2021 at 10:00AM and Record Date on 20 April 2021.
12 May 2021	Material Information; Submission of 2020 AFS
11 May 2021	Notice of the 2021 Annual General Meeting of the Shareholders of Atlas Consolidated Mining and Development Corporation (AGM)
07 May 2021	Press Release on 2021 Q1 Unaudited Financial and Operating Results of Atlas Consolidated Mining and Development Corporation
29 March 2021	Board approval of the proposed date of AGM
29 March 2021	Press Release on 2021 Financial and Operating Results of Atlas Consolidated Mining and Development Corporation
11 March 2021	Material Information regarding AT's operating subsidiary, Carmen Copper Corporation (CCC) in relation to previous disclosures under PSE Company Announcement numbers C08844-2020, C08843-2020 and C08808-2020

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAY 1 1 2022 on May 2022.

By:

Adrian Paulino S. Ramos
President/ Chief Executive Officer
(Principal Operating Officer)

Rodyardo B. Rañada
Vice-President/ Chief Financial Officer
(Principal Financial Officer)

Alexei Jerome G. Jovellana
Executive Vice President/ Compliance Officer

Axel G. Tumulak
Assistant Compliance Officer/Asst. Corporate Secretary/
Head, Legal Affairs & Corporate Governance

Subscribed and Sworn to before me in the City of TOLEDO CITY this MAY 1 1 2022 day of May 2022 affiant/s exhibiting to me their IDs, as follows:

Name	ID	Issued on	Issued at
Adrian Paulino S. Ramos	P6368801B	23 Feb 2021	DFA-Manila
Rodyardo B. Rañada	P9054565B	24 Feb 2022	DFA-Manila
Axel G. Tumulak	SSS 34-0542340-9	15 Feb 2007	SSS Quezon City
Alexei Jerome G. Jovellana	DLN26-16-007243	26 Nov 2018	LTO Quezon City

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Book No. 13
Series of 2022

OLIVER E. BAYLOSIS
Notary Public
City of Toledo & Province of Cebu
Specifically for the Municipalities of Balamban,
Asturias, Tuburan, Tabuelan, Pinamungajan & Aloguinsan
Until December 31, 2023, Not. Com. No. 51-2022-T
Admin., Bldg., Carmen Copper Corp.
Brgy. Don Andres Soriano, Toledo City, Cebu
PTR No. [illegible]/1/1/22/Toledo City, Cebu
IBP No. 012007/Lifetime/Cebu Province
Roll of Attorney's No. 53209

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	1	1	5	A	

COMPANY NAME

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

Five E-Com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
ir@atlasmining.com.ph	(632) 8403-0818	09178048194
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
20,707	6/14	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Fernando A. Rimando	farimando@atlasmining.com.ph	(632) 8403-0813 loc 25005	N/A

CONTACT PERSON's ADDRESS

Five E-com Center, Palm Coast Ave. corner Pacific Drive,
Mall of Asia Complex, Pasay City

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

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

ATLAS Mining

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, 2021 and 2020, 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.

Alfredo C. Ramos
Chairman of the Board

Adrian Paulino S. Ramos
President

Fernando A. Rimando
Vice President / Chief Finance Officer

Signed this 14 day of Mar 2022

Atlas Consolidated Mining and Development Corporation
P-502 and P-503,
5F Five E-Com Center,
Palm Coast Ave corner Pacific Drive,
Mall of Asia, Pasay City
Tel +632 831-8000 loc 25001
www.atlasmining.com.ph

ATLAS Mining

SUBSCRIBED AND SWORN to before me, this 17 MAR 2022 day of March 2022 at ________________, affiant with Taxpayer Identification Numbers as follows:

Name	Tax Identification Number
Alfredo C. Ramos	132-017-513
Adrian Paulino S. Ramos	188-355-989
Fernando A. Rimando	101-647-461

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
[illegible]

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Series of 2022

Atlas Consolidated Mining and Development Corporation
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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 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

Under PFRSs, 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, 2021, the Group has goodwill attributable to Carmen Copper Corporation amounting to ₱19.03 billion, and property, plant and equipment, and mining rights amounting to ₱41.25 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 methodoloy 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, 2021, 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, 2020 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

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. 8854391, January 3, 2022, Makati City

March 4, 2022

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Number of Shares)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱909,101**	₱1,205,161
Short-term investments (Note 4)	**283,600**	266,481
Trade and other receivables (Note 5)		
At fair value through profit or loss	**2,013**	594,127
At amortized cost – net	**51,928**	150,490
Inventories (Note 7)	**1,590,248**	1,146,832
Derivative asset (Note 6)	**78,385**	–
Other current assets (Note 8)	**756,438**	345,951
Total Current Assets	**3,671,713**	3,709,042
Non-current Assets		
Property, plant and equipment (Note 9):		
At cost	**33,487,271**	33,948,813
At revalued amount	**504,500**	504,500
Mining rights (Note 10)	**7,260,337**	7,558,229
Goodwill (Note 10)	**19,026,119**	19,026,119
Investments in associates (Note 12)	**257,929**	237,524
Deferred tax assets – net (Note 25)	**506,663**	832,144
Other non-current assets (Note 13)	**1,478,982**	1,570,026
Total Noncurrent Assets	**62,521,801**	63,677,355
TOTAL ASSETS	**₱66,193,514**	₱67,386,397
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable, contract liability and accrued liabilities (Note 14)	**₱2,044,893**	₱2,823,024
Lease liability – current (Note 15)	**2,556**	782
Bank loans (Note 16)	**–**	6,242,990
Current portion of long-term debts and other interest bearing liabilities (Note 16)	**2,592,437**	194,445
Derivative liability (Note 6)	**4,029**	59,308
Income tax payable	**185,586**	–
Other current liability (Note 16)	**1,910,355**	1,798,878
Total Current Liabilities	**6,739,856**	11,119,427
Non-current Liabilities		
Long-term debts and other interest-bearing liabilities – net of current portion (Note 16)	**18,271,722**	19,601,464
Retirement benefits liability (Note 24)	**563,042**	554,290
Lease liability – net of current portion (Note 15)	**7,506**	–
Liability for mine rehabilitation (Note 17)	**69,939**	74,187
Deferred tax liabilities (Note 25)	**1,937,438**	2,413,801
Total Non-current Liabilities	**20,849,647**	22,643,742
Total Liabilities	**₱27,589,503**	₱33,763,169

	December 31	
	2021	2020
Equity		
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**	298,869
Remeasurement gain on retirement benefits liability (Note 24)	**104,306**	53,438
Cost of 1,980,000 treasury shares held by a subsidiary	**(23,267)**	(23,267)
Retained earnings (Note 18)	**17,692,199**	13,830,614
Cumulative translation adjustments	**2,141,888**	1,094,906
Total Equity	**38,604,011**	33,623,228
TOTAL LIABILITIES AND EQUITY	**₱66,193,514**	₱67,386,397

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)

	Years Ended December 31		
	2021	2020	2019
REVENUES FROM CONTRACTS WITH CUSTOMERS (Note 20)			
Copper concentrate	**₱17,937,583**	₱17,509,200	₱16,162,945
COSTS AND EXPENSES – NET			
Mining and milling costs (Note 21)	**10,627,219**	11,262,137	12,021,027
General and administrative expenses (Note 22)	**1,130,893**	1,396,934	1,237,520
Mine products taxes (Note 21)	**701,718**	685,120	653,678
Depletion of mining rights (Note 10)	**297,892**	232,577	199,152
Others – net (Note 27)	**(476,383)**	381,882	70,585
	12,281,339	13,958,650	14,181,962
OTHER INCOME (CHARGES)			
Finance charges (Note 26)	**(1,241,766)**	(1,872,049)	(2,265,913)
Foreign exchange gains (losses) – net	**(326,973)**	237,659	193,025
Share in net income of associates (Note 12)	**222,005**	112,135	80,233
Fair value gain (loss) on derivatives – net (Note 6)	**113,107**	(870,237)	–
Interest income (Note 26)	**3,785**	20,008	68,826
Fair value gain (loss) on provisionally priced receivables – net (Notes 5 and 6)	**(779)**	(64,697)	93,443
	(1,230,621)	(2,437,181)	(1,830,386)
INCOME BEFORE INCOME TAX	**4,425,623**	1,113,369	150,597
PROVISION FOR INCOME TAX (Note 25)	**(564,038)**	(995,676)	(715,783)
NET INCOME (LOSS)	**₱3,861,585**	₱117,693	(₱565,186)

(Forward)

	Years Ended December 31		
	2021	2020	2019
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain (loss) on retirement benefits liability (Note 24)	**₱47,051**	(₱40,631)	(₱110,672)
Share in other comprehensive income (loss) of associates	**(212)**	339	1,306
Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax):			
Cumulative translation adjustments	**1,047,194**	(809,335)	(583,037)
	1,094,033	(849,627)	(692,403)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱4,955,618**	(₱731,934)	(₱1,257,589)
EARNINGS (LOSS) PER SHARE (Note 29)			
Basic earnings (loss) per share	**₱1.0855**	₱0.0331	(₱0.1589)
Diluted earnings (loss) per share	**₱1.0855**	₱0.0331	(₱0.1589)

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, 2021, 2020 AND 2019

(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)	Total	Treasury shares held by a subsidiary	Total
BALANCES AT JANUARY 1, 2019	₱3,559,533	₱19,650,936	(₱4,841,801)	₱298,869	₱204,741	₱2,485,633	₱14,278,107	₱35,636,018	(₱23,267)	₱35,612,751
Net loss	–	–	–	–	–	–	(565,186)	(565,186)	–	(565,186)
Other comprehensive loss	–	–	–	–	(110,672)	(581,731)	–	(692,403)	–	(692,403)
Total comprehensive loss	–	–	–	–	(110,672)	(581,731)	(565,186)	(1,257,589)	–	(1,257,589)
BALANCES AT DECEMBER 31, 2019	3,559,533	19,650,936	(4,841,801)	298,869	94,069	1,903,902	13,712,921	34,378,429	(23,267)	34,355,162
Net income	–	–	–	–	–	–	117,693	117,693	–	117,693
Other comprehensive loss	–	–	–	–	(40,631)	(808,996)	–	(849,627)	–	(849,627)
Total comprehensive income (loss)	–	–	–	–	(40,631)	(808,996)	117,693	(731,934)	–	(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	33,646,495	(23,267)	33,623,228
Effect of change in tax rate	–	–	–	21,348	3,817	–	–	25,165	–	25,165
Net income	–	–	–	–	–	–	3,861,585	3,861,585	–	3,861,585
Other comprehensive income	–	–	–	–	47,051	1,046,982	–	1,094,033	–	1,094,033
Total comprehensive income	–	–	–	–	47,051	1,046,982	3,861,585	4,955,618	–	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	₱38,627,278	(₱23,267)	₱38,604,011

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		
	2021	2020	2019
OPERATING ACTIVITIES			
Income before income tax	**₱4,425,623**	₱1,113,369	₱150,597
Adjustments for:			
Depreciation, amortization and depletion (Notes 7, 9 and 10)	**4,371,725**	4,664,433	3,796,403
Finance charges (Note 26)	**1,241,766**	1,872,049	2,265,913
Provision for (reversal of) impairment of property, plant and equipment (Note 27)	**(534,472)**	538,151	–
Share in net income of associates (Note 12)	**(222,005)**	(112,135)	(80,233)
Unrealized foreign exchange losses – net	**121,211**	107,909	30,642
Loss on retirement of property and equipment (Notes 9 and 27)	**90,587**	691	1,019
Unrealized loss (gain) on derivatives (Note 6)	**(49,630)**	289,012	–
Movement in retirement benefits liability (Note 24)	**22,349**	20,068	11,044
Interest income (Note 26)	**(3,785)**	(20,008)	(68,826)
Unrealized fair value gain on investment in pooled funds (Notes 8 and 27)	**(1,313)**	(395)	(1,241)
Unrealized fair value loss (gain) on provisionally priced sales – net (Notes 5 and 6)	**779**	64,697	(93,443)
Unrealized fair value gain on investment in unit investment trust fund (Note 13)	**(54)**	(562)	(922)
Gain on disposal of property and equipment (Note 9)	**–**	(375)	(1,640)
Gain on loan restructuring – net (Notes 16 and 27)	**–**	(362,129)	–
Operating income before working capital changes	**9,462,781**	8,174,775	6,009,313
Decrease (increase) in:			
Receivables	**1,181,112**	270,100	(1,212,810)
Inventories	**(183,904)**	280,352	773,142
Other current assets	**(396,689)**	78,545	(11,661)
Other noncurrent assets	**184,416**	228,115	463,543
Increase (decrease) in accounts payable, contract liability and accrued liabilities	**(902,945)**	(481,268)	945,329
Net cash generated from operations	**9,344,771**	8,550,619	6,966,856
Interest paid	**(1,216,526)**	(1,809,248)	(1,802,930)
Income taxes paid	**(494,767)**	(134,493)	(109,334)
Interest received	**3,785**	21,229	70,664
Net cash flows from operating activities	**7,637,263**	6,628,107	5,125,256
INVESTING ACTIVITIES			
Proceeds from:			
Short-term investments	**–**	2,847,170	5,401,523
Dividends received (Note 12)	**201,600**	100,800	75,726
Short-term investments	**–**	2,847,170	5,401,523
Disposal of property and equipment (Note 9)	**–**	375	1,640
Additions to:			
Property, plant and equipment (Note 9)	**(1,308,715)**	(2,390,280)	(4,457,875)
Short-term investments	**(7,144)**	(2,226,495)	(3,624,048)
Net cash flows used in investing activities	**(₱1,114,259)**	(₱1,693,504)	(₱2,628,360)

(Forward)

	Years Ended December 31		
	2021	2020	2019
FINANCING ACTIVITIES			
Availments of:			
Long-term debts and other interest-bearing liabilities (Note 35)	**₱8,540,570**	₱–	₱–
Payments of:			
Long-term debts and other interest-bearing liabilities (Note 35)	**(8,801,431)**	(2,220,811)	(919,019)
Bank loans (Note 35)	**(6,629,870)**	(1,920,920)	(2,061,807)
Principal portion of of lease liability (Notes 15 and 35)	**(1,839)**	(2,316)	(2,208)
Net cash flows from (used in) financing activities	**(6,892,570)**	(4,144,047)	3,889,601
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH	**73,506**	(230,854)	(94,102)
NET INCREASE (DECREASE) IN CASH	**(296,060)**	559,702	(580,240)
CASH AT BEGINNING OF YEAR	**1,205,161**	645,459	1,225,699
CASH AT END OF YEAR (Note 4)	**₱909,101**	₱1,205,161	₱645,459

See accompanying Notes to the Consolidated Financial Statements

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 FiveE-com Center, Palm Coast Ave. 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, 2021 and 2020. 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, 2021 and 2020:

	Nature of Business	Percentage of Ownership **2021**	Percentage of Ownership 2020
Subsidiaries as at December 31, 2021 and 2020			
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 2021, 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 ₱74 in 2021 and has cumulative capital deficiency of ₱108,685 as at December 31, 2021.

b. *AI*
In 2021, 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 ₱86 in 2021 and has cumulative capital deficiency of ₱32,345 as at December 31, 2021.

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 ₱78 in 2021 and has cumulative deficit of ₱3,365 as at December 31, 2021.

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 shall continue to undertake 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 initiatives.

Continuing Evolvement of the COVID-19 Pandemic
As the COVID-19 pandemic continues to evolve, the government is implementing additional measures to address the resulting public health issues and the economic impact.

The Group assessed that they are not expected to be impacted by developments and measures taken after the end of the reporting period. The Group continues to monitor the COVID-19 pandemic situation and will take further action, as necessary.

Authorization for the Issuance of the Consolidated Financial Statements
The consolidated financial statements of the Parent Company and its subsidiaries as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 were authorized for issuance by the BOD on March 4, 2022.

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, 2021 and 2020.

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 losses 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.

<u>Changes in Accounting Policies</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. 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.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The Group adopted the amendments beginning January 1, 2021.

<u>Standard Issued but not yet Effective</u>
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, 2022

- 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 amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *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 amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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 by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- 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.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- 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.

- 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 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.

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - 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, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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 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 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 as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purposes of trading
- Expected to be realized within 12 months after the reporting period or
- Cash 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.

<u>Financial Liabilities</u>
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 economic best 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 derecognised, the unamortised fair value is recognised immediately in profit or loss.

As at December 31, 2021, the Group has freestanding derivative instruments such as commodity swap transactions used to hedge risks associated with copper and gold prices.

<u>Borrowing Costs</u>
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.

<u>Inventories</u>
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 weighted 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, mine rehabilitation fund (MRF), social development and management program (SDMP) fund, 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. 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 will 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 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

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.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property, plant and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statement of financial position. 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 in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted per within equity.

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, and 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 interest in the associate. The aggregate of the Group's share in profit or loss of an associate is shown in the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associate.

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.

<u>Impairment of Nonfinancial Assets</u>

Property, Plant and Equipment, and Mining Rights

Property, plant and equipment and mining rights, except land, 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.

<u>Foreign Currencies</u>
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. 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.

<u>Leases</u>
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.

<u>Income Taxes</u>
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.

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 red
uced 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, 2021 as 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 and ₱195,037 (US$4,061) of contract liability as at December 31, 2021 and 2020, respectively (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 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 three 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
Revenue is 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. Remeasurements recognized in other comprehensive income after the initial adoption of Revised PAS 19, *Employee Benefits* are not closed to any other equity account.

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.

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, 2021 and 2020, 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 one year 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 tolls 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.

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 sales in 2021, 2020 and 2019 amounted to nil, nil, and ₱980,190, respectively.

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.

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 financia 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:

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 ₱10,062 and ₱782 as at December 31, 2021 and 2020, respectively (see Note 15).

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, 2021 and 2020. The recoverable amount of the cash-generating unit has been determined based on a value 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 12.03% and 9.56% % as at December 31, 2021 and 2020, 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, ₱538,151 and nil in 2021, 2020 and 2019, 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 ₱5, ₱41,683 and nil in 2021, 2020 and 2029, respectively. Allowance for expected credit losses on receivables amounted to ₱71,100 and ₱71,087 as at December 31, 2021 and 2020, respectively. Receivables, net of allowance for expected credit losses, amounted to ₱51,928 and ₱150,490 as at December 31, 2021 and 2020, 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.

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, 2021 and 2020, the cost of mine products inventory is lower than its NRV.

No provision for impairment loss on of mine products inventory was recognized in 2021 and 2020. Mine products inventory amounted to ₱554,701 and ₱164,741 as at December 31, 2021 and 2020, 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 ₱650,488 and ₱632,940 as at December 31, 2021 and 2020, 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 ₱1,035,547 and ₱982,091 as at December 31, 2021 and 2020, 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.

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 2021 and 2020, 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 used the market data approach in determining the appraised value of land. As at December 31, 2021 and 2020, the fair value of the land amounted to ₱504,500, 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 2021, 2020 and 2019 are 3.94%, 2.99% and 2.51%, 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 2021, 2020 and 2019, no provision for impairment loss on the Group's deferred mine exploration costs was recognized (see Note 13).

Estimating Impairment of Investment 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.

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 ₱377,259 and ₱355,266 as at December 31, 2021 and 2020, 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 entity 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 obligations that arose as a result of the production phase of a mine should be expensed as incurred. Liability for mine rehabilitation recognized as at December 31, 2021 and 2020 amounted to ₱69,939 and ₱74,187, 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 2021, 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 as marketing. 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 ₱17,937,583, ₱17,509,200 and ₱16,162,945 in 2021, 2020 and 2019, 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, 2021 and 2020, the Group has deductible temporary differences, NOLCO and excess MCIT totaling ₱421,371 and ₱742,139, respectively (see Note 25), for which no deferred tax assets were recognized. As at December 31, 2021 and 2020, deferred tax assets amounting to

₱623,700 and ₱1,592,130 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).

4. Cash and Short-term Investments

Cash

	2021	2020
Cash on hand	**₱38,485**	₱14,507
Cash in banks	**870,616**	1,190,654
	₱909,101	₱1,205,161

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from cash in banks amounted to ₱802, ₱1,286 and ₱1,972 in 2021, 2020 and 2019, 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 ₱283,600 and ₱266,481 as at December 31, 2021 and 2020, respectively, are classified as short-term investments in the consolidated statement of financial position.

Interest income earned from short-term investments amounted to ₱691, ₱14,566 and ₱62,129 in 2021, 2020 and 2019, respectively (see Note 26). Interest receivable from the said short-term investments amounted to ₱150 and 38 as at December 31, 2021 and 2020, respectively (see Note 5).

5. Trade and Other Receivables

	2021	2020
Trade receivables – at fair value through profit or loss	**₱2,013**	₱594,127
Other receivables – at amortized cost:		
Nontrade	**₱90,538**	₱194,970
Advances to:		
Related parties (Note 23)	**17,830**	17,830
Officers and employees	**14,510**	8,739
Interest (Note 4)	**150**	38
	123,028	221,577
Less allowance for expected credit losses	**71,100**	71,087
	₱51,928	₱150,490

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 three 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 ₱779 and ₱64,697 on provisionally priced receivables in 2021 and 2020, respectively, while the Group recognized net fair value gain of ₱93,443 in 2019.

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:

	2021	2020	2019
Balance at beginning of year	**₱71,087**	₱32,748	₱33,124
Provisions (Note 22)	**5**	41,683	–
Cumulative translation adjustment	**8**	(3,344)	(376)
Balances at end of year	**₱71,100**	₱71,087	₱32,748

Provision for expected credit losses amounting to ₱5 and ₱41,683 was recognized in 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 2021 and 2020, 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 2021, 2020 and 2019. The Group recognized copper concentrate sales amounting to ₱17,937,583, ₱17,509,200 and ₱16,162,945 in 2021, 2020 and 2019, 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 unrealized fair value loss on provisionally priced receivables amounting to ₱779 and ₱64,697 on its deliveries in 2021 and 2020, respectively, while CCC recognized unrealized fair value gain amounting to ₱93,443 on its deliveries in 2019.

Freestanding Derivatives
Commodity Swap Transactions
The Group, through CCC, entered into commodity swap transactions with Standard Chartered Bank and Macquarie Bank, Ltd. to help stabilize and support the business plan upon due consideration of the impact of the pandemic on the world commodity market. In 2021 and 2020, CCC entered into commodity swap transactions fixing the copper prices at certain levels per dry metric tonne (DMT)for a total notional quantity of 17,850 DMT and 29,325 DMT, respectively; and gold prices at certain levels per ounce (oz) for a total notional quantity of 7,020 oz and 6,500 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 ₱78,385 as at December 31, 2021 and derivative liability amounting to ₱4,029 and ₱59,308 as at December 31, 2021 and 2020, 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, 2021. The derivative liabilities represent the hedging component of shipments covered by the hedging agreement, but which remained unshipped as at December 31, 2021.

The Group recognized net gain on derivative financial instruments on its commodity swap transactions amounting to ₱113,107 in 2021 and net loss amounting to ₱870,237 in 2020. The Group recognized net gains and losses on outstanding derivative financial instruments amounting to ₱49,630 and ₱289,012 as at December 31, 2021 and 2020, respectively,

7. Inventories

This account consists of:

	2021	2020
At cost:		
Mine products		
Coarse and fine ore	**₱7,055**	₱14,964
Copper concentrate	**547,646**	149,777
	554,701	164,741
At lower of cost and NRV		
Materials and supplies (net of allowance for inventory obsolescence of ₱650,488 and ₱632,940 as at December 31, 2021 and 2020, respectively)	**1,035,547**	982,091
	₱1,590,248	₱1,146,832

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 ₱188,442, ₱43,367 and ₱30,906 as at December 31, 2021, 2020 and 2019, respectively (see Note 9).

Materials and Supplies
Materials and supplies consist of consumable items and spare parts. Materials and supplies with cost amounting to ₱650,488 and ₱632,940 as at December 31, 2021 and 2020, respectively, are fully provided with allowance for inventory obsolescence.

Movements of the allowance for inventory loss are as follows:

	2021	2020	2019
Balances at beginning of year	**₱632,940**	₱510,372	₱517,822
Provision for inventory loss (Note 22)	**–**	176,766	7
Write-off	**(2,009)**	(38,480)	–
Cumulative translation adjustment	**19,557**	(15,718)	(7,457)
Balances at end of year	**₱650,488**	₱632,940	₱510,372

Provision for inventory loss amounting to nil, ₱176,766 and ₱7 in 2021, 2020 and 2019, 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 ₱2,009 and ₱38,480 in 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 ₱3,180,836, ₱3,383,827 and ₱4,179,056 in 2021, 2020 and 2019, respectively (see Notes 21 and 22).

The Group has no inventories pledged as security for liabilities as at December 31, 2021 and 2020. The Group also has no inventories carried at fair value less cost to sell as at December 31, 2021 and 2020.

8. **Other Current Assets**

This account consists of:

	2021	2020
Investment in pooled funds	**₱378,574**	₱143,659
Deposits and advances to suppliers	**259,953**	106,789
Creditable withholding taxes	**76,093**	51,849
Prepaid insurance	**13,797**	16,417
Others	**28,021**	27,237
	₱756,438	₱345,951

Investment in Pooled Funds
In 2021, 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 ₱1,419, ₱2,023 and ₱244 in 2021, 2020 and 2019, 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 ₱1,313, ₱395 and ₱1,241, in 2021, 2020 and 2019, 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, 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	Land at Revalued Amount
Revalued amount/cost:										
Balances at beginning of year,	₱32,599,421	₱261,316	₱2,494,585	₱20,885,422	₱161,682	₱7,936	₱208,827	₱4,827	₱56,624,016	₱504,500
Additions	–	–	–	–	–	351	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	1,403,013	15,450	123	11,945	–	3,713,111	–
Balances at end of year	34,829,241	282,547	2,736,283	21,856,793	195,634	8,410	190,409	11,514	60,110,831	504,500
Accumulated depreciation, amortization, depletion and impairment:										
Balances at beginning of year	8,994,291	226,479	1,688,216	11,630,498	127,626	4,433	–	3,660	22,675,203	–
Depreciation, amortization and depletion (Notes 7, 21 and 22)	1,829,356	6,594	166,250	2,242,124	14,929	95	–	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	19,302	131,915	856,626	13,000	123	–	–	1,658,460	–
Balances at end of year	11,355,394	252,375	1,978,897	12,878,530	152,753	4,651	–	960	26,623,560	–
Net book values	₱23,473,847	₱30,172	₱757,386	₱8,978,263	₱42,881	₱3,759	₱190,409	₱10,554	₱33,487,271	₱504,500

December 31, 2020:

	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	Land at Revalued Amount
Revalued amount/cost:										
Balances at beginning of year, as previously reported	₱33,135,555	₱253,182	₱2,611,045	₱19,454,857	₱159,037	₱10,154	₱2,290,473	₱4,827	₱57,919,130	₱504,500
Additions	–	–	–	123	–	–	2,390,157	–	2,390,280	–
Retirements	–	–	–	(561,813)	(9,119)	(2,116)	–	–	(573,048)	–
Capitalization of borrowing cost	–	–	–	37,354	–	–	6,801	–	44,155	–
Change in estimate (Note 17)	8,617	–	–	–	–	–	–	–	8,617	–
Disposals	–	–	–	–	(864)	–	–	–	(864)	–
Reclassifications	1,212,239	25,387	36,505	3,061,493	24,773	–	(4,360,397)	–	–	–
Cumulative translation adjustment	(1,756,990)	(17,253)	(152,965)	(1,106,592)	(12,145)	(102)	(118,207)	–	(3,164,254)	–
Balances at end of year	32,599,421	261,316	2,494,585	20,885,422	161,682	7,936	208,827	4,827	56,624,016	504,500
Accumulated depreciation, amortization, depletion and impairment:										
Balances at beginning of year	7,277,422	231,602	1,592,961	10,302,864	137,054	6,616	–	1,869	19,550,388	–
Depreciation, amortization and depletion (Notes 7, 21 and 22)	2,072,973	11,384	194,770	2,182,414	11,850	41	–	1,791	4,475,223	–
Retirements	–	–	–	(561,145)	(9,119)	(2,116)	–	–	(572,380)	–
Provision for impairment loss (Note 27)	105,747	–	7,484	424,920	–	–	–	–	538,151	–
Disposals	–	–	–	–	(864)	–	–	–	(864)	–
Cumulative translation adjustment	(461,851)	(16,507)	(106,999)	(718,555)	(11,295)	(108)	–	–	(1,315,315)	–
Balances at end of year	8,994,291	226,479	1,688,216	11,630,498	127,626	4,433	–	3,660	22,675,203	–
Net book values	₱23,605,130	₱34,837	₱806,369	₱9,254,924	₱34,056	₱3,503	₱208,827	₱1,167	₱33,948,813	₱504,500

Construction in-progress includes cost of various projects at different stages of completion as at December 31, 2021 and 2020.

The Group capitalized borrowing costs amounting to ₱3,155 on construction in-progress in 2021 and ₱37,354 and ₱6,801 as part of machinery and equipment completed during the year and construction-in-progress, respectively, in 2020. The rate used to determine the amount of borrowing cost eligible for capitalization is 2.69% and 3.37% in 2021 and 2020, respectively (see Note 16).

Mine development costs consist of the following:

December 31, 2021:

	Mining Properties	Development Costs	Mine Rehabilitation Costs	Total
Cost:				
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**
Balances at end of year	**1,297,044**	**33,525,050**	**7,147**	**34,829,241**
Accumulated depletion:				
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**
Balances at end of year	**355,638**	**10,998,781**	**975**	**11,355,394**
Net book values	**₱941,406**	**₱22,526,269**	**₱6,172**	**₱23,473,847**

December 31, 2020:

	Mining Properties	Development Costs	Mine Rehabilitation Costs	Total
Cost:				
Balances at beginning of year	₱1,287,304	₱31,839,493	₱8,758	₱33,135,555
Reclassifications	–	1,212,239	–	1,212,239
Change in estimate (Note 17)	–	–	8,617	8,617
Cumulative translation adjustment	(69,895)	(1,686,643)	(452)	(1,756,990)
Balances at end of year	1,217,409	31,365,089	16,923	32,599,421
Accumulated depletion:				
Balances at beginning of year	284,269	6,992,756	397	7,277,422
Depletion	29,339	2,043,389	245	2,072,973
Provision for impairment loss	–	105,747	–	105,747
Cumulative translation adjustment	(19,111)	(442,712)	(28)	(461,851)
Balances at end of year	294,497	8,699,180	614	8,994,291
Net book values	₱922,912	₱22,665,909	₱16,309	₱23,605,130

Revaluation Increment on Land at Revalued Amount

The fair value of the land amounted to ₱504,500 as at December 31, 2021 and 2020 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 amounting to ₱128,087 as at December 31, 2020 (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, 2021 and 2020.

Fully Depreciated Property, Plant and Equipment
Fully depreciated property, plant and equipment still used by the Group amounted to ₱5,167,102 and ₱5,586,650 as at December 31, 2021 and 2020, 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 2021, 2020 and 2019 with cost amounting to ₱42, ₱864 and ₱4,728, respectively and corresponding accumulated depreciation of ₱30, ₱864 and ₱4,728, respectively. Proceeds from the sales in 2021, 2020 and 2019 amounted to ₱12, ₱375 and ₱1,640, respectively, and the Group recognized gains on the disposal of items of property, plant and equipment amounting to nil, ₱375 and ₱1,640 in 2021, 2020 and 2019, respectively.

Retirements
Total cost of property and equipment retired in 2021, 2020 and 2019 amounted to ₱1,527,663, ₱573,048 and₱575,680, respectively, with corresponding accumulated depreciation of ₱1,473,076, ₱572,380 and ₱574,683, respectively. The said retirements resulted in losses amounting to ₱90,587, ₱691 and ₱1,019 in 2021, 2020 and 2019, respectively.

Impairment Loss
Provision for impairment losses on property, plant and equipment amounted to ₱538,151 (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 ₱363,377 and ₱708,703 as at December 31, 2021 and 2020, respectively (see Note 16).

Commitments
The Group has capital expenditure commitments amounting to ₱712,681 and ₱505,364 as at December 31, 2021 and 2020, respectively.

Depreciation, Amortization and Depletion
The allocation of depreciation, amortization and depletion is as follows:

	2021	2020	2019
Inventories (Note 7)	**₱188,442**	₱43,367	₱30,906
Mining and milling costs (Note 21)	**4,041,169**	4,376,898	3,536,656
General and administrative expenses (Note 22)	**31,864**	54,958	60,596
	₱4,261,475	₱4,475,223	₱3,628,158

10. Mining Rights and Goodwill

Mining Rights

The carrying amount of mining rights amounted to ₱7,260,337 and ₱7,558,229 as at December 31, 2021 and 2020, respectively. The Group recognized depletion of mining rights amounting to ₱297,892, ₱232,577 and ₱199,152 in 2021, 2020 and 2019, respectively. The Group recognized the related reversal of deferred tax liability arising from the depletion of mining rights amounting to ₱74,473, ₱69,773 and ₱59,746 in 2021, 2020 and 2019, respectively. The enactment of CREATE Act resulted in the additional reversal of deferred tax liability on mining rights amounting to ₱377,911.

Goodwill

The carrying amount of goodwill includes:

Balance as at December 31, 2021 and 2020:	
CCC	₱19,011,108
AHI	15,011
	₱19,026,119

<u>Key Assumptions Used in the Value in Use Calculations of CCC and the Sensitivity to Changes in Assumptions</u>

The Group performed its annual impairment test as at December 31, 2021. 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, 2021 is 12.03%. 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:

a. Expected life of the project
b. Future production levels and costs
c. Contributions to the government
d. Copper and gold prices
e. Pre-tax discount rate

a. Expected Life of the Project

   The Group projected a 22-year expected life of the project, which is 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.

Generally, a higher grade and lower moisture content would yield higher recoverable amount otherwise, this may indicate impairment. 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 12.03% and 9.56% as at December 31, 2021 and 2020, respectively.

No impairment loss on goodwill was recognized in 2021, 2020 and 2019.

11. **Quoted Equity Instrument**

The Group's quoted equity instrument amounted to nil as at December 31, 2021 and 2020, net of allowance for impairment loss amounting to ₱2,867.

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 Mineral Production Sharing Agreement 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, 2021 and 2020, 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, 2021 and 2020, the movements in the investments in associates account are as follows:

	2021	2020	2019
Balances at beginning of year	**₱237,524**	₱226,189	₱221,682
Accumulated equity:			
Share in net income	**222,005**	112,135	80,233
Dividend income	**(201,600)**	(100,800)	(75,726)
Balances at end of year	**₱257,929**	₱237,524	₱226,189

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, 2021 and 2020, which are accounted for under the equity method, follow:

	2021	2020
Current assets	**₱641,214**	₱856,014
Noncurrent assets	**272,985**	283,001
Total assets	**914,199**	1,139,015
Current liabilities	**324,866**	704,861
Noncurrent liabilities	**124,183**	33,250
Total liabilities	**449,049**	738,111
Net assets	**465,150**	400,904
Net income	**₱1,631,500**	₱832,010
Other comprehensive income	**748**	1,344
Total comprehensive income	**₱1,632,248**	₱833,354

13. Other Noncurrent Assets

This account consists of:

	2021	2020
Input VAT (net of allowance for impairment losses of ₱377,259 and ₱355,266 as at December 31, 2021 and 2020, respectively)	**₱1,246,271**	₱1,278,742
MRF	**86,753**	85,856
Deposits and advances to suppliers	**18,971**	81,541
SDMP fund	**68,510**	68,493
Investment in unit investment trust fund	**28,699**	26,972
Deferred mine exploration costs	**16,707**	16,707
Refundable deposits	**3,169**	3,113
Others	**9,902**	8,602
	₱1,478,982	₱1,570,026

Input VAT

The Group, through CCC, was able to monetize tax credit certificates from the Bureau of Customs (BOC) amounting to ₱271,776, ₱163,237 and ₱495,295 in 2021, 2020 and 2019, respectively.

Movements of the allowance for impairment losses on input VAT are as follows:

	2021	2020	2019
Balances at beginning of year	**₱355,266**	₱210,952	₱219,042
Provision (Note 27)	**20**	160,341	–
Cumulative translation adjustment	**21,973**	(16,027)	(8,090)
Balances at end of year	**₱377,259**	₱355,266	₱210,952

Provisions for impairment losses on input VAT amounting to ₱20 and ₱160,341 in 2021 and 2020, 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.

Deferred Mine Exploration Costs
These pertain 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.

No provision for impairment loss on the deferred mine exploration costs was recognized in 2021 and 2020.

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 ₱873, ₱1,615 and ₱4,344 in 2021, 2020 and 2019 respectively (see Note 26).

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 nil, ₱518 and ₱137 in 2021, 2020 and 2019 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 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, 2021 and 2020, the Group has investment in unit investment trust fund amounting to ₱28,699 and ₱26,972, 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 ₱54, ₱562 and ₱922 in 2021, 2020 and 2019, respectively, with cumulative translation adjustment of ₱1,673, ₱1,455 and ₱1,056 in 2021, 2020 and 2019, 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.

14. Accounts Payable, Contract Liability and Accrued Liabilities

This account consists of:

	2021	2020
Trade	**₱1,066,546**	₱1,285,436
Nontrade	**144,977**	615,047
Accrued expenses		
Coal	**214,308**	47,531
Services	**80,447**	50,265
Rental	**68,168**	126,810
Power and other utilities	**28,656**	62,838
Personnel	**27,546**	25,309
Others	**215,968**	243,773
Government payables	**130,867**	123,695
Interest (Note 16)	**67,410**	47,283
Contract liability	–	195,037
	₱2,044,893	₱2,823,024

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.

Trade payables also include trust receipts, which are interest bearing. In 2018, the Group has obtained trust receipts with a total amount of ₱158,434, with various maturities in 2019, and interest rates of 3.13% to 4.00%. The Company has no remaining trust receipts as at December 31, 2021.

Interest expense recognized related to trust receipts amounted to nil, nil and ₱1,910 in 2021, 2020 and 2019, respectively (see Note 26).

Contract liability
Contract liability pertains to the advance payment received from one of its customers. In July 2019, the Company received $20.0 million as advance payment for the shipment of 50,000 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. In 2019, $4.0 million was offset against the advance payments. This pertains to two shipments delivered in November and December 2019.

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.

<u>Interest</u>
Interest pertains to accrued interest on bank loans and long-term debt and other interest-bearing liabilities.

<u>Government Payables</u>
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.

<u>Nontrade and Other Accrued Expenses</u>
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:

	2021	2020	2019
Expenses relating to leases of low-value assets included in general and administrative expenses (Note 22)	**₱38,403**	₱296,898	₱283,910
Amortization expense of right-of-use assets included in property and equipment (Note 9)	**2,127**	1,791	1,869
Interest expense on lease liabilities (Note 26)	**366**	156	323
Expenses relating to short-term leases included in mining and milling costs - others	**–**	–	513,538
Total amount recognized in statement of income	**₱40,896**	₱298,845	₱799,640

The rollforward analysis of the lease liability follows:

	2021	2020
As at January	**₱782**	₱2,942
Additions	**10,753**	–
Interest expense (Note 26)	**366**	156
Payments	**(1,839)**	(2,316)
As at December 31	**10,062**	782
Less noncurrent portion	**7,506**	–
	₱2,556	₱782

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:

	2021	2020
One year	**₱2,556**	₱782
More than one year up to five years	**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, 2021 and 2020 are as follows:

	2021	2020
China Banking Corporation (CBC)	**₱–**	₱6,242,990

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 and 2020, CCC made full principal payments of US$130.0 million and partial principal payments of US$40.0 million, respectively.

The interest expense recognized on the loans from CBC amounted to ₱147,188, ₱260,545 and ₱354,741 in 2021, 2020 and 2019, respectively (see Note 26). The accrued interest payable amounted to nil and ₱6,405 as at December 31, 2021 and 2020, respectively (see Note 14).

CCC capitalized borrowing cost amounting to ₱3,155 and ₱44,155 related to expenditures for machinery and equipment completed during the year and construction-in-progress in 2021 and 2020, respectively. The rate used to determine the amount of borrowing cost eligible for capitalization is 2.69% and 3.37% in 2021 and 2020, respectively (see Note 9).

2. Standard Chartered Bank (SCB)

   On February 6, 2015, CCC obtained a short-term clean loan from SCB in the amount of US$15.0 million at an interest rate of 3.00% per annum, which initially matured on August 5, 2015. The loan was rolled-over several times with the last roll over done on April 22, 2019 with maturity date of October 21, 2019 at an interest rate of 3.75% per annum. CCC fully paid the loan on June 18, 2019.

   The related interest expense recognized on the loans from SCB amounted to nil, nil and ₱25,493 in 2021, 2020 and 2019, respectively (see Note 26).

3. Rizal Commercial Banking Corporation (RCBC)

   On February 17, 2015, CCC obtained from RCBC a short-term loan amounting to US$10.0 million, which was used to finance working capital requirements with a maturity date on August 14, 2015. The loan was rolled over several times with the last roll over done on July 27, 2018 and matured on July 22, 2019 at the interest rate of 3.75%. CCC fully paid the loan on July 31, 2019.

   The interest expense recognized on the RCBC loan amounted to nil, nil and ₱12,282 in 2021, 2020 and 2019, respectively (see Note 26).

4. Land Bank of the Philippines (LBP)

   On April 23, 2013, CCC obtained a short-term clean loan with a dollar to peso convertibility clause from LBP with a maturity date on October 18, 2013 in the amount of US$12.0 million, which was used to finance working capital requirements. The loan was rolled over several times with the last roll over done on September 28, 2018 and matured on March 27, 2019 at interest rates of 4.90% to 5.30%. CCC made several principal payments in accordance with the dollar to peso convertibility clause amounting to US$0.5 million in 2013, US$0.5 million in 2014, US$0.4 million in 2015, US$0.15 million in 2016, and US$0.6 million in 2017. In 2018, CCC made partial payments to this loan amounting to US$0.58 million. CCC fully paid the loan on May 31, 2019.

   On March 7, 2018 and May 9, 2018, CCC obtained from LBP short-term clean loans of US$3.6 million and US$6.0 million, respectively, which matured within 2018 and has interest rates of 4.03% to 4.90%, respectively. CCC fully paid the loans on October 30, 2018.

   The interest expense recognized on the loans from LBP amounted to nil, nil and ₱9,823 in 2021, 2020 and 2019, respectively (see Note 26).

5. Banco De Oro Unibank, Inc. (BDO)

   On February 10, 2014, CCC obtained a short-term clean loan from BDO with a maturity date on August 8, 2014 in the amount of US$2.5 million, which was used to finance working capital requirements. The loan was rolled over several times with the last roll over done on December 21, 2018 and matured on December 16, 2019 with interest rate of 4.00%.

   On May 12, 2015, CCC obtained another short-term clean loan from BDO amounting to US$3.0 million with a maturity date on November 9, 2015. The loan was rolled over several times with the last roll over done on July 17, 2019 with maturity date of April 8, 2020 with interest rate of 4.00%. CCC fully paid the loan on August 14, 2019.

   The interest expense recognized on the loan from BDO amounted to nil, nil and ₱7,144 in 2021, 2020 and 2019, respectively (see Note 26).

6. Security Bank

On March 9, 2015, CCC obtained a short-term clean loan from Security Bank in the amount of US$4.5 million with maturity date on September 4, 2015. The loan was rolled over several times with the last roll over done on December 20, 2018 and matured on March 20, 2019 with interest rate of 3.85%. CCC made principal payments amounting to US$0.3 million in 2016, US$1.2 million in 2017 and US$2.0 million in 2018. The loans were fully paid on June 18, 2019.

The interest expense recognized amounted to nil, nil and ₱574 in 2021, 2020 and 2019, respectively (see Note 26).

Presented below is the summary of interest expense recognized on bank loans (see Note 26):

	2021	2020	2019
CBC	**₱147,188**	₱260,545	₱354,741
SCB	**–**	–	25,493
RCBC	**–**	–	12,282
LBP	**–**	–	9,823
BDO	**–**	–	7,144
Security Bank	**–**	–	574
Balances at end of year	**₱147,188**	₱260,545	₱410,057

b. Long-term debts and other interest-bearing liabilities

The Group's long-term debts and other interest-bearing liabilities as at December 31, 2021 and 2020 are as follows:

	2021	2020
CBC	**₱8,841,676**	₱–
BDO	**6,361,593**	13,686,677
SMIC (Note 23)	**5,526,604**	5,204,104
BDO Leasing & Finance, Inc. (BDO Leasing)	**134,286**	326,945
Anglo Philippine Holdings Corporation (APHC; Note 23)	–	463,843
Alakor Corporation (Alakor; Note 23)	**–**	114,340
	20,864,159	19,795,909
Less non-current portion	**18,271,722**	19,601,464
	₱2,592,437	₱194,445

The maturities of long-term debts and other interest-bearing liabilities at nominal values follow:

	2021	2020
Due in:		
2022	**₱2,592,437**	₱–
2024	**11,724,976**	194,445
2025 and thereafter	**6,546,746**	19,601,464
	₱20,864,159	₱19,795,909

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).

On September 20, 2020, an amendment to the loan's 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. 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. On various dates in 2021 and 2020, the Company made partial principal payments amounting to US$162.6 million and US$30.0 million, respectively.

The subordinated term loan has a term of seven years or will mature on March 15, 2024 with 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.

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 time deposit. Consequently, the Group recognized other current liability amounting to ₱1,870,312. As at December 31, 2021 and 2020, the other current liability amounted to ₱1,910,355 and ₱1,798,878 respectively.

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).

The interest expense recognized on the subordinated term loan, excluding the amortization of debt issue costs, amounted to ₱578,879, ₱900,760 and ₱872,989 in 2021, 2020 and 2019, respectively (see Note 26). The amortization of debt issue cost recognized on the subordinated term loan amounted to ₱116,882, ₱274,597 and ₱484,782 in 2021, 2020 and 2019, respectively (Note 26). The total accrued interest payable to BDO amounted to ₱12,744 and ₱31,665 as at December 31, 2021 and 2020, respectively (see Note 14).

The carrying value of the loan as at December 31, 2021 and 2020 amounted to ₱ 6,361,593 and ₱13,686,677, respectively, net of debt issue costs with carrying value of ₱134,994 and ₱239,993 as at December 31, 2021 and 2020, respectively.

The movements in unamortized debt issue cost follow:

	2021	2020	2019
Balances at beginning of year	**₱239,993**	₱545,384	₱1,058,524
Amortization (Note 26)	**(116,882)**	(274,597)	(484,782)
Effect of loan restructuring	**–**	(11,903)	–
Cumulative translation adjustment	**11,883**	(18,891)	(28,358)
Balances at end of year	**₱134,994**	₱239,993	₱545,384

2. 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. On November 8, 2021, CCC fully paid the outstanding loans from APHC and Alakor amounting to US$9.659 million and US$2.381 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. Also, CCC will not extend loans or advances to any of its directors, officers, stockholders or partners, except for duly approved employee benefit loans.

Restructuring of Loans
On September 20, 2020, an amendment to the loan's 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.

The interest expense recognized on the said loans, excluding amortization of debt issue costs, amounted to ₱318,401, ₱404,697 and ₱431,120 in 2021, 2020 and 2019, respectively (see Note 26). The amortization of debt issue costs recognized amounted to nil, ₱32,046 and ₱111,784 in 2021, 2020 and 2019, respectively. The total accrued interest payable amounted to ₱9,975 and ₱9,213 as at December 31, 2021 and 2020, respectively (see Note 14).

The carrying value of the loans as at December 31, 2021 and 2020 amounted to ₱5,526,604 and ₱5,782,287, respectively.

The movements in unamortized debt issue cost follow:

	2021	2020	2019
Balances at beginning of year	**₱–**	₱349,380	₱249,307
Effect of loan restructuring	–	(374,032)	–
Amortization (Note 26)	–	32,046	111,784
Cumulative translation adjustment	–	(7,394)	(11,711)
Balances at end of year	**₱–**	₱–	₱349,380

3. <u>CBC</u>
On November 4, 2021, the Company 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 the Company 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, the Company 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. The Group recognized debt issue cost amounting to ₱66,806.

The interest expense recognized on the loan, excluding amortization of debt issue costs, amounted to ₱44,691 in 2021 (see Note 26). Amortization of debt issue costs amounted to ₱3,372 in 2021 (see Note 26). The total accrued interest payable amounted to ₱44,691 as at December 31, 2021 (see Note 14).

The carrying value of the loan as at December 31, 2021, amounted to ₱8,841,676, net of unamortized debt issue cost amounting to ₱63,434.

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.

The carrying value of the property, plant and equipment mortgaged as collaterals for the BDO Leasing facilities amounted to ₱363,377 and ₱708,703 as at December 31, 2021 and 2020, respectively (see Note 9).

The interest expense on the said facilities amounted to ₱12,674, ₱22,991 and ₱36,488 in 2021, 2020 and 2019, respectively (see Note 26).

5. LBP Leasing

On January 30, 2018, CCC obtained a ₱42.27 million peso-denominated equipment leasing loan from LBP Leasing payable monthly over 60 months at an interest rate of 6.00% repriceable annually. The related interest expense recognized amounted to nil, nil and ₱1,705 in 2021, 2020 and 2019, respectively (see Note 26). The loans were fully paid on May 31, 2019.

Presented below is the summary of interest expense recognized on long-term debts (see Note 26):

	2021	2020	2019
BDO	**₱578,879**	₱900,760	₱872,989
Shareholders Loan:			
SMIC	**290,786**	364,311	388,019
APHC	**22,154**	32,400	34,584
Alakor	**5,461**	7,986	8,517
CBC	**44,691**	–	–
BDO Leasing	**12,674**	22,991	36,488
LBP Leasing	**–**	–	1,705
Balances at end of year	**₱954,645**	₱1,328,448	₱1,342,302

Presented below is the summary of accrued interest on long-term debts (see Note 14):

	2021	2020
BDO	**₱12,744**	₱31,665
Shareholders' Loan:		
SMIC	**9,975**	8,368
APHC	**–**	678
Alakor	**–**	167
CBC	**44,691**	–
Balances at end of year	**₱67,410**	₱40,878

17. **Liability for Mine Rehabilitation**

Movements in the liability for mine rehabilitation are as follows:

	2021	2020	2019
Balances at beginning of year	**₱74,187**	₱68,334	₱77,732
Accretion of interest (Note 26)	**1,913**	787	558
Change in accounting estimate (Note 9)	**(10,461)**	8,617	(7,068)
Cumulative translation adjustment	**4,300**	(3,551)	(2,888)
Balances at end of year	**₱69,939**	₱74,187	₱68,334

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, 2021 and 2020, the decrease/increase in the liability for mine rehabilitation amounted to ₱10,461 and ₱8,617, respectively. Discount rates used by the Group in determining the present value of the future rehabilitation costs is 3.98% and 2.55% as at December 31, 2021 and 2020, respectively.

18. **Equity**

a. <u>Capital Stock</u>

The table below presents the details of the Parent Company's authorized and issued and outstanding capital stock as at December 31:

	2021		2020	
	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 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, 2021 and 2020, 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$300.00 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, 2021, no warrants were issued by the Parent Company.

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 the7th 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, 2021		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 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, 2021 and 2020. 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:

	2021	2020
Beginning balances	**₱13,830,614**	₱13,712,921
Net income	**3,861,585**	117,693
Ending balances	**₱17,692,199**	₱13,830,614

Dividend Declaration
There were no dividends declared and paid in 2021 and 2020.

d. Number of Shareholders
As at December 31, 2021 and 2020, the Parent Company has 20,707 and 20,722 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: 2021, 2020 and 2019.

20. Revenues from Contracts with Customers

Revenue from contracts with customers is disaggregated into the following:

	2021	2020	2019
Type of goods			
Copper concentrate containing:			
Copper	**₱16,594,063**	₱14,420,431	₱14,580,608
Gold	**1,909,302**	3,884,677	2,547,096
Silver	–	11,049	883
Smelting and related charges	**(565,782)**	(806,957)	(965,642)
Total revenues from contracts with customers	**₱17,937,583**	₱17,509,200	₱16,162,945

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:

	2021	2020	2019
Depreciation and depletion (Note 9)	**₱4,041,169**	₱4,376,898	₱3,536,656
Materials and supplies (Note 7)	**3,160,942**	3,369,345	4,157,433
Communication, electricity and water	**2,271,355**	2,061,657	2,453,950
Personnel costs (Note 22)	**628,178**	645,563	689,966
Contracted services	**343,031**	570,840	594,837
Other costs	**182,544**	237,834	588,185
	₱10,627,219	₱11,262,137	₱12,021,027

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.

<u>Mine Products Taxes</u>
Excise taxes amounting to ₱701,718, ₱685,120 and ₱653,678 in 2021, 2020 and 2019, respectively, pertain to the taxes paid and accrued by the Group related to the production of copper concentrate.

22. **General and Administrative Expenses**

	2021	2020	2019
Personnel costs	**₱566,786**	₱421,172	₱385,113
Taxes and licenses	**154,685**	169,259	233,161
Professional fees	**133,266**	89,324	75,472
Community assistance	**55,520**	54,346	50,735
Rentals (Note 15)	**38,403**	296,898	283,910
Depreciation, amortization and depletion (Note 9)	**31,864**	54,958	60,596
Insurance	**31,323**	27,874	26,389
Communication, light and water	**21,008**	18,620	24,254
Materials and supplies (Note 7)	**19,894**	14,482	21,623
Transportation and travel	**16,060**	9,572	16,822
Entertainment, amusement and recreation	**9,799**	8,702	7,361
Repairs and maintenance	**764**	764	1,037
Provision for expected credit losses (Note 5)	**5**	41,683	–
Provision for inventory loss (Note 7)	–	176,766	7
Bond premium expense	–	–	–
Others	**51,516**	12,514	51,040
	₱1,130,893	₱1,396,934	₱1,237,520

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:

	2021	2020	2019
Salaries and wages	**₱958,693**	₱919,553	₱939,870
Retirement benefits cost (Note 24)	**53,191**	45,626	34,525
Other employee benefits	**183,080**	101,556	100,684
	₱1,194,964	₱1,066,735	₱1,075,079

	2021	2020	2019
Mining and milling costs (Note 21)	**₱628,178**	₱645,563	₱689,966
General and administrative expenses (Note 22)	**566,786**	421,172	385,113
	₱1,194,964	₱1,066,735	₱1,075,079

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:

	2021			
	Amount/ Volume	**Outstanding Balance**	**Terms**	**Conditions**
Associates				
Receivables (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
	₱–	**₱17,830**		

Entities with significant influence over the Group				
Loans (Note 16)				
SMIC	**₱322,500**	**₱5,526,604**	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
	(₱255,683)	**₱5,526,604**		

	2020			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Associates				
Receivables (Note 5)				
BNC	(₱50,297)	₱–	On demand; non-interest bearing	Unsecured, no guarantee
URHI	–	3,006	On demand; non-interest bearing	Unsecured, no guarantee
UNC	(1,126)	14,824	On demand; non-interest bearing	Unsecured, no guarantee
Entities with significant influence over the Group				
Receivables (Note 5)				
Alakor	(8)	–	On demand; non-interest bearing	Unsecured, no guarantee
	(₱51,431)	₱17,830		

Entities with significant influence over the Group				
Loans (Note 16)				
SMIC	₱1,053,222	₱5,204,104	Interest-bearing; 5.37%; repriceable at the option of the lender at prevailing market rates	Unsecured, no guarantee
APHC	93,870	463,843	Interest-bearing; 5.37%; repriceable at the option of the lender at prevailing market rates	Unsecured, no guarantee
Alakor	23,140	114,340	Interest-bearing; 5.37%; repriceable at the option of the lender at prevailing market rates	Unsecured, no guarantee
	₱1,170,232	₱5,782,287		

a. Compensation of key management personnel

The Group considers all senior officers as key management personnel.

	2021	2020	2019
Short-term benefits	**₱95,360**	₱64,666	₱69,844
Retirement benefits	**4,055**	558	6,985
	₱99,415	₱65,224	₱76,829

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, 2021, 2020 and 2019:

	2021		2020		2019	
	Retirement benefits liability	**Retirement benefits costs**	Retirement benefits liability	Retirement benefits costs	Retirement benefits liability	Retirement benefits costs
Parent Company	**₱10,691**	**₱1,819**	₱10,209	₱1,479	₱7,385	₱1,537
CCC	**552,351**	**71,927**	544,081	65,244	474,845	51,024
	₱563,042	**₱73,746**	₱554,290	₱66,723	₱482,230	₱52,561

The movements in remeasurement gain on retirement benefits liability, net of tax, of the Parent Company and CCC are as follows:

	2021	2020
Balances at beginning of year	**₱53,438**	₱94,069
Effect of CREATE Act	**3,817**	–
Actuarial gains (losses):		
Financial assumptions	**66,471**	(47,094)
Experience adjustments	**(11,656)**	7,743
	54,815	(39,351)
Cumulative translation adjustment	**(7,764)**	(1,280)
Remeasurement gain on retirement benefits liability - net of tax	**₱104,306**	₱53,438

Parent Company Retirement Benefits Liability

The details of retirement benefits cost follow:

	2021	2020	2019
Current service cost (Note 22)	**₱1,433**	₱1,117	₱1,073
Interest cost (Note 26)	**386**	362	464
	₱1,819	₱1,479	₱1,537

The movements in the present value of the retirement benefits liability are as follows:

	2021	2020	2019
Balances at beginning of year	**₱10,209**	₱7,385	₱8,940
Current service cost (Note 22)	**1,433**	1,117	1,073
Interest cost (Note 26)	**386**	362	464
Actuarial losses (gains):			
Financial assumptions	**(1,525)**	1,165	1,688
Experience adjustments	**188**	180	(501)
Demographic assumptions	**–**	–	375
Benefits paid	**–**	–	(4,654)
Balances at end of year	**₱10,691**	₱10,209	₱7,385

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:

	2021	2020	2019
Discount rate	**5.09%**	3.78%	4.90%
Expected rate of salary increase	**5.00%**	5.00%	5.00%
Turnover rate	**17% at age 18 decreasing to 0% at age 60**	17% at age 18 decreasing to 0% at age 60	17% at age 18 decreasing to 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)	**2021**	2020
Discount rates	+1%	**(₱9,712)**	(₱1,048)
	-1%	**11,823**	1,221
Salary increase rate	+1%	**₱11,871**	₱1,250

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, 2021 and 2020:

	2021	2020
Less than one year	**₱–**	₱–
More than one year to five years	**10,136**	–
More than five years to 10 years	**1,674**	10,331
More than 10 years to 15 years	**–**	1,699
More than 15 years to 20 years	**36,867**	28,648
More than 20 years	**5,097**	4,663
	₱53,774	₱45,341

The average duration of the defined retirement benefits liability as at December 31, 2021 and 2020 is 14.9 years and 15.23 years, respectively.

CCC Retirement Benefits Liability
The details of retirement benefits costs follow:

	2021	2020	2019
Current service cost (Note 22)	**₱51,758**	₱44,509	₱33,452
Interest cost (Note 26)	**20,169**	20,735	17,572
	₱71,927	₱65,244	₱51,024

The movements in present value of the retirement benefits liability are as follows:

	2021	2020	2019
Balances at beginning of year	**₱544,081**	₱474,845	₱299,367
Current service cost (Note 22)	**51,758**	44,509	33,452
Interest cost (Note 26)	**20,169**	20,735	17,572
Actuarial losses (gains):			
Experience adjustments	**15,352**	(11,242)	11,495
Demographic assumptions	**–**	–	–
Financial assumptions	**(87,102)**	66,112	141,558
Benefits paid	**(30,227)**	(25,261)	(13,525)
Cumulative translation adjustment	**38,320**	(25,617)	(15,074)
Balances at end of year	**₱552,351**	₱544,081	₱474,845

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:

	2021	2020	2019
Discount rate	**5.14%**	3.96%	5.01%
Expected rate of salary increase	**6.00%**	6.00%	6.00%
Turnover rate	**9% at age 18 decreasing to 0% at age 65**	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)	2021	2020
Discount rates	+1%	**(₱58,298)**	(₱65,571)
	-1%	**70,168**	79,746
Salaries increased rates	+1%	**₱71,310**	₱79,875

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, 2021 and 2020:

	2021	2020
Less than one year	**₱18,663**	₱14,578
More than one year to five years	**89,943**	84,063
More than five years to 10 years	**262,493**	238,566
More than 10 years to 15 years	**391,733**	356,658
More than 15 years to 20 years	**556,184**	519,487
More than 20 years	**1,829,998**	1,673,376
	₱3,149,014	₱2,886,728

The average duration of the defined retirement benefits liability as at December 31, 2021 and 2020 is 21.26 years and 21.15 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:

	2021	2020	2019
Current	**₱1,039,115**	₱134,439	₱109,302
Effect of CREATE Act	**(33,344)**	–	–
Deferred	**(441,733)**	861,237	606,481
	₱564,038	₱995,676	₱715,783

The provision for current income tax pertains to the RCIT and MCIT in 2021 and MCIT in 2020 and 2019.

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 2021 and 2020, 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:

	2021	2020
Allowance for impairment losses on:		
Provision for inventory obsolescence	**₱316,239**	₱316,239
Unrealized foreign exchange losses	**211**	273,835
Carry-forward benefits of:		
NOLCO	**53,976**	102,856
MCIT	**90**	191
Provision for expected credit loss	**37,251**	37,246
Retirement benefits liability	**10,683**	8,864
Allowance for impairment losses on quoted equity instrument	**2,867**	2,867
Allowance for impairment of input VAT	**54**	41
	₱421,371	₱742,139

The components of deferred tax liabilities of the Parent Company as at December 31, 2021 and 2020 are as follows:

	2021	2020
Recognized directly in profit or loss		
Deferred tax liability:		
Mining rights	**₱1,824,871**	₱2,277,256
Unrealized foreign exchange gains	**805**	2,860
Effect of PFRS 16	**123**	116
	1,825,799	2,280,232
Recognized in other comprehensive income		
Revaluation increment on land	**106,739**	128,087
Remeasurement gain on retirement benefits liability	**4,900**	5,482
	111,639	133,569
Deferred tax liabilities	**₱1,937,438**	₱2,413,801

CCC

The components of deferred tax assets of CCC as at December 31, 2021 and 2020:

	2021	2020
Recognized directly in profit or loss		
Deferred tax assets:		
Unrealized foreign exchange losses	**₱346,494**	₱532,810
Excess of MCIT over RCIT	–	358,950
NOLCO	–	161,570
Provision for impairment losses:		
Property, plant and equipment	–	146,929
Input VAT	**86,913**	104,295

(Forward)

	2021	2020
Inventory obsolescence	**₱80,070**	₱96,691
Expected credit loss	**8,461**	10,154
Retirement benefits liability	**84,277**	92,361
Unrealized loss on hedging transactions	–	66,114
Liability for mine rehabilitation	**17,485**	22,256
	623,700	1,592,130
Deferred tax liabilities:		
Unrealized foreign exchange gains	**289,823**	945,071
Unrealized gain on hedging transactions	**12,839**	–
	302,662	945,071
Recognized in other comprehensive income		
Remeasurement loss (gain) on retirement benefits liability	**(39,072)**	62,926
Cumulative translation adjustments	**224,697**	122,159
	185,625	185,085
Deferred tax assets	**₱506,663**	₱832,144

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, 2021, the Group has NOLCO before taxable year 2020 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
2018	2019-2021	1,164,878	577,212	49,098	538,568	–
		₱1,218,360	₱577,212	₱49,098	₱538,568	₱53,482

As of December 31, 2021, 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, 2021, the Group's MCIT that can be claimed as deduction against future taxable liabilities are as follows:

Year incurred	Available until	MCIT
2021	2024	₱4
2020	2023	₱19
2019	2022	67
		₱90

Movements in MCIT are as follows:

	2021	2020
MCIT:		
Beginning of year	**₱359,142**	₱296,257
Additions	**4**	133,378
Application	**(358,951)**	–
Expirations	**(105)**	(70,493)
End of year	**₱90**	₱359,142

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:

	2021	2020	2019
Provision for (benefit from) income tax at statutory income tax rates	**₱1,106,405**	₱776,681	₱45,179
Additions to (reductions in) income tax resulting from:			
Cumulative translation adjustments	**(659,454)**	(299,081)	103,257
Income exempt from income tax	**(576,270)**	(719,999)	(98,444)
Nondeductible expenses	**419,591**	754,440	186,636
Application of MCIT	**358,951**	–	–
Application NOLCO	**134,642**	777,308	405,679
Depletion of mining rights	**(74,473)**	(69,773)	(59,746)
Movements on unrecognized deferred tax assets	**(67,946)**	(435,494)	(112,154)
Equity in net earnings in an associate	**(55,501)**	(33,641)	(24,070)
Effect of CREATE Act	**(33,344)**	–	–
Expired NOLCO	**12,274**	48,146	128,553
Interest income subjected to final tax and others	**(946)**	(6,054)	(20,108)
Expired MCIT	**105**	69,764	51,947
Excess MCIT over RCIT	**4**	133,379	109,049
Effect of adoption of PFRS 16	**–**	–	5
	₱564,038	₱995,676	₱715,783

<u>"Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE" Bill</u>

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 would have been subjected to lower minimum corporate income tax rate of 1% effective July 1, 2020.

- This will result 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 will be recognized in the 2021 financial statements.

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.

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:

	2021	2020	2019
Cash in banks (Note 4)	**₱802**	₱1,286	₱1,972
Short-term investments (Note 4)	**691**	14,566	62,129
Investment in pooled funds – SMIC (Note 8)	**1,419**	2,023	244
Other noncurrent assets (Note 13)	**873**	2,133	4,481
	₱3,785	₱20,008	₱68,826

Finance charges consists of:

	2021	2020	2019
Interest expense on loans and long-term debts and other interest-bearing liabilities (Note 16)	**₱1,098,678**	₱1,543,366	₱1,648,520
Amortization of debt issue cost (Note 16)	**120,254**	306,643	596,566
Interest cost on retirement benefits liability (Note 24)	**20,555**	21,097	18,036
Interest on trust receipts (Note 14)	–	–	1,910
Accretion of interest on liability for mine rehabilitation cost (Note 17)	**1,913**	787	558
Lease liability (Note 15)	**366**	156	323
	₱1,241,766	₱1,872,049	₱2,265,913

The Group capitalized borrowing costs amounting to ₱3,155, ₱44,155 and ₱103,839 in 2021, 2020 and 2019, 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:

	2021	2020	2019
Loss on retirement of property and equipment (Note 9)	**₱90,587**	₱691	₱1,019
Unrealized fair value gain on investment in pooled funds (Note 8)	**(1,313)**	(395)	(1,241)
Impairment losses on input VAT (Note 13)	**20**	160,341	–
Provision for (reversal of) impairment losses on property, plant and equipment (Note 9)	**(534,472)**	538,151	–
Gain on loan restructuring – net (Note 16)	–	(362,129)	–
Miscellaneous	**(31,205)**	45,223	70,807
	(₱476,383)	₱381,882	₱70,585

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.

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	**₱32,847,418**	**₱165,923**	**₱33,013,341**	**(₱5,423,838)**	**₱27,589,503**
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

2019:	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	₱16,162,945	₱–	₱16,162,945	₱–	₱16,162,945
Cost of sales	₱12,021,027	₱–	₱12,021,027	₱–	₱12,021,027
General and administrative expenses	1,173,633	63,887	1,237,520	–	1,237,520
Mine tax/royalties/business tax	653,678	–	653,678	–	653,678
Depletion of mining rights	–	–	–	199,152	199,152
Operating income (loss)	2,314,607	(63,887)	2,250,720	(199,152)	2,051,568
Depreciation, amortization and depletion	3,780,716	3,161	3,783,877	199,152	3,983,029
Other income (charges)	–	–	–	80,232	80,232
EBITDA	₱6,095,323	(₱60,726)	₱6,034,597	₱80,232	₱6,114,829
Segment results					
Income before income tax	₱326,645	₱18,598	₱345,243	(₱194,646)	₱150,597
Provision for income tax	(774,037)	(1,492)	(775,529)	59,746	(715,783)
Net income (loss)	(₱447,392)	₱17,106	(₱430,286)	(₱134,900)	(₱565,186)
Assets					
Total assets	₱54,527,687	₱19,572,827	₱74,100,514	₱1,516,818	₱75,617,332
Investments	–	25,801,934	25,801,934	(25,575,745)	226,189
Goodwill	–	–	–	19,026,119	19,026,119
Mining rights	–	–	–	7,790,806	7,790,806
Liabilities					
Total liabilities	₱44,971,234	₱175,135	₱45,146,369	(₱3,884,199)	₱41,262,170
Other segment information					
Depreciation, amortization and depletion	3,780,716	3,161	3,783,877	199,152	3,983,029
Finance charges	2,265,126	787	2,265,913	–	2,265,913

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, 2021, 2020 and 2019:

	2021	2020	2019
EBITDA	**₱9,772,791**	₱8,918,919	₱6,114,829
Less:			
Depreciation, depletion and amortization (see Notes 9 and 10)	**4,370,925**	4,664,433	3,983,029
Finance charges (see Note 26)	**1,241,766**	1,872,049	2,265,913
Provisions for (benefit from) income tax (see Note 25)	**564,038**	995,676	715,783
Others	**(265,523)**	1,269,068	(284,710)
	5,911,206	8,801,226	6,680,015
Net income (loss)	**₱3,861,585**	₱117,693	(₱565,186)

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.

Reconciliaton of segment income before tax:

	2021	2020	2019
Total segment net income before tax	**₱4,703,110**	₱1,334,611	₱345,242
Depletion of mining rights (Note 10)	**(297,892)**	(232,577)	(199,152)
Share in net income (loss) of associates (Note 12)	**222,005**	112,135	80,233
Dividend income (Note 12)	**(201,600)**	(100,800)	(75,726)
Combined segment net income (loss) before tax	**₱4,425,623**	₱1,113,369	₱150,597

Reconciliaton of segment assets:

	2021	2020	2019
Total segment assets	**₱66,204,730**	₱67,038,348	₱74,100,514
Receivables	**(137,155)**	(55,664)	(125,352)
Goodwill (Note 10)	**19,026,119**	19,026,119	19,026,119
Property, plant and equipment at cost	**(551,596)**	(551,596)	(551,596)
Mining rights (Note 10)	**7,260,337**	7,558,229	7,790,806
Deferred tax assets	**–**	–	1,017,467
Quoted equity instrument	**(4,916)**	(4,629)	(4,881)
Investments in shares of stocks	**(25,801,934)**	(25,801,934)	(25,801,934)
Investment in associates (Note 12)	**257,929**	237,524	226,189
Other noncurrent assets	**(60,000)**	(60,000)	(60,000)
Combined segment assets	**₱66,193,514**	₱67,386,397	₱75,617,332

Reconciliaton of segment liabilities:

	2021	2020	2019
Total segment liabilities	**₱33,013,341**	₱38,734,509	₱45,146,369
Accounts payable, contract liability and accrued liabilities	**(1,291)**	(1,178)	(1,277)
Payable to related parties	**(7,247,418)**	(7,247,418)	(7,247,418)
Deferred tax liabilities	**1,824,871**	2,277,256	3,364,496
Combined segment liabilities	**₱27,589,503**	₱33,763,169	₱41,262,170

Revenues of the Group, through CCC, are from MRI, TTSA and Mitsui are covered by Pricing Agreements.

	2021	2020	2019
TTSA	**₱16,027,087**	₱8,543,017	₱6,894,930
Mitsui	**1,910,496**	5,823,119	929,463
IXM SA	**–**	1,609,166	–
Trafigura	**–**	1,089,996	–
MRI	**–**	443,902	8,338,552
	₱17,937,583	₱17,509,200	₱16,162,945

29. Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed as follows:

	2021	2020	2019
Net income (loss)	**₱3,861,585**	₱117,693	(₱565,186)
Divided by basic weighted average number of common shares outstanding (in thousands)	**3,557,533**	3,557,533	3,557,533
	₱1.0855	₱0.0331	(₱0.1589)

Diluted earnings (loss) per share is computed as follows:

	2021	2020	2019
Net income (loss)	**₱3,861,585**	₱117,693	(₱565,186)
Divided by basic weighted average number of common shares outstanding (in thousands)	**3,557,553**	3,557,553	3,557,553
	₱1.0855	₱0.0331	(₱0.1589)

Reconciliation of the weighted average number of common shares outstanding (in thousands) used in computing basic and diluted earnings per share as follows:

	2021	2020	2019
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 authotization 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 desposits 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.

<u>Market Risk</u>
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, 2021 and 2020, foreign currency-denominated assets and liabilities follow:

	2021		2020	
	Original Currency	**Peso Equivalent**	Original Currency	Peso Equivalent
Assets				
Cash in banks	**US$11,581**	**₱590,641**	US$18,562	₱891,390
	JP¥1	**1**	JP¥10	5
	GB£177	**12,205**	GB£187	12,213
Short-term investments	**US$5,561**	**283,600**	US$5,549	266,481
Receivables	**US$28,466**	**1,451,762**	US$42,397	2,036,055
	JP¥5	**2**	JP¥5	2
	US$45,608	**₱2,326,003**	US$66,508	₱3,193,926
	GB£177	**₱12,205**	GB£187	₱12,213
	JP¥6	**₱3**	JP¥15	₱7
Liabilities				
Accounts payable, contract liabilities and accrued expenses	**US$10,803**	**₱550,932**	US$24,093	₱1,157,032
	AU$8	**278**	AU$701	25,793
	EU€17	**977**	EU€314	18,497
Long-term debts	**US$407,706**	**20,792,623**	US$405,373	19,467,212
Bank loans	**US$–**	**–**	US$130,000	6,242,990
	US$418,509	**₱21,343,555**	US$559,466	₱26,867,234
	AU$8	**₱278**	AU$701	₱25,793
	EU€17	**₱977**	EU€314	₱18,497
Net liabilities in US$	**US$372,901**	**₱19,017,552**	US$492,958	₱23,673,308
Net assets in GB£	**GB£177**	**₱12,205**	GB£187	₱12,213
Net liabilities in AU$	**AU$8**	**₱278**	AU$701	₱25,793
Net liabilities in JP¥	**(JP¥6)**	**(₱3)**	(JP¥15)	(₱7)
Net liabilities in EU€	**EU€17**	**₱977**	EU€314	₱18,497

As at December 31, 2021 and 2020, foreign exchange closing rates used in converting foreign currency-denominated assets and liabilities are as follows:

	2021	2020
US$	**50.999**	48.023
AU$	**37.070**	36.397
JP¥	**0.444**	0.463
EU€	**57.854**	58.690
GB£	**68.917**	64.623

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:

	2021		2020	
	Peso Strengthens	**Peso Weakens**	Peso Strengthens	Peso Weakens
US$	**₱0.31**	**₱0.88**	₱0.41	₱0.11

Sensitivity of the Group's pre-tax income to foreign currency risks are as follows:

Year ended December 31, 2021:
- An increase of ₱113,735 in the pre-tax income if peso strengthens by ₱0.31 against the US$.
- A decrease of ₱326,288 in the pre-tax income if peso weakens by ₱0.88 against the US$.

Year ended December 31, 2020:
- An increase of ₱203,497 in the pre-tax income if peso strengthens by ₱0.41 against the US$.
- A decrease of ₱54,797 in the pre-tax income if peso weakens by ₱0.11 against the US$.

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 2021 and 2020 follows:

December 31, 2021:

Change in Copper Prices	**Effect on Income Before Income Tax**
Increase by 3%	**₱527,597**
Decrease by 3%	**(527,597)**

December 31, 2020:

Change in Copper Prices	Effect on Income Before Income Tax
Increase by 5%	₱72,216
Decrease by 5%	(72,216)

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, 2021 and 2020, the Group only had two and five 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.

	2021	2020
Cash in banks	**₱870,616**	₱1,190,654
Short-term investments	**283,600**	266,481
Receivables		
Trade	**2,013**	594,127
Nontrade	**90,538**	194,970
Interest	**150**	38
Advances to		
Related parties	**17,830**	17,830
Officers and employees	**14,510**	8,739
Other current asset		
Investment in pooled funds	**378,574**	143,659
Other noncurrent assets		
Investment in unit investment trust fund	**28,699**	26,972
Refundable deposits	**3,169**	3,113
	₱1,689,699	₱2,446,583

Credit Quality Per Class of Financial Assets
The credit quality by class of asset for the Group's financial assets as at December 31, 2021 and 2020 based on credit rating system follows:

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**

December 31, 2020

	Neither Past due nor impaired High Grade	Past Due But Not Impaired	Impaired	Total
Cash in banks	₱1,190,654	₱–	₱–	₱1,190,654
Short-term investments	266,481	–	–	266,481
Receivables				
Trade	594,127	–	–	594,127
Nontrade	–	121,579	73,391	194,970
Interest	38	–	–	38
Advances to				
Related parties	–	17,830	–	17,830
Officers and employees	–	8,739	–	8,739
Other current asset				
Investment in pooled funds	143,659	–	–	143,659
Other noncurrent asset				
Investment in unit investment trust fund	26,972	–	–	26,972
Refundable deposits	3,113	–	–	3,113
	₱2,225,044	₱148,148	₱73,391	₱2,446,583

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.
- Quoted equity instrument is assessed as impaired since the Group no longer expects future benefits from the said equity instrument.
- 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 2021 and 2020, majority of the Group's copper production were sold to two and five customers, respectively. 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 for the remaining 5% and the other customer has no credit risk exposure as the shipments are fully paid in advance before these are loaded into the vessel.

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, 2021 and 2020 follow:

The aging analyses and maturity profile of the Group's financial assets and liabilities are as follow:

December 31, 2021

	On demand	Within one year	1 to < 3 years	> 3 years	Total
Financial assets:					
Cash in banks	**₱870,616**	**₱–**	**₱–**	**₱–**	**₱ 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**
Financial liabilities:					
Accounts payable, contact liabilities and accued liabilities*	**₱–**	**₱1,914,026**	**₱–**	**₱–**	**₱1,914,026**
Bank loans	**–**	**–**	**–**	**–**	**–**
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**
	₱1,033,992	**(₱5,768,586)**	**(₱11,725,001)**	**(₱6,514,853)**	**(₱22,974,448)**

***Excluding government payables*

December 31, 2020

	On demand	one year	years	> 3 years	Total
Financial assets:					
Cash in banks	₱1,190,654	₱–	₱–	₱–	₱1,190,654
Cash on hand	14,507	–	–	–	14,507
Short-term investments	–	266,481	–	–	266,481
Receivables					
Trade		594,127	–	–	594,127
Nontrade	194,970	–	–	–	194,970
Interest	–	38	–	–	38
Advances to					
Related parties	17,830	–	–	–	17,830
Officers and employees	8,739	–	–	–	8,739
Other current asset					
Investment in pooled funds	–	143,659	–	–	143,659
Other noncurrent assets					
Investment in unit investment trust fund	–	–	–	26,972	26,972
Refundable deposits	–	–	–	3,113	3,113
	₱1,426,700	₱1,004,305	₱–	₱30,085	₱2,461,090

Financial liabilities:					
Accounts payable, contact liabilities and accued liabilities*	₱–	₱2,699,329	₱–	₱–	₱2,699,329
Bank loans	–	6,242,990	–	–	6,242,990
Other current liability	–	1,798,878	–	–	1,798,878
Long-term debt and other interest-bearing liabilities	–	194,445	134,252	19,467,212	19,795,909
Derivative liability	–	59,308	–	–	59,308
Lease liability	–	782	–	–	782
		10,995,732	134,252	19,467,212	30,597,196
	₱1,426,700	(₱9,991,427)	(₱134,252)	(₱19,437,127)	(₱28,136,106)

***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	
	2021	2020	**2021**	2020
Financial Liabilities				
Long-term debts and other interest-bearing liabilities:				
CBC	**₱8,841,676**	₱–	**₱8,837,643**	₱–
BDO	**6,361,593**	13,686,677	**6,497,273**	13,926,670
SMIC	**5,526,604**	5,204,104	**5,526,604**	5,204,104
APHC	**–**	463,843	**–**	463,843
BDO Leasing	**134,286**	326,945	**134,285**	330,035
Alakor Corporation	**–**	114,340	**–**	114,340
	₱20,864,159	₱19,795,909	**₱20,995,805**	₱20,038,992

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 oustanding 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 liabilties 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, 2021

	Level 1	**Level 2**	**Level 3**	**Total**
Assets measured at fair value:				
Trade receivables	**₱–**	**₱2,013**	**₱–**	**₱2,013**
Investment in pooled funds	**378,574**	**–**	**–**	**378,574**
Investment in unit investment trust fund	**28,699**	**–**	**–**	**28,699**
Total	**₱407,273**	**₱2,013**	**₱–**	**₱409,286**
Liability for which fair values are disclosed:				
Long-term debts and other interest-bearing liabilities	**–**	**–**	**(20,995,805)**	**(20,995,805)**
Total	**₱–**	**₱–**	**(₱20,995,805)**	**(₱20,995,805)**

December 31, 2020

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Trade receivables	₱–	₱594,127	₱–	₱594,127
Investment in pooled funds	143,659	–	–	143,659
Investment in unit investment trust fund	26,971	–	–	26,971
Total	₱170,630	₱594,127	₱–	₱764,757
Liability for which fair values are disclosed:				
Long-term debt and other interest-bearing liabilities	–	–	(20,038,992)	(20,038,992)
Total	₱–	₱–	(₱20,038,992)	(₱20,038,992)

There were no transfers between levels of fair value measurement as at December 31, 2021 and 2020.

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 2021 and 2020.

The table below summarizes the total capital considered by the Group:

	2021	2020
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**	298,869
Remeasurement gain on retirement benefits liability (Note 24)	**104,306**	53,438
Cumulative translation adjustments	**2,141,888**	1,094,906
Retained earnings (Note 18)	**17,692,199**	13,830,614
Cost of 1,980,000 treasury shares held by a subsidiary	**(23,267)**	(23,267)
	₱38,604,011	₱33,623,228

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 the Company.

Total utilities expense related to the said power agreements amounted to ₱2,284,452, ₱2,073,390 and ₱2,470,814 in 2021, 2020 and 2019, respectively. Related accrued expenses amounted to ₱28,321 and ₱62,523 as at December 31, 2021 and 2020, respectively.

Waste Stripping Services Agreement
A contract for lease was executed between Galeo Equipment and Mining Company, Inc. (Galeo) and the Company 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, the Company 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, the Company 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 2021, 2020 and 2019, respectively.

Fuel and Lubricants Supply Agreements
In May 2016, the Company signed a new four-year supply agreement with Pilipinas Shell Petroleum Corporation for the purchase of fuel at established pricing formulas. The Company’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 ₱994,642, ₱895,310 and ₱1,215,882 in 2021, 2020 and 2019, respectively. Accrued expenses amounted to ₱9,266 and ₱49 as at December 31, 2021 and 2020, 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 2021, 2020 and 2019.

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 April 29, 2021, a new five-year CBA (the 2021 CBA) was executed by the Company and the Union commencing on May 1, 2021 until April 30, 2026.

Consignment Agreements
Orica Philippines, Inc.
The Company 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.
The Company 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. The renewal of the agreement is still being considered subject to further negotiations on the price.

Synchrotek Corporation
The Company renewed its consignment contract with Synchrotek Corporation for the supply of filters, lubricants and other heavy equipment parts. The contract expired on July 21, 2021 and the consignment agreement was not renewed.

Le Price International Corporation
The Company 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 being evaluated subject to an acceptable pricing mechanism to be reviewed by the parties involed.

Morse Hydraulics
The Company 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 an evaluation of the pricing mechanism acceptable to the Parties.

Atlas Copco Phils.
The Company 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 the Company executed with Epiroc Philippines, Inc.

Maxima Machineries, Inc.
The Company 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.

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 2021 and 2020, actual spent and commitment totaled ₱132,696 and ₱129,937, respectively.

The Company has a five-year SDMP in compliance with DENR Administrative Order 96-40, as amended. The Company 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 2021, 2020 and 2019.

35. Supplemental Disclosure to Consolidated Statements of Cash Flows

The following table summarizes the changes in liabilities arising from financing activities:

		Cash flows		**Effect of**		
	January 1, 2021	**Availments**	**Payments**	**exchange rate changes**	**Others**	**December 31, 2021**
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**

		Cash flows		Effect of		
	January 1, 2020	Availments	Payments	exchange rate changes	Others	December 31, 2020
Bank loans	₱8,607,950	₱–	(₱1,920,920)	(₱444,040)	₱–	₱6,242,990
Long-term debts and other interest-bearing liabilities	23,162,987	–	(2,220,811)	(840,876)	(305,391)	19,795,909
Principal portion of lease liability	2,942	–	(2,160)	–	–	782
	₱31,773,879	₱–	(₱4,143,891)	(₱1,284,916)	(₱305,391)	₱26,039,681

The other non-cash activities of the Group pertain to the amortization of debt issue cost on its long-term debts and recognition of lease liability and related interest expense under PFRS 16 in 2021.

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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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this form 17-A, and have issued our report thereon dated March 4, 2022. 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

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. 8854391, January 3, 2022, Makati City

March 4, 2022

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Building a better working world

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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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 4, 2022. 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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
Tax Identification No. 102-100-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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PTR No. 8854391, January 3, 2022, Makati City

March 4, 2022

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
TABLE OF CONTENTS
DECEMBER 31, 2021

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

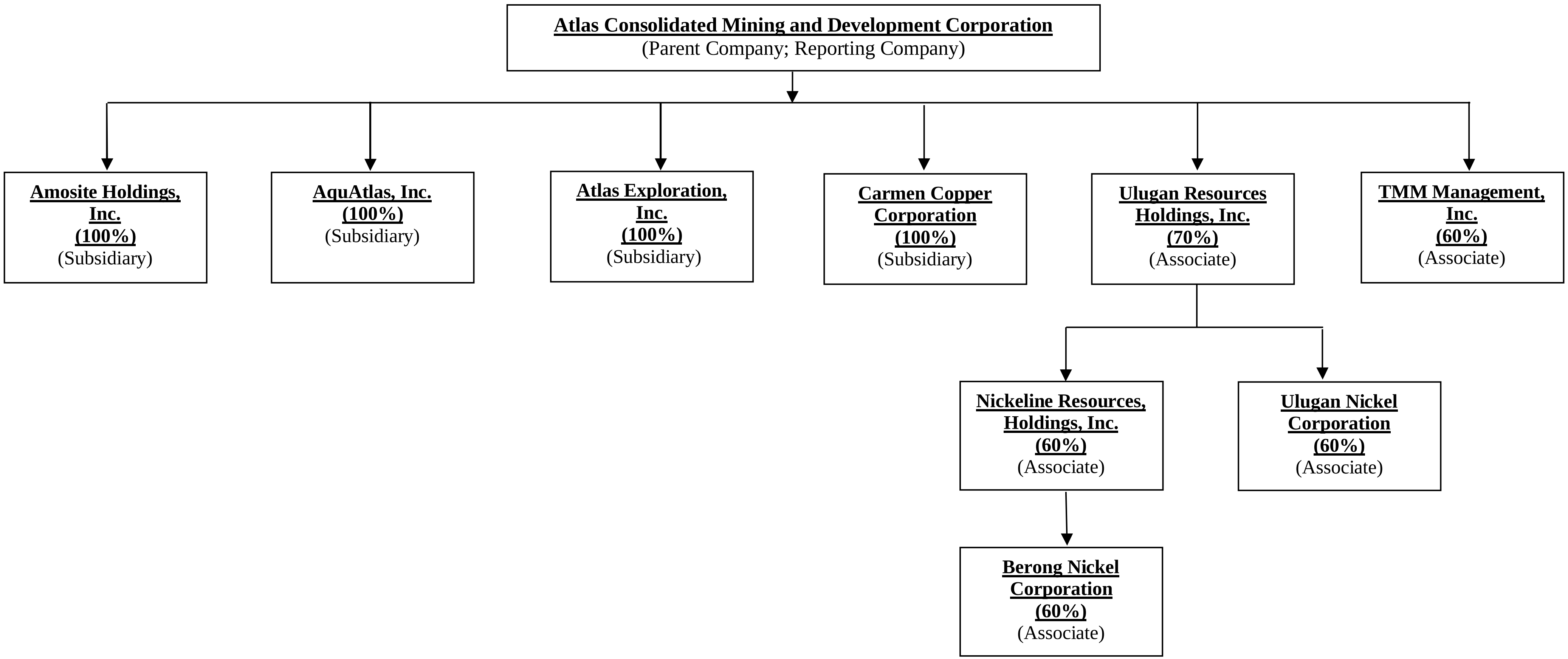
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED DECEMBER 31, 2021

Ratio	Formula		Current Year	Prior Year
Current Ratio	Total Current Assets divided by Total Current Liabilities		0.54	0.33
	Total Current Assets	3,671,713		
	Divide by: Total Current Liabilities	6,739,856		
	Current Ratio	0.54		
Acid test ratio	Quick assets *(Total Current Assets less Inventories and Other Current Assets)* divided by Total Current Liabilities		0.20	0.25
	Total Current Assets	3,671,713		
	Less: Inventories	1,590,248		
	Other current assets	756,438		
	Quick assets	1,325,027		
	Divide by: Total Current Liabilities	6,739,856		
	Acid test ratio	0.20		
Solvency ratio	Net Income After Tax Plus Depreciation, Amortization and Depletion divided by Total Liabilities		0.31	0.14
	Net Income After Tax	3,861,586		
	Add: Depreciation, Amortization and Depletion	4,668,818		
	Net Income After Tax, Depreciation, Amortization and Depletion	8,530,404		
	Divide by: Total Liabilities	27,589,503		
	Solvency ratio	0.31		
Debt-to-equity ratio	Total Liabilities divided by Total Equity *(Excluding Cumulative Translation Adjustment and Treasury Shares)*		0.76	1.04
	Total Liabilities	27,589,503		
	Divide by: Total Equity			
	Total Equity	38,604,011		
	Less: Cumulative translation adjustment	2,141,888		
	Add: Treasury Shares	23,267		
	Subtotal	36,485,390		
	Debt-to-equity ratio	0.76		

Ratio	Formula		Current Year	Prior Year
Asset-to-equity ratio	Total Assets divided by Total Equity *(Excluding Cumulative Translation Adjustment and Treasury Shares)*		1.81	2.07
	Total Assets	66,193,514		
	Divide by: Total Equity			
	Total Equity	38,604,011		
	Less: Cumulative transltion adjustment	2,141,888		
	Add: Treasury Shares	23,267		
	Subtotal	36,485,390		
	Asset-to-equity ratio	1.81		
Interest rate coverage ratio	Earnings Before Interest and Taxes divided by Interest Expense		4.56	1.59
	Net Income Before Tax	4,425,632		
	Add: Finance Charges	1,241,766		
	Earnings Before Interest and Taxes	5,667,389		
	Divide by: Finance Charges	1,241,766		
	Interest rate coverage ratio	4.56		
Return on equity	Net Income After Tax divided by Total Equity *(Excluding Cumulative Translation adjustment and Treasury Shares)*		11.19%	-0.36%
	Net Income After Tax	3,861,586		
	Divide by: Average Total Equity			
	Equity at beginning of the year	32,551,589		
	Equity at end of the year	36,485,390		
	Average Total Equity	34,518,490		
	Return on equity	11.19%		
Return on assets	Net Income After Tax divided by Total Assets		5.78%	0.16%
	Net Income After Tax	3,861,586		
	Divide by: Average Total Assets			
	Assets at beginning of the year	67,386,397		
	Assets at end of the year	66,193,514		
	Average Total Assets	66,789,955		
	Return on assets	5.78%		
Net profit margin	Net Income After Tax divided by Total Revenue		21.53%	0.67%
	Net Income After Tax	3,861,586		
	Divide: Total Revenue	17,937,583		
	Net profit margin	21.53%		

Ratio	Formula		Current Year	Prior Year
Operating profit margin	Net Income Before Tax divided by Total Revenue		24.6%	6.36%
	Net Income Before Tax	4,425,623		
	Divide: Total Revenue	17,937,583		
	Net profit margin	24.6%		
Gross profit margin	Gross Profit Tax *(Total Revenues less Cost of Sales)* divided by Total Revenue		40.75%	35.68%
	Total Revenues	17,937,583		
	Less: Cost of Sales (Mining and Milling Costs)	10,627,219		
	Gross Profit	7,310,364		
	Divide: Total Revenue	17,937,583		
	Net profit margin	40.75%		

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, 2021



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, 2021
(Amounts in thousands)

Unappropriated Retained Earnings, beginning		₱530,324
Adjustment for treasury shares		(23,267)
Unappropriated Retained Earnings, as adjusted, beginning		₱507,057
Add: Net income actually earned/realized during the period		
Net income (loss) during the period closed to Retained Earnings	₱ 145,928	
Less: Non-actual/unrealized income net of tax	(5,535)	
Equity in net income of associate/joint venture	(222,005)	
Unrealized foreign exchange gain - net (except those attributable to Cash)	(270)	
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	(81,882)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS - loss	–	
Unrealized actuarial loss	(1,002)	
Loss on fair value adjustment of investment property (after tax)	–	
Subtotal	(1,002)	
Add (Less):		
Dividend declarations during the period	–	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Treasury shares	–	
Subtotal	(₱–)	(82,884)
Unappropriated Retained Earnings, as adjusted, ending		₱424,173

SCHEDULE A

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
FINANCIAL ASSETS
DECEMBER 31, 2021

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	–	₱870,616	₱870,616	₱785
Short-term investments	–	283,600	283,600	316
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	–
Investment in pooled funds	62,515	378,574	378,574	1,419
Quoted equity instrument	2,100	–	–	–
Investment in unit investment trust fund	N/A	28,699	28,699	–
Refundable deposits	–	3,169	3,169	–

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, 2021

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written-off	Current	Not Current	Balance at end period
CCC	(₱7,296,595,889)	(₱81,615,534)	₱–	₱–	(₱7,378,211,423)	₱–	(₱7,378,211,423)
AEI	105,579,511	75,130	–	–	105,654,641	–	105,654,641
AI	32,050,997	86,118	–	–	32,137,115	–	32,137,115
AHI	(1,751,218)	77,775	–	–	(1,673,443)	–	(1,673,443)

SCHEDULE D

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2021

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
Banco De Oro Unibank, Inc. –*Term Loan*	₱–	₱ 163,196,800	₱ 6,198,396,638	5.37%	13	March 16, 2024
SM Investments Corporation – *Term Loan*	–	–	5,526,604,316	5.37%	31	March 21, 2024
China Banking Corporation		2,294,955,000	6,546,721,405	3.75%		November 18, 2026
BDO Leasing & Finance, Inc. – *Leasing*	–	134,285,459	–			
Anglo Philippine Holdings Corporation – *Term Loan*	–	–	–	5.37%	31	March 21, 2024
Alakor Corporation – *Term Loan*	–	–	–	5.37%	31	March 21, 2024

SCHEDULE E

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2021

Name of Related Party	Balance at beginning of period	Balance at end of period
SM Investments Corporation	₱5,204,104,376	₱5,526,604,316
Anglo Philippine Holdings Corporation	463,843,465	–
Alakor Corporation	114,339,617	–

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.

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

NOT APPLICABLE

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CAPITAL STOCK
DECEMBER 31, 2021

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, 2021, total shares issued and outstanding is 2,087,032,774 held by 20,707 shareholders.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding 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	2,087,032,774	–	1,237,657,396	133,036,753	716,338,625

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	1	1	5	A	

COMPANY NAME

ATLAS CONSOLIDATED MINING AND
DEVELOPMENT CORPORATION

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

Five E-Com Center, Palm Coast
Avenue corner Pacific Drive, M
all of Asia Complex (1300), Pa
say City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
ir@atlasmining.com.ph	(632) 8403-0813 loc. 25001	09178048194

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
20,699	06/14	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Fernando A. Rimando	farimando@atlasmining.com.ph	(632) 8403-0813 loc 25005	N/A

CONTACT PERSON's ADDRESS

**Five E-com Center, Palm Coast Avenue corner Pacific Drive,
Mall of Asia Complex, Pasay City**

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

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

ATLAS Mining

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Atlas Consolidated Mining and Development Corporation is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the 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 Company 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.

Alfredo C. Ramos
Chairman of the Board

Adrian Paulino S. Ramos
President

Fernando A. Rimando
Vice President /Chief Finance Officer

Signed this 14 day of Mar 2022

Atlas Consolidated Mining and Development Corporation
P-502 and P-503,
5F Five E-Com Center,
Palm Coast Ave corner Pacific Drive,
Mall of Asia, Pasay City
Tel +632 831-8000 loc 25001
www.atlasmining.com.ph

ATLAS Mining

SUBSCRIBED AND SWORN to before me, this 17 MAR 2022 day of March 2022 at ________________, affiant with Taxpayer Identification Numbers as follows:

Name	Tax Identification Number
Alfredo C. Ramos	132-017-513
Adrian Paulino S. Ramos	188-355-989
Fernando A. Rimando	101-647-461

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA

Doc. No. 271
Page No. 56
Book No. IX
Series of 2022

Atlas Consolidated Mining
and Development Corporation
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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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Atlas Consolidated Mining and Development Corporation (the Company), which comprise the parent company statements of financial position as at December 31, 2021 and 2020, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended 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 Parent Company Financial Statements* section of our report. We are independent of the Company 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 parent company 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.

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Company'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 Company'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 parent company 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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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.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 27 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Atlas Consolidated Mining and Development Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
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PTR No. 8854391, January 3, 2022, Makati City

March 4, 2022

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱20,451**	₱19,417
Short-term investments (Note 4)	**112,343**	105,519
Receivables (Note 5)	**153,139**	254,071
Other current assets (Note 6)	**380,069**	145,325
Total Current Assets	**666,002**	524,332
Noncurrent Assets		
Investments (Note 7)	**25,801,934**	25,801,934
Property and equipment (Note 8)		
At revalued amount	**430,286**	430,286
At cost	**10,944**	1,643
Other noncurrent assets (Note 10)	**57,116**	55,682
Total Noncurrent Assets	**26,300,280**	26,289,545
TOTAL ASSETS	**₱26,966,282**	₱26,813,877
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses and other liabilities (Note 11)	**₱32,347**	₱29,346
Lease liability – current (Note 12)	**2,556**	782
Payables to related parties (Note 15)	**7,244,440**	7,244,518
Total Current Liabilities	**7,279,343**	7,274,646
Noncurrent Liabilities		
Lease liability – net of current portion (Note 12)	**7,506**	–
Retirement benefits liability (Note 18)	**10,691**	10,209
Deferred tax liabilities (Note 19)	**112,567**	136,546
Total Noncurrent Liabilities	**130,764**	146,755
Total Liabilities	**7,410,107**	7,421,401
Equity		
Capital stock (Note 13)	**3,559,533**	3,559,533
Additional paid-in capital (APIC; Note 13)	**19,650,936**	19,650,936
Subscriptions receivable (Note 13)	**(4,841,801)**	(4,841,801)
Revaluation increment on land (Note 8)	**320,217**	298,869
Remeasurement gain on retirement benefits liability (Note 18)	**14,700**	18,277
Retained earnings	**852,590**	706,662
Total Equity	**19,556,175**	19,392,476
TOTAL LIABILITIES AND EQUITY	**₱26,966,282**	₱26,813,877

See accompanying Notes to Parent Company Financial Statement.

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31	
	2021	2020
INCOME		
Dividend income (Note 7)	**₱201,600**	₱100,800
Foreign exchange gains (losses) – net	**6,594**	(17,093)
Interest income (Notes 4 and 6)	**1,811**	3,408
Unrealized fair value gain on investment in pooled funds (Note 6)	**1,313**	395
Others	**412**	1,028
	211,730	88,538
EXPENSES		
General and administrative expenses (Note 16)	**72,590**	57,535
Finance charges (Notes 12 and 18)	**752**	518
Provision for expected credit losses (Note 5)	**5**	7,888
	73,347	65,941
INCOME BEFORE INCOME TAX	**138,383**	22,597
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 19)		
Current	**(4)**	(21)
Effect of CREATE Act	**565**	–
Deferred	**6,984**	2,921
	7,545	2,900
NET INCOME	**145,928**	25,497
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on retirement plan (Note 18)	**(3,510)**	(941)
TOTAL COMPREHENSIVE INCOME	**₱142,418**	₱24,556
INCOME PER SHARE (Note 21)		
Basic and diluted loss per share	**₱0.0410**	₱0.0072

See accompanying Notes to Parent Company Financial Statement.

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in Thousands, Except Par Value per Share)

	Capital stock (Note 13)	Additional paid-in capital (Note 13)	Subscriptions receivable (Note 13)	Revaluation increment on land (Note 8)	Remeasurement gain on retirement benefits liability (Note 18)	Unrealized gain on available for sale financial assets	Retained earnings	Total
Balances at January 1, 2020	₱3,559,533	₱19,650,936	(₱4,841,801)	₱298,869	₱19,218	–	₱681,165	₱19,367,920
Net income	–	–	–	–	–	–	25,497	25,497
Other comprehensive loss	–	–	–	–	(941)	–	–	(941)
Total comprehensive income (loss)	–	–	–	–	(941)	–	25,497	24,556
Balances at December 31, 2020	3,559,533	19,650,936	(4,841,801)	298,869	18,277	–	706,662	19,392,476
Effect of change in tax rate	–	–	–	21,348	(67)	–	–	21,281
Net income	–	–	–	–	–	–	145,928	145,928
Other comprehensive loss	–	–	–	–	(3,510)	–	–	(3,510)
Total comprehensive income (loss)	–	–	–	–	(3,510)	–	145,928	142,418
Balances at December 31, 2021	**₱3,559,533**	**₱19,650,936**	**(₱4,841,801)**	**₱320,217**	**₱14,700**	**₱–**	**₱852,590**	**₱19,556,175**

See accompanying Notes to Parent Company Financial Statement.

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31	
	2021	2020
OPERATING ACTIVITIES		
Income before income tax	**₱138,383**	₱22,597
Adjustments for:		
Net unrealized foreign exchange losses (gains)	**(6,533)**	15,078
Depreciation (Note 8)	**2,552**	2,411
Interest income (Notes 4 and 6)	**(1,811)**	(3,408)
Movement in retirement benefits liability (Note 18)	**1,433**	1,117
Unrealized fair value gain on investment in pooled funds (Note 6)	**(1,313)**	(395)
Finance charges (Notes 12 and 18)	**752**	518
Gain on disposal of property and equipment (Note 8)	**–**	(375)
Operating income before working capital changes	**133,463**	37,543
Decrease (increase) in:		
Receivables	**101,036**	25,971
Other current assets	**(234,187)**	(61,140)
Increase in accrued expenses and other liabilities	**3,000**	4,644
Net cash flows from operations	**3,312**	7,018
Interest received	**1,707**	3,489
Income taxes paid	**(4)**	(74)
Net cash flows from operating activities	**5,015**	10,433
INVESTING ACTIVITIES		
Increase in:		
Short-term investments	**(272)**	(1,246)
Other noncurrent assets	**(1,434)**	(1,129)
Proceeds from disposal and retirement of property and equipment (Note 8)	**12**	375
Acquisitions of property and equipment (Note 8)	**(351)**	(123)
Net cash flows used in investing activities	**(2,045)**	(2,123)
FINANCING ACTIVITIES		
Decrease in payable to related parties (Notes 15 and 26)	**(78)**	(104)
Payment of principal portion of lease liabilities (Notes 12 and 26)	**(1,839)**	(2,316)
Net cash flows used in financing activities	**(1,917)**	(2,420)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**(19)**	(1,411)
NET INCREASE (DECREASE) IN CASH	**1,034**	4,479
CASH AT BEGINNING OF YEAR	**19,417**	14,938
CASH AT END OF YEAR (Note 4)	**₱20,451**	₱19,417

See accompanying Notes to Parent Company Financial Statement.

1. Corporate Information, Business Operations and Authorization for the Issuance of the Parent Company Financial Statements

Corporate Information

Atlas Consolidated Mining and Development Corporation (the 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 (AOI) to reflect the present corporate name and to extend its corporate life up to March 2035. The registered business address of the Company is Five E-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City.

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

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

A major restructuring of the 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 Company incorporated its 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 Company.

Business Operations

The Company has control of CCC, AEI, AI and AHI as at December 31, 2021 and 2020.

The Company has no geographical segments as these entities were incorporated and are operating within the Philippines.

The table below contains the details of the Company's equity interest in its subsidiaries and a description of the nature of the business of each subsidiary as at December 31, 2021 and 2020:

	Nature of Business	Percentage of Ownership	
		2021	2020
Subsidiaries			
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	Incorporated in the Philippines on October 17, 2006 to hold assets for investment purposes	**100%**	100%
CCC	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 2021, 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 ₱74 in 2021 and has cumulative capital deficiency of ₱108,685 as at December 31, 2021.

b. *AI*
In 2021, AI continued to explore and assess the feasibility of projects involving the bulk supply of potable water from the Company's Malubog Dam. AI incurred a net loss of ₱86 in 2021 and has cumulative capital deficiency of ₱32,345 as at December 31, 2021.

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 ₱78 in 2021 and has cumulative deficit of ₱3,365 as at December 31, 2021.

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

On May 5, 2006, the Company entered into an Operating Agreement with CCC ('the Operating Agreement') respecting the terms of the assignment by the 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 Company upon 30 days prior written notice. Pursuant to the Operating Agreement, the Board of Directors (BOD) approved the waiver of its entitlement to receive from CCC, royalties due from operations from 2006 to 2031 for 25 years.

The Executive Committees of the Company and CCC, during a joint meeting held on February 3, 2015, approved the set off of (i) amounts withdrawn from the collection account of CCC with BDO Unibank, Inc. (BDO), which was established under the December 2010 Omnibus Loan and Security Agreement between CCC and BDO, to fund the debt service reserve account of the Company in respect of the United States Dollar (US$)-denominated loan facility debt availed by the Company on July 25, 2011 amounting to of US$75.0 million (BDO Facility) against (ii) fees receivable by the Company from CCC pursuant to the Operating Agreement (the Netting Arrangement). Under the terms of the approval, the Netting Arrangement shall be applied retroactively to cover the relevant balances as at December 31, 2014.

Continuing Evolvement of COVID-19 Pandemic
As the COVID-19 pandemic continues to evolve, the government is implementing additional measures to address the resulting public health issues and the economic impact.

The Company assessed that they are not expected to be impacted by developments and measures taken after the end of the reporting period. The Company continues to monitor the COVID-19 pandemic situation and will take further action, as necessary.

Authorization for the Issuance of the Parent Company Financial Statements
The parent company financial statements as at and for the years ended December 31, 2021 and 2020 were authorized for issuance by the Company's BOD on March 4, 2022.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation
The parent company's financial statements have been prepared on a historical cost basis, except for certain parcels of land, which are carried at revalued amounts, and investment in pooled funds which have been measured at fair value. The parent company's financial statements are presented in Philippine Peso, which is the presentation currency under Philippine Financial Reporting Standards (PFRSs). All values are rounded to the nearest thousands (₱000), except number of shares, loss per share data, and as otherwise indicated.

Statement of Compliance
The parent company's financial statements have been prepared in accordance with PFRSs.

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 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Company adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:

  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The Company adopted the amendments beginning January 1, 2021.

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

Effective beginning on or after January 1, 2022

- 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 amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *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 amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Company.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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 by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

- 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.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

- 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.

- 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 Company.

- 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 Company.

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - 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, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

  The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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 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 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.

<u>Summary of Significant Accounting Policies</u>

<u>Presentation of Parent Company Financial Statements</u>
The Company elected to present all items of recognized income and expense in a single parent company statement of comprehensive income.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the parent company statement of financial position based on current or noncurrent 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 purpose of trading
- Expected to be realized within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

Deferred tax liabilities are classified as noncurrent liabilities.

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. Short-term investments with maturities of more than 12 months after the reporting period are presented under noncurrent assets and earn interest at the respective short-term investment rates.

Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The Company initially measures a financial asset at its fair value plus, in the case of a fair value through profit or loss, transaction costs. 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 payment of principal and interest on the principal amount outstanding. This assessment is referred to as the solely payments of principal and interest test and is performed at an instrument level.

The Company'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 Company 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)
- 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 air value through profit or loss

Financial Assets at Amortized Cost (Debt Instruments)
This category is the most relevant to the Company. The Company 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 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 parent company statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include short-term investments, nontrade receivables, advances to related parties, and advances to officers and employees under receivables, and refundable security deposits under other noncurrent 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 parent company statement of financial position at fair value with net changes in fair value recognized in profit or loss in the parent company statement of comprehensive income.

This category includes the quoted equity instrument of the Company.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the parent company statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement.

In that case, the Company 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 Company 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 Company could be required to repay.

Impairment of Financial Assets
The Company 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 Company expects to receive, discounted at an approximation of the original effective interest rate. 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 loss). 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 loss).

For any other financial assets carried at amortized cost (which are due in more than 12 months), the expected credit loss is based on the 12-month expected credit loss. The 12-month expected credit loss 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 loss. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company 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 Company's historical experience and informed credit assessment including forward-looking information.

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

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 Company 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 in 2021 and 2020, respectively.

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 Company's financial liabilities include payables and loans and borrowings.

Subsequent Measurement

Payables and Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the effective interest rate 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 method. The effective interest rate amortization is included as finance costs in the statements of comprehensive income. This category generally applies to the Company's accounts payable and accrued liabilities, bank loans, and payables to related parties.

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 parent company statement of comprehensive income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the parent company 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 Company 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 Company and all of the counterparties.

Fair Value Measurement
The Company measures financial instruments, such as quoted equity instruments, 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
Land	Note 8
Quoted equity instrument	Note 9
Financial instruments	Note 22

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 Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic 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 Company 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 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 parent company financial statements on a recurring basis, the Company 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 Company 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.

Investments in Subsidiaries and Associates
The Company's investments in subsidiaries and associates are accounted for under the cost method less any impairment losses. A subsidiary is an entity in which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company controls an investee, if and only if, the Company has all of the following:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of the Company's returns

An associate is an entity in which the Company has a significant influence and which is neither a subsidiary nor a joint venture. 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.

Under the cost method, the investments in subsidiaries and associates are carried in the parent company statement of financial position at cost less any impairment in value. The Company recognizes income from the investments only to the extent that it receives distributions from accumulated profits of the subsidiaries and associates arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction in the cost of the investment.

Advances to subsidiaries and associates granted by the Company are in the nature of cash advances or expenses paid by the Company on behalf of its subsidiaries and associates. These are based on normal credit terms, unsecured, interest-free and are recognized and carried at original amounts advanced.

Other Current Assets
Other current assets pertain to other resources controlled by the Company as a result of past events. 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 Company within 12 months from the financial reporting date. 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 parent company statement of financial position.

Deposits to Suppliers
Deposits 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 parent company 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 parent company statement of comprehensive income under “Net unrealized gain (loss) in 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 parent company statement of comprehensive income using the EIR method. Investment in pooled funds are investment of extra cash holdings to maximize earnings. The pooling of funds is facilitated by SM Investments Corp. (SMIC) to provide a better return to the cash investments.

Other Noncurrent Assets
Other noncurrent assets are composed of input value-added tax (VAT), deferred mine exploration costs, long-term advances and refundable deposits.

Input VAT
Input VAT represents VAT imposed on the Company by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations. The input VAT is recognized as an asset and will be used to offset against the Company’s current output VAT liabilities and any excess may be claimed as tax credits. Input VAT is stated at cost less allowance for 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

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to the parent company statement of comprehensive income as incurred, unless the Company 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 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.

Property and Equipment

Items of property and equipment, except land, are carried at cost less accumulated depreciation, and any impairment in value. Land is carried at revalued amounts less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been placed into operation, such as repairs and maintenance costs, are normally recognized in parent company statements of comprehensive income in the period in which they are incurred.

When property and equipment are sold or retired, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in parent company statement comprehensive income. The office equipment, furniture and fixtures, computer software, transportation equipment and laboratory equipment are depreciated or amortized using the straight-line method over the estimated useful life of five years. Leasehold improvements are amortized over the estimated useful life of five years or the lease term, whichever is shorter.

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation 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.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 parent company statement of comprehensive income in the year the asset is derecognized.

The property and equipment's useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each end of the reporting period.

Land is 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 parent company 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.

It is the Company's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Company's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the statement of financial position. The Company 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 Company 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.

Impairment of Nonfinancial Assets

Property and Equipment

Property and equipment, except land, 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's 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. Impairment losses are recognized in the parent company 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 parent company 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 depreciation) had no impairment loss been recognized for that asset in prior periods.

Other Nonfinancial Assets

The Company 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 Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease other nonfinancial assets.

Leases

The Company 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 – Company as a Lessee
At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company 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 Company 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 Company 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.

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

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

Deferred Tax
Deferred tax is provided using the balance sheet liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amount 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.

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 the 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 income 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 income taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the parent company statement of comprehensive income is recognized outside the parent company statement of comprehensive income. 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company'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 APIC
The Company has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

Subscriptions Receivable
Subscriptions receivable represent outstanding receivables from stock subscription agreements. The Company may present the subscriptions 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.

Foreign Currency-denominated Transactions
Transactions in foreign currencies are initially recorded by the Company 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 profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of 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 profit or loss. 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. The gain or loss on translation of non-monetary items measured at fair value of the item i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss, is recognized in other comprehensive income, or profit or loss, respectively.

Retained Earnings
The amount included in retained earnings includes profit (loss) attributable to the Company's equity holders and dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when these are approved by the 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 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.

Operating Segments
For management purposes, the Company 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 basis upon which the Company reports its primary segment information. Financial information on business segments is presented in Note 20.

Earnings Per Share
Basic earnings per share amount is calculated by dividing net income for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amount is calculated by dividing the net profit attributable to ordinary equity holders of the Company (after deducting interest on the convertible cumulative preference shares) by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the parent company financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively.

Revenue from Contracts with Customers
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 Company expects to be entitled in exchange for those goods or services.

As at December 31, 2021, the Company has assessed that it does not have revenue streams involving contracts with customers.

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

Others
Revenue is recognized in the parent company statement of comprehensive income as these are earned.

Costs and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depreciation of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are generally recognized in the parent company statement of comprehensive income when the services are used or the expenses are incurred.

General and Administrative Expenses
General and administrative expenses consist of costs associated with the expense incurred in the direction and general administration of day-to-day operations of the Parent Company. These are generally recognized when the service is incurred or the related expense arises.

<u>Provisions</u>
General
Provisions, if any, are recognized when the Company 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 interest expense.

Where the Company 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 parent company statement of comprehensive income, net of any reimbursement.

<u>Employee Benefits</u>
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any).

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 parent company 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 parent company 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 parent company statement of comprehensive income in subsequent periods. Remeasurements recognized in other comprehensive income after the initial adoption of Revised PAS 19, *Employee Benefits* are not closed to any other equity account.

The Company'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 reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Contingencies</u>
Contingent liabilities are not recognized in the parent company 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 parent company financial statements but are disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the parent company 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 parent company financial statements.

<u>Events after the End of the Reporting Period</u>
Events after the end of the reporting period that provide additional information about the Company's position at the end of the reporting period (adjusting events) are reflected in the parent company 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 parent company financial statements in accordance with PFRSs requires the Company to exercise judgment, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures and the disclosure of the 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 parent company financial statements as these 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 Company's exposure to risks and uncertainties include financial risk management objectives and policies, sensitivity analyses disclosures and capital management (see Notes 23 and 24).

Judgments

In the process of applying the Company's accounting policies, management has made following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements.

Determination of Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, functional currency has been determined to be the Philippine Peso. The Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the income, and general and administrative expense of the Company.

Assessing Existence of Significant Influence

In assessing whether significant influence still exists, the Company 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, 2021 and 2020, the Company assessed that it has significant influence over the associates and has accounted for the investments as investments in associates. The Company 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 7).

Determination of Control

Where the Company does not have majority of the voting interest over an investee, it considers all relevant facts and circumstances in assessing whether it has control over the investee. This may include a contractual arrangement with the other voting shareholders of the investee or rights arising from other contractual arrangements which give power to the Company over the investee to affect its returns.

The Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Management assessed that the Company has control on all of its wholly owned subsidiaries.

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 (see Note 2). The Parent Company 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 Company 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 Parent Company'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.

Definition of Default and Credit Impaired Financial Assets

The Company 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 Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

The criteria above have been applied to all financial instruments held by the Company 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 company'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 Company 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 Company 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 Company'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 Company'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 Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments one year past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company 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 Company 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, the date that the Company 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 Company considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Company 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 tolls 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-months 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 Company'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 Company 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 Company 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 Company 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 Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Company 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 Company 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 Company considers macro-economic factors such as local gross domestic product growth rates, inflation rates 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 Company 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 Company considers in its collective assessment the type of counterparties and its geographical location.

Determination of Lease Term of Contracts with Renewal and Termination Options –Company as a Lessee
The Company 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 Company 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 options for leases of office and parking space are not included as part of the lease term because the Company might relocate depending on the decision of the stockholders and BOD. 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.

Operating Lease Commitments – Company as a Lessor
The Company has entered into property and equipment leases. The Company has determined that it retained all the significant risks and rewards of ownership of these properties which are being leased as operating leases.

Determination of Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates
Upon adoption of the Interpretation, the Company has assessed whether it has any uncertain tax treatments. The Company applies significant judgement in identifying uncertainties over its income tax treatments. The Company assessed whether the Interpretation had an impact on its financial statements. The Company 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 parent company financial statements.

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 the Incremental Borrowing Rate – Leases
The Company 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 Company 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 Company '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 Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Company's lease liability amounted to ₱10,062 and ₱782 as at December 31, 2021 and 2020, respectively (see Note 12).

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 Company 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.

Allowance for expected credit losses on receivables amounted to ₱37,252 and ₱37,247 as at December 31, 2021 and 2020, respectively (see Note 5). Receivables, net of allowance for expected credit losses, amounted to ₱153,139 and ₱254,071 as at December 31, 2021 and 2020, respectively (see Note 5).

Estimating Allowance for Impairment on Materials and Supplies Inventory
The Company 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.

Material and supplies inventory amounted to ₱316,239 as at December 31, 2021 and 2020, have been fully provided with allowance for impairment loss.

Determination of the 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 used the market data approach in determining the appraised value of land. As at December 31, 2021 and 2020, the fair value of the land amounted to ₱430,286 based on the latest valuation obtained in 2015 (see Note 8).

Estimating Recoverability of Deferred Mine Exploration Costs
The application of the Company'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 mine explorations costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the parent company statement of comprehensive income in the period when the new information becomes available.

The Company 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.

In 2021 and 2020, there was no impairment loss on the Company's deferred mine exploration costs. Deferred mine exploration costs amounted to ₱16,707 as at December 31, 2021 and 2020 (see Note 10).

Estimating Impairment of Investments
PFRSs require that an impairment review be performed when certain impairment indicators are present. Determining the fair value of investments, which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such asset, requires the Company to make estimates and assumptions that can materially affect its parent company financial statements. Future events could cause the Company to conclude that the investment is impaired. Any resulting impairment loss could have a material adverse impact on the parent company statement of financial position and parent company statement of comprehensive income. Management has determined that there are no events or circumstances that may indicate that the carrying amount of the investment is not recoverable as at December 31, 2021 and 2020: thus, no impairment loss was recognized for the years then ended.

The Company's investments amounted to ₱25,801,934 as at December 31, 2021 and 2020 (see Note 7).

Estimating Impairment of Input VAT
The Company 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 Company to assess the status of its application for refund and tax credit certificates with government agencies.

In 2021 and 2020, no allowance for impairment loss on input VAT was recognized. The Company's input VAT amounted to ₱36,064 and ₱34,630 as at December 31, 2021 and 2020, respectively (see Note 10).

Estimating Retirement Benefits Cost
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. 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 retirement benefits 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 18.

Retirement benefits costs amounted to ₱1,819 and ₱1,479 in 2021 and 2020, respectively (see Note 18). Retirement benefits liability amounted to ₱10,691 and ₱10,209 as at December 31, 2021 and 2020, respectively (see Note 18).

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 Company's defense in these matters and is based upon an analysis of potential results. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company'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 parent company financial statements. Accordingly, no provision for probable losses arising from contingencies was recognized by the Company in 2021 and 2020 (see Note 25).

Estimating Realizability of Deferred Tax Assets
The Company reviews the carrying amounts of deferred tax assets at the end of the reporting period and reduces the amounts 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, 2021 and 2020, the Company has deductible temporary differences, NOLCO and excess MCIT totaling to ₱420,463 and ₱741,465, respectively (see Note 19), for which no deferred tax assets were recognized because management believes that the Company will not be able to realize in the future the carry forward benefits of NOLCO, excess MCIT and deductible temporary difference prior to their expiration.

4. Cash and Short-term Investments

	2021	2020
Cash on hand	**₱10**	₱11
Cash in banks	**20,441**	19,406
	₱20,451	₱19,417

Interest income from cash in banks amounted to ₱17 and ₱30 in 2021 and 2020, respectively. Cash in banks are not restricted and considered as free cash.

Short-term Investments
A portion of the Parent Company's funds was placed in time deposit accounts with various maturity periods reckoned from the date of placement. Such deposits amounting to ₱112,343 and ₱105,519 as at December 31, 2021 and 2020, respectively, are classified as short-term investments in the statement of financial position. Interest income earned from short-term investments amounted to ₱375 and ₱1,355 in 2021 and 2020, respectively.

5. Receivables

	2021	2020
Nontrade	**₱36,448**	₱137,451
Interest	**130**	26

(Forward)

	2021	2020
Advances to:		
Related parties (Note 15)	**150,972**	150,812
Officers and employees	**2,841**	3,029
	190,391	291,318
Less allowance for expected credit losses	**37,252**	37,247
	₱153,139	₱254,071

Nontrade receivables comprise mainly of dividend receivables and advances to third parties arising from nontrade transactions. Interest receivable pertains to earned interest from short-term investments which are still outstanding as at the reporting date.

The terms and conditions of advances to related parties are presented in Note 15. Advances to officers and employees are non-interest bearing and are subject to salary deduction.

Provision for expected credit losses amounting to ₱5 and ₱7,888 were recognized in 2021 and 2020, respectively, related to receivables which were considered credit-impaired.

6. **Other Current Assets**

	2021	2020
Investment in pooled funds – SMIC	**₱378,574**	₱143,659
Deposits to suppliers	**925**	771
Prepayments	**535**	878
Creditable withholding taxes	**35**	17
	₱380,069	₱145,325

In 2021, the Parent Company invested in pooled funds for the purpose of earning interest and gains from the changes in the fair value of such funds. The Parent Company recognized interest income amounting to ₱1,419 and ₱2,023 in 2021 and 2020, respectively. Investment in pooled funds is an investment of extra cash holdings to maximize earnings. The pooling of funds is facilitated by SMIC to provide a better return to the cash investments. Change in the fair value of investment in pooled funds amounting to ₱1,313 and ₱395 in 2021 and 2020, respectively, is reported as unrealized gain in the statement of comprehensive income.

Deposit to suppliers pertain to deposits made in connection with the mobility and security of delivery of goods and services.

Prepayments consist mainly of prepaid insurance and rent.

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.

7. Investments

The Company's investments as at December 31, 2021 and 2020 consist of:

Subsidiaries:	
CCC	₱25,717,272
AHI	80,012
AEI	2,500
AI	100
	25,799,884
Associates:	
Ulugan Resources Holdings, Inc. (URHI)	1,750
TMM Management, Inc. (TMMI)	300
	2,050
	₱25,801,934

The Company recognized dividend income from BNC amounting to ₱201,600 and ₱100,800 in 2021 and 2020, respectively.

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 Company 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 Company, 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 Mineral Production Sharing Agreement 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 Company 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 Company deconsolidated the above entities in 2014.

As at December 31, 2021 and 2020, the percentage of ownership of investment in associates are as follows:

Company	Percentage of ownership	Principal activities
TMMI	60.00%	Management services
URHI	70.00%	Holding company
Ulugan Nickel Corporation (UNC)	42.00%	Mining
Nickeline Resources Holdings, Inc.	42.00%	Holding company
BNC	25.20%	Mining

As at December 31, 2021 and 2020, the movements in the investments in associates account are as follows:

	2021	2020
Balances at beginning of year	**₱237,524**	₱226,189
Accumulated equity:		
Share in net income	**222,005**	112,135
Dividend income	**(201,600)**	(100,800)
Balances at end of year	**₱257,929**	₱237,524

The associates prepare financial statements for the same financial reporting period as the Company.

Summarized financial information of the investments in associates as at December 31, 2021 and 2020, which are accounted for under the cost method, are as follows:

	2021	2020
Current assets	**₱641,214**	₱856,014
Noncurrent assets	**272,985**	283,001
Total assets	**914,199**	1,139,015
Current liabilities	**324,866**	704,861
Noncurrent liabilities	**124,183**	33,250
Total liabilities	**449,049**	738,111
Net assets	**₱465,150**	₱400,904
Net income	**₱1,631,500**	₱832,010
Other comprehensive income	**748**	1,344
Total comprehensive income	**₱1,632,248**	₱833,354

8. **Property and Equipment – net**

December 31, 2021

	At Cost							
	Office Equipment, Furniture and Fixtures	**Computer Software**	**Transportation Equipment**	**Leasehold Improvements**	**Laboratory Equipment**	**Right-of-use Assets** (Note 2)	**Total**	**Land at Revalued Amount**
Revalued amount/cost:								
Balances at beginning of year, as previously reported	**₱2,721**	**₱388**	**₱2,827**	**₱2,763**	**₱354**	**₱4,827**	**₱13,880**	**₱430,286**
Additions	**351**	**–**	**–**	**–**	**–**	**11,514**	**11,865**	**–**
Disposals	**(42)**	**–**	**–**	**–**	**–**	**–**	**(42)**	**–**
Retirement	**–**	**–**	**–**	**–**	**–**	**(4,827)**	**(4,827)**	**–**
Balances at end of year	**3,030**	**388**	**2,827**	**2,763**	**354**	**11,514**	**20,876**	**430,286**
Accumulated depreciation:								
Balances at beginning of year	**2,575**	**388**	**2,827**	**2,433**	**354**	**3,660**	**12,237**	**–**
Depreciation (Note 16)	**95**	**–**	**–**	**330**	**–**	**2,127**	**2,552**	**–**
Disposals	**(30)**	**–**	**–**	**–**	**–**	**–**	**(30)**	**–**
Retirement	**–**	**–**	**–**	**–**	**–**	**(4,827)**	**(4,827)**	
Balances at end of year	**2,640**	**388**	**2,827**	**2,763**	**354**	**960**	**9,932**	**–**
Net book values	**₱390**	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,554**	**₱10,944**	**₱430,286**

December 31, 2020

	At Cost							
	Office Equipment, Furniture and Fixtures	Computer Software	Transportation Equipment	Leasehold Improvements	Laboratory Equipment	Right-of-use Assets (Note 2)	Total	Land at Revalued Amount
Revalued amount/cost:								
Balances at beginning of year, as previously reported	₱4,714	₱388	₱3,692	₱2,763	₱459	₱4,827	₱16,843	₱430,286
Additions	123	–	–	–	–	–	123	–
Disposals	–	–	(865)	–	–	–	(865)	–
Retirement	(2,116)	–	–	–	(105)	–	(2,221)	–
Balances at end of year	2,721	388	2,827	2,763	354	4,827	13,880	430,286
Accumulated depreciation:								
Balances at beginning of year	4,649	380	3,692	1,864	459	1,868	12,912	–
Depreciation (Note 16)	42	8	–	569	–	1,792	2,411	–
Disposals	–	–	(865)	–	–	–	(865)	–
Retirement	(2,116)	–	–	–	(105)	–	(2,221)	
Balances at end of year	2,575	388	2,827	2,433	354	3,660	12,237	–
Net book values	₱146	₱–	₱–	₱330	₱–	₱1,167	₱1,643	₱430,286

Fully Depreciated Property and Equipment

As at December 31, 2021 and 2020, the cost of fully depreciated property and equipment still being used in the operations amounted to ₱6,308 and ₱6,020, respectively.

Disposals
In 2021, the Company sold items of property and equipment in 2021 and 2020 with cost amounting to ₱42 and ₱865, respectively and corresponding accumulated depreciation of ₱30 and ₱865, respectively. Proceeds from the said sale of property and equipment in 2021 and 2020 amounted to ₱12 and ₱375 in 2021 and 2020, respectively. The Company recognized gain on disposals of items of property and equipment amounting to nil and ₱375 in 2021 and 2020, respectively.

Revaluation Increment on Land at Revalued Amount
The fair value of the land amounted to ₱430,286 as at December 31, 2021 and 2020 based on the latest valuation obtained in 2015 by the Company. 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 amounting to ₱128,087 (see Note 19). 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 ₱3,330 as at December 31, 2021 and 2020.

9. Quoted Equity Instrument

The Company's quoted equity instrument with original cost of ₱2,867 amounted to nil as at December 31, 2021 and 2020. On January 1, 2019, the cumulative change in fair value of the quoted equity instrument was reclassified to retained earnings as a result of the adoption of PFRS 9. The quoted equity instrument has been fully provided with allowance for impairment loss.

10. Other Noncurrent Assets

This account consists of:

	2021	2020
Input VAT	**₱36,064**	₱34,630
Deferred mine exploration costs	**16,707**	16,707
Advances for Hexagon, Longos and Nesbitan Gold Projects	**4,333**	4,333
Refundable deposits	**12**	12
	₱57,116	₱55,682

Input VAT of the Company normally arises from payments of insurance services, rental, and utilities. No allowance for impairment of input VAT was provided in 2021 and 2020.

Deferred mine exploration costs pertain to field supplies and other costs incurred during evaluation and exploration of projects of the 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. No provision for impairment loss on the deferred mine exploration costs was recognized in 2021 and 2020.

Advances for Hexagon, Longos and Nesbitan Gold Projects pertain to field supplies and other costs incurred during the evaluation and exploration of the said projects.

11. Accrued Expenses and Other Liabilities

This account consists of:

	2021	2020
Nontrade payables	**₱26,975**	₱26,595
Accrued expenses:		
Government payables	**3,827**	1,481
Others	**1,545**	1,270
	₱32,347	₱29,346

Nontrade
These payables pertain to unpaid cash dividends, unclaimed termination benefits of former Company employees before the temporary suspension of operations in prior years, and unpaid utilities. These are non-interest bearing and are normally settled on terms ranging from 30 to 60 days.

Accrued Expenses
As at December 31, 2021 and 2020, the Company's accrued expenses are due within 12 months from the end of the reporting period.

12. Leases

Company as a Lessee
The Company has lease contracts for office and parking spaces used in its operations. The Company's lease of its office and parking spaces generally have a lease term of five years. The Company'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 and variable lease payments, which are further discussed below.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company 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:

	2021	2020
Depreciation expense of right-of-use assets included in property and equipment (Note 8)	**₱2,127**	₱1,792
Expenses relating to leases of low-value assets (included in general and administrative expenses)	**211**	342
Interest expense on lease liabilities	**366**	156
Total amount recognized in statement of income	**₱2,704**	₱2,290

The rollforward analysis of lease liability follows:

	2021	2020
As at January 1	**₱782**	₱2,942
Additions	**10,753**	–
Interest expense	**366**	156
Payments	**(1,839)**	(2,316)
As at December 31	**10,062**	782
Less noncurrent portion	**7,506**	–
	₱2,556	₱782

The Company 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 Company'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:

	2021	2020
One year	**₱2,556**	₱782
More than one year up to five years	**7,506**	–

13. **Equity**

a. Capital Stock

The table below presents the details of the Company's authorized and issued and outstanding capital stock as at December 31:

	2021		2020	
	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

2017

Increase in Authorized Capital Stock (ACS) and Stock Subscriptions

In 2017, the Company's BOD and shareholders approved the increase in the Company's ACS 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 AOI.

In addition, the 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 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	Subscriptions 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 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 APIC, 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 do not have any effect upon the rights of the existing shareholders.

On November 17, 2017, the Philippine SEC approved the Company's application for the increase of its ACS and amendment of its AOI. 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, 2021 and 2020, the Company is compliant with the minimum public float as required by the PSE.

b. Warrant 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 refinancing of the US$300.0 million bonds of CCC as well as the Company's Shareholders' advances to a subordinated loan with warrants.

The Warrants shall be issued by the Company to its major Shareholders or their assigns, among others.

The following are the salient features, terms and conditions, and other relevant information of the Warrant issue:

- The number of warrants to be issued to the 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 volume weighted average price 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 Company's 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 Company, and will at all times rank *pari passu* without preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the 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 Company may, but is not obligated, at any time to purchase the warrants at any price.

- The Company may modify the terms and conditions without the consent of the warrant holders which the 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.

- As at December 31, 2021, no warrant was issued by Company.

Below is the 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, 2021		8,890,000,000	3,559,532,774	₱1.00	₱3,559,533

c. Additional Paid-in Capital

There were no movements in APIC in 2021 and 2020. In 2017, as a result of the equity conversion option from the ₱1.8 billion convertible loans availed by the Company from SMIC, Alakor and APHC, APIC amounting to ₱48,847 was recognized.

Additional paid-in capital amounted to ₱19,650,936 as at December 31, 2021 and 2020. This includes additional paid-in capital amounting to ₱28,886 from 2014 and prior years.

Total APIC amounted to ₱19,650,936 as at December 31, 2021 and 2020.

d. Retained Earnings
There were no dividends declared and paid in 2021 and 2020.

e. Number of Shareholders
As at December 31, 2021 and 2020, the Company has 20,699 and 20,722 shareholders, respectively.

14. Comprehensive Stock Option Plan

On July 18, 2007, the Company's stockholders and BOD approved and ratified the Comprehensive Stock Option Plan for the 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 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 Company's ACS with; 25,000,000 of the underlying shares already been earmarked for the first-tranche optionees as duly approved by the 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 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 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	three 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 2021 and 2020. There are no outstanding stock options as at December 31, 2021 and all options have already lapsed.

15. **Related Party Transactions**

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. The parent company statement of financial position includes the following amounts resulting from the various transactions with related parties:

	2021			
	Amount/ Volume	**Outstanding Balance**	**Terms**	**Conditions**
Receivables (Note 5)				
Subsidiaries				
AEI	**₱74**	**₱101,005**	**On demand; non-interest bearing**	**Unsecured; no guarantee**
AI	**86**	**32,137**	**On demand; non-interest bearing**	**Unsecured, no guarantee**
Associates				
URHI	**–**	**3,006**	**On demand; non-interest bearing**	**Unsecured, no guarantee**
UNC	**–**	**14,824**	**On demand; non-interest bearing**	**Unsecured, no guarantee**
	₱160	**₱150,972**		
Payables				
CCC	**₱–**	**₱7,242,767**	**On demand; non-interest bearing**	**Unsecured, no guarantee**
AHI	**78**	**1,673**	**On demand; non-interest bearing**	**Unsecured, no guarantee**
	₱78	**₱7,244,440**		

	2020			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivables (Note 5)				
Subsidiaries				
AEI	₱105	₱100,931	On demand; non-interest bearing	Unsecured; no guarantee
AI	79	32,051	On demand; non-interest bearing	Unsecured, no guarantee
Associates				
BNC	125,897	–	On demand; non-interest bearing	Unsecured, no guarantee
URHI	–	3,006	On demand; non-interest bearing	Unsecured, no guarantee
UNC	1,126	14,824	On demand; non-interest bearing	Unsecured, no guarantee
	₱127,207	₱150,812		
Payables				
CCC	₱–	₱7,242,766	On demand; non-interest bearing	Unsecured, no guarantee
AHI	113	1,752	On demand; non-interest bearing	Unsecured, no guarantee
	₱113	₱7,244,518		

The Company's related party transactions consist mainly of receivables from and payables to related parties to cover administrative, and operating costs and expenses. These amounts are non-interest bearing, due and demandable, and are expected to be settled in cash.

Compensation of Key Management Personnel
The Company considers all senior officers as key management personnel. The aggregate compensation and benefits related to key management personnel for the years ended December 31, 2021 and 2020 amounted to ₱23,851 and ₱19,180, respectively.

16. General and Administrative Expenses

	2021	2020
Personnel costs (Note 17)	**₱28,490**	₱24,443
Professional and consultancy fees	**23,405**	10,423
Entertainment, amusement and recreation	**8,131**	7,068
Depreciation (Note 8)	**2,552**	2,411
Taxes and licenses	**2,312**	1,963
Regulatory charges	**1,353**	537
Insurance	**1,208**	1,361
Communication, light and water	**1,136**	1,053
Repairs and maintenance	**545**	551
Transportation and travel	**461**	558
Office supplies	**87**	57
Others	**2,910**	7,110
	₱72,590	₱57,535

Others consist mainly of expenses related to the annual stockholders meeting, miscellaneous charges, and membership dues.

17. Personnel Costs

	2021	2020
Salaries and wages	**₱22,679**	₱22,293
Retirement benefits cost (Note 18)	**1,433**	1,117
Other employee benefits	**4,378**	1,033
	₱28,490	₱24,443

Other employee benefits pertain to social security and other mandatory employee contributions, and other employee-related expenses.

18. Retirement Benefits Liability

The Company 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 (RA) 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.

The following tables summarize the components of net retirement benefits costs recognized in the parent company statement of comprehensive income and the amounts recognized in the parent company statement of financial position.

The details of retirement benefits cost are as follows:

	2021	2020
Current service cost (Note 17)	**₱1,433**	₱1,117
Interest cost	**386**	362
	₱1,819	₱1,479

The Company has 14 and 13 regular employees as at December 31, 2021 and 2020, respectively.

The movements in present value of the retirement benefits liability are as follows:

	2021	2020
Balances at beginning of year	**₱10,209**	₱7,385
Current service cost (Note 17)	**1,433**	1,117
Interest cost	**386**	362
Actuarial losses (gains):		
Financial assumptions	**(1,525)**	1,165
Experience adjustments	**188**	180
Benefits paid	**–**	–
Balances at end of year	**₱10,691**	₱10,209

The Company does not have any plan assets.

The movements in remeasurement gain on retirement plan, net of tax, are as follows:

	2021	2020
Balances at beginning of year	**₱18,277**	₱19,218
Other adjustments in remeasurement on retirement plan	**(4,512)**	–
Remeasurement gains (losses) on retirement plan – net of tax	**1,002**	(941)
Effect of CREATE Act	**(67)**	–
Balances at end of year – net of tax	**₱14,700**	₱18,277

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 the Company's retirement benefits plan are shown below:

	2021	2020
Discount rate	**5.09%**	3.78%
Future annual increase in salary	**5.00%**	5.00%
Average expected term of obligation	**10**	9
Turnover rate	**17% at age 18 to 0% at age 60**	17% at age 18 to 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)	**2021**	2020
Discount rates	+1%	**(₱979)**	(₱1,045)
	-1%	**1,132**	1,221
Salary increase rate	+1%	**₱1,180**	₱1,250
	-1%	**(1,036)**	(1,091)

The Company does not expect to contribute to the defined retirement benefits plan in 2021. The 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, 2021 and 2020:

	2021	2020
Less than one year	**₱–**	₱–
More than one year to five years	**10,136**	–
More than five years to 10 years	**1,674**	10,331
More than 10 years to 15 years	**–**	1,699
More than 15 years to 20 years	**36,867**	28,648
More than 20 years	**5,097**	4,663
	₱53,774	₱45,341

The average duration of the expected benefits payments as at December 31, 2021 and 2020 are 14.90 years and 15.23 years, respectively.

19. **Income Taxes**

The components of the provision for income tax are as follows:

	2021	2020
Current	**₱4**	₱21
Effect of CREATE Act – current	**(5)**	–
Effect of CREATE Act – deferred	**(560)**	–
Deferred	**(6,984)**	(2,921)
	(₱7,545)	(₱2,900)

Provision for current income tax in 2021 and 2020 amounting to ₱4 and ₱21, respectively, represents the Company’s MCIT.

The reconciliation between the provision for (benefit from) income tax computed at the statutory income tax rate and the provision for (benefit from) income tax as shown in the parent company statement of comprehensive income follows:

	2021	2020
At statutory income tax rate	**₱34,596**	₱6,779
Additions to (reduction in) income taxes resulting from tax effects of:		
Income exempt from tax	**(50,400)**	(30,240)
Expired NOLCO	**12,155**	48,093
Movement in unrecognized deferred tax assets	**(5,504)**	(45,541)
Nondeductible expenses	**2,672**	18,849
Effect of CREATE Act	**(565)**	–
Income already subjected to final tax	**(453)**	(1,023)
Expired excess MCIT	**104**	234
Effect of PFRS 16	**(77)**	110
Applied NOLCO	**(73)**	(182)
Excess MCIT	**–**	21
	(₱7,545)	(₱2,900)

On September 30, 2020, the BIR issued Revenue Regulations (RR) 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, 2021, the Company has incurred NOLCO before taxable year 2021 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 Expired	NOLCO Applied Current Year	NOLCO Unapplied
2018	2019-2021	₱48,912	₱48,621	₱291	₱–
2019	2020-2022	53,305	–	–	53,305
		₱102,217	₱48,621	₱291	₱53,305

During 2021, there were no application of NOLCO incurred from previous years.

As of December 31, 2021, the Company has not incurred NOLCO in taxable year 2021 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 at December 31, 2021, the Company’s MCIT that can be claimed as deduction against future taxable liabilities are as follows:

Year Incurred	Availment Period	Amount	MCIT Expired	MCIT Unapplied
2018	2019-2021	₱104	₱104	₱–
2019	2020-2022	66	–	66
2020	2021-2023	15	–	15
		₱185	₱104	₱81

During 2021, there were no application of MCIT incurred from previous years.

The Company has the following deductible temporary differences and carryforward benefits of NOLCO and excess MCIT 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.

	2021	2020
Carry-forward benefits of:		
NOLCO	**₱53,305**	₱102,217
MCIT	**81**	191
Allowance for impairment on:		
Inventories	**316,239**	316,239
Receivables	**37,251**	37,246
Quoted equity instrument	**2,867**	2,867
Retirement benefits liability	**10,683**	8,864
Unrealized foreign exchange losses	**211**	273,835
Donation	**6**	6
Total	**₱420,643**	₱741,465

The Company recognized deferred tax liabilities as follows:

	2021	2020
Deferred tax liabilities:		
Revaluation increment on land	**₱106,739**	₱128,087
Retirement benefits liability – other comprehensive income	**4,900**	5,483
Unrealized gain on investment in pooled funds	**737**	–
Unrealized foreign exchange gains	**68**	2,861
Effect of PFRS 16	**123**	115
	₱112,567	₱136,546

The Company did not avail the optional standard deduction in 2021 and 2020.

<u>“Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” Bill</u>

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. 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 Company:

- 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 Php5 million and with total assets not exceeding Php100 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 four to seven years income tax holiday to be followed by 10 years 5% special corporate income tax or enhanced deductions.

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, 2022 continued to be computed and measured using the applicable income tax rates as of December 31, 2022 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Parent Company would have been subjected to lower minimum corporate income tax rate of 1% effective July 1, 2020.

- This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, which will be reflected in the Parent Company’s 2020 annual income tax return but will only be recognized for financial reporting purposes in its 2021 financial statements. Pending clarification from the tax authorities on how the taxable income for the period beginning July 1, 2020 will be computed, the Parent Company has not quantified the impact of the lower corporate income tax rate on the 2021 current income tax.
- This will result in lower deferred tax liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by ₱560. These reductions will be recognized in the 2021 financial statements.

The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event as at December 31, 2020. 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 at December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

20. Segment Information

The Company is only a holding entity and has no other operating segments. The Company also has no geographical segments since its business is located only in the Philippines.

21. Basic/Diluted Loss Per Share

Basic loss per share is computed as follows:

	2021	2020
Net income	**₱145,928**	₱25,497
Divided by basic weighted average number of common shares outstanding (in thousands)	**3,559,533**	3,559,533
	₱0.0410	₱0.0072

As at December 31, 2021 and 2020, the Company has no potentially dilutive common shares.

22. Fair Value of Financial Instruments

As at December 31, 2021 and 2020, the carrying values of the Company's financial assets and financial liabilities approximately their estimated fair value due to short-term nature of the transactions.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash in Banks, Short-term Investments, Receivables, Accrued Expenses and Other Liabilities except Government Payables, and Payables to Related Parties
The carrying values approximate the fair values due to the relatively short-term maturity of these financial instruments.

Quoted Equity Instrument
The fair value of quoted equity instrument is determined by reference to market bid quotes at the end of the reporting period.

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.

23. Financial Risk Management Objectives and Policies

The Company's main financial instruments are cash, short-term investments, receivables and quoted equity instrument. It also has various financial liabilities such as accrued expenses and other liabilities, except government payables, and payables to related parties.

The main risks arising from the Company's financial instruments are foreign currency risk, equity price risk, credit risk and liquidity risk. The BOD reviews and adopts relevant policies for managing each of these risks and they are summarized as follows:

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 Company has foreign currency risk arising from its cash in banks, short-term investments and receivables from related parties. 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.

As at December 31, 2021 and 2020, the Company's foreign currency-denominated assets and liabilities are as follows:

	2021		2020	
	Original Currency	**Peso Equivalent**	Original Currency	Peso Equivalent
Cash in bank	**US$5**	**₱269**	US$7	₱316
Short-term investments	**US$2,203**	**112,343**	US$2,197	105,519
Advances to related parties	**US$–**	**14,824**	US$–	14,824
Total assets in US$	**US$2,208**	**₱127,436**	US$2,204	₱120,659

As at December 31, 2021 and 2020, the foreign exchange closing rates are as follows:

	2021	2020
US$	**₱50.999**	₱48.023

The Company's policy is to maintain foreign currency exposure within acceptable limits. The Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Company is involved. The Company did not seek to hedge the exposure on the change in foreign exchange rates between the US$, and the Philippine peso. The Company believes that active currency hedging would not provide long-term benefits to stockholders.

Sensitivity of the Company's pre-tax income to foreign currency risks are as follows:

Year ended December 31, 2021:
- An increase of ₱1,932 in the pre-tax income if peso weakens by ₱0.88 against the US$.
- A decrease of ₱673 in the pre-tax income if peso strengthens by ₱0.31 against the US$.

Year ended December 31, 2020:
- An increase of ₱127 in the pre-tax income if peso weakens by ₱0.06 against the US$.
- A decrease of ₱1,168 in the pre-tax income if peso strengthens by ₱0.53 against the US$.

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 Company is exposed to equity price risk because of its quoted equity instrument, which is classified as financial asset at fair value through profit or loss. Management believes that the fluctuation in the fair value of quoted equity instrument will not have a significant effect on the parent company 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 Company 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 Company 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 Company's cash in banks and short-term investments is calculated using the general approach.

Other Financial Assets
With respect to credit risk arising from the other financial assets of the Company, which comprise of receivables, investment in pooled funds and refundable security deposits under other noncurrent assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its counterparty credit risk on these assets by dealing only with counterparties with low credit risk. The expected credit loss on the other financial assets of the Company 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 parent company statement of financial position as at December 31, 2021 and 2020. The maximum exposure is shown gross, before the effect of mitigation through use of master netting and collateral agreements.

	2021	2020
Cash in banks	**₱20,441**	₱19,406
Short-term investments	**112,343**	105,519
Receivables		
Nontrade	**36,448**	137,451
Advances to:		
Related parties	**150,972**	150,812
Officers and employees	**2,841**	3,029
Other current asset		
Investment in pooled funds	**378,574**	143,659
Other noncurrent asset		
Refundable deposits	**12**	12
	₱701,631	₱559,888

It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Company has internal mechanism to monitor the granting of credit and management of credit exposures. The Company has no significant concentration risk to a counterparty or group of counterparties. The credit quality of financial assets is managed by the Company using internal credit ratings.

Liquidity Risk

Liquidity risk is such risk where the Company becomes unable to meet its payment obligations when these falls due under normal and stress circumstances. The Company manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The tables below summarize the maturity profile of the financial liabilities of the Company, 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, 2021 and 2020 are as follows:

December 31, 2021

	On demand	**One to 12 months**	**More than 12 months**	**Total**
Financial assets:				
Cash				
Cash on hand	**₱10**	**₱–**	**₱–**	**₱10**
Cash in banks	**20,441**	**–**	**–**	**20,441**
Short-term investments	**112,343**	**–**	**–**	**112,343**
Receivables:				
Nontrade	**–**	**36,448**	**–**	**36,448**
Advances to:				
Related parties	**150,972**	**–**	**–**	**150,972**
Officers and employees	**–**	**2,841**	**–**	**2,841**
Other current asset				
Investment in pooled funds	**–**	**378,574**	**–**	**378,574**

(Forward)

	On demand	**One to 12 months**	**More than 12 months**	**Total**
Other noncurrent asset				
Refundable deposit	**–**	**–**	**12**	**12**
	₱283,766	**₱417,863**	**₱12**	**₱701,641**
Financial liabilities:				
Accrued expenses and other liabilities*	**₱–**	**₱28,520**	**₱–**	**₱28,520**
Payable to related parties	**7,244,440**	**–**	**–**	**7,244,440**
	₱7,244,440	**₱28,520**	**₱–**	**₱7,272,960**
	(₱6,960,674)	**₱389,343**	**₱12**	**(₱6,571,319)**

**Excluding government payables amounting to ₱3,827*

December 31, 2020

	On demand	One to 12 months	More than 12 months	Total
Financial assets:				
Cash				
Cash on hand	₱11	₱–	₱–	₱11
Cash in banks	19,406	–	–	19,406
Short-term investments	105,519	–	–	105,519
Receivables:				
Nontrade	–	137,451	–	137,451
Advances to:				
Related parties	150,812	–	–	150,812
Officers and employees	–	3,029	–	3,029
Other current asset				
Investment in pooled funds	–	143,659	–	143,659
Other noncurrent asset				
Refundable deposit	–	–	12	12
	₱275,748	₱284,139	₱12	₱559,899
Financial liabilities:				
Accrued expenses and other liabilities*	₱–	₱27,865	₱–	₱27,865
Payable to related parties	7,244,518	–	–	7,244,518
	₱7,244,518	₱27,865	₱–	₱7,272,383
	(₱6,968,770)	₱256,274	₱12	(₱6,712,484)

**Excluding government payables amounting to ₱1,524*

24. Capital Management

The primary objective of the Company'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's value.

The Company manages its capital structure and make necessary adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during 2021 and 2020.

The table below summarizes the total capital considered by the Company:

	2021	2020
Capital stock (Note 13)	**₱3,559,533**	₱3,559,533
APIC (Note 13)	**19,650,936**	19,650,936
Subscriptions receivable (Note 13)	**(4,841,801)**	(4,841,801)
Revaluation increment on land (Note 8)	**320,217**	298,869
Remeasurement gain on retirement benefits liability (Note 18)	**14,700**	18,277
Retained earnings	**852,590**	706,662
	₱19,556,175	₱19,392,476

25. Other Matters

Operating Agreement (the Agreement) with CCC
On May 5, 2006, the Company and CCC executed the Agreement wherein the 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 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 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 Company approved the moratorium on its entitlement to receive royalties from CCC for the years 2021 and 2020.

26. Supplementary Disclosure to Statements of Cash Flows

The following table summarizes the changes in liabilities arising from financing activities:

		Cash flows			
	January 1, 2021	**Availments**	**Payments**	**Others**	**December 31, 2021**
Payable to related parties	**₱7,244,518**	**₱–**	**(₱78)**	**₱–**	**₱7,244,440**
Principal portion of lease liability	**782**	**–**	**(1,839)**	**11,119**	**10,062**
	₱7,245,300	**₱–**	**(₱1,917)**	**₱11,119**	**₱7,254,502**

		Cash flows			
	January 1, 2021	Availments	Payments	Others	December 31, 2021
Payable to related parties	₱7,244,622	₱–	(₱104)	₱–	₱7,244,518
Principal portion of lease liability	2,942	–	(2,316)	156	10,062
	₱7,247,564	₱–	(₱2,420)	₱156	₱7,245,300

The other non-cash activities of the Company pertain to the recognition of lease liability and related interest expense under PFRS 16 in 2021.

27. Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of parent company financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes, duties and licenses paid or accrued during the year.

The Company reported and/or paid the following types of taxes in 2021:

a. *Output VAT*

Net sales or receipts and output vat declared in the Company's VAT returns amounted to ₱1,018 and ₱122, respectively.

b. *Input VAT*

Balance at beginning of year	₱34,630
Current year's domestic purchases/payments for:	
Services lodged under other accounts	1,402
Goods other than for resale or manufacture	81
Balance at end of year	36,113
Less applications of output VAT	49
	₱36,064

c. *Documentary Stamp Tax*

There had been no payments of documentary stamp tax on loan instruments, shares of stock and other transactions subject thereto during the year.

d. *Taxes and Licenses*

Other taxes and licenses, which include license and permit fees, real estate taxes and fringe benefit tax, among others, for the year ended December 31, 2021 that forms part of the general and administrative expenses are as follows:

Real estate taxes	₱143
Others	2,140
	₱2,283

e. *Withholding taxes*

Withholding taxes remitted and accrued during the year are as follows:

Tax on compensation and benefits	₱6,865
Expanded withholding taxes	1,946
	₱8,811

f. *Tax Assessments and Cases*

There are no deficiency tax assessment, tax cases and/or prosecutions in courts or bodies outside the BIR as at and during the year ended December 31, 2021.

g. *Others*

The Company has no locally produced or imported excisable items, landed costs of imports, custom duties and tariff fees paid or accrued for the year.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

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

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Atlas Consolidated Mining and Development Corporation (the Company) as at and for the years ended December 31, 2021 and 2020 and have issued our report thereon dated March 4, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
Tax Identification No. 102-100-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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. 8854391, January 3, 2022, Makati City

March 4, 2022

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO SEC RULE 68, AS AMENDED
As at December 31, 2021
(Amounts in thousands)

Unappropriated Retained Earnings, as adjusted, beginning		₱706,662
Add: Net income actually earned/realized during the period		
Net income (loss) during the period closed to Retained Earnings	₱145,923	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those	6,594	
attributable to Cash)	–	
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/GAAP - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal	6,594	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Unrealized actuarial loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Subtotal	–	
Add (Less):		
Dividend declarations during the period	–	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Subtotal	₱–	139,329
Unappropriated Retained Earnings, as adjusted, ending		₱567,333

ATLAS Mining

Together, we are stronger

2021 INTEGRATED REPORT
Atlas Consolidated Mining
and Development Corporation

In this report

Contents

Atlas Mining is committed to overcoming adversities together with our many stakeholders. We draw strength in diversity as we thrive above the COVID-19 pandemic, protect our natural environs and grow with our communities. This is our testament to our commitment of responsible stewardship. We engage our mining communities to proactively do their parts because together, we are stronger.

We are Atlas Mining

We are Atlas Consolidated Mining and Development Corporation (Atlas Mining), a publicly listed company in the Philippines engaged in metallic mineral exploration and mining.

We operate in Toledo City, Cebu through our wholly owned subsidiary Carmen Copper Corporation (Carmen Copper). From our humble beginnings, we have since grown to be one of the largest copper producers in the world and the top producer in the Philippines.

We deliver clean copper concentrate to smelters in China and Japan as well as principal by-products gold and silver. We also distribute other marketable by-products such as pyrite, magnetite and molybdenum.

As we deliver the essential metals the world needs, we commit to support the transition to a green economy in the most responsible way, anchoring our practices on responsible stewardship, good corporate governance, adherence to regulatory standards and progressive rehabilitation plans.

Awards and Citations

Presidential Mineral Industry and Environment Award (PMIEA)
Platinum Achievement (2019, 2018)
Titanium Achievement (2017)

Gawad Tugas for
Responsible Mining (2018, 2015) Forest Protection and Management (2017)

Region 7 Best National Greening Program Implementer (2013)
Region 7 Environmental Protection Award (2011)
Best Mining Forest Award Champion (2010) 1st Runner Up (2015, 2013, 2011) 2nd Runner Up (2016, 2014, 2012)

OTHER AWARDS AND CITATIONS

Most Improved Safety Performance Award (2019)

Outstanding Grievance Machinery for Industrial Peace Award (2021, 2019, 2017)

Hall of Fame Recognition for three-peat win in the Search for Outstanding Grievance Machinery for Industrial Peace (2021, 2019, 2017)

Silver Anvil Award for Sustainability Report (2019, 2018, 2017)

Special Recognition for Support to Persons Deprived of Liberty (2019, 2018)

Recognition for Support to Education and Disaster Response (2018)

Commendation for Contribution to the Peace and Order and Socio-Economic Programs in Visayas (2018)

Red Cross Blood Services Platinum Award (2017)

The Progress We've Made for Greener Practices

Financial Results
in PHP millions

	Revenue	Cash Cost	EBITDA	Core Income	Net Income
Change	1% ▲	6% ▼	10% ▲	27% ▲	3173% ▲
2021	18,503	8,952	9,773	3,279	3,862
2020	18,316	9,509	8,919	2,576	118
2019	17,129	11,094	6,115	422	(565)

CARMEN COPPER SUMMARY OF OPERATIONS

Production

	Milling Tonnage (in '000 dmt)	Monthly Milling Average (in '000 dmt/month)	Daily Milling Average (in dmy/daily)	Ore Grade
2021	18,261	1,522	50,030	0.247%
2020	18,372	1,531	50,196	0.304%
2019	17,575	1,465	48,151	0.319%

	Copper Recovery	Copper Concentrate (in '000 dmt)	Copper Metal Gross (in million lbs)	Gold (in ounces)
2021	82.5%	145	82.41	25,173
2020	86.8%	182	107.09	47,857
2019	87.5%	187	107.24	37,786

Shipment

	Number of Shipments	Copper Concentrate (in '000 dmt)	Copper Metal Gross (in million lbs)	Gold (in ounces)
2021	29	143	80.80	22,857
2020	36	180	106.07	43,480
2019	38	193	110.25	35,374

Carmen Copper Summary of Costs

	C1	C2	C3
2021	1.63	2.69	3.16
2020	0.90	1.78	2.28
2019	1.38	2.06	2.53

C1 = Production cost, G&A, smelting and related charges less by-product credits

C2 = C1 + depreciation and depletion cost

C3 = C2 + mine product tax and royalties, financing charges net of interest and other charges

Metal Prices

	Copper (in US$/lb)	Gold (in US$/ounce)
2021	4.26	1,802
2020	2.79	1,777
2019	2.72	1,394

To view Atlas Mining's 2021 Audited Financial Statements, please scan or visit:

Employment and Diversity

- **97%**
  locally hired co-workers within Cebu
- **2,375**
  co-workers

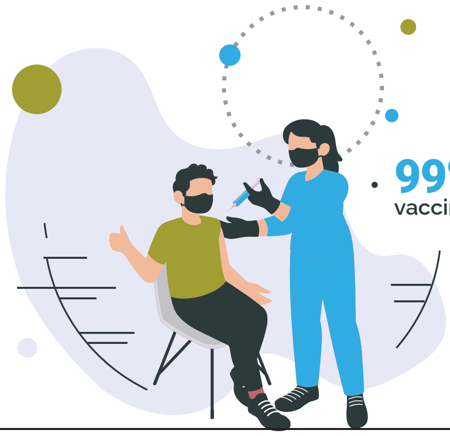
- **9%**
  women in the workforce
- **24%**
  women in management positions

Communities

- **PHP133mn**
  spent in Social Development and Management Program
- **PHP25.9mn**
  Covid-19 relief

- **PHP3.4bn**
  worth of goods and services sourced within the Philippines
- **PHP1,943mn**
  taxes paid

Safety



- **99%**
  vaccination rate

- **Zero**
  Fatalities

Environment

- **PHP81.2mn**
  Final Mine Rehabilitation and Decommissioning Fund
- **81**
  species of trees and plants protected
- **428,830 MWh**
  energy used
- **15.9mn m³**
  water withdrawn
- **60%**
  recycled water
- **31**
  species of birds and bats protected
- **1,607.8**
  hectares reforested to date

ATLAS MINING

Joint Message from Our Chairman of the Board and President

"One value that stood out is our ability and commitment to work together - not only among us in Atlas Mining, but together with our communities, our local partners and our local leaders."

ALFREDO C. RAMOS
Chairman of the Board
ATLAS MINING AND CARMEN COPPER

ADRIAN PAULINO S. RAMOS
President and CEO
ATLAS MINING

We want to take an active participation in creating value chains related to the greener use of copper.

Dear Stakeholders,

In the past two years, we have witnessed a remarkable collective strength exhibited by our team. Amid the challenges brought by the impact of COVID-19 and other climate-related disruptions, we delivered positive results and outcomes. One value that stood out is our ability and commitment to work together - not only among us in Atlas Mining, but together with our communities, our local partners and our local leaders.

We are all interconnected. This is what fuels us to participate and do our share towards one goal—finding practical and more sustainable solutions for everyone.

First, we made sure that our colleagues and communities were safe and felt safe. We continued our vaccination program and accelerated our awareness campaigns to remain vigilant in following health protocols. This gave our people a sense of confidence as they went about their day-to-day work.

Second, we continued to follow our eight-year mine plan to achieve operational efficiency, as we continue to look for opportunities to expand our developments, increase our production and adopt innovative solutions to transform mine waste to value.

Third, we responded to the immediate needs of our communities, minimizing their risks to COVID-19 and helping them recover from calamities. We carry on with our work to increase their resilience through disaster preparedness training and livelihood recovery programs.

Lastly, we analyzed the risks and opportunities that go with copper production. While we are taking concrete steps to assess the risks at hand, including those related to climate, we are also mindful of the opportunities that copper production brings in our aspiration for a greener future.

Copper is a critical metal necessary in our transition to a greener economy. At Atlas Mining, we want to take an active participation in creating value chains related to the greener use of copper - finding alternative uses for overburden materials.

We commit to this by anchoring all our plans and innovations on long standing principles of responsible stewardship, good governance and fiscal management.

We would like to sincerely thank all our leaders, colleagues, communities, partners and stakeholders for working with us through these challenging times. It is through the value of togetherness that we are able to overcome and thrive.

CARMEN COPPER

Message from Our President

"Amid the lingering effects of the pandemic, coupled with the impact of climate-related disruptions, the spirit of unity amongst our team and our commitment to act responsibly and swiftly, allowed us to deliver full operations and positive financial results."

ROY O. DEVERATURDA
President and CEO
CARMEN COPPER

Dear Stakeholders,

In 2021, Carmen Copper played a leadership role in the recovery and resilience of our colleagues, communities and partners. By prioritizing the health and safety of our people and communities, we were able to extend vaccination to our colleagues and their families who mostly live in our host communities. This ensured that our operations can continue and that they sustain the jobs that are much needed by our communities.

Amid the lingering effects of the pandemic, coupled with the impact of climate related disruptions, the spirit of unity amongst our team and our commitment to act responsibly and swiftly allowed us to deliver full operations and positive financial results. We met our projected 2021 annual shipments, completing 29 shipments of 145,434 dry metric tons of copper concentrate, resulting in PHP18.5 billion revenue. This allowed Atlas Mining to fulfill its financial obligations and position itself for sustained growth.

Facing Challenges Together

With our eight-year mine optimization plan in full implementation, we put in place improvements to increase operational efficiency while reducing our production cost. We also partnered with a third-party service provider to transform our overburden into commercially acceptable grade and sizes, which can now be used for construction works. This technology helps us reduce our waste for every pound of copper we produce.

We remained an active partner of our local government in responding to our host communities, especially post-Typhoon Odette. With water and food becoming scarce in the aftermath of the typhoon, we prioritized these provisions for our communities. We provided immediate relief worth PHP7.4 million to our host and neighboring communities. We distributed 7,787 gallons of potable water to areas with the scarcest supply of drinking water and some 388,000 liters of domestic water to communities. We also turned over 82 units of generator sets to the Toledo City Government and Cebu Provincial Government amid continued works to restore power supply.

We are exploring the viability of a solar project in the mine site. This gives us a tremendous boost towards greener operations.

We stayed committed to environmental stewardship, investing PHP110.9 million in our Environmental Protection and Enhancement Program for our conservation efforts. To date, we have reforested 1,607.8 hectares of land and planted 787 bamboo propagules covering 3.8 hectares of mined-out areas. As a community vulnerable to the effects of climate change, these efforts are key to strengthening our resilience. At the same time, we are looking for ways to mitigate our impact. We are exploring the viability of a solar project in the mine site. This gives us a tremendous boost towards greener operations.

Lastly, we welcomed the first quarter of the year by forging solidarity and commitment with our community and co-workers by signing of a five-year Collective Bargaining Agreement (CBA) between the management and the company's labor union. Despite the pandemic and its effect on the economy, our CBA managed to institutionalize job security and protection of workers' rights. With this, we bagged our third consecutive Outstanding Grievance Machinery for Industrial Peace Award and were elevated to the Hall of Fame.

All these milestones were possible because of the commitment, competence and cooperation of our more than 2,000 dedicated co-workers. We also have our stakeholders, industry partners and regulators to thank. It is because of their support that we were able to thrive in yet another challenging year.

ATLAS MINING AND CARMEN COPPER

Message from Our Chief Financial Officer

"With a positive outlook on the metals market both in the medium term and long term, our continuing efforts in improving our operations and in forging commitments of key stakeholders will sustain the recovery and growth of our Company."

FERNANDO A. RIMANDO
Chief Financial Officer
ATLAS MINING/CARMEN COPPER

To our Valued Shareholders,

Total cash cost in 2021 of PHP9 billion was 6% lower than in 2020.

The year 2021 was another banner year for our company amidst the pandemic and natural calamities. The resilience of our company to rise above these challenges, powered by the commitment of all stakeholders, sustained the operational and financial recovery of our company.

Atlas Mining realized a net income of PHP3.9 billion for the year, sustaining the turn-around in profitability in 2020 with net income of PHP118 million from a net loss position in 2019. With sustained earnings, our company was able to continue paying down its debt with additional payment of USD130 million in 2021 on top of the USD133 million debts paid in 2020 and 2019; and fund capital expenditures of USD27 million.

Production for 2021 was planned to be lower than 2020 mainly on account of lower grade as determined by the sequence of mining operation. Planned production levels, however, were further threatened to go lower by natural calamities that affected our mining area at the start and towards the end of the year. Our well-established operational systems, safety and risk management programs, internal controls, business continuity plan and the competence and preparedness of our people enabled our company to withstand and immediately recover from these natural calamities. Our people took on these challenges and with everyone committed to sustain production, our company was able to attain 29 shipments which exceeded the planned 26 shipments for 2021.

On the other hand, the commodities market continued its strong performance which brought copper prices to all-time highs pushing the average realized copper price to increase by 53%. With production and shipments sustained above plans, our company was able to benefit from higher copper prices. Accordingly, revenues were maintained at PHP18.5 billion in 2021 with 29 shipments compared to PHP18.3 billion in 2020 with 36 shipments.

As a core component of our strategy, cost management is always a priority area in sustaining the viability of our operation. We believe that the best hedge against price volatility is cost efficiency. With the threat of inflationary impact on input costs particularly on energy costs in 2021, operational efficiency across all areas contributed in effectively containing our costs. To attain this, involved laying down an optimized mine and production plan, disciplined execution of the plan, prudent negotiation of commercial terms, continuous improvement of procedures and processes, avoiding lost working hours by strict observance of safety, health and environmental protocols, and avoiding downtime by regular preventive maintenance of equipment. Total cash cost in 2021 of PHP9 billion was 6% lower than in 2020, while the average cash cost per pound increased by 80% mainly on account of lower copper and gold grades in 2021.

We are on track in achieving our strategic objectives as embodied in the optimized eight-year mine plan laid out in 2019. With a positive outlook on the metals market both in the medium term and long term, our continuing efforts in improving our operations and in forging commitments of key stakeholders will sustain the recovery and growth of our Company.

Together for Responsible Mining

We can say we are successful in what we do when our products deliver positive benefits to society, our shareholders are satisfied with their investments, our customers and suppliers benefit from our relationship, our environment is not adversely impacted, our communities value our citizenship, and our employees are safe, healthy and proud to be part of our team.

OUR VALUED RESOURCES

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- Co-workers
- Relationship with Our Customers
- Relationship with Our Communities
- Relationship with our Business Partners
- Natural Resources
- Intellectual Capital
- Manufactured Capital
- Financial Resources

THE VALUE WE CREATE

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QUALITY METALS FOR A GREEN TRANSITION

We provide quality metals to meet the needs of the modern world, with responsible stewardship at the core of how we operate

29 shipments
145,434 dmt of copper produced
25,173 oz of gold produced
50,030 dmt, daily milling average
428,830 MWh energy consumption
15.9million cubic meters of water withdrawn
60% water recycled
1,607.8 ha. of land reforested

p.26

PEOPLE WELL-BEING AND DEVELOPMENT

We create purposeful opportunities for our co-workers and partners, committed to a safe and healthy workplace for all

2,375 co-workers
10:1 male to female ratio
5.9 average training hours
0 lost time injury frequency rate
91% of eligible employees were appraised
309 employees from service contractors

p.32

COMMUNITY PROSPERITY

We serve as the bridge for our host communities to access social programs that help improve quality of life

4 host barangays
34,228 population
PHP25.9mn COVID-19 relief
PHP7.4mn Typhoon Odette relief
PHP133mn SDMP disbursement
440 current scholars

p.42

SUSTAINABLE AND RESPONSIBLE GROWTH

We deliver positive financial returns, maintaining the highest level of good governance and adherence to regulatory standards

PHP3,862mn net income
PHP190.4 mn CAPEX
6% reduction in cash costs
PHP81.2 mn Final Mine Rehabilitation and Decommissioning Fund

We create value felt by our stakeholders, bringing financial and non-financial benefits

THE VALUE WE SHARE

1%
Communities
Contribution to society through the Social Development and Management Program, other community investments

20%
Economic value retained for business growth

56%
Operating Expenses
Payments to our suppliers

TAX

11%
Government and society
Taxes paid

6%
Capital providers
Dividends paid to shareholders, interest payments to loan providers

7%
Employees
Wages and benefits

OUR CONTRIBUTION TO SOCIETY

Our Valued Resources: Our Capitals

We rely on our capitals to effectively deliver on our promise. Our challenge is to ensure we use these capitals to enhance the value we create and share, and create better outcomes for our stakeholders.

CAPITAL | **RELATIONSHIP WITH OTHER CAPITALS**

- Committed workforce
- Culture of commitment, competence and cooperation
- Strong leadership
- Safety culture
- Engagement with labor union to maintain industrial peace

We spent to improve the safety and health, and continued training of our co-workers. Because of our strict safety and health protocols, we were able to minimize lost working hours, enhancing overall productivity.

We also successfully renewed a 5-year collective bargaining agreement with our labor union, a positive outcome from the collaborative spirit between the management and our co-workers. This resulted to increased wages and benefits, and an increase in our social capital and intellectual capital.

- Long-term relationship with smelters
- Off-take agreements

We maintain the trust we have built with our customers, who are smelters in China and Japan, by delivering only the cleanest copper concentrate that meet their quality standards. To deliver this at competitive prices, we strived to contain our costs through various efficiency measures in our operations.

- Social development programs
- Engagement with the mining industry, the Mines and Geosciences Bureau, Environmental Management Bureau, and Department of Environment and Natural Resources
- Carmen Copper Hospital

We strive to bring positive benefits to the communities as we allocate 1.5% of our operating expenses to our Social Development and Management Program to provide social safety nets in the areas of education, livelihood, health and public infrastructure.

We also actively cooperate with our regulators to uphold the highest standards of safety and environmental protection in our mines. This helps to establish our brand reputation as a responsible steward and corporate citizen. Still in partnership with our communities, we have served more than 20,000 patients through our Doctor to the Barangay program. While ensuring safe local tourism, we have opened the Carmen Copper Heritage center to hone appreciation for Toledo's mining heritage.

- Vendor selection process
- Partnership with suppliers that comply with industry standards on worker safety, health, environmental protection and business ethics

A healthy relationship with our supply chain partners contribute to the delivery of our strategic objectives. We encourage our supply chain partners to adhere to best practices for green operations.

In 2021, we partnered with CD Processing Inc. to maximize the reduction of our industrial solid waste and transform our mine waste to commercial inputs that can be used for construction. Collaborative partnerships like this help us pursue circular solutions to mining.

CAPITAL | **RELATIONSHIP WITH OTHER CAPITALS**

- Mining properties
- Water
- Energy
- Air
- Biodiversity

We minimize the negative impact of our operations on the environment, while pursuing conservation efforts to offset our footprint. In our operations, cost efficiency measures that also help us reduce our resource use include regular equipment preventive maintenance water recycling, and optimized production planning. In 2021, we invested PHP110.9mn in our Annual Environmental Protection and Enhancement Program to cover our reforestation and biodiversity conservation initiatives.

- Corporate culture
- Brand reputation
- Policies and systems

Our strong corporate culture founded on commitment, collaboration and competence were critical in overcoming the COVID-19 crisis together and realizing sustained financial results in 2021. This not only contributed to our reputation as a responsible mining company, but also serve as a source of pride and achievement for our co-workers.

- Mineral properties
- Processing assets and equipment
- Investments in personal protective equipment

Our efficiency in operations is the fruit of our co-workers' efforts and the tools we invest in.

Each co-worker is given top-notch quality personal protective equipment to ensure safety and improve overall performance. We also religiously scout for the best equipment to gear us towards holistic business growth.

- Working capital
- Cost management strategy

We are on track in our operational and financial recovery strategy as we follow through our 8-year mine optimization plan. Practicing prudent financial management enables us to strategically allocate our financial resources to investments in our other capitals. Our cost management strategy included hedging against price volatility through cost efficiency measures, which involved management of our people's safety and health, prudent negotiation of our commercial terms with our customers, adherence to environmental protocols, and optimized use of our equipment.

Drivers of Value: Our Material Topics

Considering what matters most in our stakeholders, our impact, and our company's ability to create value over time helps us better deliver our strategy. We review our material topics annually, assessing the risks and opportunities in our business, areas where we can have the most significant impact, and the genuine interests of our stakeholders. Following a review with our management and results of our stakeholder engagement, these are the key priority areas for us to create sustainable value and contribute to the United Nations Sustainable Development Goals.

Material Matters for our business and stakeholders

Value We Create	Material Topics	Why is this important in creating sustained value and our stakeholders	
QUALITY METALS FOR A GREEN TRANSITION p. 18	Operational Performance and Innovation	Providing the cleanest copper makes our company one of the trusted copper concentrate producers of our customers. Our thrust is to maintain the quality of our copper concentrates through best-in-class practices in our operations and continuous innovation.	• **1,908,774** dmt copper produced and delivered since 2008 • **388** shipments since 2008
	Climate Change	The negative impacts of climate change will affect our co-workers' health and safety conditions, our host communities given our geographic location. However, as the demand for renewable energy systems rises, so will the need for copper, a key metal in the green transition.	• **PHP110.9mn** invested in Annual Environmental Protection to date • **1,607.8** hectares reforested areas to date
	Environmental Footprint	Managing our environmental footprint in our operations enables us to contain our costs and risks throughout our value chain.	• **60%** water recycled • **1,384,646 MT** overburden materials diverted from landfill
	Conservation and Protection of Biodiversity	Investing progressively in rehabilitation efforts and preserving our biodiversity are part of our responsibilities to protect our environment. These are not only a major factor in our legal compliance but also provide social and environmental benefits to our stakeholders.	• **31** species of birds and bats protected • **81** species of trees and plants protected • **2,652,113** saplings planted at the mine complex to date • **PHP81.2mn** Final Mine Rehabilitation and Decommissioning Fund deposited as a trust fund

PEOPLE WELL-BEING AND DEVELOPMENT p. 26	Occupational Health and Safety	Adopting stringent safety standards and protocols for our employees and contractors is integral to managing any mining company. Ensuring the highest standards of safety helps us prevent operational stoppage and keep our workforce healthy and engaged as we operate.	• BS OHSAS 18001:2007 certified • **99%** vaccination of employees against covid 19 • **0** days lost in 2021 • **23** safety trainings conducted in 2021 • **45** safety orientations conducted in 2021
	Human Rights, Labor Rights and Equal Opportunities	Promoting human rights, labor rights and providing equal opportunity help us cultivate an engaged and productive relationship with our co-workers and business partners.	• **24%** women in management positions • **57%** employees covered by collective bargaining agreement
	Employee Training and Development	Our most valued resource is our people. We invest in them so they can grow with us to develop as leaders, ensuring alignment of our company's goals to their long-term professional development.	• **13,920** total hours of training conducted
COMMUNITY PROSPERITY p. 32	Local Community Development	Our local communities expect us to bring benefits to them and our goal is to ensure that our host communities grow with us through employment, engagement with local suppliers, and establishing social development programs in the areas of health, education, livelihood and disaster response.	• **1,416** scholar graduates to date • **336,948** patients served by the health centers to date • **33,741** patients served through Doktor sa Barangay program since 2015 • **1,856** scholars since 2015 • **99** classrooms in 37 schools built and refurbished since 2015 • **4,181,503 m³** of water supplied to communities since 2012
SUSTAINABLE AND RESPONSIBLE GROWTH p. 42	Economic Performance	Driving our business growth is essential for us to continue operating and creating value for our many stakeholders. As we face cost inflation, ore-grade degradation and market fluctuations, it is necessary for us to deliver a resilient financial strategy to ensure our sustained growth.	• **PHP1.2bn** employee wages and benefits in 2021 • **PHP1.1bn** payments to providers of capital in 2021 • **PHP1.9bn** payments to government in 2021
	Supply Chain Practices	Our supply chain partners are critical business partners to deliver our products. As such, we uphold fair and transparent dealings in all our transactions with our partners. Whenever possible, we prioritize local suppliers and contractors to help boost local economic activity.	• **PHP3.4bn** local procurement spending in 2021
	Governance and Risk Management	Good governance and risk management systems are necessary for us not just for compliance but to remain competitive in our industry. We ensure our compliance to all applicable government regulations and conduct all our transactions to the highest standards of ethical business practices and risk management.	• Board Risk Oversight Committee Charter • Governance Policies

Relationships that Matter: Our Stakeholders

We have grown because of the trust our stakeholders place in us. We regularly engage with our stakeholders to better identify their needs and respond to them.

Co-workers

Our co-workers are our valued partners in achieving our objectives. Having a committed and engaged team is essential to deliver our company's commitments.

How we engage them

Virtual meetings, surveys, monthly trainings and learning sessions, and updates on safety protocols and company programs

Daily departmental pep-talks, human resources departmental visits, regular monthly Central Safety, Health & Environment Committee meetings

Regular monthly meetings with the labor union

Key issues raised	Our response
Health and safety protocols	We ensure that our employees receive adequate health and medical benefits. In 2021, our Medical Department administered the COVID-19 vaccination program, vaccinating 99% of our employees. We also conduct regular health programs and activities to inculcate a healthier lifestyle among our co-workers.

Communities

We have always been geared to thrive with lasting impact to our host and neighboring communities. Maintaining good relations with our communities enable us to continue our mining operations.

How we engage them

Regular checks and evaluations on the economic and civic status of our communities to determine the needs of the areas through regular visits, attendance on social activities and other sessions

Annual general needs assessment

Key issues raised	Our response
Infrastructure developments to provide basic services on health, education and livelihood	We invested PHP133mn for our Social Development and Management Program, provided immediate relief during Typhoon Odette to several barangays, and continued extending COVID-19 support in affected communities.

Customers

Our customers inspire and drive growth to the company. Catering to the needs and demands of our customers during an unprecedented time like the pandemic is key to our major operations.

How we engage them

Constant communication via telephone, emails, conferences and site visits.

Engaging customers prior, during, or after they had purchased our copper concentrate products

Key issues raised	Our response
Meeting production target and schedule	We ensure that our production targets are achieved within the schedule. We maintain an open line of communication within the teams for any unforeseen event to ensure that commitments to the customers are met despite unforeseen situations that may affect our operations.

Investors and Shareholders

Our investors and shareholders help provide the direction of our company especially during the changes and challenges brought about by the COVID-19 pandemic.

How we engage them

Annual stockholders' meetings either through pre-pandemic in person meetings, online or virtual conference or a combination of both

Easy and regular access to information regarding our activities and performance through timely disclosures of material events via the online disclosure system of the Philippine Stock Exchange, and by posting financial and operations reports on its official website

Key issues raised	Our response
Operational matters related to the production schedule, regulatory compliance and financial results	With our operational systems, safety management systems and business continuity plans in place, we sustained our production and exceeded planned shipments during the year and sustained our profitability.

Government and Regulations

Governments and regulators are our partners in promoting responsible mining practices and pursuing progress of the industry in the country.

How we engage them

Regular meetings, conferences, monitoring activities, official visits to their office, annual audits, permit related inspections, complaints, surprise inspections, phone calls and online meetings

Key issues raised	Our response
New regulations, submission of reports, informal meetings, complaints, request and donations, compliance to regulations	We actively collaborate with the government, going beyond compliance to regulations. We also served as first responder during the COVID-19 crisis and Typhoon Odette, providing immediate relief to our communities.

Business Partners (Suppliers and Contractors)

Our suppliers and contractors remain our valued partners in delivering quality service to our customers. Their contributions to our operations are critical in surpassing our targets.

How we engage them

Accreditation processes before engaging our suppliers and contractors, due diligence on feasibility studies of suppliers

Regular meetings to align our expectations on our quality requirements

Key issues raised	Our response
COVID-19 restrictions hampering delivery of services	Amidst the challenges of the pandemic, we maintained open communication lines with our suppliers and contractors and continued our adherence to ethical business practices as they work to meet our business requirements.

Media Partners

The media play an integral part in helping the public shape their opinions and views on public events and crucial topics of interest. This is especially important for players in regulated industries like mining.

How we engage them

Press releases, publication of advertisements (both online and in print) and support to special supplements

Key issues raised	Our response
No reported issues for 2021	We ensure accurate and timely reporting, publishing at least one story per month, in both local and national dailies.

Quality Metals for a Green Transition

82.4 million lbs
of Copper Metal Produced

With global markets positioning a significant shift towards the green transition of clean and renewable energy, we maintain a strong stance in our commitment to deliver results through responsible and sustainable mining operations.

As we contribute to the nation's role in international efforts to achieve a green economy, we also facilitate the transformation of a better world geared towards the green revolution. Copper and gold, two of the most vital elements for the transition, come from our mines. Knowing this, we adhere to practices and regulations steered by our principles and values. The safety of our people will always take precedent and we strive to maintain a conducive environment.

Our Pit-to-Port Operations

The copper that we produce is an element in making batteries for electric vehicles making our mission more important in driving the demand towards alternative clean fuel energy which is highly promoted. Copper is an essential metal in transitioning away from fossil fuel and is one of the metals with the highest electrical and thermal conductivity. As renewable energy assets are created, copper is necessary to connect wind turbines, solar cells and energy networks over wide areas. It is an important component in batteries for electric vehicles, motors and charging equipment.

As an important metal in the green transition, we recognize our role in making sure that we produce the cleanest and quality copper in the most responsible way.

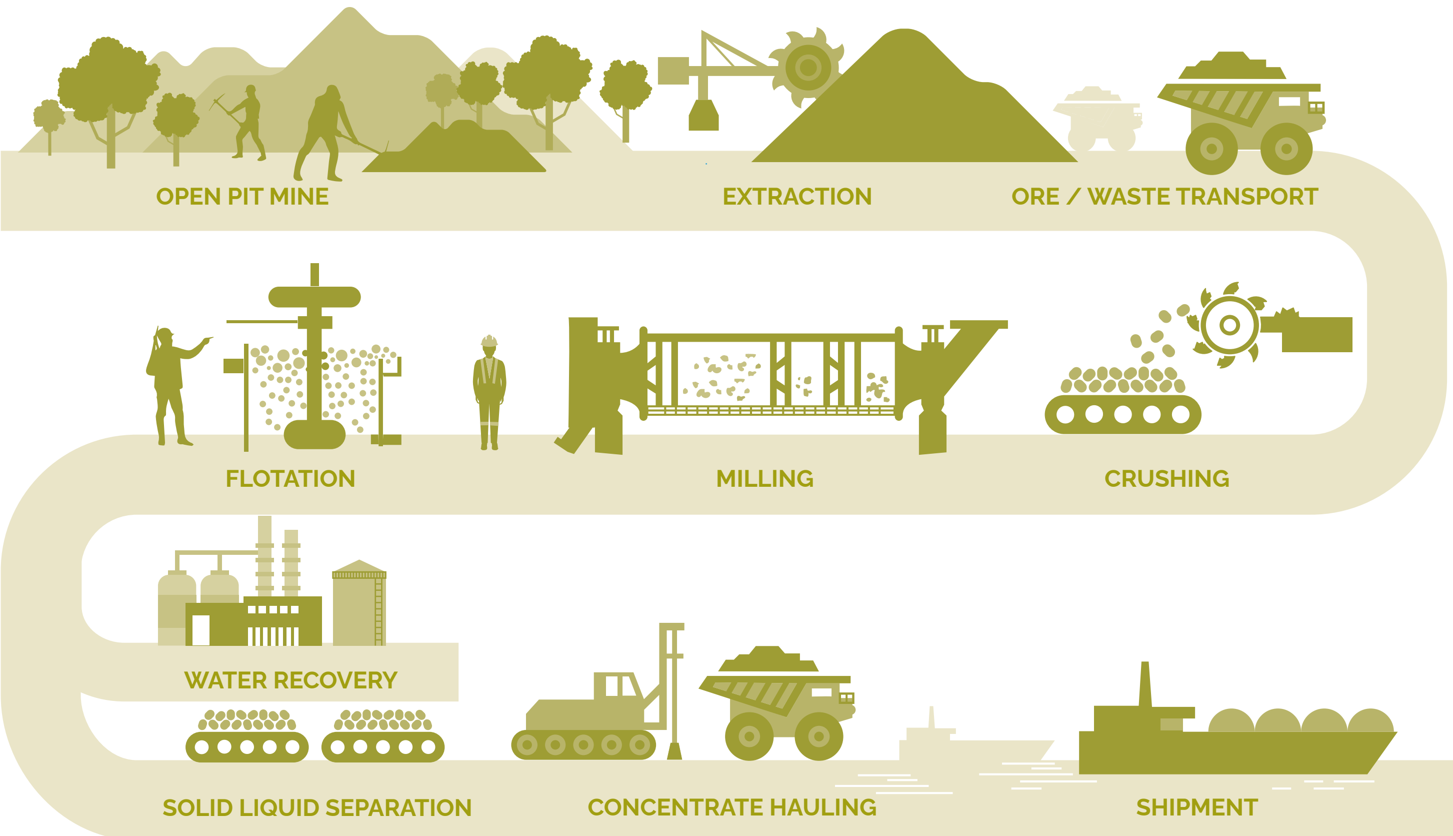
DID YOU KNOW?

The copper industry is marked as part of the Department of Trade and Industry's top five investment areas including aerospace, automotive, IT and Business Processing Management, and electronics.

Carmen Copper is the top producer of copper concentrate in the country.

1,908,774
dmt copper concentrate produced and delivered since 2008

388
shipments since 2008



We are working to improve our 2022 mine plan to expand the Lutopan pit and other mine tenements. We also plan to consolidate adjacent mine tenement areas in our existing Mineral Production Sharing Agreement to ensure sustained mine operations beyond 2030.

Optimizing Our Operations

Energy

Managing our energy

With electricity and fuel from our vehicles and mining equipment remaining as sources of our energy use, we are gearing towards the improvement of our energy management plans to be in line with the shift to clean energy.

We aim to develop alternative clean fuel and power solutions by harnessing solar radiation to store and convert solar energy for later dispatch and utilization of the Carmen Copper Mine.

We are conducting exploratory studies for a flotation solar project at the Malubog Dam in Toledo City to assess the feasibility of sourcing our energy requirements from renewable power.

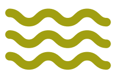
Water

Conserving our water

We manage the Malubog Dam, our source of freshwater that supplies our operational needs and the water requirements of nearby communities. Faced with the long-term risks of water scarcity, we reduce our dependence on freshwater sources by pursuing operational efficiencies, increasing the dam's water storage capacity through desilting and maximizing reclaimed water for reuse in our operations.

Through our thickener plant and reclaimed water pumping system, 60% of our water requirements in 2021 utilized reclaimed water.

60%
of water recycled, equivalent to



9,520
Olympic-size pools

Turning Waste to Value

As mining copper produces waste in the form of waste rock and tailings, we seek solution that help us reduce these kinds of waste. We partnered with CD Processing, Inc., an ore sortation solution to reprocess our waste rock and transform these into commercially acceptable grades and sizes. With this technology, what otherwise would have ended up as waste can now be used in the construction of roads, buildings, infrastructures and backfilling works.

Tailings management

The Biga Tailings Storage Facility serves as our containment pond for tailings. We ensure that our structures are stable with the solids and liquid properly managed within the designated areas through regular inspection, maintenance schedules, preventive maintenance activities and proper equipment handling.

Rehabilitating Our Mines

Reforestation efforts achieved significant progress with the support of our partner communities. Through the help of eight peoples' organizations, the once barren and defoliated mined-out areas in barangays Biga and Loay are now thriving with promising flora and fauna. The reinvigorated forest ecosystem also opened up new livelihood opportunities for local farmers of the Barangay Bagakay Farmers' Association. The once barren and defoliated mined-out areas surrounding the Biga Tailings Storage Facility are now covered with an oasis of green growth and wildlife rich habitats.

35,899
trees grown in mined out areas in 2021

14.4
hectares of mined out areas planted in 2021

1,607.8
hectares reforested to date

11,000
donated seedlings in support of the National Greening Program in 2021

2,652,113
saplings planted at the mine complex to date

We also actively adhere to the guidelines of the Philippine Mining Act on the rehabilitation of mined-out areas. We have earmarked resources under our Final Mine Rehabilitation and Decommissioning Fund Plan to ensure that the site will be back to its pre-mining conditions after the life of mine.

PHP110.9mn
Annual Environmental Protection and Enhancement Program in 2021

PHP81.2mn
Final Mine Rehabilitation and Decommissioning Fund

Conserving Our Biodiversity

Our relentless rehabilitation and conservation of environmental assets resulted in productive progress in biodiversity of mined-out areas. Planting appropriate tree species enhanced the ecosystem that witnessed the return of wildlife in rehabilitated areas.

75,914 total fruit bearing tree seedlings grown to date

82,601 total native saplings grown to date

3,399,724 since 2007 seedlings produced to date

31 species of birds and bats protected

81 species of trees and plants protected

50 hectares of undisturbed woodlands

Bamboo is a renewable, strong and durable material. As a fast-growing plant that thrives well in our climate, bamboo provides abundant benefits to the environment, helping rehabilitate mined-out areas and absorbing carbon dioxide. Since 2020, we have planted 787 propagules in 3.8 hectares of land. Bamboo species planted include Kawayan Tinik, Kawayan Kiling and Yellow Bamboo. The project is also expected to benefit the community, providing livelihood to our communities.

Building Resiliency Against Climate Change

Our geographical location puts our business inherently at risk from climate change, with the Philippines ranked as one of the top vulnerable countries from the impacts of climate change.

We adopt a two-pronged approach to climate action: increasing our community resilience and contributing to low-carbon development. Moving forward, we are taking steps to align our disclosures with the recommendations of the Task Force on Climate-Related Financial Disclosures, using the framework as a guide towards creating a comprehensive climate action roadmap.

Our Governance

Our Board of Directors has ultimate responsibility in managing climate-related risks. Led by our Board, we have instituted policies that cover climate action such as our Sustainable Development Policy, and our Safety, Health and Environment Policy.

Our Strategy

Climate change will have complex impacts on our business and especially our stakeholders. Changes to our climate can cause disturbances to our mine infrastructure, pose challenges to our co-workers' health and safety conditions, and increase the vulnerability of our host communities. Moving forward, we are taking steps to gain a better assessment of the impact of climate related risks and opportunities in our business.

Our Risk Management

We continually integrate environmental and climate-related risks due diligence and regular monitoring. Our Board Risk Oversight Committee, composed of Independent Directors, is responsible for the oversight of our risk management system; how we manage our existing risk sources, minimize the likelihood of its recurrence, and recommend further actions or plans, as necessary.

Our Metrics and Targets

We aim to reduce our energy intensity through operational efficiency measures and solutions to improve resource use, particularly energy, water and waste. We regularly monitor and report our greenhouse gas emissions in our annual disclosures.

A test of resilience

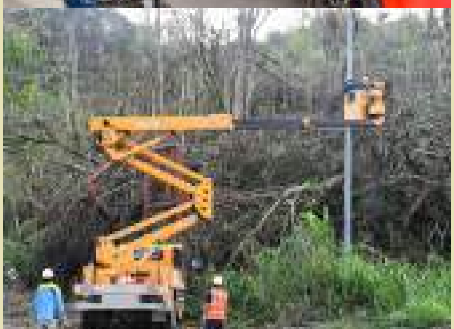
The most evident climate change risk that we are already experiencing today is stronger typhoons. In 2021, Typhoon Rai (known in the Philippines as Typhoon Odette), the strongest typhoon that hit our country during the year brought heavy rains, violent winds and storm surges in the Visayas region where we are located.

With precautionary measures already in place, we activated our disaster response. After a rapid situation assessment of the damage brought by Odette, we immediately mobilized and came out with courses of action, setting the following objectives:

1. Provide ease of communication;
2. Provide critical and survival supplies;
3. Summon responders;
4. Restore critical infrastructures; and
5. Restart mining and milling operations in two weeks.

Our Business Continuity Plan noted that it would take two to three months for us to fully recover from the disaster, but we did not have the luxury of time as our constituents were in dire need of food, water and immediate supplies. To expedite recovery and rehabilitation, we established the Carmen Recovery Action Group. The team was tasked, among others, to organize, plan, coordinate and direct recovery operations.

With this, we were able to resume mining operations on Dec. 19, 2021—three days after Typhoon Odette hit Cebu. Milling operations resumed on the 27th, after power at the Carmen Concentrator Facility was restored. Production and delivery of copper concentrate to Carmen Copper's Sangi Port Facility subsequently resumed on the 29th. While we were able to quickly respond to this crisis, this will not be the only typhoon we will face. Our only way forward is to further strengthen our resilience so we can protect our stakeholders when they need us most.



People Well-being and Development

99%
vaccination rate

We believe that the end of the pandemic starts with us. With this, we made sure that our co-workers are protected by vaccinating them against COVID-19. Efficient safety measures and stringent health protocols are put in place to add a layer of protection for them as we maintain our operations.

Our co-workers are our valued partners. As vital keys to achieving sustained operations, we provide them with a safe work environment, ensure that their rights under the law are protected, offer opportunities for professional development, and grant competitive compensation and benefits.

We do all this by prioritizing our co-workers health and welfare. We strengthen this by inculcating a culture of safety for our co-workers and in turn, keep the community safe.


CARMEN
COPPER
CORPORATION

Ensuring Safety at All Times

To protect our co-workers from COVID-19, we put in place effective safety and health measures in adherence to global standards to battle the pandemic. Under the new normal, we implemented a routine to maintain operations while at the same time remain safe from the threat of Covid-19. We conduct our operations in accordance with the British Standards for Occupational Health and Safety Assessment Series (BS OHSAS 18001:2007) as certified by TUV Rheinland.

Health kits with face masks, sanitizers and vitamins, among others, were distributed to our employees as part of our prevention efforts. There is regular disinfection in workspaces and an efficient contact tracing method through the color coding of identification cards.

Awareness on tips to prevent the transmission of the virus are placed in strategic places to remind our co-workers of their responsibility to themselves, to their colleagues and to their families in terms of safety protocols.

We have also established a COVID-19 Hotline and Call Center which is instrumental in reporting symptomatic and the daily monitoring of 'suspected' cases. Our 30-bed Carmen Copper Hospital remains on standby for our employees and their dependents in times of emergencies as additional support.

Vaccination Drive

We have vaccinated 99 percent of our co-workers. Out of 2,359 total employees of Carmen Copper Corporation, 2,343 are already vaccinated. This is part of our pledge in helping end the pandemic. Our vaccination started in July 2021.

To encourage vaccination among our co-workers, an information and education campaign was conducted starting from April through bulletin posting and email blasting.

This was intensified by leaders who included the importance of vaccination in their daily pep talks.

As the campaign on inoculation continued, we expanded IEC by using LCD TVs in company buses ferrying employees to work sites as another medium to encourage more of our co-workers to get vaccinated.

Even as the number of vaccinated employees increased, we continued to conduct our campaigns.

Apart from ongoing health and safety measures, vaccinating our co-workers was our biggest step towards recovery from the pandemic.

For 2022, we are looking into providing an additional blanket of protection for our co-workers by getting them booster shots by February.

Enabling Our People

We believe in the full potential of our co-workers and our contractors. Because of this, we always pursue a systematic approach to identify strategic training needs that could facilitate their capabilities.

We also conduct career development reviews to help them achieve their hopes and to create a contributory environment for their personal growth.

Our scholars are models towards the evolution of sustainable and modern mining practices. Armed with diverse values and skill sets, Carmen Copper will soon welcome in its fold, 'new era' engineers who are industrious, responsive and responsible. They are our testament of future-proofing the talent pool not only the company but the industry as a whole.

"Big thanks fo Carmen Copper for the scholarship. May God bless my fellow scholars, the management and most especially the hard working miners. To my fellow scholars, let us continue to diligently work for our dreams and keep gratitude in our hearts."

Leon Abella
CCC Scholar & Mining Engineer

"Being a scholar made me realize that learning should not be laborious. It should help us shape our future while maintaining balance. It also taught me the values of perseverance, patience and gratitude."

Vivien Bigtasin
CCC Scholar & Mining Engineer

Stronger Together

"In a scenario wherein the general situation, brought about by the current pandemic, talks of furlough, layoffs and retrenchments from other companies, CCC is talking about salary increase and enhancing the welfare of its employees."

Roy O. Deveraturda
Carmen Copper President & CEO

Amid pandemic-induced global economic pressures in the workplace, we continue to champion our co-workers' rights when we signed a five-year Collective Bargaining Agreement (CBA) in April 2021.

With the CBA in place, our co-workers are guaranteed an increase in their daily wage and more benefits for members of the Carmen Copper Corporation Ilaw Buklod ng Manggagawa-United Miners of Carmen Copper-Workers Solidarity Network (IBM-UMCC-WSN).

This historic development is expected to strengthen the network of jobs in the community and further boost the standard in job security and worker welfare. With the signing of the CBA, we have cemented a symbol of solidarity and commitment together with our employees.

The five-year CBA paved the groundwork of mutual respect and trust between CCC and the Union. We recently bagged our third consecutive Outstanding Grievance Machinery for Industrial Peace Award and was elevated to the Hall of Fame by the National Conciliation and Mediation Board and the Department of Labor and Employment in 2017 and 2019.

57%
employees covered by Collective Bargaining Agreement

Carmen Copper Corp. President and CEO Roy Deveraturda (right) shares a light moment with labor union president Herbert Cabaluna (left) during the signing of the new collective bargaining agreement between the firm and its employees.

To maintain a good working environment, we support gender equality and women empowerment in the workplace. In 2021, seven of our co-workers availed of the benefits stated under Republic Act 11210 or the Expanded Maternity Leave Law. This law provides maternity benefits and leaves for child-bearing employees so they could focus on their healing.

An employee was also was provided a special leave benefit, following surgery caused by gynecological disorders under R.A. 9710 or the Magna Carta of Women. With the call for equal opportunities in the workplace, we assure our co-workers that their general well-being is always viewed at the highest regards.

24%
women in management positions

While the mining industry at the outset may be dominated by men, our female co-workers each play critical roles in our administrative and mining operations. Our female mining engineers, geologists, metallurgical engineers, environment auditors and our sole female haulpak operator conduct field work with utmost efficiency despite the physical demands of the job.

Community Prosperity

PHP133mn

Social Development Management Program

What fulfills us is when we see our host communities and the communities around us thrive. In providing job opportunities and by teaching them more ways for revenue generation, we strive to see progress for our communities in the years to come.

With the challenges brought by the COVID-19 pandemic, we re-aligned our focus on helping the community by providing immediate help for their safety. This includes the distribution of relief packs and sacks of rice.

When Typhoon Odette ravaged Cebu, we also responded through relief efforts and mobilized teams to bring our communities to recovery post-typhoon.

We distributed much-needed drinking water, relief packs, generators when the water supply and power were affected by the typhoon.

We value our host communities and we are with them every step of the way to ensure that they grow and thrive together with us in any situation that arises.


CARMEN COPPER
COMMUNITIES

Sharing Value to Cebu's Economy

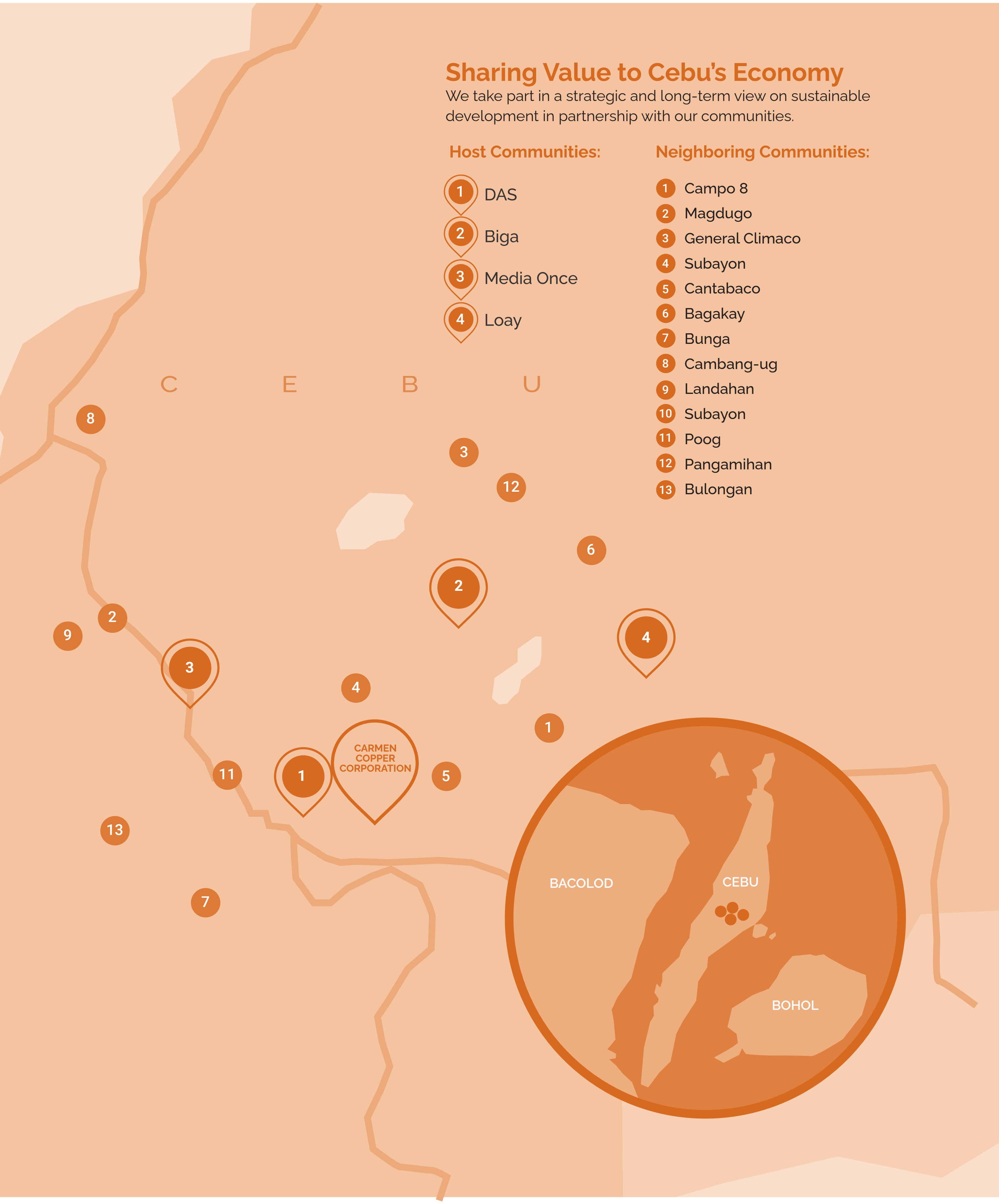
We take part in a strategic and long-term view on sustainable development in partnership with our communities.

Host Communities:

1. DAS
2. Biga
3. Media Once
4. Loay

Neighboring Communities:

1. Campo 8
2. Magdugo
3. General Climaco
4. Subayon
5. Cantabaco
6. Bagakay
7. Bunga
8. Cambang-ug
9. Landahan
10. Subayon
11. Poog
12. Pangamihan
13. Bulongan



The company's primary host barangay has achieved milstones in its journey towards self-suffieciency

1 BRGY. DON ANDRES SORIANO (DAS)

Projects Implemented:
- Health center, lying-in clinic & ambulance
- Fire station
- 142 academic scholars
- Accessible road networks
- School covered court
- Classrooms donated and refurbished
- Improvement of water system
- Mt. Carmen Parish Church

Livelihood Projects
- Shoe making
- Rubber tire recycling
- Rug making
- Egg layering production


From a remote barrio in the hinterlands of Toledo, Barangay Biga has grown to a thriving village

2 BRGY. BIGA

Projects Implemented:
- Road opening & maintenance
- School-based feeding programs
- Senior citizens bldg., birthing facility and ambulance
- Classrooms donated and refurbished
- Multipurpose covered court
- 10 academic scholars
- Water system projects
- Brgy. hall & shuttle service
- Power subsidy

Livelihood Projects
- Vegetable production
- Coffee production
- Sloping Land Agricultural Technology
- Vermiculture composting


The arable lands in Barangay Media Once present many opportunities for socio-economic growth

3 BRGY. MEDIA ONCE

Projects Implemented:
- Road network
- School-based feeding programs
- Health center renovation
- Ambulance donation
- Multipurpose covered court
- 39 academic scholars
- Daycare center

Livelihood Projects
- Rug making
- Vegetable production
- Community-based greening program
- Banana production
- Cacao production
- Vermiculture composting
- Goat raising
- Biochar model facility


As one of the smallest barangays in Toledo City, Loay boasts hidden natural gems that are slowy being discovered

4 BRGY. LOAY

Projects Implemented:
- Road improvement
- School-based feeding programs
- Health center & lying-in clinic
- Multipurpose covered court
- 7 academic shcolars
- Power and water subsidy
- Classroom donated and refurbished

Livelihood Projects
- Vegetable production
- Broiler production

Continuing COVID-19 Response

With the ongoing threat of COVID-19, we turned over PHP4.5 million worth of medical equipment to 10 hospitals in Cebu Province.

It boosted the hospitals' utilization capacity to respond to critical and severe cases of COVID-19 through ventilators and high flow nasal cannulas.

The four **MINDRAY SV300 ventilators were distributed to Vicente Sotto Memorial Medical Center, Cebu City Medical Center, Talisay City District Hospital and the Cebu Provincial Hospital in the Municipality of Balamban.**

The six units of Respircare Hifent HUMID-BM-high flow nasal devices, on the other hand, were turned over to the Toledo City General Hospital, Vicente Mendiola Center for Health-Infirmary (City of Naga), Barili District Hospital, and the Provincial Hospitals in the cities of Bogo, Carcar and Danao.

TURNOVER. Cebu Gov. Gwendolyn Garcia (second from left), together with Deputy Speaker Pablo John Garcia (leftmost), received the six units of high flow nasal cannulas and four ventilators donated by Carmen Copper Corp. through its President and CEO Roy Deveraturda (second from right). Joining them in the ceremonial turnover is Mr. Jay Yuvallos (rightmost).

Scholars of Carmen Copper volunteered to help in the repacking of goods to be extended as relief aid to affected communities.

One with the Community after Odette

The welfare of our communities are always of paramount concern. Even before Typhoon Odette (Rai) ravaged Visayas and Mindanao, we activated safety measures by posting daily weather advisories in social media.

When the typhoon hit on Dec. 16, 2021, communication lines with the Toledo City Government remained open when high-risk areas were assessed. The coordination helped the mobilization of teams who bravely delivered relief packs amid toppled posts and uprooted trees on the streets to more than 100 residents of Barangay Cantabaco.

They were among those who were preemptively evacuated before the Cantabaco River swells to dangerous levels. Faced with scarcity of food and water during the aftermath of the typhoon, we prioritized provisions for our host and neighboring communities. When the storm damaged the electricity supply in Toledo, we turned over 10 units of diesel-powered generators to the city government amid continued power restoration.

We also continue to provide immediate and long-term assistance to our employees and the community by maintaining strong communication with concerned stakeholders and actively joining consultations with the local government unit of our host city to help make a more resilient Toledo.

PHP7.4mn
Overall relief aid extended to 17 host and neighboring communities, benefitting 2,203 households

82
Portable Power Generators worth PHP4.7mn to Toledo City and Provincial Government of Cebu

7,787
gallons of drinking water were distributed and 388,000 liters of domestic water provided to areas with scarce sources of drinking and domestic water

Social Development

We continue to look after the welfare of our host communities through our Social Development and Management Program (SDMP) with our targeted social investments. In partnership with our communities, we have achieved these results:

Education

Livelihood

Healthcare

Live Public Infrastruture

Disaster Response

Cultural Heritage

EDUCATION

1,416 scholar graduates to date

1,856 scholars since 2015

11 schools built with 21 classrooms to date

26 schools refurbished with 78 classrooms to date

Our scholarship program encompasses a plethora of degree programs as part of our relentless pursuit of talents and virtues from our scholars. To promote service and contribute to their real world training, we tapped our scholars to create a study in compliance to the National Unified Information, Education and Communication Program of the Mines and Geosciences Bureau. The study focuses on the impact assessment of the company's SDMP and aims to determine the extent of SDMP's impact to the lives of its host and neighboring communities. Instead of tapping a service provider, we chose to utilize the knowledge and skills of our scholars to directly involve them on the extraction of right information with regard to the historical implementation of the company's SDMP.

We believe that the scholars' application of acquired skills and values is part of their learning process as to prepare them in navigating their future workplace.

LIVELIHOOD

PHP5.3mn
value of harvested produce since 2015

364,903 kg
of harvested produce since 2015

4,100
farmers engaged in cooperatives and associations since 2015

Because of the reforestation project, Bagakay Farmers' Association (BFA) members are not just farming but now also producing and selling rags. From this endeavor, the group was able to purchase sewing machines, opening another door towards sustainable livelihood.

Many community members who lost their jobs to the COVID-19 pandemic were supported by the project as it ushered the Bagakay farmers to greener pastures when demand for rags grew as their number of patrons increased.

Now, they can make more or less 3,000 pieces of rags daily using one sewing machine only and they are optimistic they can increase their production with the addition of more sewing machines.

HEALTHCARE

Making Healthcare accessible to communities

33,741
total patients served through Doktor sa Barangay Program since 2015

23
total ambulances donated to date

488,100
total number of children served in school-based feeding program since 2015

336,948
patients served by the health centers to date

6
Health centers built and rehabilitated to date

Public Infrastructure

Building structures to make lives better in the communities

132km
road network built, repaired and maintained to date

Disaster Response

7
emergencies responded in 2021

27
beneficiaries served in response to emergencies in 2021

30
emergency and disaster preparedness drills conducted in 2021

CULTURE AND HERITAGE

Decades of rich mining heritage is part of our identity that not only shaped the industry in terms of sustainable mining practices but also showed the prowess of Cebu in preserving its culture and history.

With this prime development of continuity among the company, 20 of our co-workers underwent a basic tour guiding training to serve as docents last Nov. 18-19, 2021. The employees came from different departments such as Mine Open Pit, Milling, Safety, Security, HR, Community Relations and Corporate Communications to create more ambassadors of responsible stewardship.
It was a two-day training aimed at strengthening our co-workers' capabilities on giving positive experience to potential guests.

Our initiative aims to develop more docents and inspire other employees to preserve and promote mining heritage. We also invited representatives from the Toledo City Tourism Office to join the training and to educate more people about Toledo's mining heritage.

6
total number of mine tours conducted

333
total number of mine tours conducted since 2015

6,226
total number of mine tourists who visited the Carmen Copper Heritage Center since its inception in 2018

Sustainable and Responsible Growth

In the transition to a greener economy, copper will remain to be a vital component as the main ingredient for the digital world.

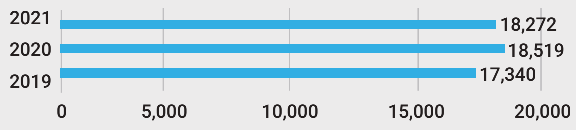
We are committed to supporting this transition and have paved the way to be a vital contributor to this. As a result, we have also realized sustained growth in the recent years.

We continue to strengthen our overall financial position supported by our improved earnings, efficient operations and robust metals market.

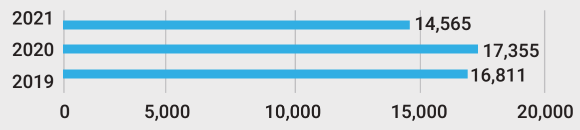
Looking forward, we continue to operate our business in a way that we will enhance the environment we live in and create better opportunities where we operate, anchoring our practices on holistic risk management and good governance principles.

ARMEN COPPER CORP. 88
HD785
KOMATSU
88

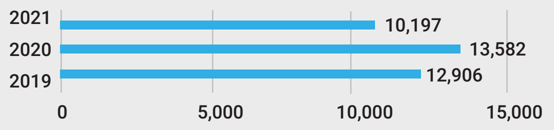
Economic value generated
in PHP millions



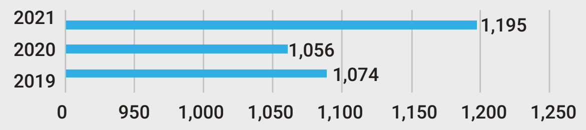
Economic value distributed
in PHP millions



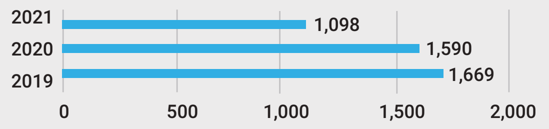
Operating costs
in PHP millions



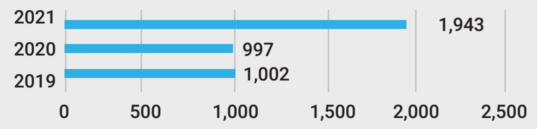
Employee wages and benefits
in PHP millions



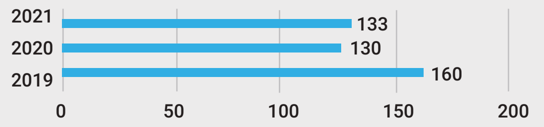
Payments to providers of capital
in PHP millions



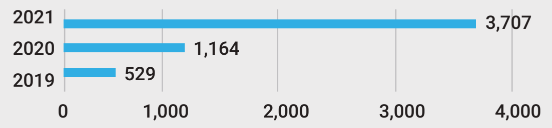
Payments to government
in PHP millions



Community investments
in PHP millions



Economic value retained
in PHP millions



Our policies

View our policies at: https://atlasmining.com.ph/corporate-governance/policies

- Social and Environmental Policies
  - Sustainable Development
  - Safety Health & Environment
  - Anti-Bribery and Anti-Corruption
  - Cyber Security
  - Reward Policy
  - Training Policy
- Governance
  - Guidelines on Nomination and Election
  - Material Related Party Transaction
  - Retirement Policy
  - Rights of Shareholders
  - Conflict of Interest Policy
  - Whistleblowing Policy
  - Alternative Dispute Mechanism Policy
  - Board of Directors Key Executive Officers Diversity Policy
  - Performance Evaluation Policy & Guidelines
  - Information Policy
  - Insider Trading Policy
  - Policy on Directors and Officers Loan
  - Policy on Directors and Officers Remuneration

Risk Management

Atlas Mining undertakes a risk management approach and oversight strategy. The Company ensures its capacity to manage the associated risks in addressing the challenges posed by the environmental, social, legal and technological advancements affecting its operations. Atlas Mining sees the accomplishment of all these without curtailing the Company's ability to capitalize and innovate on opportunities while continuously improving on its strength by developing and employing sustainable programs to achieve its value creation objectives and long term business. The Board of Directors of Atlas Mining has constituted the Board Risk Oversight Committee (BROC), composed of Independent Directors, responsible for the oversight of the Company's risk management system; how the Company manages its existing risk sources, minimizes the likelihood of its recurrence, and recommends further actions or plans, as necessary.

Various risk policies were rolled out together with Carmen Copper's Enterprise Risk Management Committee. With this, guidelines were implemented and evaluated at all operational levels, the surrounding environment, and host and neighboring communities to ensure the continued relevance, comprehensives and effectiveness of the risk management plan. Risk dashboards, standard risk assessments, remediation measures, and identified high probability risks are monitored and reported regularly.

Policies: Carmen Copper IMS Policy

Sustainable Development Policy:
https://www.atlasmining.com.ph/sites/default/files/files/AT%20CCC_Sustainable%20Development%20Policy.pdf

Board Risk Oversight Committee (BROC) Charter):
https://www.atlasmining.com.ph/sites/default/files/files/AT%20CCC%20Board%20Risk%20Oversight%20Committee%20Charter.pdf

Governance

Governance Structures and Systems

The Board of Directors

The Board is composed of 11 members who hold office for one year until their successors are qualified and elected. Currently, Atlas Mining has four Independent Directors who satisfy the requirements of independence under the Securities Regulation Code, its Implementing Rules and Regulations (IRR), Revised Corporation Code (RCC) and the Code of Corporate Governance (CCG).

Committees of the Board

Pursuant to the Company's By-laws and the CCG, there are five Board Committees composed of Board members for the effective performance of the Board's policy-making and oversight functions. Except for the Executive Committee, all the Committees are headed by Independent Directors.

The Executive Committee exercises the powers of The Board, which may be lawfully delegated in the management and direction of the affairs of the corporation during the intervals between Board meetings.

The Audit Committee principally oversees the establishment and implementation of policies and systems that ensure Atlas Mining's compliance with applicable laws and regulations, financial reporting, internal control system, and internal and external audit processes.

The Corporate Governance Committee assists The Board in the performance of its corporate governance responsibilities including the functions and duties formerly assigned to the Nomination and Remuneration Committees.

The Board Risk Oversight Committee is responsible for the oversight of the enterprise risk management system to ensure its functionality and effectiveness.

The Related Party Transaction Committee reviews all materials and related party transactions of Atlas Mining.

Management

The operations and business of the Company is the responsibility of the Management. The Office of the Chairman of the Board and President are held by separate individuals with their respective roles and duties.
For more information on the composition and qualifications of the Board, description and list of members of each of the Board Committees please see: https://www.atlasmining.com.ph/corporategovernance-/board-directors-committees.

Annual General Meeting of the Shareholders

The Annual General Meeting (AGM) of Shareholders is conducted for the Shareholders to elect the members of the Board, approve the audited financial statements and report of Management, raise concerns and vote on relevant issues. Shareholders are notified of the AGM before the scheduled AGM. Voting procedure on items to be presented for approval, agenda and validation of proxies are provided in the Definitive Information Statement provided to Shareholders before the AGM. For the first time the 2020 AGM was conducted online and Shareholders participated via remote communication and voted *in absentia.*

Corporate Actions

To ensure effective control over the execution of the Board's operational, financial and administrative plans, all actions taken by the Company require review and approval of the Board as well as its Committees, or the management unit to which the relevant authority has been delegated.

Risk Management

The Chief Risk Officer (CRO), who reports to the Board Risk Oversight Committee, is responsible for identifying and evaluating risks to ensure the sufficiency, effectiveness and continuous improvement of the Company's risk management and control systems.

Audit

The Internal Audit Group, led by the Chief Audit Executive (CAE), reports directly to the Audit Committee and is responsible in providing independent control systems, governance, risk management and compliance to add value, improve operational efficiency, economy and management process.

Compliance

The Compliance Officer (CO) ensures that the Company complies with legal, regulatory and good corporate governance requirements and warrants strict adherence to the fulfillment of commitments for the relevant period.

Corporate Governance Policies

Code of Corporate Governance

The Company continuously pursues initiatives aimed at strengthening governance structures, processes and systems pursuant to the CCG and company policies for all its various stakeholders.

Code of Business Conduct and Ethics

Atlas Mining's Code of Business Conduct and Ethics guide the directors, officers and employees in their dealings, actions and decisions consistent with the principles of good governance. This ethical guideline is aligned with its long held values of integrity, honesty, fairness, professionalism, innovation, team orientation, concern for the Company, environment, safety, health, welfare, and social development and sustainability.

Anti-Bribery and Corruption Policy

Atlas Mining strictly prohibits any form of bribery and corruption including facilitation payments. All employees are mandated to conduct themselves in accordance with the Code of Business Conduct and Ethics, the CCG and this Policy.

Labor and Human Rights

Atlas Mining respects and upholds the rights of its employees. Abusive or inhumane practices, forced labor, trafficking, slavery or involuntary servitude, discrimination, or sexual harassment are all prohibited under Company policies. The Company also neither uses child labor nor tolerates the practice of the same. Moreover, Carmen Copper has a Collective Bargaining Agreement with its rank and file employees where benefits of the latter are above what the law prescribes.

Governance Goals

As the Company develops and propels forward, Atlas Mining envisions, plans and commits to set the bar high on the following:

- Accountability in the workplace
- Transparency in management and business dealings
- Leadership to bring out the best in people and instill a moral and social responsibility into their activity and inspire others
- Ability to fulfill tasks and business needs in a timely and cost-effective manner
- Sustainability across operations and for all our stakeholders

Board of Directors

ALFREDO C. RAMOS
Chairman

FREDERIC C. DYBUNCIO
Vice Chairman

ADRIAN PAULINO S. RAMOS
Director and President

JOSE T. SIO
Director

GERARD ANTON S. RAMOS
Director

MARTIN C. BUCKINGHAM
Director

ISIDRO A. CONSUNJI
Director

EMILIO S. DE QUIROS, JR.
Independent Director

JOSE P. LEVISTE, JR.
Independent Director

ROBERTO CECILIO O. LIM
Independent Director

ATTY. ELMER B. SERRANO
Corporate Secretary

About Our Report

This is Atlas Mining's first integrated report covering the period of January 1 through December 31, 2021, and presents our company's value creation process and progress in our contribution to the United Nations Sustainable Development Goals and the Ten Principles of the United Nations Global Compact. It focuses on the performance of Carmen Copper Corporation, our only significant subsidiary.

We produced our report using the guiding principles and content elements of the International Integrated Reporting Council's <IR> (IIRC) Framework. We also adopted relevant disclosure frameworks including the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB).

The board acknowledges its responsibility over the integrity of the integrated report. The 2021 integrated report is presented in accordance with the IIRC framework, addresses the material matters of the company and provide a balanced view of how we create sustained value.

The Board, through the Executive Committee, approved and authorized the issuance of this report on March 04, 2022.

ALFREDO C. RAMOS
Chairman of the Board
Atlas Mining and Carmen Copper

ADRIAN PAULINO S. RAMOS
President and CEO
Atlas Mining

STEPS TAKEN

1 **Capacity Building**
Continous training on sustainability

2 **Materiality Assessment**
Review of business model and impacts

3 **Data Gathering**
Collection of data and stories

4 **Management Review**
Affirmation of reported disclosures

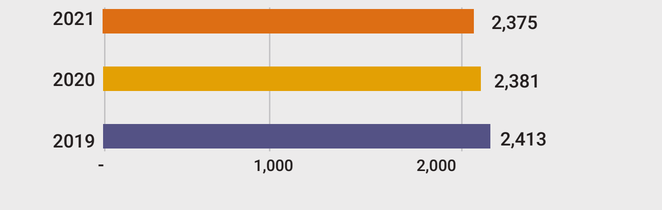
Disclaimer on Forward Looking Statements

Forward-looking statements are based upon the opinions and expectations of management of the Company as at the effective date of such statements and, in certain cases, information received from or disseminated by third parties. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from or disseminated by third parties is reliable, it can give no assurance that those expectations will prove to have been accurate or correct. Forward looking statements are subject to certain risks and uncertainties (known and unknown) that could cause actual outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as the volatility of prices for precious metals and base metals; commodity supply and demand; fluctuations in currency and interest rates; inherent risks associated with the exploration and development of mining properties; ultimate recoverability of mineral reserves; timing, results and costs of exploration and development activities; availability of financial resources or third party financing; new laws, regulations and policies (domestic or foreign); changes in administrative practices; changes in exploration or mine plans or budgets; and availability of equipment and personnel.

Our Sustainability Performance

Our Co-workers

Our Co-workers

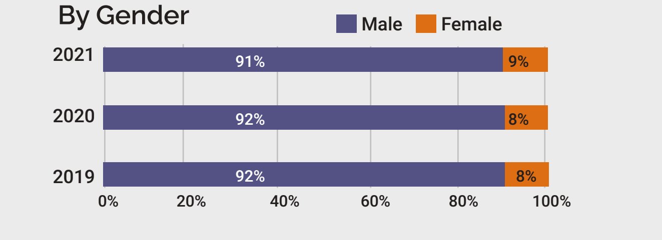


78% locally hired in Toledo, Cebu

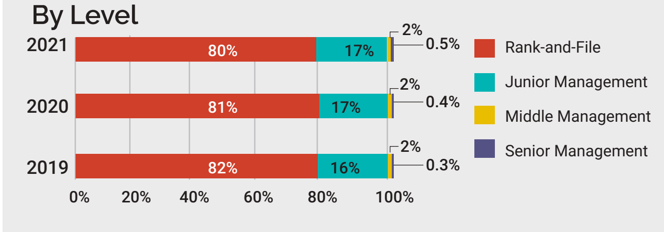
9% female

65% aged 30-50 years old

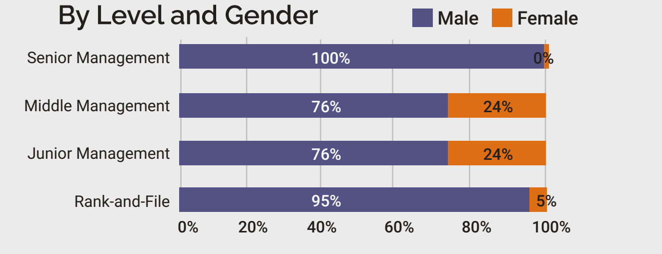
By Gender



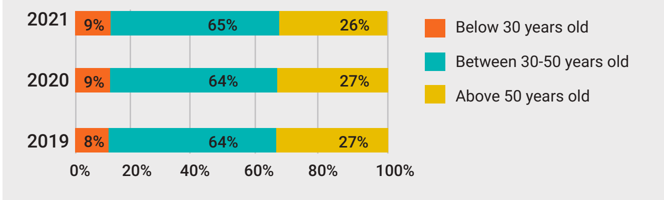
By Level



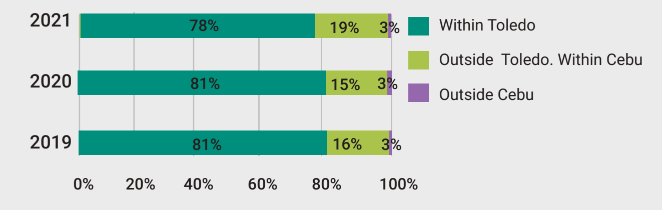
By Level and Gender



By Age Group



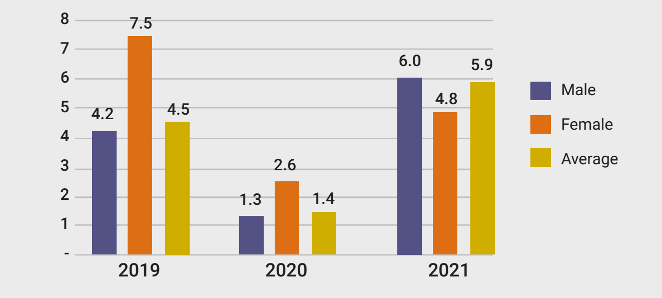
By Residence



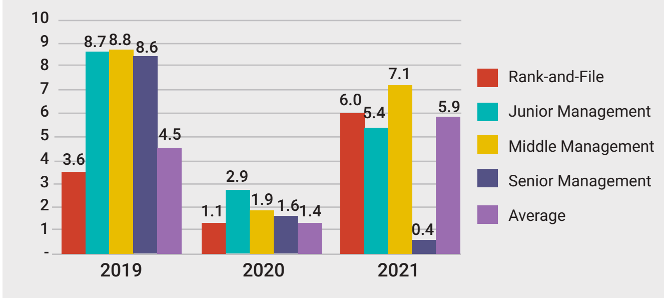
57% co-workers covered by Collective Bargaining Agreement

Training and Development

Average Training Hours by Gender



Average Training Hours by Level



36 promoted in 2021

91% of eligible employees appraised in 2021

6.4% Hiring Rate in 2021

7.4% Turnover Rate in 2021

Occupational Health and Safety

	2019	2020	2021
Safety trainings	75	31	23
Participants in safety trainings	1,599	515	1,087
Safety orientations	129	88	45
Participants in safety orientations	3,221	1,473	1,776
Average dBA noise level (DENR standard = 90 dBA)	85.2	85.4	85.6

	2019	2020	2021
Days lost	148	60,260[1]	0
Near misses	10	7	1
Incidents	59	38	9
Incidence rate	5.56%	4.16%	1.06%
Severity rate	14	27	0

1: updated 2020 data; disclosed in 2020 report: 24,260

Social Development and Management Program

Education

Scholarship

College Scholarship

208	Current Scholars
33	Graduates
241	College scholars supported to date

Technical-Vocational Scholarship

142	Current Scholars
609	Graduates
751	Technical-Vocational scholars supported to date

High School Scholarship

90	Current Scholars
774	Graduates
864	High School scholars supported to date

Livelihood

600	Farmers engaged in cooperatives and associations in 2021
22,903 kg	Harvested produce in 2021
PHP1.2mn	Value of harvested produce in 2021
4,100	Farmers engaged in cooperatives and associations since 2015
364,903 kg	Harvested produce since 2015
PHP5.3mn	Value of harvested produce since 2015

School Building

School Buildings Built

1	New school buildings built with 2 classrooms
21	Classrooms built to date

School Buildings Refurbished

26	School buildings refurbished to date with 78 classrooms

Healthcare

Doktor sa Barangay Program

11,375	Patients served in 2021
33,741	Patients served since 2015

Health Centers

6	Health centers built and rehabilitated to date
336,948	Patients served to date

School-based Feeding Program

488,100	Children served since 2015

Cultural Heritage

6	Mine tours conducted in 2021
485	Mine tourists who visited the Carmen Copper Heritage Center in 2021

333	Mine tours conducted since 2015
6,226	Mine tourists who visited the Carmen Copper Heritage Center since its inception in 2018

Disaster Response

7	Emergencies responded to in 2021 with
27	Beneficiaries
30	Emergency drills conducted

Public Infrastructure

10 KM	Road network built and improved in 2021 benefitting
6	Barangays
132 KM	Road network built and improved to date benefitting
19	Barangays

Environmental Data

GHG Emissions

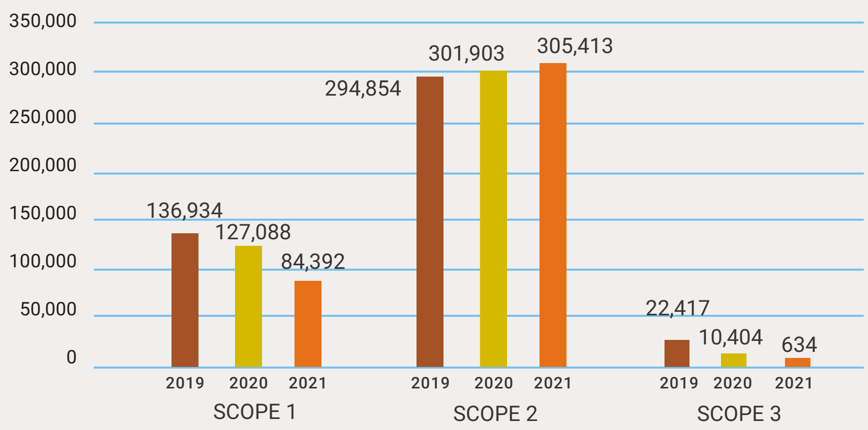
Emission Intensity

(tonnes CO_2/PHP million Revenues)

2021	21.1	**2020-2021: -10%**
2020	23.4	**2019-2020: -7%**
2019	25.2	

GHG Emissions[1]

(tonnes CO_2)

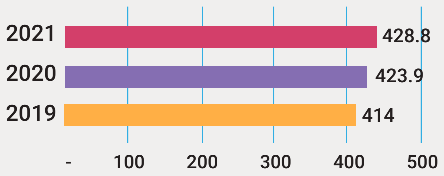


[1] Calculated following the operational control approach of the Greenhouse Gas Protocol. Moreover, Scope 2 emissions were computed using the 2015-2017 National Grid Emission Factors provided by the Department of Energy.

[2] Includes Scope 1 and Scope 2 emissions

Electricity Consumption and Intensity

Electricity Consumption
(million KWh)

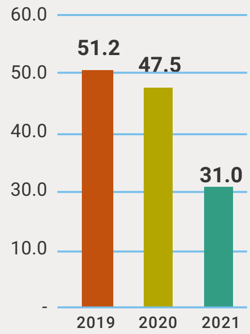


Intensity
(KWh/dmt of copper produced)

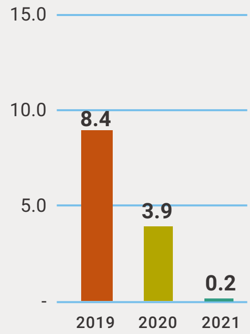
2021	23.5	2020-2021: +0.7%
2020	23.3	2019-2020: -0.9%
2019	23.5	

Fuel Consumption

Fuel Consumption within the Company
(million L)

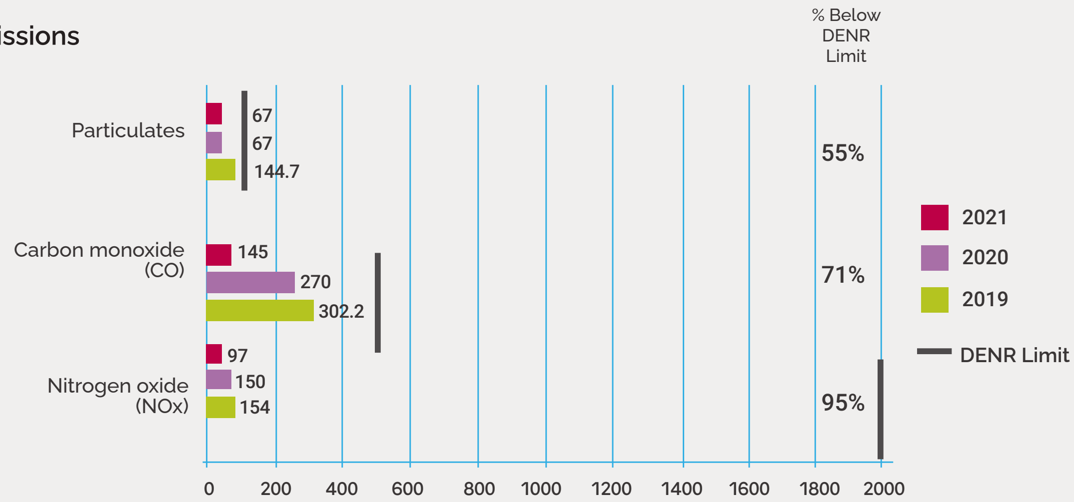


Fuel Consumption outside the Company
(million L)



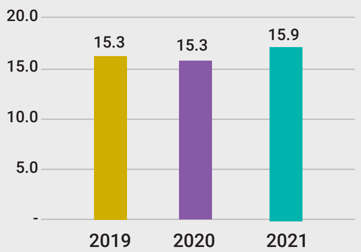
Air Quality

Air Emmissions
in ug/Ncm



Water

Water withdrawal
(million m³)



Freshwater use Intensity
(m³/dmt of copper produced)

2021	0.9	2020-2021: 4.1%
2020	0.8	2019-2020: -4.5%
2019	0.9	

23.8
million m³ water recycled, equivalent to

9,520
Olympic-size pools and

60%
of our total water use in 2021

Waste

Waste Generated

in kg

Type	2021
Biodegradable	82,170
Recyclable	3,492,320
Residual	191,729
Special Waste	528,740
Total	4,294,959

Waste Disposal

in kg

Disposal Method	2021
Sold	3,492,320
Disposed	273,899
Collected by Accredited Hauler	178,740
Others	350,000
Total	4,294,959

Tailings Storage Inventory

Facility Name	Biga Tailings Storage Facility (BTSF)
Location	Biga Pit, Brgy. Biga, Toledo City
Operational Status	Active
Construction Method	Old Mine Pit converted to Tailings Storage
Maximum permitted storage capacity	130,000,000 cubic meters
Current amount of tailings stored	88,270,152 cubic meters
Consequence classification	High potential to environmental impact
Date of most recent independent technical review	December 2020
Material findings	The material and water level inside the BTSF is increasing
Mitigation measures	To control the water level, a threshold was constructed and completed on June 2021 in anticipation of the rising material level, the "Biga Dike Construction" was initiated
Site-specific EPRP	14 to 16 personnel

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	305-4	GHG emissions intensity	52
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	403-1	Occupational health and safety management system	12-13, 28
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EM-MM-320a.1	403-5	Worker training on occupational health and safety	13 - 15, 28, 51
Training and Education			
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	404-1	Average hours of training per year per employee	50
Diversity and Equal Opportunity			
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	103-3	Evaluation of the management approach	14-15
EM-MM-210b.1	413-1	Operations with local community engagement, impact assessments, and development programs	32-41
Tailings Storage Facilities Management			
EM-MM-540a.1		Tailings storage facility inventory table	54
EM-MM-540a.2		Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	22, Atlas Mining SR 2020, p. 43
Metal Production			
EM-MM-000.A		Production of (1) metal ores and (2) finished metal products	2

Shareholder Information

Key Events For Shareholders

- The By-laws provide for the Annual General Meeting of the Shareholders (the AGM) to be held every last Wednesday of April every year.
- Quarterly Results are scheduled to be released respectively in the months of May, August and November.
- Annual results are scheduled to be released not later than April 1 of every year.

Shareholder Services And Assistance

For concerns regarding dividends, account status, lost or damaged stock certificate and notice of change of name and address, please write or call:

Stock Transfer Service, Inc.
34th Floor, Unit D, Rufino Pacific Tower
6784 Ayala Avenue, Makati City
1226, Philippines

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